Public Document Pack

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Monday, 10 October 2022 at 10.15 am*

Please Note – there will be a training session by the Fund Actuary from Hymans Robertson on the 2022 Valuation immediately before the Committee, starting at 9:30am
If you wish to view proceedings online, please click on the link shown on the website.

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

Stephen Chandler
Interim Chief Executive

September 2022

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

Membership

Chairman – Councillor Bob Johnston
Deputy Chairman – Councillor Kevin Bulmer

County Councillors

Councillor Imade Edosomwan	Councillor Nick Field-Johnson	Councillor John Howson

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

- ***Date of next meeting: 2 December 2022***

recycled paper

Declarations of Interest

The duty to declare…..

Under the Localism Act 2011 it is a criminal offence to

(a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or

(b) provide false or misleading information on registration, or

(c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?

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

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

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

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

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

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

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

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

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

List of Disclosable Pecuniary Interests:

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

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

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

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declarations of Interest - see guidance note

3. Minutes (Pages 1 - 10)

10.15am

To approve the minutes of the meeting held on 10 June 2022 and to receive information arising from them.

4. Petitions and Public Address

10.15

Members of the public who wish to speak at this meeting can attend the meeting in person or 'virtually' through an online connection. To facilitate 'hybrid' meetings we are asking that requests to speak are submitted by no later than 9am four working days before the meeting i.e., 9am on Tuesday 4 October 2022. Requests to speak should be sent to khalid.ahmed@oxfordshire.gov.uk 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 9am 2 working days before the meeting. Written submissions should be no longer than 1 A4 sheet.

5. Minutes of the Local Pension Board (Pages 11 - 16)

10:20

A copy of the unconfirmed Minutes of the Local Pension Board, which met on 8 July 2022 is attached for information only.

6. Report of the Local Pension Board (Pages 17 - 26)

10:25

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 2022.

7. Funding Strategy Statement and the 2022 Valuation (Pages 27 - 94)

10.35

This report will set out the high-level results for the whole Fund following the 2022 Valuation, with further work required before the results for the individual scheme employers are available. The report will also set out the revised Funding Strategy Statement which sets the ground rules on which the Valuation is based.

Members are asked to approve the draft Funding Strategy Statement as the basis for consultation.

The Committee is recommended to note the position on the 2022 Valuation and agree the draft Funding Strategy Statement and accompanying annexes as the basis of consultation with scheme employers

8. Review of the Business Plan 2022/23 (Pages 95 - 102)

10.55

This report will provide an update on progress against the key priorities set out in the Annual Business Plan for 2022/23.

The Committee is RECOMMENDED to
a) review progress against each of the key service priorities as set out in the report; and
b) agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.

9. Risk Register (Pages 103 - 110)

11.15

This report will present 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 latest risk register and accept that the risk register covers all key risks to the achievement of their statutory responsibilities, and that the mitigation plans, where required, are appropriate.

10. Administration Report (Pages 111 - 120)

11.25

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
a) determine any actions they would like taken to improve the team performance in meeting standards
b) agree the change to wording of the fund's discretionary statement relating to trivial commutation and small pots.

11. **Cyber Security** (Pages 121 - 138)

11.40

This report sets out the approach for managing the cyber security risks facing this Committee and how the Committee can monitor the success of this approach.

The Committee is RECOMMENDED to comment on the actions proposed in this report and to advise if any other actions should be taken.

12. **Annual Report and Accounts 2021/22** (Pages 139 - 256)

12.00

The Committee will be recommended to endorse the Annual Report and Accounts

13. **Taskforce for Climate-Related Financial Disclosures Report 2021/22** (Pages 257 - 272)

12.05

The report will set out the performance of the Pension Fund on the Implementation of its Climate Change Policy and the priorities for the forthcoming period.

NB The total for investments in Bonds on page 211 of the agenda pack has been duplicated across both 2021/22 and 2020/21. The correct figure for 2021/22 should be amended to read 80,934.

The Committee is recommended to a) approve the draft Task-force for Climate-related Financial Disclosures Report 2021/22, and b) delegate to the Director for Finance responsibility for submitting a response to the Government on their recent consultation of future Task-force for Climate-related Financial Disclosures reporting, having first taken the advice of the Climate Change Working Group.

14. **Report of the Independent Investment Adviser** (Pages 273 - 394)

12.20

This report will cover an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios. The report includes the standard quarterly investment performance monitoring reports.

15. Corporate Governance and Socially Responsible Investment

12.50

Members will be updated on any items not covered elsewhere on today's agenda in respect of their responsibilities in respect of corporate governance and responsible investment.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 10 June 2022 commencing at 10.30 am and finishing at 12.15 pm

Present:

Voting Members:	Councillor Bob Johnston – (in the Chair) Councillor Kevin Bulmer (Deputy Chair) Councillor Imade Edosomwan Councillor Sally Povolotsky (Remotely attended)
Non-Voting Members:	Sally Cook (Academy Sector Member) (Remotely attended) Alan Staniforth (Academy Sector Member) (Remotely attended) Steve Moran (Pension Scheme Member) (Remotely attended) District Councillor Jo Robb (District Councils) (Remotely attended)
By Invitation:	Philip Hebson (Independent Financial Adviser) Tom Hoare (Hymans Robertson) Catherine McFadyen (Hymans Robertson)
Local Pension Board Members:	Alistair Bastin (Remotely attended) Stephen Davis (Remotely attended) Elizabeth Griffiths (Remotely attended) Angela Priestley – Gibbins (Remotely attended) Marcia Slater (Remotely attended)
Officers:	Sean Collins (Service Manager Pensions Insurance and Money Management) Sally Fox (Pension Services Manager) (Remotely attended) Gregory Ley (Financial Manager- Pension Fund Investment) 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.

17/22 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

An apology for absence was submitted by Councillor Eddie Reeves.

18/22 MINUTES
(Agenda No. 3)

The Minutes of the meeting held on 4 March 2022 were approved and signed.

19/22 MINUTES OF THE LOCAL PENSION BOARD
(Agenda No. 5)

The unconfirmed Minutes of the Local Pension Board, which met on 22 April 2022 were noted.

20/22 REPORT OF THE LOCAL PENSION BOARD
(Agenda No. 6)

The Committee was provided with a report of the Local Pension Board which was introduced by Alistair Bastin.

The Committee was informed that there had been no significant issues raised at the Board meeting. Alistair Bastin reported that he had been appointed to the Brunel Oversight Board as a Scheme Member representative.

The report was noted.

21/22 REVIEW OF THE ANNUAL BUSINESS PLAN 2022/23
(Agenda No. 7)

Consideration was given to a report which provided an update on progress against the key priorities set out in the Annual Business Plan for 2022/23.

Review and Improve the Scheme's Data

Members were informed that the two amber actions included completing verification of end of year data and putting together all data required for service KPIs.

Develop a holistic approach to technology across Pension Administration Services

The Committee was informed that there had been some work carried out to identify the additional resources for the project, however, the Project Lead had not been appointed.

A Member referred to the recent workshop where the preference had been to look holistically at a review of technology services. In addition, officers were asked what the implications would be if the appointment of a Project Lead was not made. The Service Manager for Pensions, Insurance and Money Management replied that there was uncertainty regarding what expertise was out there and someone with the required technical skills was required for the post.

The report on the review was needed in sufficient time to enable the Committee to consider whether they would want to re-tender. There was a risk that if an appointment was not made, the procurement process could not take place and the current contract would have to be extended.

Enhanced delivery of Responsible Investment opportunities

Most of this project was underway, however, the recruitment of the Responsible Officer would commence later in June.

Deliver improved and consistent service performance to scheme members

Reference was made to regular performance figures being received each month; however, SLA targets were not being met in a number of areas due to difficulties in recruiting additional staff and a backlog of work.

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

22/22 ACTUARIAL VALUATION 2022

(Agenda No. 8)

The Fund Actuary presented a report on the 2022 Valuation and sought the agreement of the Committee to the financial and demographic assumptions to be used within the Valuation process.

Reference was made to the key assumptions for the approach to be taken:

Financial Assumptions

The financial assumptions required to be set for the 2022 valuation were as follows:

- Future investment return - It was proposed to increase the prudence level associated with these assumptions from 67% used in the 2019 Valuation to 70%
- Consumer Price Inflation (CPI) - Inflation expectations were expected to be slightly higher (around 0.4% to 0.5% p.a.) than at the 2019 valuation due to the current high economic outlook for inflation in the short term.
- Inflationary salary increases – These were linked to the CPI inflation assumption reflecting sustained local government budgeting constraints over the longer term.
- Longevity assumptions – This was how long was it expected members to live based on death rates. Adjustments would be made to avoid the assumption being skewed by excess deaths due to Covid-19 in 2020 and 2021. Future improvements in longevity would be based on how death would change in the future.
- Other demographic assumptions - This affected the timing and size of the future benefit payments

RESOLVED - That the assumptions recommended by the Fund Officers and Fund Actuary for the 2022 triennial valuation of the Oxfordshire County Council Pension Fund, including the small increase in level of prudence be endorsed by the Committee.

23/22 REPORT FROM THE CLIMATE CHANGE WORKING GROUP

(Agenda No. 9)

This Committee was provided with a summary of the discussions held by the Climate Change Working Group at their meeting on 5 May 2022.

Members were informed that the working group had received a confidential version of the 2022 Global Investor Statement to Governments on the Climate Crisis. It had been agreed that the Statement was consistent with the Oxfordshire Policy and that officers be authorised to sign the Statement on behalf of the Pension Fund Committee under their delegated powers.

A full analysis of the latest carbon metrics report would be considered at the next meeting of this Committee. The Sustainable Equities portfolio had appointed a new Fund Manager who specifically targeted the energy transition, which resulted in higher short term carbon emission figures with the potential for significantly lower emissions in the longer term.

Reference was made to the last meeting of the Committee, where it was asked what the implications were of applying the current engagement policy to the current portfolios.

The Committee was informed that a key point noted by the working group was that the Fund only invested in 51 of the 166 Climate Action+ companies.

The working group was broadly content with the engagement policy as it would enable sufficient challenge to Brunel and the underlying Fund Managers to manage the engagement in a timely manner, consistent with meeting the targets under the current Policy.

Concerns were raised from the analysis that the Climate Action 100+ list did not cover the banks and financial companies associated with financing much of the on-going exploration and development of new fossil fuel reserves.

Members were also informed that the working group noted that the UK as a portfolio had significantly higher exposure to these companies on the Climate Action 100+ companies list.

District Councillor Jo Robb commented that there needed to be stringent criteria adopted to begin to exclude fossil fuel companies from the Fund investments. She expressed concern at the lack of timescales to exclude companies and argued that these should be brought forward to enable exclusion of companies at an earlier point of time. There were still oil companies investing in oil exploration.

Discussion took place on timescales and reference was made to the Engagement Policy which set out a procedure whereby the allocation policy was reviewed annually in March. The Pension Fund Committee had a fiduciary duty to have a good reason to exclude any company. Changes could not happen overnight but would take place over the next five years.

District Councillor Jo Robb asked that the assessment criteria be amended on capital allocation so that it specifically states that the company's future capital expenditure is aligned with the Paris Agreement goal of limiting global temperature rises to 1.5 degrees centigrade. It was noted that this wording was taken directly from the Climate Action 100+ Assessment Model and any changes would need to go back to Climate Action 100+ for consideration. It was agreed that this would be discussed further by the working group.

RESOLVED – (1) That the progress made to date in the work of the Climate Change Working Group be noted.

(2) That approval be given to the Engagement Policy and Officers be asked to use this as the basis for negotiations with the Brunel company and the other 9 Funds within the Brunel Pension Partnership in developing an Engagement Policy for the Partnership as a whole.

24/22 RISK REGISTER

(Agenda No. 10)

The Committee was provided with a report on the latest position on the Fund's risk register.

Members were informed of progress on certain amber risks.

- Insufficient skills and knowledge on the Committee and Board – In the initial knowledge assessment, it had indicated there was a gap in current level of skills and knowledge
- Implementation of the McCloud remedy – The Government response to the consultation was still awaited. There was still the equivalent risk associated with the Fire Service.

Members discussed the skills and knowledge risk and officers were asked to inform the Audit and Governance Committee of the additional workload Pension Fund Committee and Local Pension Board Members had due to the level of training required. This was picked up as part of the subsequent discussions on the constitution of the Committee.

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

25/22 ADMINISTRATION REPORT

(Agenda No. 11)

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

In relation to staffing, Members were informed that there had been a further resignation from the Team which meant there were now three vacancies. Six temporary administrative posts had been identified but these would be difficult to recruit to as recruitment was a challenge. Work had taken place with local recruitment agencies; however, they had failed to provide applicants. Also, the timing for recruitment was not ideal as the current contract framework was coming to an end.

The Committee was informed the staffing shortages had caused pressure on staff with a high level of sickness absence adding to the pressures. Progress was being made towards meeting SLA targets, however, statistics indicated that those target level of performance had not been met.

Members discussed the staffing issues, and it was asked that consideration be given to adding the implications of staff shortages to the Risk Register. The Chair said he would discuss this with officers.

An update was provided on complaints with 50 having been received for 2021/22, of which 5 were still open. The biggest area for complaints was members having to give three months' notice to take their pension benefits. This placed pressure on the Team in terms of updating details on IT systems.

Fire Service Pension Member queries had increased but SLA achieved for April was 97.78%.

Members noted that the findings from the Cyber Security workshop would be reported to the next meeting of the Committee.

For Debt Management, there had been little progress in recruiting a person to monitor and chase outstanding payments, although discussions had taken place with Oxfordshire County Council's debt management team on the possible use of their staff time to help.

RESOLVED – (1) That approval be given to the temporary increase to establishment of 6 temporary FTE.

(2) That the Committee agreed that current standards are moving towards an acceptable level, and that the additional staffing sought should address the shortfall in performance.

(3) That approval be given to the write off of £16.78.

(4) That the Committee place on record, their appreciation of the work of the Administration Team during this difficult period.

26/22 CHANGES TO THE CONSTITUTION OF THE PENSION FUND COMMITTEE

(Agenda No. 12)

Consideration was given to a report which set out a revised set of proposed changes to the Constitution of the Pension Fund Committee to those initially agreed in September 2019 and Members were invited to recommend the changes to Council via the Audit and Governance Committee for adoption.

The Service Manager for Pensions Insurance and Money Management outlined the proposed changes to the Committee.

It was proposed that named substitutes of the Committee be appointed to ensure meetings were quorate. These substitutes would have to attain the level of skills and knowledge consistent with the Committee's Training Policy.

Discussion took place on the training requirements for Committee and Local Pension Board Members. It was suggested that in addition to the introductory mandatory course for which all Members must attend, the Training Policy covered a minimum level of specialist or refresher training that each Member should attend. This could be set at 2 days, alongside internal training provided before the quarterly Committee meetings.

Presently, officers within the Pensions Investment Team would circulate suitable courses, including the PLSA Local Authority Conference and Seminar, and the Local Authority sessions run by the LGC. Members would also be free to select specific courses based on a specialist interest.

There was also on-line Learning Academy developed by Hymans Robertson which included a range of pension subjects.

The Committee acknowledged that Members of both the Pension Fund Committee and the Local Pension Board had to undertake an extensive training programme and this should be recognised.

RESOLVED – (1) That the contents of the report be noted.

(2) That approval be given to amend the Governance Policy to mandate all Members of the Committee to complete training in line with the Training Policy as set out in paragraph 18 of the report.

(3) That approval be given to only named substitutes of the Committee being allowed where they have completed training in line with the Training Policy.

(4) That Council be RECOMMENDED via the Audit and Governance Committee to make the appropriate changes to the Terms of Reference and Constitution of the Pension Fund Committee to formalise the new governance arrangements and

(5) That Audit and Governance Committee be asked to review the situation whereby Members of the Pension Fund Committee (and their trained substitute Members) and the Local Pension Board, be considered for an allowance due to the skills and expertise required in carrying out their roles.

27/22 REPORT OF THE INDEPENDENT FINANCIAL ADVISOR

(Agenda No. 13)

The Independent Financial Advisor submitted a report which covered an overview of the financial markets, the overall performance of the Funds' investments against the Investment Strategy Statement and commentary on any issues related to the specific investment portfolios. The report also included the standard quarterly investment performance monitoring reports.

Reference was made to the summary of the report and Members were informed that a number of Brunel funds were having a difficult time. The value of the Fund in the quarter fell to £3.26bn, a decrease of £117m compared to the end December value of £3.38bn.

The Fund produced a return of -3.5% over the quarter, which was -2.3% behind the benchmark. Purely on a single quarter basis performance against benchmark had been disastrous for the active equity portfolios, which have dragged down the 12-month positions with it.

Reference was made to the impact of the Russian invasion of Ukraine, global inflation, rising energy prices had on performance of investments. However, Private Equity had a really good quarter, but more importantly the one year and longer performance periods looked excellent.

Higher inflation would feed through to higher pension payments for next year (possibly 10%) which would need to be taken into consideration for cash flow management. Rising energy prices exacerbated by the Russian-Ukraine conflict impacted on commodities.

The Committee was provided with details of the low points in performance and that scrutiny would be made of Brunel to this effect. Members were informed that Pension Fund officers met with Brunel on a regular basis. It was agreed that Brunel meet with the Committee annually unless there were specific issues that Members wanted to discuss with Brunel.

Officers reported that Brunel's Portfolios were monitored, however, there was an issue about the appropriate level of involvement. It was noted that Brunel were looking at improving reporting to the Committee and it hoped this would occur at the December meeting of the Committee.

RESOLVED - (1) That the Independent Financial Adviser be thanked for the detailed report and the information contained therein be noted.

(2) That it be recommended that the Strategic Asset Allocation Group be asked whether commodities be included in their review.

28/22 EXEMPT ITEMS
(Agenda No. 14)

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

The meeting adjourned at 12.05pm and reconvened at 12.10pm.

29/22 REPORT FROM THE CLIMATE CHANGE WORKING GROUP - EXEMPT ANNEX
(Agenda No. 15)

The Committee received and noted a draft statement prepared by The Investor Agenda and is confidential at this stage until it has been agreed with all potential signatories and formally published

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.

30/22 ADDITIONAL VOLUNTARY CONTRIBUTIONS - UPDATE
(Agenda No. 16)

The confidential report set out the latest review of the provision of Additional Voluntary Contribution services to the Pension Fund and sought the Committee's views of future arrangements.

RESOLVED – That approval be given to officers exploring the options for the provision of AVC services and a report be requested to the September Committee setting out a recommended course of action.

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 Scheme Provider involved and would prejudice the Administering Authority in negotiating new commercial arrangements and therefore their ability to properly discharge their statutory duties and their fiduciary duty to scheme members.

.... in the Chair

Date of signing ....

LOCAL PENSION BOARD

MINUTES of the meeting held on Friday, 8 July 2022 commencing at 10.30 am and finishing at 12.30 pm

Present:

Voting Members:	Matthew Trebilcock – in the Chair Alistair Bastin Stephen Davis Angela Priestley-Gibbins Marcia Slater
Member(s) of Pension Fund Committee in attendance:	Councillor Bob Johnston
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.

20/22 APOLOGIES FOR ABSENCE

(Agenda No. 1)

An apology for absence was received from Elizabeth Griffiths.

21/22 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 22 April 2022 were approved.

22/22 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 10 JUNE 2022

(Agenda No. 4)

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

[In relation to Minute No. 20/22 – Report of the Local Pension Board, reference was made to Alistair Bastin being appointed to the Brunel Oversight Board as a Scheme Member representative. The Board congratulated Alistair on his appointment.]

23/22 ANNUAL REPORT OF THE LOCAL PENSION BOARD
(Agenda No. 5)

The Board was provided with a report which set out the work undertaken by the Board during 2021/22 for inclusion in the Annual Report and Accounts of the Pension Fund.

Discussion took place on the content of the Annual Report and it was agreed that details of Local Pension Fund training be included in the report.

The report was noted.

24/22 REVIEW OF THE ANNUAL BUSINESS PLAN
(Agenda No. 6)

The Board was asked to review the position against the Annual Business Plan for 2022/23 which was considered by the Pension Fund Committee on 10 June 2022 and were asked to offer any comments to the Committee.

The Service Manager for Pensions, Insurance and Money Management updated the Board on progress made on key priorities.

- Review and Improve the Scheme's Data

Members were informed that the two amber actions which required improvement to had to be good enough to perform a valuation of the data.

In relation to Cyber Security Policy, the Board was informed that rather than developing a Cyber Security Policy there was a document which covered all risks around cyber security and approaches the Council took to mitigate. This document would be drafted for September Pension Fund Committee.

- Develop a holistic approach to technology across Pension Administration Services

Reference was made to little progress being made on this key priority. The
Service Manager for Pensions, Insurance and Money Management reported that support had been secured to work on the project. There was a clear timetable which would enable the Pension Fund to consider whether they would want to re-tender. There would be a further report to the next Pension Fund Committee and the Board.

- Enhanced delivery of Responsible Investment opportunities

The Board was informed that the recruitment of the Responsible Officer would commence later in June. A suggestion was made regarding making the post more attractive by providing a market supplement to the post holder. This would be taken back to the Pension Fund Committee.

- Deliver improved and consistent service performance to scheme members

Discussion took place on the services delivered to SLA Standards consistently throughout the year being on red, in terms of an assessment of progress. Reference was made to there being a backlog of work and a shortage of staff, which was the cause of performance figures being below SLA targets in a number of cases.

The Board was informed that the recruitment and retention of Pension Fund Administration staff was a national issue. The Board was assured that the Pension Fund Committee had provided the resources and had supported officers. Reference was made to the possibility of using resource from other sources to help.

The Board was informed that the new Governance Officer would be attending the next meeting of the Board.

The Board noted the report.

25/22 RISK REGISTER

(Agenda No. 7)

The Board was invited to review the latest risk register as considered by the Pension Fund Committee on 10 June 2022 and offer any further views back to the Committee.

Reference was made to the key issue of the risk of insufficient skills and knowledge amongst the Pension Fund Members of both the Committee and Board. There was difficulty getting Members for both the Committee and Board because of the high skill set required.

Discussion took place on the issue of training and the Board was informed that it was important that there was engagement in training to enable the risk to move to green (Risk does not require any attention in short term). A training plan was important to ensure the required skills and knowledge were being reviewed.

In relation to Risks 16 and 17 - Key System Failure – LGPS and FSPS and Breach of Data Security – LGPS and FSPS the Board was informed that there was not a single policy document on cyber security, however, there were a number of policies in place across the Pension Fund. A Board Member expressed concern as he did not feel this was sufficient.

Action
After discussion, the Board requested that the Pension Fund Committee be asked to consider that there be an overarching single cyber policy for the Pension Fund and the risk should be classified as being a higher risk.

The Board noted the report and the Pension Fund Committee be asked to consider that there be an overarching single cyber policy for the Pension Fund and the risk should be classified as being a higher risk.

26/22 ADMINISTRATION REPORT
(Agenda No. 8)

The Board was asked to review the latest Administration Report as presented to the Pension Fund Committee on 10 June 2022, including the latest performance statistics for the Service.

The Board was informed that there had been another resignation from the Administration Team so there was now another vacancy. This shortage of staff created a challenge to the Team, although performance had improved, which was recognised by the Pension Fund Committee. There would be an impact on work in relation to the Government response to McCloud.

Reference was made to informal complaints received and in particular in relation to scheme members having to give the 3 months' regulatory requirement notice of intention to take pension before they retired.

The Board was updated on the data breach by the fund's AVC provider who had sent the monthly schedule of changes and new contributions to another fund. There had not been a satisfactory response received to this breach.

Discussion took place on the need for a protocol to be in place to ensure the correct process was followed in relation to what to do with a data breach and that this should be tied in with a data security policy for the Fund.

Action
The Board asked that the Pension Fund be requested to consider introducing a protocol/policy on data breaches to the Fund.

The report was noted, and the Pension Fund be requested to consider introducing a protocol/policy on data breaches to the Fund.

27/22 ACTUARIAL VALUATION
(Agenda No. 9)

The Board was invited to review the assumptions paper as agreed by the Pension Fund Committee at their meeting on 10 June 2022.

The Pension Fund Committee agreed with the assumptions recommended by the Fund Officers and Fund Actuary for the 2022 triennial valuation of the Oxfordshire County Council Pension Fund, including the small increase in level of prudence.

The report was noted.

28/22 INVESTMENT MANAGEMENT FEES
(Agenda No. 10)

The Board was invited to review the latest report on the investment management fees paid in respect of the Fund's investment portfolios and the performance of these portfolios and offer any comments to the Pension Fund Committee for their consideration of the value for money obtained from active management in advance of the next Strategic asset review scheduled for March 2023.

The Board was informed that there had been significant increase in fees paid to the Fund's investment managers. Members discussed the detail in the report and expressed the view that more detail was required on trend data and more information on portfolio changes to enable comparisons to be made. In relation to equities, officers were asked to provide disaggregated information in the report which was provided for the Pension Fund Committee.

The Board noted the report and agreed that this report be submitted to the Pension Fund Committee with the changes requested.

29/22 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE
(Agenda No. 11)

It was agreed that the following be included in the Board's report to the Pension Fund Committee:-

- An overarching single cyber policy for the Pension Fund and the risk being classified as being a higher risk.
- Report on the Investment Management Fees with more background detail
- Local Pension Fund Annual Report

30/22 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING
(Agenda No. 12)

Items to be included on the agenda for the next meeting of the Board:-

- Introduction of Governance Officer
- Scheme Member Engagement
- Proposed Hyman Robertson Overarching Cyber Security document.

31/22 EXEMPT ITEMS
(Agenda No. 13)

It was agreed that the public be excluded for the duration of the following item on the Agenda since it is likely that if they were present during this item 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 item 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.

32/22 PROVISION OF ADDITIONAL VOLUNTARY CONTRIBUTION SCHEME

(Agenda No. 14)

The confidential report set out the latest review of the provision of Additional Voluntary Contribution services to the Pension Fund.

The Board noted the confidential report.

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 Scheme Provider involved and would prejudice the Administering Authority in negotiating new commercial arrangements and therefore their ability to properly discharge their statutory duties and their fiduciary duty to scheme members.

.... in the Chair

Date of signing ....

The Division(s): n/a

ITEM

PENSION FUND COMMITTEE – 10 OCTOBER 2022

REPORT OF THE PENSION BOARD

Report by the Independent Chairman of the Pension Board

RECOMMENDATION

1. **The Committee is RECOMMENDED to**
   a) **note the comments of the Board as set out below,**
   b) **advise whether they wish to see any further analysis of investment fees since the introduction of pooling, and**
   c) **note the suggested changes to the risk register which have been incorporated into the risk register report elsewhere on their agenda.**

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 8 July 2022. The virtual meeting was attended by Matthew Trebilcock as the independent Chairman, four of the voting members of the Board and Cllr Bob Johnston. Apologies were received from Sarah Pritchard and Elizabeth Griffiths.

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

4. The Board considered the Annual report of their own work, three of the standard reports which had been presented to the June meeting of this Committee, the Valuation report and the confidential report on AVC provision also presented to the June Committee meeting, and a new report on investment management fees.

5. The Board's Annual Report in included in the Annual Report and Account for the Pension Fund which is elsewhere on today's agenda. The Board did not identify any element of their report that they wanted to bring to the attention of the Pension Fund Committee. Nor did they offer any comments on the report reviewing performance against the annual business plan.

6. In discussing both the report on the risk register and the administration report, the Board focussed on cyber security. The Board raised concerns that there is currently no single over-arching policy document in respect of cyber security for the Fund. They also felt that the current cyber risks in respect of both risks 16 and 17 on the risk register were understated. The issues set out in the Administration Report which suggested a lack of clear policy in respect of a data breach of Fund data by a third party was seen as evidence that the current risks were not fully mitigated.

7. The Board therefore recommended the Committee to review the risk scores for both risks 16 and 17 and to introduce an over-arching policy document in respect of cyber security. Both these issues are covered elsewhere on today's agenda.

8. The Board noted both the Valuation Report and the confidential report on AVC Provision and offered no further comments to the Committee.

9. The final report considered by the Board was their annual report on Investment Management Fees. A copy of the report is included as Appendix 1. The Board noted that overall fees paid in 2021/22 had risen to £13.7m from £10.1m in the previous financial year, with a corresponding increase in the average fee level from 38bps to 44bps.

10. The Board accepted the difficulties on drawing any conclusions from the increase in fees, and noted fees had risen as a result both of the overall increase in assets under management and the relative increase in the allocation to the more expensive private markets. They did though feel that more meaningful analysis could be produced by simply focussing on the listed equity figures and asked for more work to be presented to this Committee.

11. The additional analysis requested has been included as Appendix 2 to this report. Unfortunately, even with limiting the analysis to equities there are a number of complexities which make drawing firm conclusions difficult.

12. The total fees paid on equity portfolios immediately before the first transition to Brunel were £3.6m which was 24.4bps on the assets under management. At the end of March 2022 when all equity portfolios were under the management of Brunel, total fees had grown to £3.9m, although the average fee level had reduced to 22.6bps.

13. The analysis completed within Appendix 2 suggests three reasons for the movement in fees being an increase in assets under management, a reduction in fee levels negotiated by Brunel plus an increase in fees as a result of changes in the passive equity specification, with the Paris Aligned portfolio more expensive than the previous market cap portfolios. Even in the analysis of the passive fees though, no account has been taken of the change in performance associated with the legacy portfolios and the current portfolios resulting from the switch from separate UK and developed world portfolios to a single global portfolio, where the allocation to the UK market will be lower than that previously seen.

14. The comparisons for the active market portfolios are also weakened by the changes made to the portfolio specifications. In the analysis of the UK equity portfolios there is no allowance for the change in out-performance target, which would allow for greater analysis of whether the fees now paid provide better value for money than the legacy arrangements. For the global equity markets, specifications have changed in terms of out-performance targets, a specific allocation to emerging markets and the allocation to sustainable equities. Given the changes in specifications it is not possible to provide a full analysis of the movement in fees beyond that shown in Appendix 2

Matthew Trebilcock
Independent Chairman of the Pension Board

Contact Officer: Sean Collins
Tel: 07554 103465

August 2022

Appendix 1 – Report to the Local Pension Board

OXFORDSHIRE LOCAL PENSION BOARD – 8 JULY 2022

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 fifth 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 looked at annual performance in the years ending March 2018, 2019 and 2020 respectively, with the final report looking at three-year performance to 31 March 2021.

3. The previous reports have highlighted a number of complexities when considering investment management fees. These include:

    a. 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.
    b. Looking simply at fees and investment performance is too narrow a view of the overall performance of 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.
    c. 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.
    d. In many asset classes, particularly within the private markets, there is no alternative to paying the market fee rate if you want to remain invested in the asset class i.e. there is not a passive alternative where for a lower fee you can achieve the average return of the asset class without the additional risk of paying active fees

e. The transition to Brunel as part of the Government's pooling agenda has destroyed all long term trends in the fee and investment performance data.

f. In recent years, there has been a much greater level of transparency in the reporting of all investment fees. The increase in fee levels in recent years can be in part simply be explained by this greater transparency, with fees paid to under-lying fund managers now explicitly included in reported fee levels with a corresponding increase in the new performance of the portfolio.

4. Despite the number of concerns around the complexity of assessing investment manager fees though, it is important to undertake a regular review of the level of fees paid to ensure the Fund is obtaining value for money in respect of the fees paid to their active investment managers.

Current Data

5. The total management fees paid in 2021/22 amounted to £13.7m including the fees payable to Brunel to cover the operating costs of the company. This equates to 44bps when taken as a percentage of a simple average of the assets invested over the course of 2021/22. The equivalent figures for the previous financial year were £10.1m and 38bps. Further details are included in the annex to this report.

6. Over the course of 2021/22, the investments returned 10.3% of the value of the assets, which was 0.4% below the benchmark return. Over the longer periods of 3, 5 and 10 years the Fund performed better than its benchmark by 0.2%, 0.5% and 0.2% per annum respectively.

7. It is difficult to draw any conclusions from the investment management figures for 2021/22 due to the significant movements in the asset allocation across the last two years.

8. Even analysis of the investment fees paid to Brunel in respect of the equity funds is complex. 55% of the total Fund is currently invested in equities, although total fees payable in respect of the equity portfolios only amount to 34% of the total fees paid. The level of fees paid varies across the equity portfolios with the lowest fees paid to the passive fund manager, and higher fees paid to the Fund Managers in the Sustainable Equity and Emerging Market portfolios. The movement into the Sustainable Equity portfolio and the switch of the passive allocations to the Paris Aligned Portfolio will both have led to small increases in the total fees paid. It is too early to make any meaning analysis of whether these increased fees have been more than offset by improved long term performance, although it is clear that the new allocations are better aligned to the Funds Investment Strategy Statement and in particular the climate policy.

9. A significant element of the increase in total fees paid reflects the continued re-allocation of assets to the private markets. This impacts on total fees paid in three ways.

a. Firstly, the level of fees paid in the private markets is considerably higher than those paid in the listed markets. Fees for private equity for example are in the region of 4 times those paid to the listed equity Fund Managers, with total fees in excess of 1% of the Funds invested, compared to 27bps for a listed portfolio. It should be noted though that private equity remains the highest performing asset class within the Oxfordshire Fund with both Brunel and the legacy private equity managers returning performance significantly above the fees paid with both 5 and 10 year performance in excess of 10% a year.
b. The majority of the private market portfolios include an element of performance related fees. In periods therefore of good performance, the total fees payable to the managers increases. The increase in property fees in 2021/22 includes a substantial performance element paid to Partners in respect of their Real Estate portfolio.
c. The majority of fee arrangements in the private markets involve the payment of a fee based on money committed to a portfolio rather than the actual money invested. In the early years of a private market portfolio therefore fees when expressed as a percentage of money invested are inflated. This is most notable on the private debt portfolio where very little money was called by 31 March 2022. Indeed the Fund is paying fees both in respect of the commitment made to the private market portfolio and to the Fund Manager who is holding the investments until the commitments are actually called. In the long term, as the actual investments in the private market portfolios increases towards the committed level, we should see a reduction in both the fees expressed as bps for the individual portfolios and for the Fund as a whole.

Lorna Baxter
Director of Finance

June 2022

Contact Officer: Sean Collins, Service Manager (Pensions)
Email: sean.collins@oxfordshire.gov.uk
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Annex 1

Asset Class	Fees Paid 2020/21 £000	Fees Paid 2021/22 £000	Average Investment 2020/21 £m	Average Investment 2021/22 £m	Average Fees 2020/21 bps	Average Fees 2021/22 bps
Equity	3,366	4,624	1,495	1,712	23	27
Fixed Income	1,273	628	497	477	26	13
Diversified Growth Fund	597	650	147	159	41	41
Private Equity	2,862	3,134	217	305	132	103
Property	1,228	2,226	164	186	75	120
Infrastructure	718	1,261	27	48	266	263
Multi-Asset Credit	0	543	0	70	n/a	78
Secured Income	41	355	34	78	12	46
Private Debt	0	276	0	6	n/a	460
Cash	n/a	n/a	72	71	n/a	n/a
Total	10,085	13,697	2,653	3,112	38	44

Appendix 2 – Equity Fee Savings on Pooling

Analysis of Equity Fees pre and post Pooling

Fees Paid pre Pooling (Equity Mandates) - June 2018

	AUM	Fees	Average bps
UK Active Mandate	461,715,000	1,043,430	22.6
Global Active Mandate 1	261,645,000	1,232,403	47.1
Global Active Mandate 2	314,950,000	912,375	29.0
	576,595,000	2,144,778	37.2
UK Passive	199,775,000	89,899	4.5
Global Passive	227,586,000	295,862	13.0
	427,361,000	385,761	9.0
	1,465,671,000	3,573,968	24.4

Fees Paid Post Pooling - September 2021

UK Passive	153,946,000	18,012	1.2
Global Passive	361,518,000	54,951	1.5
	515,464,000	72,962	1.4

Fees Paid post Pooling (Equity Mandates) - March 2022

	AUM	Fees	Average bps
UK Active Mandate	486,075,000	951,772	19.6
Global High Alpha	334,815,000	1,227,725	36.7
Global Sustainable	315,963,000	1,068,988	33.8
Emerging Markets	85,802,000	436,153	50.8
	736,580,000	2,732,866	37.1
Paris Aligned Passive	493,610,000	187,572	3.8
	1,716,265,000	3,872,210	22.6

Analysis of Fee Movement

UK Active Mandate	-91,658
Global Equities	588,088
Passive	-198,189
	298,242

	AUM	Average bps	Specification	Total
UK Active Mandate	55,051	-146,709		-91,658
Global Equities	595,101	-7,013		588,088
				-
Passive	59,800	-375,692	117,703	198,189
	709,952	-529,414	117,703	298,242

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2022 valuation update and FSS review

Address and purpose

The below wording has been requested by Oxfordshire County Council in its capacity as Administering Authority to the Oxfordshire Pension Fund. It has been prepared by Hymans Robertson LLP (as Fund Actuary) to summarise the initial results of the 2022 Valuation (as issued on 22 August 2022) and the changes made as part of the regular review of the Fund's Funding Strategy statement to the Pension Committee.

Prepared by:-

Robert McInroy FFA and Tom Hoare FFA

For and on behalf of Hymans Robertson LLP

August 2022

Funding Strategy Statement (FSS)

Background

Under LGPS Regulations, all funds have a statutory obligation to produce an FSS. It is key document for the Fund, in two ways:

1 The inputs it requires: the Fund's officers and Pensions Committee need to go through a process to be satisfied that the Fund is managing funding risks and will be collecting an appropriate level of contributions from all employers in the Fund. The FSS provides a helpful framework for organising this process and covering all the necessary areas.

2 The outputs it gives: the finalised FSS itself should be a clear and transparent reference point for the Fund's stakeholders, to set out how the Fund manages funding risks and provide proof that the contribution arrangements are solidly derived, fair and consistent. It will also help in any future discussions with employers, perhaps where an approach is queried or questions are raised.

The FSS is prepared in collaboration with the Fund Actuary and forms an integral part of the framework within which to carry out the triennial valuation to set employer contributions. The FSS also outlines how the funding strategy fits in with the investment strategy.

The current FSS was approved by the Pensions Committee in the December 2020 meeting following updates to allow for regulation amendments for exit credits and employer flexibilities.

2022 FSS review

The 2022 review has focussed on adapting the FSS to fit in with the changing environment and circumstance within which the Fund operates.

The evolving challenges, increasing diversity of employers and the growing complexity and regulation in the LGPS over the last few years has meant the FSS has become increasingly unwieldy. While the purpose of the FSS is to act as a compliant and robust reference document, it is acknowledged that a more streamlined document and modular approach to policies would enhance the accessibility and useability - ultimately making it more practical for all stakeholders (particularly employers).

The revised structure is a streamlined "core" FSS document which is complemented by a number of "satellite" policy documents. The core document includes all the funding information required by LGPS Regulations and

Statutory Guidance. It has also been restructured into sections within an LGPS employer's lifecycle (ie arrangements on joining, calculating assets and liabilities, setting contributions, arrangements on leaving, etc)

The satellite policies work both to complement the FSS and as standalone documents in their own right. These documents set out the Fund's policies with regards to specific elements of strategy and include more details on process and practicalities. Working with the actuary we have created policies to cover: employer cessations, contribution reviews, contribution prepayment requests, bulk transfers, academies and "passthrough" employers.

Alongside the restructure there has been relatively few technical or regulatory updates required since the December 2020 FSS review. The most significant changes to bring to the Committee's attention include:

1. Review of funding parameters to focus on likelihood of achieving the funding target

As part of the 2019 valuation the Fund introduced a "risk-based" approach for setting employer contributions. This approach focusses on a suitable likelihood of each employer achieving their funding target at the end of a specified time horizon. As part of the 2022 valuation, the time horizon parameter has been set to 20 years for all employers which are open to new staff joining the Fund. Instead, the Fund will adjust the likelihood of achieving the funding target to allow for employer risk based on the strength of each employer's covenant and its funding profile.

2. Further Education (FE) Sector employers

The Office for National Statistics (ONS) announced on 31 May 2022 that they will review the sector classification of Further Education Corporations, Sixth Form College Corporations and Designated Institutions in England. Since 2012, these bodies have been classified as part of the private sector. A reclassification has potentially significant implications for the LGPS. With the current classification and no central government guarantee, there is a high risk of a poor outcome for the Fund if a FE body becomes insolvent. This poorer covenant means the Fund has taken a more prudent funding approach to FE bodies and set higher contributions than for academies or councils. One of the options DfE is considering for FE bodies, if reclassified, is to provide a guarantee similar to the guarantee already provided to academies.

However, the timeline of the potential reclassification and subsequent review makes it challenging to consider any significant covenant changes as part of the 2022 valuations. The FSS has therefore been drafted to allow for both review outcome scenarios. This will enable well-informed discussions and avoid rushed engagement, decisions and Funding Strategy Statement updates later in the year.

3. Risk-based cessations

When an employer ceases participation in the Fund with no guarantor, the LGPS Regulations suggest that any future deficit arising should be met via increased contributions from all other employers in the Fund. Therefore, when assessing the final funding position of the ceasing employer, the Fund has a duty to protect the interests of the other unconnected employers. The actuary allows for this added protection by assessing the ceasing employer's liabilities using a more prudent investment return assumption based on the yield available on UK government bonds of long duration at the cessation date i.e. a gilts basis.

However, the Fund does not have a different investment strategy for ceased employers, there is therefore a mismatch between the cessation basis (based on gilt markets) and the invested assets of the ceased employer (largely growth-oriented). In addition, there are supply and demand issues in the gilts market, which cause distortions to market yields – it is becoming more difficult to say that gilt yields represent a true 'risk-free' rate of return.

The actuary has therefore recommended updating the cessation approach to calculate the final funding position in a risk-based way, akin to the approach used for setting employer contributions. Under the approach, the cessation liabilities will be calculated using an investment return assumption that the Fund's assets could expect to achieve with a given level of likelihood. This allows the Fund and actuary more control over the incorporated level of prudence and ensures the cessation debt/credit is more predictable for employers to plan for (ie as it no longer be linked to gilt yields).

4. Climate risk

The Fund recognises that climate change is a key risk due to the open-ended time horizons of the liabilities. As part of the modelling analysis for reviewing the contribution strategy for the large employers in the Fund, the actuary stress-tested the results under additional climate scenarios. This has allowed climate risk considerations to be built directly into funding strategy decisions. This approach has been documented in the FSS to meet the regulatory requirements.

5. 'McCloud' judgement treatment

The benefits accrued by certain members between 2014 and 2022 are expected to increase following the McCloud case, which ruled that transitional protections introduced in 2014 for older members were discriminatory. At the 2019 valuation there was uncertainty around if and how to allow for the potential extra costs. The Fund made an approximate allowance for the potential impact in setting employer contribution rates by building in a slightly higher level of prudence. However, the Department of Levelling Up, Housing and Communities has since provided guidance (dated 22 March 2022). The actuary has therefore now been able to use the guidance to build the expected impact of the benefit improvements directly into the liability calculations. The extra prudence allowed for at 2019 can now be removed from the assessment of employer contributions.

6. Ill health risk management

If a member retires early due to ill-health, an additional funding strain will usually arise, which can be very large. Such strain costs are the responsibility of the member's employer to pay. The FSS has been updated to clarify the Fund's policy of protecting smaller employers (who are part of a pool) by sharing this risk with other employers within the pool. Employers who are not part of a pool are more exposed to this risk.

FSS Next steps

Once approved by Committee, a draft version of the FSS and policies will be issued to all participating employers in late September with any comments to be submitted within 6 weeks. Following the end of the consultation period, any comments received may lead to amendments to the document. The Committee will then be asked to approve the final version of the FSS at the December meeting thus allowing the Actuary to sign off the final valuation report in time for the statutory deadline of 31 March 2023.

2022 valuation update

Background

The 2022 valuation of the Fund is a Regulatory requirement and is used to determine contribution rates payable by participating employers for the period commencing 1 April 2023. The valuation is carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Fund officers are currently working with the actuary to progress the valuation. To date this has included: contribution modelling analysis and discussion with the large employers (Councils and Oxford Brookes University); assumptions analysis (as approved by the Committee at the June meeting); and provision and cleansing of membership and cashflow data. The actuary has now used the data to calculate the initial results of the Fund as a whole.

Initial whole fund results

A key output of the valuation is a measurement of past service liabilities at the valuation date to determine the funding level. To calculate a current funding level, the actuary compares the market value of assets against a value of the benefits accrued to date. The value of assets is easily obtained via market valuations. Placing a single value on the liabilities requires a single set of assumptions about the future, so it is important to acknowledge the results are very sensitive to the choice of assumptions.

Using this approach, a high-level snapshot of the funding position on 31 March 2022 is below:

Valuation Date	31 March 2022	31 March 2019
Past Service Liabilities	**(£m)**	**(£m)**
Employees	945	790
Deferred Pensioners	745	631
Pensioners	1,260	1,125
Total Liabilities	**2,951**	**2,546**
Assets	**3,280**	**2,515**
Surplus/(Deficit)	**329**	**(31)**
Funding Level	**111%**	**99%**

As at 31 March 2022, the past service funding position has improved from a funding level of 99% at the last valuation to 111%. This is based on assumed future investment returns of 4.6% pa.

The future investment return the Fund would need to generate to be 100% funded is now 4.0% pa (compared to 4.4% pa at 2019). The likelihood of the Fund's investment strategy achieving this required return of 4.0% pa is now 77% (there was a 66% of the Fund achieving the required 4.4% pa at 2019). Put another way, the Fund is putting less reliance on future investment return to pay for benefits already accrued by members than at 2019.

The main factor driving the funding position improvement is stronger than expected investment returns since the 2019 valuation. These have more than offset the increase in liabilities due to the short- to medium-term inflation expectations. Despite the Covid-19 pandemic, the funding impact of mortality experience has not been significantly different from expectations.

However, it is important to understand reported funding level does not directly drive employers' contribution rates. Contribution rates consider how assets and liabilities will evolve over time in different economic scenarios and reflect each employer's funding profile and covenant.

Outlook for employer contributions

Every employer is responsible for their own 'share' of the pension fund. While individual employer results will be varied depending on each employer's own membership, the main drivers of change such as investment performance and market conditions effect all employers to a similar degree. Therefore, we expect most employers will see improvements in their funding positions.

Being 100% funded in a scheme like the LGPS which is both open to future accrual and new entrants, is not the endgame. For the average fund employer, two-thirds of the benefit payments made over the next 50 years will be in respect of future service benefits, i.e. benefits yet to be earned. This will include benefits earned by existing members (new accrual) and benefits earned by new members who begin service in the LGPS after the valuation date (new joiners). The assets held today only cover past service benefits – we still need to fund those benefits yet to be earned.

The worsening future economic outlook, notably short-term inflationary pressures, will lead to upward pressure on the cost of future benefit accrual (Primary contribution rates). The improvement in past service funding position may see a reduction in Secondary contribution rates for most employers. The net impact on total contributions will vary across employers. The contribution modelling analysis carried out for the Fund's larger employers has supported contribution freezes or moderate reductions.

Valuation next steps

The next major step in the valuation process is to calculate the funding positions and set the contribution rates for all employers in the Fund. The results will then be issued to employers who will be invited to ask questions and comments as part of an employer consultation period, including at the planned employer forum.

As above, this consultation process is already underway for the Councils and Oxford Brookes University.

The outcome of these discussions and final contribution rates will be presented to the Committee for approval at the March meeting. The contribution rates will then come into payment from 1 April 2023.

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Oxfordshire Pension Fund

Funding Strategy Statement

September 2022

DRAFT

Contents

1 Welcome to Oxfordshire Pension Fund's funding strategy statement

This document sets out the funding strategy statement (FSS) for Oxfordshire Pension Fund.

The Oxfordshire pension fund is administered by Oxfordshire County Council, known as the administering authority. Oxfordshire County Council worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from [DATE POST CONSULTATION].

There's a regulatory requirement for Oxfordshire County Council to prepare an FSS. You can find out more about the regulatory framework in Appendix A. If you have any queries about the FSS, contact sean.collins@oxfordshire.gov.uk

1.1 What is the Oxfordshire pension fund?

The Oxfordshire pension fund is part of the Local Government Pension Scheme (LGPS). You can find more information about the LGPS at www.lgpsmember.org. The administering authority runs the fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in Appendix B.

1.2 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a fair and transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.
- ensure fairness and minimise cross-subsidies between different generations of taxpayers. .

1.3 Who is the FSS for?

The FSS is mainly for employers participating in the fund, because it sets out how money will be collected from them to meet the fund's obligations to pay members' benefits.

Different types of employers participate in the fund:

Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including councils and employers like academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Designating employers

Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the fund can't refuse entry. The employer then decides which employees can join the scheme.

Admission bodies

Other employers can join through an admission agreement. The fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

1.4 How does the funding strategy link to the investment strategy?

The funding strategy sets out how money will be collected from employers to meet the fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the investment strategy at link.

The funding and investment strategies are closely linked. The fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the fund won't be able to pay benefits, so higher contributions would be required from employers.

1.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that funds take a 'prudent longer-term view' of funding liabilities (see Appendix A)

1.6 How is the funding strategy specific to the Oxfordshire pension fund?

The funding strategy reflects the specific characteristics of the fund employers and its own investment strategy.

2 How does the fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer total contributions are calculated and set by the Fund actuary and are expressed into two elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – any adjustment to the primary contribution rate (such as additional contributions to repair any deficits)

The primary rate also includes an allowance for the fund's expenses.

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios (as detailed in Appendix D). The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in Appendix D.

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

2.2 The contribution rate calculation

Certain fund employers (such as academies and admission bodies with pass-through arrangements) participate within funding pools, as described in Sections 2.5 and 2.6. Where this applies the contribution rate will be calculated for the pool as a whole using the parameters in Table 2. This results in each employer in their respective pool paying the same contribution rate (in % of pay terms).

Table 2: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled bodies			CABs and designating employers		TABs*
Sub-type	Local authorities and university	Colleges	Academies	Open to new entrants	Closed to new entrants	(all)
Funding target**	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Ongoing
Minimum likelihood of success	70%	70-75%	70%	75%	70%	55% (dependent on outstanding contract term)
Maximum time horizon	20 years	20 years	20 years	20 years	Average future	Same as the letting employer

Type of employer	Scheduled bodies			CABs and designating employers		TABs*
Sub-type	Local authorities and university	Colleges	Academies	Open to new entrants	Closed to new entrants	(all)
					working lifetime	
Primary rate approach	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon					
Secondary rate	% of payroll	% of payroll	% of payroll	Monetary amount or % of payroll	Monetary amount	Monetary amount or % of payroll
Stabilised contribution rate?	Yes	No	No	No	No	No
Treatment of surplus	Covered by stabilisation arrangement	Preferred approach: contributions kept at primary rate. Reductions may be permitted by the administering authority				Reduce contributions by spreading the surplus over the remaining contract term
Phasing of contribution changes	Covered by stabilisation arrangement	3 years	3 years	3 years	3 years	None

** Employers participating in the fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting authority (in most cases this is set equal to the letting authority's total contribution rate). The fund's policy on pass-through arrangements is available here.*

**See Appendix D for further information on funding targets.

2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. The fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year.

After taking advice from the fund actuary, the administering authority believes a stabilised approach is a prudent longer-term strategy.

Table 1: current stabilisation approach

Type of employer	'Standard' council	'Closed' Council	University
Maximum contribution increase per year	+1% of pay	+2% of pay	+1% of pay
Maximum contribution decrease per year	-1% of pay	-2% of pay	-1% of pay

Stabilisation criteria and limits are reviewed during the valuation process. The administering authority may review them between valuations to respond to membership or employer changes.

2.4 Reviewing contributions between valuations

The fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The fund's contribution review policy is available here. The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

2.5 What is pooling?

The administering authority operates funding pools for similar types of employers. Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes – pooling across a group of employers minimises this. Employers which are closed to new entrants aren't usually allowed to enter a pool.

Employers in a pool share all pension funding risks (including individual membership experience). This means that full cross-subsidy exists between employers within the pool. If pooled employers choose to leave the pool then their future funding position and contribution rates could be higher or lower than their contribution rate as a member of the pool.

Pooled employers are identified in the rates and adjustments certificate and only have their pooled contributions certified.

If a pooled employer ceases (or plans to cease) participation in the Fund its funding will be immediately removed from the pool.

2.6 What are the current contribution pools?

- **Smaller CABs** (small admitted bodies) – sharing experience and smoothing the effects of costly but rare events like ill-health retirement or deaths in service.
- **Designating employers** - Town & Parish councils are pooled together.
- **Academies** – academies with up to 50 members must join the pool but have an option to opt out on a permanent basis. Larger academies can request to join the pool on a permanent basis. The fund's Academies policy (including the pooling arrangements) is available here.
- **TABs** (pass-through) – employers participating under a pass-through agreement are pooled with the letting authority.

2.7 Administering authority discretion

The administering authority may exercise its discretion in managing employer risks and adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The fund permits the prepayment of employer contributions in specific circumstances. However, in general, this is most appropriate for large, secure employers with stable active memberships.

Further details are set out in the fund's prepayment policy available here.

3 What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on non ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the fund as a single lump sum. The amount is set by guidance issued by the Government Actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers may be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread in exceptional circumstances if the administering authority agrees.

3.2 Pension costs – early retirement on ill-health grounds

If a member retires early because of ill-health, their employer is responsible for paying the funding strain, which may be a large sum. In general, this will be picked up as part of future employer contributions.

Where an employer participates within a pool (as detailed in 2.6), ill health strain risk is spread across all employers within the pool.

The administering authority does not offer any further arrangements to mitigate this risk (other than pooling for certain employers). Individual employers should make their own arrangements if they are concerned about the risk of unmanageable ill-health strain costs increasing future employer contributions.

4 How does the fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The fund adopts a cashflow approach to track individual employer assets.

The fund uses Hymans Robertson's HEAT system to track employer assets monthly. Each employer's assets from the previous month end are added to monthly cashflows paid in/out and investment returns to give a new month-end asset value.

If an employee moves one from one employer to another within the fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share.

Alternatively, if employees move when a new academy is formed or an outsourced contract begins, the fund actuary will calculate assets linked to the value of the liabilities transferring (see section 5).

4.2 How are employer liabilities calculated?

The fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in Appendix D, the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on contribution rates.

5 What happens when an employer joins the fund?

5.1 When can an employer join the fund

Employers can join the fund if they are a new scheduled body or a new admission body. New designated employers may also join the fund if they pass a designation to do so.

On joining, the fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.4 below.

5.2 New academies

New academies join the fund as separate scheduled employers. Only active members of former council schools transfer to new academies. Newly established academies do not transfer active members from a locally maintained school but must allow new active members to transfer in any eligible service.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. The council's estimated funding level will be based on market conditions on the day before conversion.

The fund treats new academies as separate employers in their own right, who are responsible for their allocated assets and liabilities. The new academy's contribution rate (where not joining an existing MAT or the academies pool) is based on the current funding strategy (set out in section 2) and the transferring membership.

Academies joining an existing MAT within the fund will be pooled with this MAT and will fully share all risks and costs. Academies within a MAT pay the same total contribution rate. If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT (unless it is not possible to identify all deferred and pensioner members of the transferring academy).

The fund's policies on academies may change based on updates to guidance from the Department for Levelling Up, Housing and Communities or the Department for Education. Any changes will be communicated and reflected in future funding strategy statements.

The Fund's Academies Policy is available here.

5.3 New admission bodies as a results of outsourcing services

New admission bodies usually join the fund because an existing employer (usually a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

There is flexibility for outsourcing when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement. However, in general, the funding arrangements are set up as one of the following two options:

(i) Pass-through admissions

The Fund's preference is that all new admission bodies will be set up via a pass-through arrangement. The Fund's pass-through policy is available here.

(ii) Other admissions

Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs. New contractors will then be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the fund, eg set up of a wholly owned subsidiary company by a Local Authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the fund. These are usually town and parish councils. Contribution rates will be set using the same approach as other designated employers in the fund.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the fund won't grant added benefits to members bringing in entitlements from another fund, unless the asset transfer is enough to meet the added liabilities
- the fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

The bulk transfer policy is available here.

7 What happens when an employer leaves the fund?

7.1 What is a cessation event?

Triggers for considering cessation from the fund are:

- the last active member stops participation in the fund. The administering authority, at their discretion, can defer acting for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor

On cessation, the employer may be permitted to enter into a deferred debt arrangement (DDA) and become a deferred employer in the Fund (as detailed in Section 7.4). If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the fund leaves the scheme.

7.2 What happens on cessation?

The administering authority must protect the interests of the remaining fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in Appendix D.

(a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis. The low-risk exit basis is defined in Appendix D.

(b) Where there is a guarantor, the guarantee will be considered as part of the cessation valuation. For example:

- the cessation may be calculated using the ongoing participation basis; or
- it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guarantee terms.

However, where the guarantor is a 'guarantor of last resort' only, this will have no effect on the cessation valuation.

If the fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations. Fees and expenses are at the employer's expense and may be deducted from the cessation surplus or added to the cessation deficit. This improves efficiency by reducing transactions between employer and fund.

The cessation policy is available here.

7.3 How do employers repay cessation debts?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement (DSA)
- if an exiting employer enters into a DDA, it stays in the fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

Further details are set out in the cessation policy available here.

7.4 What if an employer has no active members?

When employers leave the fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the fund and either:

a) their asset share runs out before all ex-employees' benefits have been paid, in which case the other fund employers will be required to contribute to the remaining benefits. The fund actuary will apportion the liabilities on a pro-rata basis at the formal valuation.

b) the last ex-employee or dependant dies before the employer's asset share is fully run down, in which case the fund actuary will apportion the remaining assets to the other fund employers on a pro-rata basis at the formal valuation.

7.5 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The exit credit policy is set out within section 3.3 of the Fund's cessation policy, available here.

8 What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government Actuary's Department (GAD) to report on LGPS funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report should include confirmation that employer contributions are set at the right level to ensure the fund's solvency and long-term cost efficiency.

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other funds. Either:

(a) employers collectively can increase their contributions, or the fund can realise contingencies to target a 100% funding level

or

(b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit.

To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the fund's actuarial bases don't offer straightforward comparisons.

Appendices

Appendix A – The regulatory framework

A1 Why do funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Department for Levelling Up, Housing and Communities (DLUHC) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a **clear and transparent fund-specific strategy** identifying how employers' pension liabilities are best met going forward*
- *support the regulatory framework to maintain **as nearly constant employer contribution rates as possible***
- *ensure the fund meets its **solvency and long-term cost efficiency** objectives*
- *take a **prudent longer-term view** of funding those liabilities.*

To prepare this FSS, the administering authority has used guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA).

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with "*persons the authority considers appropriate*". This should include '*meaningful dialogue… with council tax raising authorities and representatives of other participating employers*'.

The consultation process included issuing a draft version to participating employers and invitation to attend an open employers' forum. The administering authority should circulate the CIPFA guidance, and consult on actual funding policy and methodologies, before preparing and issuing a draft. The draft should include an estimate of the impact of any variations from the previous funding strategy.

A3 How is the FSS published?

The FSS is emailed to participating employers and employee and pensioner representatives. Summaries are issued to members and a full copy is included in the fund's annual report and accounts. Copies are freely available on request and is published on the website at www.oxfordshire.gov.uk/pensions

A4 How often is the FSS reviewed?

The FSS is reviewed in detail at least every three years as part of the valuation. Amendments may be made before then if there are regulatory or operational changes. Any amendments will be consulted on, agreed by the Pensions Committee and included in the Committee meeting minutes.

A5 How does the FSS fit into the overall fund documentation?

The FSS is a summary of the fund's approach to funding liabilities. It isn't exhaustive – the fund publishes other statements like the statement of investment principles, investment strategy statement, governance strategy and communications strategy. The fund's annual report and accounts also includes up-to-date fund information.

You can see all fund documentation at www.oxfordshire.gov.uk/pensions

Appendix B – Roles and responsibilities

B1 The administering authority:

1 operates the fund and follows all Local Government Pension Scheme (LGPS) regulations

2 manages any conflicts of interest from its dual role as administering authority and a fund employer

3 collects employer and employee contributions, investment income and other amounts due

4 ensures cash is available to meet benefit payments when due

5 pays all benefits and entitlements

6 invests surplus money like contributions and income which isn't needed to pay immediate benefits, in line with regulation and the investment strategy

7 communicates with employers so they understand their obligations

8 safeguards the fund against employer default

9 works with the fund actuary to manage the valuation process

10 provides information to the Government Actuary's Department so they can carry out their statutory obligations

11 consults on, prepares and maintains the funding and investment strategy statements

12 tells the actuary about changes which could affect funding

13 monitors the fund's performance and funding, amending the strategy statements as necessary

14 enables the local pension board to review the valuation process.

B2 Individual employers:

1 deduct the correct contributions from employees' pay

2 pay all contributions by the due date

3 have appropriate policies in place to work within the regulatory framework

4 make additional contributions as agreed, for example to augment scheme benefits or early retirement strain

5 tell the administering authority promptly about any changes to circumstances, prospects or membership which could affect future funding.

6 make any required exit payments when leaving the fund.

B3 The fund actuary:

1 prepares valuations, including setting employers' contribution rates, agreeing assumptions, working within FSS and LGPS regulations and appropriately targeting fund solvency and long-term cost efficiency

2 provides information to the Government Actuary Department so they can carry out their statutory obligations

3 advises on fund employers, including giving advice about and monitoring bonds or other security

4 prepares advice and calculations around bulk transfers and individual benefits

5 assists the administering authority to consider changes to employer contributions between formal valuations

6 advises on terminating employers' participation in the fund

7 fully reflects actuarial professional guidance and requirements in all advice.

B4 Other parties:

1 internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement

2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of fund assets in line with the ISS

3 auditors comply with standards, ensure fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements

4 governance advisers may be asked to advise the administering authority on processes and working methods

5 internal and external legal advisers ensure the fund complies with all regulations and broader local government requirements, including the administering authority's own procedures

6 the Department for Levelling Up, Housing and Communities, assisted by the Government Actuary's Department and the Scheme Advisory Board, work with LGPS funds to meet Section 13 requirements.

Appendix C – Risks and controls

C1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

A summary of the key fund-specific risks and controls is set out below. For more details, please see the Fund's risk register.

C2 Financial risks

Risk	Control
Fund assets don't deliver the anticipated returns that underpin the valuation of liabilities and contribution rates over the long-term.	Anticipate long-term returns on a prudent basis to reduce risk of under-performing. Use specialist advice to invest and diversify assets across asset classes, geographies, managers, etc. Analyse progress at three-year valuations for all employers. Roll forward whole fund liabilities between valuations.
Inappropriate long-term investment strategy.	Consider overall investment strategy options as part of the funding strategy. Use asset liability modelling to measure outcomes and choose the option that provides the best balance. Operate various strategies to meet the needs of a diverse employer group.
Active investment manager under-performs relative to benchmark.	Use quarterly investment monitoring to analyse market performance and active managers, relative to index benchmark.
Pay and price inflation is significantly more than anticipated.	Focus valuation on real returns on assets, net of price and pay increases. Use inter-valuation monitoring to give early warning. Invest in assets with real returns. Employers to be mindful of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.
Increased employer's contribution rate affects service delivery and admission/scheduled bodies.	Agree an explicit stabilisation mechanism, with other measures to limit sudden increases in contributions.
Orphaned employers create added fund costs.	Seek a cessation debt (or security/guarantor). Spread added costs among employers.

C3 Demographic risks

Risk	Control
Pensioners live longer, increasing fund costs.	Set mortality assumptions with allowances for future increases in life expectancy. Use the fund actuary's experience and access to over 50 LGPS funds to identify changes in life expectancy that might affect the longevity assumptions early.
As the fund matures, the proportion of actively contributing employees declines relative to retired employees.	Monitor at each valuation, consider seeking monetary amounts rather than % of pay. Consider alternative investment strategies.
Deteriorating patterns of early retirements	Charge employers the extra cost of non ill-health retirements following each individual decision. Pool small employers to facilitate the sharing of ill health risk. Monitor employer ill-health retirement experience.
Reductions in payroll cause insufficient deficit recovery payments.	Buy-out employers in the stabilisation mechanism to permit contribution increases. Review contributions between valuations. This may require a move in deficit contributions from a percentage of payroll to fixed monetary amounts.

C4 Regulatory risks

Risk	Control
Changes to national pension requirements or HMRC rules.	Consider all Government consultation papers and comment where appropriate. Monitor progress on the McCloud court case and consider an interim valuation or other action once more information is known. Build preferred solutions into valuations as required.
Time, cost or reputational risks associated with any DLUHC intervention triggered by the Section 13 analysis	Take advice from the actuary and consider the proposed valuation approach, relative to anticipated Section 13 analysis.

Changes to employer participation in LGPS funds leads to impacts on funding or investment strategies.	Consider all Government consultation papers and comment where appropriate. Take advice from the fund actuary and amend strategy.

C5 Governance risks

Risk	Control
The administering authority is not aware of employer membership changes, for example a large fall in employee members, large number of retirements, or is not advised that an employer is closed to new entrants.	The administering authority develops a close relationship with employing bodies and communicates required standards. The actuary may revise the rates and adjustments certificate to increase an employer's contributions between valuations Deficit contributions may be expressed as monetary amounts.
Actuarial or investment advice is not sought, heeded, or proves to be insufficient in some way	The administering authority maintains close contact with its advisers. Advice is delivered through formal meetings and recorded appropriately. Actuarial advice is subject to professional requirements like peer review.
The administering authority fails to commission the actuary to carry out a termination valuation for an admission body leaving the fund.	The administering authority requires employers with Best Value contractors to inform it of changes. CABs' memberships are monitored and steps are taken if active membership decreases.
An employer ceases to exist with insufficient funding or bonds.	It's normally too late to manage this risk if left to the time of departure. This risk is mitigated by: Seeking a funding guarantee from another scheme employer, or external body. Alerting the prospective employer to its obligations and encouraging it to take independent actuarial advice. Vetting prospective employers before admission. Requiring a bond to protect the fund, where permitted. Requiring a guarantor for new CABs. Regularly reviewing bond or guarantor arrangements. Reviewing contributions well ahead of cessation.

Risk	Control
An employer ceases to exist, so an exit credit is payable.	The administering authority regularly monitors admission bodies coming up to cessation. The administering authority invests in liquid assets so that exit credits can be paid.

C6 Employer covenant assessment and monitoring

Many of the employers participating in the fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

C7 Climate risk and TCFD reporting

The fund has considered climate-related risks when setting the funding strategy. In particular, through analysing the resilience of the strategy via in-depth asset liability modelling to stress test the funding and investment strategies against possible future climate scenarios. The current strategies were proven to be resilient to climate transition risks within an appropriate level of prudence. The fund will continue to monitor the resilience of the funding strategy to climate risks at future valuations or when there has been a significant change in the risk posed to the fund (eg global climate policy changes).

Further details on how the fund manages climate risks is set out in the fund's climate policy here.

Appendix D – Actuarial assumptions

The fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the funding strategy statement.

D1 What are assumptions?

Assumptions are used to estimate the benefits due to be paid to members. Financial assumptions determine the amount of benefit to be paid to each member, and the expected investment return on the assets held to meet those benefits. Demographic assumptions are used to work out when benefit payments are made and for how long.

The funding target is the money the fund aims to hold to meet the benefits earned to date.

Any change in the assumptions will affect the funding target and contribution rate, but different assumptions don't affect the actual benefits the fund will pay in future.

D2 What assumptions are used to set the contribution rate?

The fund doesn't rely on a single set of assumptions when setting contribution rates, instead using Hymans Robertson's Economic Scenario Service (ESS) to project each employer's assets, benefits and cashflows to the end of the funding time horizon.

ESS projects future benefit payments, contributions and investment returns under 5,000 possible economic scenarios, using variables for future inflation and investment returns for each asset class, rather than a single fixed value.

For any projection, the fund actuary can assess if the funding target is satisfied at the end of the time horizon.

Table: Summary of assumptions underlying the ESS, 31 March 2022

		Annualised total returns									
		Cash	Index Linked Gilts (medium)	Fixed Interest Gilts (Medium)	UK Equity	Overseas Equity	Property	A rated corporate bonds (medium)	RPI inflation expectation	17 year real govt yield (RPI)	17 year govt bond
10 Years	16th %ile	0.8%	-1.9%	-0.3%	-0.4%	-0.7%	-0.6%	-0.1%	2.4%	-1.7%	1.1%
	50th %ile	1.8%	0.2%	1.1%	5.7%	5.6%	4.4%	1.6%	4.1%	-0.5%	2.5%
	84th %ile	2.9%	2.4%	2.4%	11.6%	11.7%	9.5%	3.2%	5.7%	0.7%	4.3%
20 Years	16th %ile	1.0%	-1.5%	0.7%	1.7%	1.5%	1.4%	1.1%	1.6%	-0.7%	1.3%
	50th %ile	2.4%	0.1%	1.5%	6.2%	6.1%	5.0%	2.1%	3.1%	1.0%	3.2%
	84th %ile	4.0%	1.9%	2.2%	10.6%	10.8%	8.9%	3.2%	4.7%	2.7%	5.7%
40 Years	16th %ile	1.2%	-0.3%	1.5%	3.2%	3.1%	2.6%	2.0%	1.1%	-0.6%	1.1%
	50th %ile	2.9%	1.2%	2.3%	6.7%	6.5%	5.5%	3.1%	2.4%	1.3%	3.3%
	84th %ile	4.9%	3.1%	3.5%	10.2%	10.2%	8.8%	4.4%	3.9%	3.2%	6.1%
Volatility (5 yr)		2%	7%	6%	18%	19%	15%	7%	3%		

D3 What financial assumptions were used?

Future investment returns and discount rate (for setting contribution rates)

The fund uses a risk-based approach to generate assumptions about future investment returns over the funding time horizon, based on the investment strategy.

The discount rate is the annual rate of future investment return assumed to be earned on assets after the end of the funding time horizon. The discount rate assumption is set as a margin above the risk-free rate at the end of the funding time horizon.

Assumptions for future investment returns depend on the funding objective.

	Employer type	Margin above risk-free rate (at end of funding time horizon)
Ongoing basis	All employers except employer approaching exit	2.4%
Low-risk exit basis	Employer approaching cessation	TBC

Discount rate (ongoing basis for funding level calculations)

For the purpose of calculating the ongoing funding level, the discount rate is based on a prudent estimate of future returns, specifically that there is a 70% likelihood of these returns being achieved over the 20 years following the calculation date.

At the 2022 valuation, the ongoing basis discount rate of 4.6% applies. This is based on a there being a 70% likelihood that the fund's assets will achieve future investment returns of 4.6% over the 20 years following the 2022 valuation date.

If an employer is funded on the low risk exit basis, a higher discount rate may apply – see section D5 below.

Pension increases and CARE revaluation

Deferment and payment increases to pensions and revaluation of CARE benefits are in line with the Consumer Price Index (CPI) and determined by the regulations.

The CPI assumption is based on Hymans Robertson's Economic Scenario Service (ESS) model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022.

Salary growth

The salary increase assumption at the latest valuation has been set to CPI pa plus a promotional salary scale.

D4 What demographic assumptions were used?

Demographic assumptions are best estimates of future experience. The fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2021 version of the continuous mortality investigation (CMI) published by the actuarial profession. The starting point has been adjusted by +0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% pa applies.

The smoothing parameter used in the CMI model is 7.0. There is little evidence currently available on the long-term effect of Covid-19 on life expectancies. To avoid an undue impact from recently mortality experience on long-term assumptions, no weighting has been placed on data from 2020 and 2021 in the CMI.

Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Males are assumed to be 3 years older than females, and partner dependants are assumed to be opposite sex to members.
Commutation	50% of maximum tax-free cash
50:50 option	1% of members will choose the 50:50 option.

Males

Incidence per 1000 active members per year								
Age	Salary scale	Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2	
		FT &PT	FT	PT	FT	PT	FT	PT
20	105	0.17	485	1301	0.00	0.00	0.00	0.00
25	117	0.17	320	859	0.00	0.00	0.00	0.00
30	131	0.20	227	610	0.00	0.00	0.00	0.00
35	144	0.24	178	476	0.10	0.07	0.02	0.01
40	150	0.41	143	383	0.16	0.12	0.03	0.02
45	157	0.68	134	360	0.35	0.27	0.07	0.05
50	162	1.09	111	296	0.90	0.68	0.23	0.17
55	162	1.70	87	233	3.54	2.65	0.51	0.38
60	162	3.06	78	208	6.23	4.67	0.44	0.33

Females

Incidence per 1000 active members per year								
Age	Salary scale	Death before retirement	Withdrawals		Ill-health tier 1		Ill-health tier 2	
		FT &PT	FT	PT	FT	PT	FT	PT
20	105	0.10	423	654	0.00	0.00	0.00	0.00
25	117	0.10	285	440	0.10	0.07	0.02	0.01
30	131	0.14	239	369	0.13	0.10	0.03	0.02
35	144	0.24	206	318	0.26	0.19	0.05	0.04
40	150	0.38	171	265	0.39	0.29	0.08	0.06
45	157	0.62	160	247	0.52	0.39	0.10	0.08
50	162	0.90	135	208	0.97	0.73	0.24	0.18
55	162	1.19	101	155	3.59	2.69	0.52	0.39
60	162	1.52	81	125	5.71	4.28	0.54	0.40

D5 What assumptions apply in a cessation valuation following an employer's exit from the fund?
Where there is a guarantor, the ongoing basis will apply.

Where there is no guarantor, the low-risk exit basis will apply. The financial assumptions underlying the low-risk exit basis are explained below:

- The discount rate used for calculating the exit position will be lower than the ongoing funding basis, specifically additional prudence will be applied to the assumption. This will be applied via a higher likelihood that the fund's assets will achieve the required future investment returns over the 20 years following the date of the calculation.
- The CPI assumption is based on Hymans Robertson's ESS model. The median value of CPI inflation from the ESS was 2.7% pa on 31 March 2022

Oxfordshire Pension Fund

Policy on bulk transfers

Effective date of policy	
Date approved	
Next review	

1 Introduction

The purpose of this policy is to set out the administering authority's approach to dealing with the bulk transfer of scheme member pension rights into and out of the fund in prescribed circumstances.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

1.1 Aims and Objectives

The administering authority's aims and objectives related to this policy are as follows:

- Bulk transfers out of the fund do not allow a deficit to remain behind unless a scheme employer is committed to repairing this; and
- Bulk transfers received by the fund must be sufficient to pay for the added benefits being awarded to the members, again with the scheme employer making good any shortfall where necessary.

Bulk transfer requests will be considered on a case-by-case basis.

1.2 Background

Bulk transfers into and out of the fund can occur for a variety of reasons, such as:

- where an outsourcing arrangement is entered into and active fund members join another LGPS fund, or leave the LGPS to join a broadly comparable scheme;
- where an outsourcing arrangement ceases and active scheme members re-join the Fund from another LGPS fund or a broadly comparable scheme;
- where there is a reorganisation of central government operations (transfers in from, or out to, other government sponsored schemes);
- where there is a reorganisation or consolidation of local operations (brought about by, for example, local government shared services, college mergers or multi-academy trust consolidations); or
- a national restructuring resulting in the admission of an employer whose employees have LGPS service in another LGPS fund, or vice versa.

Unlike bulk transfers out of the LGPS, there is no specific provision to allow for bulk transfers into the LGPS. As a result, any transfer value received into the LGPS, whether on the voluntary movement of an individual or the compulsory transfer of a number of employees, must be treated the same way as individual transfers.

1.3 Guidance and regulatory framework

Local Government Pension Scheme Regulations

When considering any circumstances involving bulk transfer provisions, the administering authority will always ensure adherence to any overriding requirements set out in the Local Government Pension Scheme Regulations 2013 (as amended), including:

- Regulation 98 – applies on transfer out to non-LGPS schemes. It allows for the payment of a bulk transfer value where at least two active members of the LGPS cease scheme membership join another approved pension arrangement.

- Regulation 99 - gives the LGPS actuary discretion as to the choice of method of calculation used to calculate the bulk transfer value.

- Regulation 100 – allows an individual who holds relevant pension rights under a previous employer to request to be admitted for past service into the LGPS. Members wishing to transfer in accrued rights from a Club scheme (that is schemes with benefits broadly similar to those of the LGPS), who request to do so within 12 months of joining their new LGPS employment, must be granted their request. For members with "non-Club" accrued rights the LGPS fund does not have to grant the request. Any request must be received in writing from the individual within 12 months of active employment commencing or longer at the discretion of the employer and the administering authority.

- Regulation 103 - states that any transfer between one LGPS fund and another LGPS fund (in England and Wales) where 10 or more members elect to transfer will trigger bulk transfer negotiations between Fund actuaries.

Best Value authorities

The Best Value Authorities Staff Transfers (Pensions) Direction 2007, which came into force on 1 October 2007, applies to all "Best Value Authorities" in England. Best Value Authorities include all county, district and borough councils in England, together with police and fire and rescue authorities, National Park Authorities and waste disposal authorities. The Direction:

- requires the contractor to secure pension protection for each transferring employee through the provision of pension rights that are the same as or are broadly comparable to or better than those they had as an employee of the authority, and

- provides that the provision of pension protection is enforceable by the employee.

The Direction also requires similar pension protection in relation to those former employees of an authority, who were transferred under TUPE to a contractor, in respect of any re-tendering of a contract for the provision of services (i.e. second and subsequent rounds of outsourcing).

Academies and multi-academy trusts

New Fair Deal guidance, introduced in October 2013, applies to academies and multi-academy trusts. It requires that, where they outsource services, they ensure pension protection for non-teaching staff transferred is achieved via continued access to the LGPS. As a result the fund would not expect to have any bulk transfers out of the LGPS in respect of outsourcings from academies or multi-academy trusts.

Other employers

For all scheme employers that do not fall under the definition of a Best Value Authority or are not an academy (i.e. town and parish councils, arms-length organisations, further and higher education establishments, charities and other admitted bodies), and who are not subject to the requirements of Best Value Direction or new Fair Deal guidance, there is no explicit requirement to provide pension protection on the outsourcing or insourcing of services. However, any successful contractor is free to seek admission body status in the fund, subject to complying with the administering authority's requirements (e.g. having a bond or guarantor in place).

The old Fair Deal guidance may still apply to a specific staff transfer if permitted by the new Fair Deal guidance or if outside the coverage of the new Fair Deal guidance. (If the individual remains in their original scheme then their past service rights are automatically protected). In the absence of a bulk transfer agreement the administering authority would not expect to pay out more than individual Cash Equivalent Transfer Value (CETV) amounts, in accordance with appropriate Government Actuary's Department (GAD) guidance.

2 Statement of principles

This statement of principles covers bulk transfer payments into and out of the fund. Each case will be treated on its own merits alongside appropriate actuarial advice, but in general:

- Where a group of active scheme members joins (or leaves) the fund, the administering authority's objective is to ensure that sufficient assets are received (or paid out) to meet the cost of providing those benefits.
- Ordinarily the administering authority's default approach for bulk transfers out (or in) will be to propose (or accept) that the transfer value is calculated using ongoing assumptions based on the employer's share of fund assets (capped at 100% of the value of the liabilities). The fund will retain the discretion to amend the bulk transfer basis to reflect the specific circumstances of each transfer – including (but not restricted to):
    - the use of cessation assumptions where unsecured liabilities are being left behind;
    - where a subset of an employer's membership is transferring (in or out), the Fund may consider an approach of calculating the bulk transfer payment as the sum of CETVs for the members concerned; or
    - where transfer terms are subject to commercial factors.
- Where an entire employer is transferring in or out of the fund the bulk transfer should equal the asset share of the employer in the transferring fund regardless of whether this is greater or lesser than the value of past service liabilities for members.
- There may be situations where the fund accepts a transfer in amount which is less than required to fully fund the transferred in benefits on the fund's ongoing basis (e.g. where the employer has suitable strength of covenant and commits to meeting that shortfall over an appropriate period). In such cases the administering authority reserves the right to require the receiving employer to fund this shortfall (either by lump sum or by increasing in ongoing employer contributions) ahead of the next formal valuation.
- Any shortfall between the bulk transfer payable by the fund and that which the receiving scheme is prepared to accept must be dealt with outside of the fund, for example by a top up from the employer to the receiving scheme or through higher ongoing contributions to that scheme.
- Service credits granted to transferring scheme members should fully reflect the value of the benefits being transferred, irrespective of the size of the transfer value paid or received.

3 Policy

The following summarises the various scenarios for bulk transfers in or out of the fund, together with the Administering Authority’s associated policies.

3.1 Inter-fund transfer (transfer between the fund and another LGPS fund)

Scenario	Bulk transfer mechanism	Policy	Methodology
In	< 10 members – GAD guidance	CETVs in accordance with GAD guidance.	On receipt of a transfer value (calculated in line with the CETV transfer out formulae), the Fund will award the member a pension credit on a day-for-day basis.
	10 or more members – Regulation 103 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the Fund and the transferring fund (and their two actuaries) may agree to a negotiated bulk transfer arrangement. However, where agreement cannot be reached: **Actives only transferring:** CETVs in accordance with GAD guidance using transferring fund’s actual fund returns for roll up to date of payment (rather than the interest applied for standard CETV’s). **All members transferring (i.e. all actives, deferred and pensioners):** Receive all assets attributable to the membership within the transferring scheme.	The Fund's default policy is to accept a transfer value that is at least equal to the total of the individual CETVs calculated using the Club transfer-out formulae. The Fund will consult with the scheme employer whose funding position will be impacted by the transfer before agreeing to a negotiated bulk transfer arrangement. Pension credits will be awarded to the transferring members on a day-for-day basis.
Out	< 10 members – GAD guidance	CETVs in accordance with GAD guidance.	The transfer value paid to the receiving fund will be calculated in line with the CETV transfer-out formulae.
	10 or more members – Regulation 103 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the Fund and the receiving Fund (and their two actuaries) may agree to a negotiated bulk transfer arrangement. However, where agreement cannot be reached: **Actives only transferring (i.e. remaining members left behind):** CETV in accordance with GAD guidance using transferring fund’s actual fund returns for roll-up to date of payment (rather than the interest applied for standard CETV’s). **All actives transferring (i.e. deferred and pensioner members left behind):** Assets will be retained by the Fund to cover the liabilities of the deferred and pensioner members calculated using the Fund’s cessation assumptions. The residual assets will then be transferred to the receiving scheme. **All members transferring (i.e. all actives, deferred and pensioners):** Transfer all assets attributable to the membership to the receiving scheme.	The Fund's default policy is to offer a transfer value that is equal to the total of the individual CETV calculated using the Club transfer-out formulae. The Fund will consult with the scheme employer whose funding position will be impacted by the transfer before agreeing to a negotiated bulk transfer arrangement. Discretion exists to amend this to reflect specific circumstances of the situation.

3.2 Club Scheme

Scenario	Bulk transfer mechanism	Policy	Methodology
In	Club Memorandum	The Club mechanism ensures the pension credit in the Fund provides actuarially equivalent benefits.	The pension credit awarded to members transferring in will be calculated in line with the Club transfer-in formulae.
Out	Regulation 98 of the Local Government Pension Scheme Regulations 2013 or Club Memorandum	Where agreement can be reached, the Fund and the receiving scheme (and their two actuaries) may agree to a negotiated bulk transfer arrangement. Or Where agreement cannot be reached, revert to the Club transfer out formulae in accordance with GAD guidance.	The Fund's default policy is to offer the receiving scheme transfers out calculated using ongoing assumptions based on the ceding employer's share of fund assets (capped at 100% of the liability value). Discretion exists to amend this to reflect specific circumstances of the situation.

3.3 Broadly Comparable Scheme or non-Club scheme

Scenario	Bulk transfer mechanism	Policy	Methodology
In	GAD guidance	Non-Club transfer in formulae in accordance with GAD guidance	The pension credit awarded to members transferring in will be calculated in line with the non-Club transfer in formulae.
Out	1 member only – GAD guidance	CETV in accordance with GAD guidance	The transfer value paid to the receiving scheme will be calculated in line with the CETV transfer-out formulae.
	2 or more members – Regulation 98 of the Local Government Pension Scheme Regulations 2013	Where agreement can be reached, the fund and the receiving scheme (and their two actuaries) may agree to a negotiated bulk transfer arrangement. Or Where agreement cannot be reached, revert to cash equivalent transfer values under GAD guidance	The fund's default policy is to offer the receiving scheme transfers out calculated in line with the CETV transfer-out formulae. Discretion exists to amend this to reflect specific circumstances of the situation.

4 Practicalities and process

4.1 Format of transfer payment

Ordinarily payment will be in cash.

A deduction from the bulk transfer will be made for any administration, legal and transaction costs incurred by the Fund as a result of having to disinvest any assets to meet the form of payment that suits the receiving scheme.

4.2 Impact on transferring employer

Any transfer out or in of pension rights may have an effect on the valuation position of the employer and consequently their individual contribution rate.

The Fund will agree with the transferring employer how this change is dealt with. Though it is likely this will be through adjustments to its employer contribution rate, the Fund may require a lump sum payment or instalments of lump sums to cover any relative deterioration in deficit, for example where the deterioration in deficit is a large proportion of its total notional assets and liabilities. Where the transfer is small relative to the employer's share of the Fund, any adjustment may be deferred to the next valuation.

4.3 Consent

Where required within the Regulations, for any bulk transfer the Administering Authority will ensure the necessary consent is obtained from each individual eligible to be part of the transfer.

4.4 Approval process

The Fund will normally agree to bulk transfers into or out of the Fund where this policy is adhered to.

4.5 Non-negotiable

It should be noted that, as far as possible, the Fund's preferred terms on bulk transfers are non-negotiable. Any differences between the value the Fund is prepared to pay (or receive) and that which the other scheme involved is prepared to accept (or pay) should be dealt with by the employers concerned outside the Fund.

4.6 Costs

Actuarial and other professional costs will be recharged in full to the employer.

Staff time involved on the Fund side will be charged at the rate defined within the Administration Strategy Statement.

5 Related Policies

Section 6 of the Fund's Funding Strategy Statement.

Oxfordshire Pension Fund

Policy on contribution reviews

Effective date of policy	
Date approved	
Next review	

1 Introduction

The purpose of this policy is to set out the administering authority's approach to reviewing contribution rates between triennial valuations.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

1.1 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To provide employers with clarity around the circumstances where contribution rates may be reviewed between valuations.
- To outline specific circumstances where contribution rates will not be reviewed.

1.2 Background

The Fund may amend contribution rates between valuations for 'significant change' to the liabilities or covenant of an employer.

Such reviews may be instigated by the fund or at the request of a participating employer.

Any review may lead to a change in the required contributions from the employer.

1.3 Guidance and regulatory framework

Regulation 64 of the Local Government Pension Scheme Regulations 2013 (as amended) sets out the way in which LGPS Funds should determine employer contributions, including the following;

- Regulation 64 (4) – allows the administering authority to review the contribution rate if it becomes likely that an employer will cease participation in the fund, with a view to ensuring that the employer is fully funded at the expected exit date.
- Regulation 64A - sets out specific circumstances where the administering authority may revise contributions between valuations (including where a review is requested by one or more employers).

This policy also reflects statutory guidance from the Department for Levelling Up, Housing and Communities on preparing and maintaining policies relating to the review of employer contributions. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board.

2 Statement of principles

This Statement of Principles covers review of contributions between valuations. Each case will be treated on its own merits, but in general:

- The administering authority reserves the right to review contributions in line with the provisions set out in the LGPS Regulations.
- The decision to make a change to contribution rates rests with the administering authority, subject to consultation with employers during the review period.
- Full justification for any change in contribution rates will be provided to employers.
- Advice will be taken from the fund actuary in respect of any review of contribution rates.
- Any revision to contribution rates will be reflected in the Rates & Adjustment certificate.

3 Policy

3.1 Circumstances for review

The Fund would consider the following circumstances as a potential trigger for review:

- in the opinion of an administering authority there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner than anticipated at the last valuation;
- an employer is approaching exit from the fund within the next two years and before completion of the next triennial valuation;
- there are changes to the benefit structure set out in the LGPS Regulations which have not been allowed for at the last valuation;
- it appears likely to the administering authority that the amount of the liabilities arising or likely to arise for an employer or employers has changed significantly since the last valuation;
- it appears likely to the administering authority that there has been a significant change in the ability of an employer or employers to meet their obligations (e.g. a material change in employer covenant, or provision of additional security);
- it appears to the administering authority that the membership of the employer has changed materially such as bulk transfers, significant reductions to payroll or large-scale restructuring; or
- where an employer has failed to pay contributions or has not arranged appropriate security as required by the administering authority.

3.2 Employer requests

The administering authority will also consider a request from any employer to review contributions where the employer has undertaken to meet the costs of that review and sets out the reasoning for the review (which would be expected to fall into one of the above categories, such as a belief that their covenant has changed materially, or they are going through a significant restructuring impacting their membership).

The administering authority will require additional information to support a contribution review made at the employer’s request. The specific requirements will be confirmed following any request and this is likely to include the following:

- a copy of the latest accounts;
- details of any additional security being offered (which may include insurance certificates);
- budget forecasts; and/or

- information relating to sources of funding.

The costs incurred by the administering authority in carrying out a contribution review (at the employer's request) will be met by the employer. These will be confirmed upfront to the employer prior to the review taking place.

3.3 Other employers

When undertaking any review of contributions, the administering authority will also consider the impact of a change to contribution rates on other fund employers. This will include the following factors:

- The existence of a guarantor.
- The amount of any other security held.
- The size of the employer's liabilities relative to the whole fund.

The administering authority will consult with other fund employers as necessary.

3.4 Effect of market volatility

Except in circumstances such as an employer nearing cessation, the administering authority will not consider market volatility or changes to asset values as a basis for a change in contributions outside a formal valuation.

3.5 Documentation

Where revisions to contribution rates are necessary, the Fund will provide the employer with a note of the information used to determine these, including:

- Explanation of the key factors leading to the need for a review of the contribution rates, including, if appropriate, the updated funding position.
- A note of the new contribution rates and effective date of these.
- Date of next review.
- Details of any processes in place to monitor any change in the employer's circumstances (if appropriate), including information required by the administering authority to carry out this monitoring.

The Rates & Adjustments certificate will be updated to reflect the revised contribution rates.

4 Related Policies

The fund's Funding Strategy Statement should be read in conjunction with this document. In particular, exiting employers should familiarise themselves with:

- Section 2 – How does the fund calculate employer contributions?
- Appendix D – Actuarial assumptions (specifically section D5)

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Oxfordshire Pension Fund

Policy on Prepayments

Effective date of policy	
Date approved	
Next review	

1 Introduction

The purpose of this policy is to set out the administering authority's approach to the prepayment of regular contributions due by participating employers.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

1.1 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To provide employers with clarity around the circumstances where prepayment of contributions will be permitted.
- To outline the key principles followed when calculating prepayment amounts.
- To outline the approach taken to assess the suitability of a prepayment as sufficient to meet the required contributions.

1.2 Background

It is common practice in the LGPS for employers to pre-pay regular contributions that were otherwise due to be paid to the fund in future. Employer contributions include the 'Primary Rate' – which is expressed as a percentage of payroll and reflects the employer's share of the cost of future service benefits, and the 'Secondary Rate' – which can be expressed as a percentage of payroll or a monetary amount and is an additional contribution designed to ensure that the total contributions payable by the Employer meet the funding objective.

On 22 March 2022, following a request from the LGPS Scheme Advisory Board, James Goudie QC provided an Opinion on the legal status of prepayments. This Opinion found that the prepayment of employee and employer contributions was not illegal, subject to the basis for determining the prepayment amount being reasonable, proportionate and prudent. Further, the Opinion set out specific requirements around the presentation of prepayments.

1.3 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) set out the way in which LGPS funds should determine employer contributions and contain relevant provisions regarding the payment of these, including the following:

- Regulation 67 – sets out the requirement for employers to pay contributions in line with the Rates and Adjustments (R&A) certificate and specifies that primary contributions be expressed as a percentage of pensionable pay of active members.
- Regulation 62 - sets the requirement for an administering authority to prepare an R&A certificate.
- Regulation 9 – outlines the contribution rates payable by active members

2 Statement of principles

This statement of principles covers the prepayment of regular employer contributions to the fund. Each case will be treated on its own merits, but in general:

- The administering authority will permit the prepayment of employer contributions.
- Prepaying contributions expressed as a percentage of pay introduces the risk that the prepayment amount will be insufficient to meet the scheduled contribution (as a result of differences between expected and actual payroll). Prepaying contributions is therefore only permissible in the case of secure, long-term employers (e.g. local authorities).
- The prepayment of employee contributions is not permitted.
- A discount will be applied where employer contributions are prepaid, to reflect the investment return that is assumed to be generated by the fund over the period of prepayment.
- The fund actuary will determine the prepayment amount, which may require assumptions to be made about payroll over the period which the scheduled contribution is due.
- Where contributions expressed as a percentage of pay have been prepaid, the administering authority will carry out an annual check (and additional contributions may be required by the employer) to make sure that the actual amounts paid are sufficient to meet the contribution requirements set out in the R&A certificate.
- Prepayment agreements will be documented by way of correspondence between the administering authority and the employer.
- The R&A certificate will be updated on an annual basis to reflect any prepayment agreements in place.
- Employers are responsible for ensuring that any prepayment agreement is treated appropriately when accounting for pensions costs.
- Prepayment agreements can cover any annual period of the R&A (or a consecutive number of annual periods).

3 Policy

3.1 Eligibility and periods covered

The fund is happy to consider requests from any employers to pre-pay certified primary and secondary contributions. However, in general, this is most appropriate for large, secure employers with stable active memberships.

Employer contributions over the period of the existing R&A certificate (and, where a draft R&A certificate is being prepared following the triennial valuation, the draft R&A certificate) may be pre-paid by employers.

Prepayment of contributions due after the end of the existing (or draft) R&A certificate is not permitted, i.e. it would not be possible to prepay employer contributions due in the 2026/27 year until the results of the 2025 valuation are known and a draft R&A certificate covering the 2026 to 2029 period has been prepared.

3.2 Request and timing

Prior to making any prepayment, employers are required to inform the fund in writing of their wish to prepay employer contributions and to request details of the amount required by the fund to meet the scheduled future contribution.

This request should be received by the fund within 2 months of the start of the period for which the prepayment is in respect of.

The fund will then provide the employer with a note of the prepayment amount and the date by which this should be paid. In general, the prepayment should be made as close as possible to the beginning of the appropriate R&A period and by 31 May at the latest.

Failure to pay the prepayment amount by the specified date may lead to the need for an additional and immediate payment from the employer to ensure that the amount paid is sufficient to meet the certified amount set out in the R&A certificate.

3.3 Calculation

The fund actuary will determine the prepayment amount required.

Where the prepayment is in respect of contributions expressed as a percentage of pay:

- The fund actuary will determine the discounted value of scheduled contributions based on an estimate of payroll over the period (using the information available and assumptions set at the previous valuation) and the discount rate set for the purpose of the previous actuarial valuation (as specified in the previous actuarial valuation report).
- A sufficiency check will be required at the end of the period (see section 3.4)

Where the prepayment is in respect of contributions expressed as a monetary amount:

- The fund actuary will determine the discounted value of scheduled contributions based on the discount rate set for the purpose of the previous actuarial valuation (as specified in the previous actuarial valuation report).
- No sufficiency check will be required

Employers may pay more than the prepayment amount determined by the fund actuary.

No allowance for expected outsourcing of services and/or expected academy conversions will be made in the fund actuary's estimation of payroll for the prepayment period.

3.4 Sufficiency check

Where required, the fund actuary will carry out an **annual** assessment to check that sufficient contributions have been prepaid in respect of that period. Specifically, this will review the prepayment calculation based on actual payroll of active members over the period and this may lead to a top-up payment being required from the employer.

If this sufficiency check reveals that the prepayment amount was higher than that which would have been required based on actual payroll (i.e. if actual payroll over the period is less than was assumed), this will not lead to a refund of contributions to the employer.

The sufficiency check will not compare the assumed investment return (i.e. the discount rate) with actual returns generated over the period. i.e. the check considers payroll only. Any shortfall arising due to actual investment returns being lower than that assumed will form part of the regular contribution assessment at the next valuation (as per the normal course of events).

The administering authority will notify the employer of any top-up amount payable following this annual sufficiency check and the date by which any top-up payment should be made.

3.5 Documentation and auditor approval

The fund will provide the employer with a note of the information used to determine the prepayment amount, including:

- Discount rate used in the calculations
- The estimate of payroll (where applicable)
- The effective date of the calculation (and the date by which payment should be made)
- The scheduled regular payments which the prepayment amount covers.

The prepayment agreement will be reflected in the R&A certificate as follows:

- The unadjusted employer regular contribution rate payable over the period of the certificate
- As a note to the contribution rate table, information relating to the prepayment amount and the discount applied, for each employer where a prepayment agreement exists.

The R&A certificate will be updated on an annual basis to reflect any prepayment agreements in place.

Employers should discuss the prepayment agreement with their auditor prior to making payment and agree the accounting treatment of this. The fund will not accept any responsibility for the accounting implications of any prepayment agreement.

3.6 Costs

Employers entering into a prepayment agreement will be required to meet the cost of this, which includes (but is not limited to) the actuarial fees incurred by the administering authority.

3.7 Risks

Employers enter into prepayment agreements on the expectation that the fund will be able to generate higher returns than they can over the prepayment period. Employers should be aware that future returns are not guaranteed, and it is possible that the returns generated on prepayment amounts may generate a lower return than that which can be generated by the employer. It is also possible that negative returns will lead to the value of any prepayment being less than that which was scheduled to be paid. In such circumstances, a top-up payment would not be required (as the sufficiency check only considers the effect of actual payroll being different to that assumed in the prepayment calculation), however the employer's asset share would be lower than it would have been if contributions were paid as scheduled. This would be considered by the fund actuary at the next triennial valuation (as per the normal course of events).

4 Related Policies

The fund's approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically "Section 2 – How does the fund calculate employer contributions?".

Oxfordshire Pension Fund

Cessation policy

Effective date of policy	
Date approved	
Next review	

1 Introduction

The purpose of this policy is to set out the Administering Authority's approach to dealing with circumstances where a Scheme Employer leaves the Fund and becomes an Exiting Employer (a cessation event).

It should be noted that this policy is not exhaustive. Each cessation will be treated on a case-by-case basis, however certain principles will apply as governed by the regulatory framework (see below) and the Fund's discretionary policies (as described under Policies)

1.1 Aims and Objectives

The Administering Authority's aims and objectives related to this policy are as follows:

- To confirm the approach for the treatment and valuation of liabilities for employers leaving the Fund.
- To provide information about how the Fund may apply its discretionary powers when managing employer cessations.
- To outline the responsibilities of (and flexibilities for) Exiting Employers, the Administering Authority, the Actuary and, where relevant, the original ceding Scheme Employer (usually a Letting Authority).

1.2 Background

As described in Section 5 of the Funding Strategy Statement (FSS), a Scheme Employer may become an Exiting Employer when a cessation event is triggered e.g. when the last active member stops participating in the Fund. On cessation from the Fund, the Administering Authority will instruct the Fund Actuary to carry out a valuation of assets and liabilities for the Exiting Employer to determine whether a deficit or surplus exists. The Fund has full discretion over the repayment terms of any deficit, and the extent to which any surplus results in the payment of an exit credit.

1.3 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) contain relevant provisions regarding employers leaving the Fund (Regulation 64) and include the following:

- Regulation 64 (1) – this regulation states that, where an employing authority ceases to be a Scheme Employer, the Administering Authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the termination date. Further, it requires the Rates and Adjustments Certificate to be amended to show the revised contributions due from the Exiting Employer

- Regulation 64 (2) – where an employing authority ceases to be a Scheme Employer, the Administering Authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the Exit Date. Further, it requires the Rates and Adjustments Certificate to be amended to show the Exit Payment due from the Exiting Employer or the excess of assets over the liabilities in the Fund.

- Regulation 64 (2ZAB) – the Administering Authority must determine the amount of an Exit Credit, which may be zero, taking into account the factors specified in paragraph (2ZC) and must:
    - a) Notify its intention to make a determination to-
        - (i) The Exiting Employer and any other body that has provided a guarantee to the Exiting Employer
        - (ii) The Scheme Employer, where the Exiting Employer is a body that participated in the Scheme as a result of an admission agreement
    - b) Pay the amount determined to that Exiting Employer within six months of the Exit Date, or such longer time as the Administering Authority and the Exiting Employer agree.

- Regulation (2ZC) – In exercising its discretion to determine the amount of any Exit Credit, the Administering Authority must have regard to the following factors-
    - a) The extent to which there is an excess of assets in the fund relating to that employer in paragraph (2)(a)
    - b) The proportion of this excess of assets which has arisen because of the value of the employer's contributions
    - c) Any representations to the Administering Authority made by the Exiting Employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 of the Regulations: and
    - d) Any other relevant factors

- Regulation 64 (2A) & (2B)– the Administering Authority, at its discretion, may issue a suspension notice to suspend payment of an exit amount for up to three years, where it reasonably believes the Exiting Employer is to have one or more active members contributing to the Fund within the period specified in the suspension notice.

- Regulation 64 (3) – in instances where it is not possible to obtain additional contributions from the employer leaving the Fund or from the bond/indemnity or guarantor, the contribution rate(s) for the appropriate Scheme Employer or remaining Fund employers may be amended.

- Regulation 64 (4) – where it is believed a Scheme Employer may cease at some point in the future, the Administering Authority may obtain a certificate from the Fund actuary revising the contributions for that employer, with a view to ensuring that the assets are expected to be broadly equivalent to the Exit Payment that will be due.

- Regulation 64 (5) – following the payment of an Exit Payment to the Fund, no further payments are due to the Fund from the Exiting Employer.

- Regulation 64 (7A-7G) – the Administering Authority may enter into a written Deferred Debt Agreement, allowing the employer to have Deferred Employer status and to delay crystallisation of debt despite having no active members.

- Regulation 64B (1) – the Administering Authority may set out a policy on spreading Exit Payments.

In addition to the 2013 Regulations summarised above, Regulation 25A of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ("the Transitional Regulations") give the Fund the ability to levy a cessation debt on employers who have ceased participation in the Fund (under the previous regulations) but for whom a cessation valuation was not carried out at the time. This policy document describes how the Fund expects to deal with any such cases.

This policy also reflects statutory guidance from the Department for Levelling Up, Housing and Communities on preparing and maintaining policies relating to employer exits. Interested parties may want to refer to an accompanying guide that has been produced by the Scheme Advisory Board.

These regulations relate to all employers in the Fund.

2 Statement of Principles

This Statement of Principles covers the Fund's approach to Exiting Employers. Each case will be treated on its own merits but in general:

- it is the Fund's policy that the determination of any surplus or deficit on exit should aim to minimise, as far as is practicable, the risk that the remaining, unconnected employers in the Fund have to make contributions in future towards meeting the past service liabilities of current and former employees of employers leaving the Fund.
- the Fund's preferred approach is to request the full payment of any Exit Debt (an Exit Payment), which is calculated by the actuary on the appropriate basis (as per Section 7 of the FSS and Section 3.1 below). This would extinguish any liability to the Fund by the Exiting Employer.
- the Fund's key objective is to protect the interests of the Fund, which is aligned to protecting the interests of the remaining employers. A secondary objective is to consider the circumstances of the Exiting Employer in determining arrangements for the recovery of the Exit Debt.

3 Policies

On cessation, the Administering Authority will instruct the Fund actuary to carry out a cessation valuation to determine whether there is any deficit or surplus as defined in Section 4.3 of the FSS.

Where there is a deficit, payment of this amount in full would normally be sought from the Exiting Employer. The Fund's normal policy is that this cessation debt is paid in full in a single lump sum within 28 days of the employer being notified.

However, the Fund will consider written requests from employers to spread the payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation (see 3.2 Repayment flexibility on exit payments below).

In circumstances where there is a surplus, the Administering Authority will determine, at its sole discretion, the amount of exit credit (if any) to be paid to the Exiting Employer (see 3.3 Exit credits below).

3.1 Approach to cessation calculations

Cessation valuations are carried out on a case-by-case basis at the sole discretion of the Fund depending on the exiting employer's circumstances. However, in general the following broad principles and assumptions may apply, as described in Section 7.2 of the FSS and summarised below:

Type of employer	Cessation exit basis	Responsible parties for unpaid or future deficit emerging
Local Authorities, Police, Fire	Low risk basis[1]	Shared between other fund employers
Colleges & Universities	Low risk basis	Shared between other fund employers
Academies	Low risk basis	DfE guarantee may apply, otherwise see below
Admission bodies (TABs)	Ongoing basis[2]	Letting authority (where applicable), otherwise shared between other fund employers
Admission bodies (CABs)	Low risk basis	Shared between other fund employers (if no guarantor exists)
Designating employers	Low risk basis	Shared between other fund employers (if no guarantor exists)

[1]Cessation is assumed not to be generally possible, as Scheduled Bodies are legally obliged to participate in the LGPS. In the rare event of cessation occurring (e.g. machinery of Government changes), these cessation principles would apply.

[2]Where a TAB has taken, in the view of the Administering Authority, action that has been deliberately designed to bring about a cessation event (e.g. stopping future accrual of LGPS benefits), then the cessation valuation will be carried out on a low-risk basis.

Cessation of academies and multi-academy trusts (MATs)

A cessation event will occur if a current academy or MATs cease to exist as an entity or an employer in the Fund.

The cessation treatment will depend on the circumstances:

- If the cessation event occurs due to an academy or MAT merging with another academy or MAT within the Fund, all assets and liabilities from each of the merging entities will be combined and will become the responsibility of the new merged entity.
- If the MAT is split into more than one new or existing employers within the Fund, the actuary will calculate a split of the assets and liabilities to be transferred from the exiting employer to the new employers. The actuary will use their professional judgement to determine an appropriate and fair methodology for this calculation in consultation with the Administering Authority.
- In all other circumstances, and following payment of any cessation debt, section 7.5 of the FSS would apply.

Further details are included in the Fund's Academies Policy.

3.2 Repayment flexibility on exit payments

Deferred spreading arrangement (DSA)

The Fund will consider written requests from exiting employers to spread an exit payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation.

In this exceptional case, the Fund's policy is:

- The agreed spread period is no more than three years, but the Fund could use its discretion to extend this period in extreme circumstances.
- The Fund may consider factors such as the size of the exit payment and the financial covenant of the exiting employer in determining an appropriate spreading period.
- The exiting employer may be asked to provide the Administering Authority with relevant financial information such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) etc. to help in this determination.
- Payments due under the DSA may be subject to an interest charge.
- The Fund will only consider written requests within six months of the employer exiting the Fund. The exiting employer would be required to provide the Fund with detailed financial information to support its request.
- The Fund would take into account the amount of any security offered and seek actuarial, covenant and legal advice in all cases.
- The Fund proposes a legal document, setting out the terms of the exit payment agreement, would be prepared by the Fund and signed by all relevant parties prior to the payment agreement commencing.
- The terms of the legal document should include reference to the spreading period, the annual payments due, interest rates applicable, other costs payable and the responsibilities of the exiting employer during the exit spreading period.

- Any breach of the agreed payment plan would require payment of the outstanding cessation amount immediately.

- Where appropriate, cases may be referred to the Pensions Committee for consideration and considered on its individual merit. Decisions may be made by the Chair in consultation with Officers if an urgent decision is required between Committee meetings.

Deferred debt agreement (DDA)

The Fund's preferred policy is for the spreading of payments, as detailed above, to be followed in the exceptional circumstances where an exiting employer is unable to pay the required cessation payment as a lump sum in full. However, in the event that spreading of payments will create a high risk of bankruptcy for the exiting employer, the Fund may use exercise its discretion to set up a Deferred Debt Agreement as described in Regulation 64 (7A)).

The employer must meet all requirements on Scheme employers and pay the secondary rate of contributions as determined by the Fund actuary until the termination of the deferred debt agreement.

The Administering Authority will consider deferred debt agreements in the following circumstances:

- The employer requests the Fund consider a deferred debt agreement.
- The employer is expected to have a deficit if a cessation valuation was carried out.
- The employer is expected to be a going concern.
- The covenant of the employer is considered sufficient by the Administering Authority.

The Administering Authority will normally require:

- A legal document to be prepared, setting out the terms of the deferred debt arrangement and signed by all relevant parties prior to the arrangement commencing (including details of the time period of the deferred debt arrangement, the annual payments due, the frequency of review and the responsibilities of the employer during the period).
- Relevant financial information for the employer such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) to support its covenant assessment.
- Security be put in place covering the employer's deficit on their cessation basis and the Fund will seek actuarial, covenant and legal advice in all cases.
- Regular monitoring of the contribution requirements and security requirements.
- All costs of the arrangement are met by the employer, such as the cost of advice to the Fund, ongoing monitoring or the arrangement and correspondence on any ongoing contribution and security requirements.

A deferred debt agreement will normally terminate on the first date on which one of the following events occurs:

- The employer enrols new active Fund members.
- The period specified, or as varied, under the deferred debt agreement elapses.
- The take-over, amalgamation, insolvency, winding up or liquidation of the employer.

- The Administering Authority serves a notice on the employer that the Administering Authority is reasonably satisfied that the employer's ability to meet the contributions payable under the deferred debt arrangement has weakened materially or is likely to weaken materially in the next 12 months.
- The Fund actuary assesses that the employer has paid sufficient secondary contributions to cover all (or almost all) of the exit payment due if the employer becomes an exiting employer on the calculation date (i.e. employer is now largely fully funded on their cessation basis).
- The Fund actuary assesses that the employer's value of liabilities has fallen below an agreed *de minimis* level and the employer becomes an Exiting Employer on the calculation date.
- The employer requests early termination of the agreement and settles the exit payment in full as calculated by the Fund actuary on the calculation date (i.e. the employer pays their outstanding cessation debt on their cessation basis).

On the termination of a deferred debt agreement, the employer will become an Exiting Employer and a cessation valuation will be completed in line with this policy.

3.3 Exit credits

The Administering Authority's entitlement to determine whether exit credits are payable in accordance with these provisions shall apply to all employers ceasing their participation in the Fund after 14 May 2018. This provision therefore is retrospectively effective to the same extent as provisions of the Local Government Pension Scheme (Amendment) Regulations 2020.

The Administering Authority may determine the amount of exit credit payable to be zero, however, in making a determination, the Administering Authority will take into account the following factors;

a) the extent to which there is an excess of assets in the Fund relating to the employer over and above the liabilities specified.

b) the proportion of the excess of assets which has arisen because of the value of the employer's contributions.

c) any representations to the Administering Authority made by the exiting employer, guarantor, ceding Scheme Employer (usually the Letting Authority) or by a body which owns, funds or controls the exiting employer; or in some cases, the Secretary of State.

d) any other relevant factors

Admitted bodies

i. No exit credit will be payable in respect of admissions who joined the Fund before 14 May 2018 unless it is subject to a risk sharing arrangement as per paragraph iii) below. Prior to this date, the payment of an exit credit was not permitted under the Regulations and this will have been reflected in the commercial terms agreed between the admission body and the letting authority/awarding authority/ceding employer. This will also apply to any pre-14 May 2018 admission which has been extended or 'rolled over' beyond the initial expiry date and on the same terms that applied on joining the Fund.

ii. No exit credit will be payable to any admission body who participates in the Fund via the mandated pass through approach as set out in this Funding Strategy Statement. For the avoidance of doubt, whether an exit credit is payable to any admission body who participates in the fund via the "Letting employer retains pre-contract risks" route is subject to its risk sharing arrangement, as per paragraph iii) below.

iii. The Fund will make an exit credit payment in line with any contractual or risk sharing agreements which specifically covers the ownership of exit credits/cessation surpluses or if the admission body and letting authority have agreed any alternative approach (which is consistent with the Regulations and any other legal obligations). This information, which will include which party is responsible for which funding risk, must be presented to the Fund in a clear and unambiguous document with the agreement of both the admission body and the letting authority/awarding authority/ceding employer and within one month (or such longer time as may be agreed with the Administering Authority) of the admission body ceasing participation in the Fund.

iv. In the absence of this information or if there is any dispute from either party with regards interpretation of contractual or risk sharing agreements as outlined in c), the Fund will withhold payment of the exit credit until such disputes are resolved and the information is provided to the Administering Authority.

v. Where a guarantor arrangement is in place, but no formal risk-sharing arrangement exists, the Fund will consider how the approach to setting contribution rates payable by the admission body during its participation in the Fund reflects which party is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.

vi. If the admission agreement ends early, the Fund will consider the reason for the early termination, and whether that should have any relevance on the Fund's determination of the value of any exit credit payment. In these cases, the Fund will consider the differential between employers' contributions paid (including investment returns earned on these monies) and the size of any cessation surplus.

vii. If an admitted body leaves on a low risk basis (because no guarantor is in place), then any exit credit will normally be paid in full to the employer.

viii. The decision of the Fund is final in interpreting how any arrangement described under iii), v), vi) and vii) applies to the value of an exit credit payment.

Scheduled bodies and designating bodies

i. Where a guarantor arrangement is in place, but no formal risk-sharing arrangement exists, the Fund will consider how the approach to setting contribution rates payable by the employer during its participation in the Fund reflects which party is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.

ii. Where no formal guarantor or risk-sharing arrangement exists, the Fund will consider how the approach to setting contribution rates payable by the employer during its participation in the Fund reflects the extent to which it is responsible for funding risks. This decision will inform the determination of the value of any exit credit payment.

iii. The decision of the Fund is final in interpreting how any arrangement described under i) and ii) applies to the value of an exit credit payment.

iv. If a scheduled body or designating body becomes an exiting employer due to a reorganisation, merger or take-over, then no exit credit will be paid.

v. If a scheduled body or resolution body leaves on a low-risk basis (because no guarantor is in place), then any exit credit will normally be paid in full to the employer.

General

i. The Fund will advise the exiting employer as well as the letting authority and/or other relevant scheme employers of its decision to make an exit credit determination under Regulation 64.

ii. Subject to any risk sharing or other arrangements and factors discussed above, when determining the cessation funding position the Fund will generally make an assessment based on the value of contributions paid by the employer during their participation, the assets allocated when they joined the Fund and the respective investment returns earned on both.

iii. The Fund will also factor in if any contributions due or monies owed to the Fund remain unpaid by the employer at the cessation date. If this is the case, the Fund's default position will be to deduct these from any exit credit payment.

iv. The final decision will be made by the Service Manager (Pensions), in conjunction with advice from the Fund's Actuary and/or legal advisors where necessary, in consideration of the points held within this policy.

v. The Fund accepts that there may be some situations that are bespoke in nature and do not fall into any of the categories above. In these situations the Fund will discuss its approach to determining an exit credit with all affected parties. The decision of the Fund in these instances is final.

vi. The guidelines above at point v) in the 'Admitted Bodies' section, and at points i) and ii) in the 'Scheduled bodies and designating bodies' section, make reference to the Fund 'considering the approach to setting contribution rates during the employer's participation'. The different funding approaches, including the parameters used and how these can vary based on employer type, are covered in detail in Table 2 (section 2.5) in the FSS. Considering the approach taken when setting contribution rates of the exiting employer may help the Fund to understand the extent to which the employer is responsible for funding the underlying liabilities on exit. For example, if contribution rates have always been based on ongoing assumptions then this may suggest that these are also appropriate assumptions for exit credit purposes (subject to the other considerations outlined within this policy). Equally, a shorter than usual funding time horizon or lower than usual probability of success parameter may reflect underlying commercial terms about how responsibility for pension risks is split between the employer and its guarantor. For the avoidance of doubt, each exiting employer will be considered in the round alongside the other factors mentioned above.

Disputes

In the event of any dispute or disagreement on the amount of any exit credit paid and the process by which that has been considered, the appeals and adjudication provisions contained in Regulations 74-78 of the LGPS Regulations 2013 would apply.

4 Practicalities and process

4.1 Responsibilities of ceasing employers

An employer which is aware that its participation in the Fund is likely to come to an end must:

- advise the Fund, in writing, of the likely ending of its participation (either within the terms of the admission agreement in respect of an admission body (typically a 3 month notice period is required) or otherwise as required by the Regulations for all other Scheme Employers). It should be noted that this includes closed employers where the last employee member is leaving (whether due to retirement, death or otherwise leaving employment).

- provide any relevant information on the reason for leaving the Fund and, where appropriate, contact information in the case of a take-over, merger or insolvency.

- provide all other information and data requirements as requested by the Administering Authority which are relevant, including in particular any changes to the membership which could affect the liabilities (e.g. salary increases and early retirements) and an indication of what will happen to current employee members on cessation (e.g. will they transfer to another Fund employer, will they cease to accrue benefits within the Fund, etc.).

4.2 Responsibilities of Administering Authority

The Administering Authority will:

- gather information as required, including, but not limited to, the following:

    - details of the cessation - the reason the employer is leaving the Fund (i.e. end of contract, insolvency, merger, machinery of government changes, etc.) and any supporting documentation that may have an effect on the cessation.

    - complete membership data for the outgoing employer and identify changes since the previous formal valuation.

    - the likely outcome for any remaining employee members (e.g. will they be transferred to a new employer, or will they cease to accrue liabilities in the Fund).

- identify the party that will be responsible for the employer's deficit on cessation (i.e. the employer itself, an insurance company, a receiver, another Fund employer, guarantor, etc.).

- commission the Fund actuary to carry out a cessation valuation under the appropriate regulation.

- where applicable, discuss with the employer the possibility of paying adjusted contribution rates that target a 100% funding level by the date of cessation through increased contributions in the case of a deficit on the cessation basis or reduced contributions in respect of a surplus.

- where applicable, liaise with the original ceding employer or guarantor and ensure it is aware of its responsibilities, in particular for any residual liabilities or risk associated with the outgoing employer's membership.

- having taken actuarial advice, notify the employer and other relevant parties in writing of the payment required in respect of any deficit on cessation and pursue payment.

Payment of an exit credit

- If the actuary determines that there is an excess of assets over the liabilities at the cessation date, the Administering Authority will act in accordance with the Exit Credit Policy above. If payment is required, the Administering Authority will advise the Exiting Employer of the amount due to be repaid and seek to make payment within six months of the Exit Date. However, in order to meet the six month timeframe, the Administering Authority requires prompt notification of an employers' exit and all data requested to be provided in a timely manner. The Administering Authority is unable to make any Exit Credit payment until it has received all data requested.
- At the time this policy was produced, the Fund has been informed by HMRC that Exit Credits are not subject to tax, however all Exiting Employers must seek their own advice on the tax and accounting treatment of any Exit Credit.

4.3 Responsibilities of the actuary

Following commission of a cessation valuation by the Administering Authority, the Fund Actuary will:

- calculate the surplus or deficit attributable to the outgoing employer on an appropriate basis, taking into account the principles set out in this policy.
- provide actuarial advice to the Administering Authority on how any cessation deficit should be recovered, giving consideration to the circumstances of the employer and any information collected to date in respect to the cessation.
- where appropriate, advise on the implications of the employer leaving on the remaining Fund employers, including any residual effects to be considered as part of triennial valuations.

5 Related Policies

- What happens when an employer leaves the Fund? (Section 7 of the FSS)
- Financials assumptions used (Appendix D3 of the FSS)

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Oxfordshire Pension Fund

Policy on pass-through

Effective date of policy	
Date approved	
Next review	

1 Introduction

The purpose of this policy is to set out the administering authority's approach to admitting new contractors into the Fund on a pass-through basis.

In addition, and subject to review on a case-by-case basis, the Fund may be willing to apply its pass-through principles to other admission bodies where liabilities are covered by a guarantor within the Fund.

Contractors are still permitted to enter the Fund under non-pass-through admissions as detailed in Section 5.3 of the Funding Strategy Statement (FSS). This policy does not apply in these cases.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate.

1.1 Aims and objectives

The administering authority's aims and objectives related to this policy are as follows:

- To set out the Fund's approach to admitting new contractors, including the calculation of contribution rates and how risks are shared under the pass-through arrangement.
- To outline the process for admitting new contractors into the Fund

1.2 Background

Employees outsourced from local authorities, and other public bodies must be offered pension benefits that are the same, better than, or count as being broadly comparable to, the Local Government Pension Scheme (as per the Best Value Authorities Staff Transfer (Pensions) Direction 2007). This may be achieved by offering affected employees' membership of an alternative broadly comparable scheme. However, this is typically achieved by employees remaining in the LGPS and the new employer becoming an admitted body to the Fund and making the requisite employer contributions.

Similarly, employees outsourced from Academies and other Employers covered by the New Fair Deal guidance, must be offered the opportunity to remain within the LGPS by way of an Admission Agreement.

Pass-through is an arrangement whereby the letting authority (the local authority or the Academy) retains the main risks of fluctuations in the employer contribution rate during the life of the contract, and the risk that the contractor's assets may be insufficient to meet the employees' pension benefits at the end of the contract.

1.3 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) set out the way in which LGPS funds should determine employer contributions and contain relevant provisions regarding the payment of these, including the following:

- Schedule 2 Part 3 sets out the entities eligible to join the Fund as an admitted body, their key responsibilities as an admitted body and the requirements of the admission agreement.

- Regulation 67 – sets out the requirement for employers to pay contributions in line with the Rates and Adjustments (R&A) certificate and provides a definition of the primary rate.
- Regulation 64 - covers the requirements for a cessation valuation following the exit of a participating employer from the Fund.

2 Statement of principles

This statement of principles covers the admission of new contractors to the Fund on a pass-through basis. Each case will be treated on its own merits, but in general:

- Pass-through is the preferred approach for the admission of all new contractors to the fund from the effective date of this policy. For the avoidance of doubt, this would apply to contracts established by councils and academy trusts (the letting authority). This simplifies the procurement process and reduces actuarial costs associated with the outsourcing.
- The contractor's pension contribution rate is set equal to the total contribution rate payable by the letting authority. This could change from time to time in line with changes to the letting authority's contribution rate (i.e. following future actuarial valuations).
- The letting authority retains responsibility for variations in funding level, for instance due to investment performance, changes in market conditions and longevity under its pass-through arrangement, irrespective of the size of the outsourcing.
- The contractor will meet the cost of additional liabilities arising from the exercise of their discretionary policies e.g. (non-ill health) early retirements and augmentations.
- Ill health experience will be pooled with the letting authority and no additional strain payments will be levied on the contractor in respect of ill health retirements.
- The contractor will not be required to obtain an indemnity bond.
- There will be no notional transfer of assets to the contractor within the Fund. This means that all assets and liabilities relating to the contractor's staff will remain the responsibility of the letting authority during the period of participation.
- At the end of the contract (or when there are no longer any active members participating in the Fund, for whatever reason), the admission agreement will cease and no further payment will be required from the contractor (or the letting authority) to the Fund, save for any outstanding regular contributions and/or invoices relating to the cost of early retirement strains, augmentations or strains from excess salary awards. Likewise, no "exit credit" payment will be required from the Fund to the contractor (or letting authority).
- The terms of the pass-through agreement will be documented by way of the admission agreement between the administering authority, the letting authority, and the contractor.
- All existing admission agreements are unaffected by this policy.

The principles outlined above are the default principles which will apply; however, the letting authority may request the specific details of a particular agreement to differ from the principles outlined above. The administering authority is not obliged to agree to a departure from the principles set out in this policy but will consider such requests and engage with the letting authority to reach agreement.

3 Policy and process

3.1 Compliance

Adherence to this policy is the responsibility of the relevant responsible service manager for any given outsourcing.

The administering authority and the Fund actuary must always be notified that an outsourcing has taken place, regardless of the number of members involved.

3.2 Contribution rates

The contribution rate payable by the contractor over the period of participation will be set equal to the total contribution rate payable by the letting authority. This means that the contractor's contribution rate could change following the triennial actuarial valuation.

3.3 Risk sharing and cessation valuation

The letting authority will retain the risk of the contractor becoming insolvent during the period of admission and so no indemnity bond will be required from contractors participating in the Fund on a pass-through basis. The letting authority is effectively guaranteeing the contractor's participation in the fund.

A cessation valuation is required when a contractor no longer has any active members in the Fund. This could be due to a contract coming to its natural end, insolvency of a contractor or the last active member leaving employment or opting out of the LGPS.

Where a pass-through arrangement is in place, the Fund assets and liabilities associated with outsourced employees are retained by the letting authority. At the end of the admission, the cessation valuation will therefore record nil assets and liabilities for the ceasing employer and therefore no cessation debt or exit credit is payable to or from the Fund.

The risk allocation should be agreed between the contractor and letting authority before the contract commences and should be appropriately detailed in the service agreement and legal documentation. In general, at the cessation of the admission agreement, the contractor will be required to pay any outstanding regular contributions and/or unpaid invoices relating to the cost of (non-ill health) early retirement strains, augmentations or strains from excess salary awards at the end of the contract.

3.4 Accounting valuations

Accounting for pensions costs is a responsibility for individual employers.

It is the administering authority's understanding that contractors may be able to account for such pass-through admissions on a defined contribution basis and therefore no formal FRS102 / IAS19 report may be required (contractors are effectively paying a fixed rate and are largely indemnified from the risks inherent in providing defined benefit pensions).

As the letting authority retains most of the pension fund risk relating to contractors, it is the administering authority's understanding that these liabilities (and assets) should be included in the letting authorities' FRS102 / IAS19 disclosures.

The letting authority and contractor should seek approval from their auditor of the proposed accounting treatment in the first instance.

3.5 Application

Letting authorities may request terms which differ from those set out in this policy and any such request will be considered by the administering authority.

All existing admission agreements (i.e. which commenced prior to the effective date of this policy) are unaffected by this policy.

3.6 Process

The procurement department at each letting authority that has responsibility for staff/service outsourcing must be advised of this policy. The process detailed below must be adhered to by the letting authority and (where applicable) the winning bidder.

- **Tender Notification** - The letting authority must publicise this pass-through policy as part of its tender process to bidders. This should confirm that the winning bidder will not be responsible for ensuring that the liabilities of outsourced employees are fully funded at the end of the contract, and that the winning bidder will only be responsible for paying contributions to the fund during the period of participation and meeting the cost of (non-ill health) early retirement strains, the cost of benefit augmentations and strains from excess salary awards (assuming the terms of this policy are adhered to). It should also advise the employer contribution rate as detailed in paragraph 3.2.

- **Initial notification to Pension Team** – The letting authority must contact the administering authority when a tender (or re-tender) of an outsourcing contract is taking place and staff (or former staff) are impacted. The administering authority must be advised prior to the start of the tender and the letting authority must also confirm that the terms of this policy have been adhered to.

- **Confirmation of winning bidder** – The letting authority must immediately advise the administering authority of the winning bidder.

- **Request for winning bidder to become an admitted body** – The winning bidder (in combination with the letting authority), should request to the administering authority that it wishes to become an admitted body within the Fund.

- **Template admission agreement** – a template admission agreement will be used for admissions under this policy. It will set out all agreed points relating to the employer contribution rate, employer funding responsibilities, and exit conditions. Only in exceptional circumstances, and only with the prior agreement of the Administering authority, will the wording within the template agreement be changed. All admission agreements must be reviewed (including any changes) by the administering authority and possibly its legal advisors.

- **Commercial contract** – Once the admission agreement has been signed, the winning bidder is then able to enter the Fund. It is the letting authority's responsibility to ensure that the commercial contract reflects the pension arrangements in the admission agreement.

- **Signed admission agreement** - Signing of the admission agreement can then take place between an appropriate representative of the winning bidder, the lead finance officer of the letting authority, and the administering authority. It is at this point the fund can start to receive contributions from the contractor and its employee members (backdated if necessary).

3.7 Costs

The letting authority will be liable to meet any additional costs incurred by the administering authority as a result of any deviation from the Fund's standard processes and agreements for pass-through arrangements, which includes (but is not limited to) the actuarial fees.

4 Related Policies

The fund's approach to setting regular employer contribution rates is set out in the Funding Strategy Statement, specifically "Section 2 – How does the fund calculate employer contributions?".

The treatment of new employers joining the fund is set out in the in the Funding Strategy Statement, specifically "Section 5 – What happens when an employer joins the fund?"

The treatment of employers exiting the fund is set out in the in the Funding Strategy Statement, specifically "Section 7 – What happens when an employer leaves the fund?"

Oxfordshire Pension Fund

Academies policy

Effective date of policy	
Date approved	
Next review	

1 Introduction

The purpose of this policy is to set out the Administering Authority's funding principles relating to academies and Multi-Academy Trusts (MATs).

1.1 Aims and Objectives

The Administering Authority's objectives related to this policy are as follows:

- to state the approach for the treatment and valuation of academy liabilities and asset shares on conversion from a local maintained school, if establishing as a new academy or when joining or leaving a MAT
- to state the approach for setting contribution rates for MATs
- to outline the responsibilities of academies when outsourcing

1.2 Background

As described in Section 5.2 of the Funding Strategy Statement (FSS), new academies join the Fund on conversion from a local authority school or on creation (eg newly established academies, Free Schools, etc). Upon joining the fund, for funding purposes, academies may become stand-alone employers or may join an existing MAT.

Funding policy relating to academies and MATs is largely at the fund's discretion, however guidance on how the fund will apply this discretion is set out within this policy.

1.3 Guidance and regulatory framework

The Local Government Pension Scheme Regulations 2013 (as amended) contains general guidance on Scheme employers' participation within the fund which may be relevant but is not specific to academies.

2 Statement of Principles

This Statement of Principles covers the Fund's approach to funding academies and MATs. Each case will be treated on its own merits but in general:

- the fund will seek to apply a consistent approach to funding academies that achieves fairness to the ceding councils, MATs and individual academies.
- the fund's current approach is to treat all academies within a MAT as a single employer (effectively operating as a funding pool where all pension risks are shared).
- academies must consult with the Fund prior to carrying out any outsourcing activity.

- the fund will generally not consider receiving additional academies into the fund as part of a consolidation exercise

3 Policies

3.1 Admission to the Fund

As set out in section 5.2 of the FSS:

Asset allocation on conversion

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund its deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%.

Contribution rate

New academy contribution rates are based on the current funding strategy (set out in section 2 of the FSS) and the transferring membership. If an academy is joining an existing MAT within the Fund then it may pay the MAT contribution rate (which may or may not be updated as a result - see below).

3.2 Multi-academy trusts

Asset tracking

The fund's current policy is to pool assets (and liabilities) of all the academies within a MAT. Once an academy joins a MAT the individual asset share of that academy is merged into the MAT and no longer tracked individually.

Contribution rate

The MAT is treated as a 'full funding risks' pool meaning that all academies within the MAT pay the same contribution rate to the fund and all membership experience is shared across the MAT (ie full cross-subsidy exists).

Any transferring academy will pay the certified contribution rate of the MAT it is joining. At the discretion of the fund, the MAT's contribution rate may be revised by the fund actuary to allow for impact of the transferring academy joining.

Academies leaving a MAT

If an academy(ies) leaves a MAT, it is not generally possible (or practical) to identify the ex-employees of the transferring academy, therefore all deferred and pensioner members will remain with the MAT. The notional funding position of the transferring academy will be removed from the MAT before being transferred. This calculation will be carried out under the same principles as new academy conversions (as described below and per section 5.2 of the FSS).

Liabilities for transferring active members will be calculated (on the ongoing basis) by the fund actuary on the day before the academy transfers. Liabilities relating to the transferring academy's former employees (ie members with deferred or pensioner status) remain with the MAT.

Transferring academies will be allocated an asset share based on the estimated funding level of the MAT's active members, having first allocated the MAT's assets to fully fund its deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's asset share, capped at a maximum of 100%.

The MAT's estimated funding level will be based on market conditions on the day before the transfer.

3.3 Academies pool

If a new academy has 50 or less members they are required to join the Academies Pool and pay the pool's common contribution rate (this approach was arranged following a consultation exercise at the beginning of 2013). In addition, a small academy can seek the approval of the Administering Authority to permanently opt out of the Academies Pool where the Administering Authority is satisfied there is a suitable financial case, with all future pension liabilities appropriately underwritten. Academies joining the Academies Pool will fully share all risks and costs within the pool. Academies with more than 50 members can request to join the pool.

If an academy opts out of the Pool then its funding position and contribution rate will determined separately at the next triennial formal valuation (which may result in a higher (or lower) contribution rate than the pool's rate).

Decisions to opt into or opt out of a pool are made on a permanent basis

3.4 Merging of MATs (contribution rates)

If two MATs merge during the period between formal valuations, the new merged MAT will pay the higher of the two certified individual MAT rates until the rates are reassessed at the next formal valuation (NB were one or both MATs are paying a monetary secondary contribution rate these will be converted to a % of pay for the purposes of determining the new merged contribution rate).

Alternatively, as set out in the fund's contribution review policy and per Regulation 64 A (1)(b) (iii) the MAT may request that a contribution review is carried out. The MAT would be liable for the costs of this review.

3.5 Cessations of academies and multi-academy trusts

A cessation event will occur if a current academy or MATs cease to exist as an entity or an employer in the Fund.

The cessation treatment will depend on the circumstances:

- If the cessation event occurs due to an academy or MAT merging with another academy or MAT within the Fund, all assets and liabilities from each of the merging entities will be combined and will become the responsibility of the new merged entity.
- If the MAT is split into more than one new or existing employers within the Fund, the actuary will calculate a split of the assets and liabilities to be transferred from the exiting employer to the new employers as described in 3.2 above.
- In all other circumstances, and following payment of any cessation debt, section 7.5 of the FSS would apply.

3.6 Academy consolidations

If an academy or MAT is seeking to merge with another MAT outside of the fund they would need to seek approval from the secretary of state to consolidate their liabilities (and assets) into one LGPS fund.

The fund will provide the necessary administrative assistance to academies seeking to consolidate into another LGPS fund, however the academy (or MAT) will be fully liable for all actuarial, professional and administrative costs.

3.7 Outsourcing

An academy (or MAT) may outsource or transfer a part of its services and workforce via an admission agreement to another organisation (usually a contractor). The contractor becomes a new participating fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership.

The contractor will pay towards the LGPS benefits accrued by the transferring members for the duration of the contract, but ultimately the obligation to pay for these benefits will revert to the academy (or MAT) at the end of the contract.

It is the Fund's preference for the contractor's contribution rate to be set equal to the letting academy's (or MAT's) total contribution rate.

It is critical for any academy (or MAT) considering any outsourcing to contact the Fund initially to fully understand the administrative and funding implications. The academy should also read and fully understand the fund's admissions / pass-through policy.

In some cases, it is necessary to seek approval from Department for Education before completing an outsourcing (including seeking confirmation that the guarantee provided to academies will remain in place for the transferring members).

4 Related Policies

- Section 5.2 of the FSS
- Contribution review policy
- Cessation policy
- Bulk transfer policy

Division(s): n/a

PENSION FUND COMMITTEE – 10 OCTOBER 2022

REVIEW OF THE BUSINESS PLAN 2022/23

Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to
a) **review progress against each of the key service priorities as set out in the report; and**
b) **agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.**

Introduction

1. This report sets out the latest progress against the key service priorities set in the business plan for the Pension Fund for 2022/23 as agreed by the March meeting of this Committee.

2. The key objectives for the Oxfordshire Pension Fund as set out in the Business Plan for 2022/23 remain consistent with those agreed for previous years. These are summarised as:
   - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the 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 2022/23 Plan each with a number of key measures of success. The latest position on each is set out in the paragraphs below. The assessment criteria agreed by the previous Committee for each measure of success is as follows:

   - Green – measures of success met, or on target to be met

- Amber – progress made, but further actions required to ensure measures of success delivered, or degree of progress/future requirements unclear
- Red – insufficient progress or insufficient actions identified to deliver measures of success

5. Review and Improve the Scheme's Data The position against the 5 agreed measures of success are set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Data Quality scores submitted to the Pension Regulator within acceptable bounds and no follow up action. GREEN	Initial reports run from new Insights functionality. Majority of data checked as part of the end of year processes. Annual Benefit Statements Issued	Re-run provisional data quality reports. Identify any corrective actions before final submission.
Valuation completed with data signed off as fit for purpose and scheme employers raising no concerns with outcome. GREEN	Data File Submitted to Actuary. Initial Whole Fund Results Received	Individual Employer Valuation Results to be produced and any queries investigated.
Data of a standard to support delivery of all service KPI's as reflected in quarterly performance reports. AMBER	Limited development of reports to date.	More extensive use of new Insights Reporting tool to deliver full suite of performance reports and enable data quality to be assessed.
No data security breaches reported. AMBER		
Cyber Security Policy is updated (where required) with clear information on roles and responsibilities. AMBER	Report on approach to Cyber Security produced. Gap Analysis undertaken and Action Plan developed	Action Plan to be delivered.

6. At the time of writing this report we were in the process of producing the final Annual Benefit Statements for all active and deferred scheme members in line with the regulatory requirements. The production of the Annual Benefit Statement is the final step in the end of year process which involves significant work to verify the accuracy and completeness of scheme member data submitted by scheme employers. The work achieved to date suggests our data is of sufficient quality to meet the standards set by the Pension Regulator, and

there remains sufficient time to address any issues identified in the next provisional data quality run. The risk level has therefore been re-assessed as Green from Amber last quarter.

7. Since the last meeting, we have submitted the data to the Fund Actuary and they have produced the high level whole Fund Valuation results as at March 2022. No significant issues were identified in the quality of the data submitted. We will continue to work with the Fund Actuary to address any issues identified as the Actuary completes the Valuation results for individual employers.

8. At this stage of the financial year, limited work has been undertaken on developing data for the standard service kpi's to be included in the quarterly performance reports, so the risk level against this outcome is still showing as Amber.

9. The issues around cyber risk and data security are covered in more detail elsewhere on today's agenda, with the presentation of our approach to cyber security and an analysis of our current position. The analysis undertaken as part of this work has identified several gaps in the current approach, particularly in respect of monitoring compliance with the various policies. In light of this and the two data breaches mentioned in the administration report, the ranking for these two measures of success has been amended to Amber.

10. <u>Develop a holistic approach to technology across Pension Administration Services.</u> There were 3 specific measures of success set out in the 2022/23 Business Plan in respect of this priority. The progress against these in set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Committee Decision on whether to extend current contract and tender for bolt on solutions as appropriate to deliver full specification, or to run full tender exercise for single holistic solution. AMBER	Project Team appointed.	Full system specification developed. Review of current offerings on the LGPS National Procurement Framework to assess value in running tender at this time.
Tender project plans agreed consistent with the end date of the current system contract. AMBER		Dependent on outcome of work above.
Clear targets established for increase		

in on-line completion of services. AMBER		

11. It is still the case that insufficient work has been completed on this project to move the risks against completing this project from Amber. Resources have been identified to manage the project and a timeline produced which will enable this Committee to make a decision on whether to re-tender the contract or extend the initial arrangements. (See Annex to Administration report). Meetings have been set up to enable the development of a new service specification, but more work needs to be completed to provide the assurance that the specification can be completed in time to complete the research into what is currently available, and a decision made on the most appropriate way forward. A full report on this issue will be presented to the December Committee

12. Enhanced Delivery of Responsible Investment responsibilities. There were 5 measures of success set for this service priority within the Business Plan, and progress against these measures is set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
RI Officer in post GREEN	Job Description and grade agreed. Recruitment process initiated.	Appointment agreed.
Engagement Policy signed off and reflected in overall Engagement Policy agreed by Brunel Pension Partnership. GREEN	Policy signed off at the June committee. Policy shared with colleagues within Brunel, and confirmation that broadly in line with Brunel's preferred approach.	On-going discussions with Brunel and partner funds to develop single Brunel approach.
Improved quarterly reporting in place to both Committee and on Fund webpages, including wider ESG targets and performance measures, reflected in positive feedback from all stakeholders. GREEN	Initial presentation by Brunel of new reporting being developed for the Private Markets.	Need to work alongside Brunel to draft new reports to ensure they meet our requirements. Appointment of new RI and Communication resources to enable development of website reporting.
Successful application in respect of Stewardship Code. AMBER		Appointment of new Responsible Investment Officer.

		Full application completed and submitted
Revised Funding Strategy Statement and Investment Strategy Statement including revised Strategic Asset Allocation signed off at March 2023 Committee. GREEN		To be reviewed alongside 2022 Valuation.

13. There have unfortunately been delays in the recruitment for the new Responsible Officer, with the need to go through an appeal process in respect of grade set through the Job Evaluation process. There remains a concern that we will not be able to attract a suitable candidate at the revised grade agreed, but the decision has been made to test the market rather than delay the recruitment process any further.

14. The work on the engagement policy and improved reporting is directly tied into the current Climate Change Stocktake exercise being run by Brunel and the Funds in the partnership. What is clear from the initial discussions is that there is a strong level of consensus around these issues, and the expectation is that these will be prioritised as part of the future work programme for Brunel.

15. The one area shown as Amber against this objective relates to a successful application in respect of the Stewardship Code. This work does require the successful appointment of the additional resources, and it is clear from other Funds who have already completed the process there is a lot of work involved. At this stage therefore it is not possible to confirm the target can be met this financial year.

16. <u>Deliver improved and consistent service performance to scheme members.</u> Progress against the 3 measures of success for this service priority are set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Services delivered to SLA Standards consistently throughout the year. RED	Performance figures for the first 4 month show a number of areas below SLA targets.	Recruit additional staff. Clear remaining backlog of work.
All services delivered in line with regulatory guidance with scheme changes implemented in accordance with stipulated timescales. AMBER		Final guidance received from Government on TCFD, Pooling and McCloud. Review of current arrangements and data

		against new requirements. Action Plan developed, additional resources required and plan delivered.
Scheme Member Engagement Policy adopted and positive feedback collected from scheme members. AMBER		New communications Officer appointed. Review of what scheme member engagement has worked well elsewhere. Engagement Policy developed and implemented.

17. The Administration report elsewhere on today's agenda presents the latest performance information and shows that whilst performance has been steadily improving, it does remain below the Service Level Agreement (SLA) targets on a number of measures. As the objective for this year was to deliver consistent service at target or above every month, we have scored this indicator red. Going forward, if we are successful in recruiting the additional staffing as set out within the Administration report elsewhere on today's agenda, performance standards should be increased and brought back into line with the SLA.

18. The measure of success around successful management of scheme changes is currently amber as the Government have again delayed the publication of the long awaited consultation which includes guidance on pooling in general, the implementation of the Task Force on Climate related Financial Disclosures (TCFD) template, and the implementation of the McCloud remedy In the absence of the detailed guidance it is not possible to assess the level of work involved and whether we have sufficient staffing to complete it, and whether we have all the data we need from scheme employers, and other LGPS Funds where scheme members have transferred into Oxfordshire during the transition period of 2014 to 2022.

19. The measure of success against the engagement policy with scheme members is also amber reflecting the challenges experienced in this area to date, and the need to appoint to the additional communications officer post to take forward the work to review best practice elsewhere and develop a new Policy for Oxfordshire.

20. Part C of the Business Plan sets out the Fund's budget for 2022/23 which totals £17,720,000. The table below shows the latest information of expenditure to date and the estimated end of year position. This suggests a small underspend of £101,000 over the course of the financial year.

	Budget	YTD	%	Forecast Outturn	Variance
	2022/23	2022/23		2022/23	2022/23
	£'000	£'000		£'000	£'000
Administrative Expenses					
Employee Costs	1,403	318	23%	1,353	-50
Support Services Including ICT	886	395	45%	886	0
Printing & Stationary	82	3	4%	82	0
Advisory & Consultancy Fees	315	12	4%	315	0
Other	58	7	12%	58	0
Total Administrative Expenses	**2,744**	**736**	**27%**	**2,694**	**-50**
Investment Management Expenses					
Management Fees	12,836	3,001	23%	12,800	-36
Custody Fees	40	5	13%	40	0
Brunel Contract Costs	1,160	586	51%	1,160	0
Total Investment Management Expenses	**14,036**	**3,592**	**26%**	**14,000**	**-36**
Oversight & Governance					
Investment Employee Costs	405	69	17%	390	-15
Support Services Including ICT	12	0	0%	12	0
Actuarial Fees	190	66	35%	190	0
External Audit Fees	50	0	0%	50	0
Internal Audit Fees	16	0	0%	16	-0
Advisory & Consultancy Fees	135	8	6%	135	-0
Committee and Board Costs	63	0	0%	63	-0
Subscriptions and Memberships	69	0	0%	69	0
Total Oversight & Governance Expenses	**940**	**143**	**15%**	**925**	**-15**
Total Pension Fund Budget	**17,720**	**4,472**	**25%**	**17,619**	**-101**

21. The main factor contributing to the underspend is the delays in the recruitment of staff across the service. The underspend will grow if there are any further delays in the recruitment process.

22. The other area of underspend is on investment management fees where we are currently estimating a small saving of £36,000. As fees are directly related to the assets under management, there is a high degree of volatility in this fee figure in line with the volatility seen in the financial markets.

23. Part D of the Business Plan sets out the Training Plan for Committee and Pension Board Members. Training sessions associated with the 2022 Valuation have been built into the timetable for this year including the pre-committee training this morning. Details of the training undertaken by individual Members is included in the Annual Report and Accounts elsewhere on today's agenda.

24. Members will shortly be asked to complete this year's National Knowledge Assessment undertaken by Hymans Robertson. This will allow us to assess the impact of training delivered to date and allow an assessment of the latest scores against those achieved by both the Committee and Board at this time last year, and in comparison to other LGPS Committees and Boards.

25. We will provide a fuller assessment of the current training provision and the skills and knowledge of the Committee to the December meeting.

Lorna Baxter
Director of Finance

Contact Officer
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Tel: 07554 103465

August 2022

Division(s): n/a

PENSION FUND COMMITTEE – 10 OCTOBER 2022

RISK REGISTER

Report by the Director of Finance

RECOMMENDATION

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

Introduction

2. Previously, the Committee has agreed that the risk register should form a standard item for each quarterly meeting. A copy of the report also goes to each meeting of the Pension Board for their review. Any comments from the Pension Board are included in their report to this meeting.

3. The risk register sets out the current risk scores in terms of impact and likelihood, and a target level of risk and a mitigation action plan to address those risks that are currently not at their target score. This report sets out any progress on the mitigation actions agreed for those risks not yet at target and identifies any changes to the risks which have arisen since the register was last reviewed.

4. A number of the mitigation plans are directly linked to the key service priorities identified in the Annual Business Plan. This report should therefore be considered in conjunction with the business plan report elsewhere on this agenda.

Comments from the Pension Board

5. At their meeting on 8 July 2022, the Pension Board considered the latest risk register and recommended that the risks scores for Risks 16 and 17 should be increased until such time the Fund had a comprehensive cyber security policy in place.

Latest Position on Existing Risks/New Risks

6. Elsewhere on today's agenda there is a full report on the Fund's approach to cyber security. The main conclusions from this report are that the policy and procedures require to protect the Fund are in place, but that training and monitoring arrangements to ensure that these policies and procedures are fully understood and complied with need improvement.

7. In light of this and the comments from the Pension Board, the risk score for both Risk 16 in respect of system failure (potentially through malware) and Risk 17 in respect of data security breaches, have been increased and shown as Amber. These scores will be returned to target and the Green on completion of the actions outlined in the cyber security report and the development of an annual report to this Committee to provide the assurance that all policies and procedures are being complied with and mitigate as far as possible all known cyber risks.

8. Four other risks on the current risk register remain at Amber. Three of the Amber risks relate to the skills and knowledge of the key groups involved in the administration of the Pension Fund, namely the members of the Committee, members of the Local Pension Board and the Pension Fund Officers.

9. In respect of the Pension Fund Committee and the Pension Board, the next step is the completion of the next National Knowledge Assessment. This will allow us to complete an assessment of the overall skills and knowledge of both bodies, and provide a comparison to both the scores from last year, and to scores of other LGPS Committee's and Boards. Further actions if any will then be agreed at the December meeting of this Committee.

10. The risk of insufficient skills and knowledge amongst the Pension Fund Officers was raised due to the increased demands on Officers from statutory changes to the scheme, and as reflected in the Funds Annual Busines Plan for 2022/23. Whilst the Committee has agreed budget provision for additional resources, including the use of staff from 3rd party agencies, as set out in the administration report elsewhere on the agenda, it remains challenging to recruit to all positions.

11. The final amber risk relates to the implementation of the McCloud remedy and whether the Fund will have sufficient resources to undertake the necessary work, and whether all employers will be able to provide the necessary data where not already held by the Fund. Until we receive the amendments to the LGPS Regulations and any appropriate guidance to deliver the remedy it is difficult to assess the full extent of this risk or put in pace a full mitigation plan

Lorna Baxter
Director of Finance

Contact Officer: Sean Collins
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August 2022

Risk Register

Identification of Risks:

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

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

Key to Scoring

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

Likelihood

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

RAG Status/Direction of Travel

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

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

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
7	Loss of Funds through fraud or misappropriation.	Financial – Business as Usual	Poor Control Processes within Fund Managers and/or Custodian	Long Term - Pension deficit not closed	Financial Manage	Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties.	3	1	3	↔			3	1	3	August 2022	At Target
8	Employer Default – LGPS	Financial – Business as Usual	Market Forces, increased contribution rates, budget reductions.	Deficit Falls to be Met by Other Employers	Pension Services Manager	All new employers set up with ceding employing under-writing deficit, or bond put in place.	3	2	6	↔			3	2	6	August 2022	At Target
9	Inaccurate or out of date pension liability data – LGPS and FSPS	Financial & Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Errors in Pension Liability Profile impacting on Risks 1 and 2 above.	Pension Services Manager	Monitoring of Monthly returns	3	1	3	↔			3	1	3	August 2022	At Target
10	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Late Payment of Pension Benefits.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	3	1	3	↔			3	1	3	August 2022	At Target
11	Inaccurate or out of date pension liability data – LGPS and FSPS	Administrative – Business Plan Objective	Late or Incomplete Returns from Employers	Improvement Notice and/or Fines issued by Pension Regulator.	Pension Services Manager	Monitoring of Monthly returns. Direct contact with employers on individual basis.	4	1	4	↔			4	1	4	August 2022	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 2022	At Target
13	Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Governance – Business Plan Objective	Poor Training Programme	Breach of Regulation. Loss of Professional Investor Status under MIFID II	Service Manager	Training Review	4	2	8	↔	Under skills and knowledge gap analysis.	December 2022	4	1	4	August 2022	Review in light of second set of National Knowledge Assessment scores at December 2022 Committee.

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
14	Insufficient Skills and Knowledge amongst Board Members	Governance – Business Plan Objective	Turnover of Board membership	Insufficient Scrutiny of work of Pension Fund Committee leading to Breach of Regulations	Service Manager	Training Policy	4	2	8	↔	Undertake skills and knowledge gap analysis.	December 2022	4	1	4	August 2022	Review in light of scores from second National Knowledge Assessment.
15	Insufficient Skills and Knowledge amongst – LGPS and FSPS Officers	Administrative – Business as Usual	Poor Training Programme and/or high staff turnover	Breach of Regulation and Errors in Payments	Service Manager	Training Plan. Control checklists. Use of staff from 3rd party agencies	3	2	6	↔	Complete recruitment/procurement of additional staff.	December 2022	3	1	3	August 2022	Proposed Business Plan for 2022/23 depends on appointment of a number of new posts.
16	Key System Failure – LGPS and FSPS	Administrative – Business as Usual	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme, and Cyber Security Policy	4	2	4	↑	Complete Actions identified in review of approach to Cyber Security	December 2022	4	1	4	August 2022	Gaps in monitoring of compliance identified in review of approach to cyber security, which suggests risks not fully mitigated
17	Breach of Data Security – LGPS and FSPS	Administrative – Business as Usual	Poor Controls	Breach of Regulation, including GDPR	Pension Services Manager	Security Controls, passwords etc. GDPR Privacy Policy and Cyber Security Policy.	4	2	4	↑	Complete actions identified in review of approach to Cyber Security	December 2022	4	1	4	August 2022	Gaps in monitoring of compliance identified in review of approach to cyber security, which suggests risks not fully mitigated
18	Failure to Meet Government Requirements on Pooling	Governance – Business Plan Objective	Inability to agree proposals with other administering authorities.	Direct Intervention by Secretary of State	Service Manager	Full engagement within Brunel Partnership	5	1	5	↔	Review once Government publish revised pooling guidance.	TBC	5	1	5	August 2022	At Target
19	Failure of Pooled Vehicle to meet local objectives	Financial – Business Plan Objective	Sub-Funds agreed not consistent with our liability profile.	Long Term - Pension deficit not closed	Service Manager	Full engagement within Brunel Partnership	4	1	4	↔		On-going	4	1	4	August 2022	At Target
20	Significant change in liability profile or cash flow as a consequence of Structural Changes	Financial – Business as Usual	Significant Transfers Out from the Oxfordshire Fund, leading to loss of current contributions income.	In sufficient cash to pay pensions requiring a change to investment strategy and an increase in employer contributions	Service Manager	Engagement with key projects to ensure impacts fully understood	4	1	4	↔	Need to Review in light of current Government consultation to switch HE and FE employers to Designating Bodies, and potential reclassification and introduction of a Government guaranteee.	TBC	4	1	4	August 2022	At Target

Ref	Risk	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
							Impact	Likelihood	Score				Impact	Likelihood	Score		
21	Insufficient Resource and/or Data to comply with consequences of McCloud Judgement	Administrative – Business Plan Objective	Significant requirement to retrospectively re-calculate member benefits	Breach of Regulation and Errors in Payments	Pension Services Manager	Engagement through SAB/LGA to understand potential implications and regular communications with scheme employers about potential retrospective data requirements.	4	3	12	↔	Establish project plan. Respond to consultation, and work with SAB to seek guidance on mitigating key risks where data not available. Look to bring in additional resources.	On-Going	2	2	4	August 2022	Awaiting Government response to consultation exercise on new Regulations to assess full impact.
22	Legal Challenge on basis of age discrimination in Firefighters Pension Schemes	Legal & Administrative – Business Plan Objective	Pressure from Fire Brigades Union to act in advance of new Regulations	Court Order to deliver remedy	Pension Services Manager	Seeking to follow consistent approach in line with Scheme Advisory Board guidance.	4	1	4	↔			4	1	4	August 2022	At Target.
23	Loss of strategic direction	Governance – Business Plan Objective	Loss of key person	Short term lack of direction on key strategic issues	Director of Finance		2	2	4	↔			2	2	4	Augist 2022	At Target.

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PENSION FUND COMMITTEE – 10 OCTOBER 2022

ADMINISTRATION REPORT

Report by the Director of Finance

RECOMMENDATION

The Committee is RECOMMENDED to

a) **determine any actions they would like taken to improve the team performance in meeting standards**
b) **agree the change to wording of the fund's discretionary statement relating to trivial commutation and small pots.**

Executive Summary

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

Administration

Staffing

2. As approved, by this Committee last quarter, the appointment of 6 FTE to undertake project work and to deliver work set out in the business plan is underway as a procurement exercise via the National LGPS framework.

3. The administrator and administration assistant vacancies within the team have been re-advertised using different publications and online options. At the time of writing this report there have been 11 applicants for the administrator role and 4 applicants for the administration assistant role.

4. It should also be noted that there are some individual issues of under performance in the team which are being actively managed.

5. In the last quarter one team leader has left employment. This role has been covered by the recently appointed (job share) team leader.

Performance Statistics

6. Vetting for 2021/2022 Is now complete except for 2 scheme employers still going through the admission process. For 2022/23, the fgures are set out in the table below:

	April	May	June	July	Total
Not received	4	9	20	113	146
Received, not vetted	46	59	121	46	272
Queries Sent	11	8	3	0	22
Replies Received	0	0	0	0	0
Not Cleared	61	76	144	159	440
Cleared	102	87	19	4	212
Still in Admission Process	1	2	2	0	5
Total	164	165	165	163	

7. Overall, 20.9% of returns have not been vetted within SLA standards, which is as a result of staffing, end of year and valuation data pressures. Team leaders will, after the issue of the annual benefit statements, be putting a plan in place to bring this work back into specification.

8. The number of tasks to do in the employer team has reduced from 1726 to 867 this quarter. 96 of the outstanding tasks relate to 2021/2022 and need further investigation. The remaining tasks relate to the current financial year and will be resolved as the vetting is brought into speciation.

9. There are 30 admission agreements to be finalised. 22 of these are at the end of process and just require the new employer to provide contact details and details of their discretionary policies. The team leader is looking at ways to remove any issues causing these admissions to be fully completed.

10. Since March 2022 this Committee expected that the standard SLA would be used for performance measurement, although it was acknowledged that additional resources may well be required to meet normal SLA. The current statistics below are showing the progress towards meeting SLA:

	SLA Overall %	Statutory Overall %	Total Cases Completed
2021 August	91.47	73.73	1804
September	86.97	68.81	1682
October	82.87	69.49	2064
November	84.79	79.75	1789
December	85.01	82.03	1316
2022 January	85.54	90.75	1363
February	87.01	78.83	1490
March	88.67	94.69	1892
April	82.67	93.50	1274
May	81.53	95.80	1795
June	85.86	96.24	1559
July	93.07	97.94	1508

11. Looking at the individual subjects all except for interfund and transfer out tasks, have remained the same, or improved. Transfer out statistics decreased slightly but are still over SLA target at 95.92%. The interfund are still under SLA target which is due to a new administrator starting work on these hence why these are over target. Team leaders are currently reviewing the allocation of work to remove any delays which can lead to work going out of specification particularly where a team member is learning a subject and may have to re-do work.

12. Team leaders have also been closely monitoring statistics and to identify where they fall out of specification and have found it's a mix between the re-doing of tasks and how cases are pended using the system reply due function. This is showing anomalies which are impacting on the reporting and so an alternative method of recording these cases is being trialled.

Complaints

13. For the year 2022/2023 the team has received 9 informal complaints to date. One case remains open. The reasons for these complaints can be summarised as:

- Having to give 3 months' notice of intention to take pension (regulatory requirement)
- Not being regularly updated of progress with case
- Trivial commutation of pensions
- Additional contributions

14. In addition, there are the formal complaints received by the fund. Depending on the nature of the complaint, and who made the original decision the stage 1 complaints will either be dealt with by the scheme employer, or the fund. However, all stage 2 complaints are dealt with by the Head of Pensions.

Stage 1	Ill-health retirement	Scheme employer
Stage 1	Additional pensions / communication	Fund
Stage 1	Annual allowance	Fund
Stage 2	Calculation of pension benefits	Fund

Fire Service

15. The performance statistics for the Fire Service are set out in the table below.

	SLA Overall %	Total Cases Completed
August	92.19	36
September	93.33	70
October	88.89	42
November	98.15	45
December	100.00	52
January	98.61	29
February	100.00	39
March	99.31	56

April	97.78	47
May	77.46	65
June	91.67	46
July	91.11	37

16. As at the end of July there are 22 open cases – of which five are outstanding awaiting information from members.

Data Quality

17. The latest figures in respect of the data quality scores that we have to return to the Pension Regulator are as follows.

Common Data

Scheme	Total records tested	Records without a fail	Pass Rate	TPR Pass Rate
001 + 101	66336	60793	91.6%	92.6%

This compares to 2021 figures of 99% (91.6%) and TPR 95.6% (92.6%)

Scheme Specific Data

Scheme	Total records tested	Records without a fail	Pass Rate	TPR Pass Rate
001 + 101	132364	78841	92.72%	96.46%

This compares to 2021 figures of 98.5% (92.72%) and TPR 97.8% (96.46%)

18. Note as reported last quarter, which was the first time of running these reports using Insights, there are continuing discussions with the provider to confirm that the output is consistent with previously provided information. This information will be thoroughly reviewed ahead of making the annual return to The Pension Regulator.

Contribution monitoring

19. This process sits within the Investment team who monitor incoming payments by scheme employers to ensure that the correct contributions are received by 19th month following payroll.

20. In the last quarter there has been an issue with two scheme employers being unable to reconcile their payments with the i-connect submission made, which has resulted in monies being held in suspense until this is resolved.

Annual Benefit Statements

21. The statutory deadline for issuing annual benefit statements to members is 31 August. A verbal update will be given at the Committee meeting.

Projects

22. The work that has so far been identified as project work is detailed below. The first three items on the list are dependent on team resources and will be scheduled once procurement / recruitment has been completed.

- Historical death cases where there is outstanding information which is needed to enable files to be finalised. This work is being scheduled as a project.
- AVC – review of data held by Fund vs data held by Prudential
- A2P – review of processes to incorporate these changes

- Review of pension software. Further discussion with Hymans has now set the timetable for this project (Annex 1). The initial work during autumn 2022 will feed into a report to this committee in December 2022 to determine whether the current contract should be extended, or whether a full procurement process should be held.

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

- Last quarter it was reported that the I-connect project was in the final stages. Unfortunately, there are some outstanding issues with the submission from the County Council which need to be addressed. A meeting was held, in early August, with OCC and IBC to discuss how to move this forward. Given that OCC is the largest employer within the fund, with over 8000 members, it was agreed that a mid-year transition date is simply not feasible due to the number of changes and the level of manual intervention required. Therefore, it was agreed that for the 2022/23 IBC would continue to provide the information via the MARS spreadsheet whilst the outstanding issues with i-connect are resolved.

Debt Management

23. Since last quarter there has been little progress in finding a person to monitor and chase outstanding payments. Since it has not been possible to directly recruit, discussions have taken place with OCC debt management team to see if pension services could use a proportion of their staff time to carry out this role. This has been agreed in principle, but OCC debt management team have yet to recruit.

24. In line with the administration strategy a third fine has been issued to Macintyre Academy for failure to provide information and one fine has been issued to Vale Capita for non-compliance with the administration strategy.

25. Last quarter the total of outstanding invoices was reported as £52,940.85, which was incorrect as it excluded amounts due from scheme employers for early release of pension. As at 01 August the total value of outstanding invoices amounted to £115,498.81.

26. There have been ten deaths in the quarter where payroll adjustments cannot be recovered amount to a write off £37.46

Data breaches

27. The fund's AVC provider sent the monthly schedule of changes and new contributions to another fund. Officers were made aware of this due to being copied in to email correspondence from the other fund to our (shared) AVC provider. A response was supplied to questions raised and this case has now been closed.

28. In addition, one other breach was reported where a completed opt out form was sent to the wrong scheme employer.

Member Services

Website

29. After a large jump between May and April (from 3349 overall to 3624), there has been a drop in visits over the summer.

	May-22	Jun-22	Jul-22
Home page unique views	735	567	559
Member pages views	2471	2037	1998
Employer pages views	408	373	402
Overall	3624	3018	2959

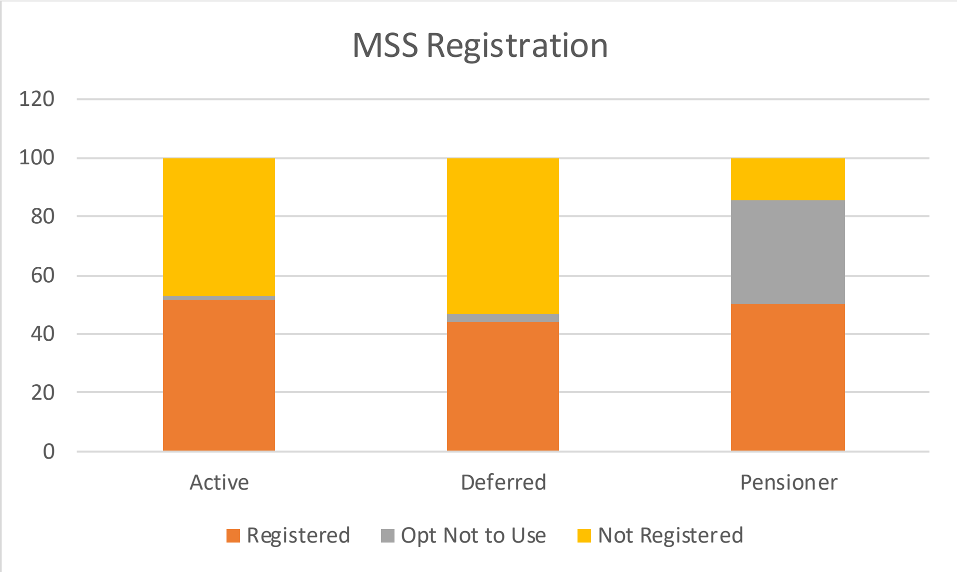
30. Other work undertaken includes

- Reporting Pensions – the summer edition of Reporting Pensions was published in July
- Member talk – at Oxford Brookes University where approximately 30 members attended
- Customer survey – the customer survey has been suspended while we investigate an approach which may elicit better response levels.
- Bulk emails – 9,687 emails sent out to members via bulk email facility
- Issuing Governance newsletter
- Preparation of annual benefit statements and accompanying notes

- Website review

- Attendance at national and local communications working groups

- Member self-service activation codes to members who have not yet signed up, shown in yellow on chart below.



Employer Services

- Introduction to the LGPS – we have held one session this quarter with 7 attendees.

- Employer Meeting – ongoing discussion regarding agenda items.

- Talking Pensions – the monthly employer newsletter was sent out on 31 May, 30 June and 31 July to approximately 220 employer contacts.

Administering Authority Discretions

31. Under regulations there are certain areas where the fund is required to make a discretionary policy decision. There are three areas under regulation 34(1)(b), regulation 39(1)(b), regulation T14(3) and regulation 49(1) where this Committee has to:

- Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004 (includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 scheme)
- Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004

- Decide whether to pay a commutation payment under regulations 6 (payment after relevant accreditation, 11 (de minimis rule for pension schemes or 12 (payments by larger pension scheme of the registered Pension Schemes (Authorised Payments) Regulations 2009 (excludes survivor pensions and includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 scheme).

32. When this was last reviewed by this Committee the decision was that commutation would be at member request in line with HMRC rules and limits. Officers are requesting that this should be clarified by amending to commutation will be at member request, post retirement, in line with HMRC rules and limits. This would avoid speculative requests which take up a considerable amount of administration time and bring the fund in line with the working practices of other administering authorities.

Contact Officer: Sally Fox - Pension Services Manager - Tel: 01865 323854
Email: sally.fox@oxfordshire.gov.uk August 2022

Oxfordshire Strategic Programme : Technology Prioritisation Timeline

August 2022
Questionnaires to Fund staff re “as is” and “to be” technology functionality to inform Workshop Structure & Agenda

August 2022
Analysis of questionnaires; Workshop agenda finalised; Stakeholder journeys defined

September 2022
Workshop with Stakeholders, including MOSCOW analysis
Engage with Procurement & ICT

October 2022
Workshop outcomes report & recommendations including technology functionality prioritisation view

November 2022
Engagement with National Frameworks Team

November 2022
Procurement plan drafted including a timeline to complete the National Framework documents

November 2022 - December 2022
Review supplier catalogues & informal engagement with suppliers

December 2022
Report on supplier meetings & technology specification

December 2022
Decision from Pensions Committee on procurement: Extend Heywood contract or proceed to full procurement process.
If contract extended – legal documents completed, process ends
If full procurement process – timeline continues

December 2022
Finalise provider specification
Finalise procurement plan

December 2022
Procurement process kicked off

December 2022 - March 2023
Procurement process conducted

April 2023
Successful bidder informed

April 2023 – August 2024
Transition to new provider (if required)

Notes: (i) This assumes Oxfordshire Pension Fund are available for the workshop date
(ii) Workshops will be in person

HYMANS ROBERTSON

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PENSION FUND COMMITTEE – 10 OCTOBER 2022

CYBER SECURITY

Report by the Director of Finance

RECOMMENDATION

1. **The Committee is RECOMMENDED to comment on the actions proposed in this report and to advise if any other actions should be taken.**

Executive Summary

2. As set out in the most recent edition of the Governance Newsletter, the Pension Regulator has attached a high priority to cyber security. It is their expectation that Committee Members understand cyber risk in the context of their Fund and are happy with the information they are receiving provides them sufficient assurance that these risks are being appropriately mitigated.

3. This Committee previously received an update on the draft documentation, produced by Hymans, setting out the fund's approach to cyber security. An updated version (Annex 1) of that report has been received and reviewed with colleagues in ICT and Information Management. This report sets out where the fund is compliant and what further actions need to be taken.

<u>Policy compliance</u>

4. Paragraph 3 of the attached report refers to the fund's methodology for ensuring compliance as set out in appendix d which has been updated to confirm where responsibilities lie. In practice this has not always been so clearly set out to the team and whilst training and awareness sessions for specific policies / policy changes has been formalised. Action:

- update team of policy champion role.
- Include a standard agenda item at team meeting for policy updates / queries.
- Document specific training sessions

<u>Asset Management</u>

5. The pension services information asset register details the information held within the team and how this is stored and accessed. Colleagues in Information Management Team confirm that these registers do need to be updated. However, no timescales can be given due to staffing levels and proposed structure review. Action:

- Schedule an interim review of the asset register

Configuration Management

6. The process for confirming compliance with policies is one of exception where if ICT identify anomalies or attempts to access system this would be investigated and flagged as appropriate.

Devices

7. ICT confirm that they control access to all devices. In the absence of single sign on there is an internal process to ensure that access to Altair is removed for any leavers from the team. Heywood confirm that the option of single sign on is being considered. Action:

- Continue discussions with Heywood and ICT to move to single sign on.

Malware / Ransomware

8. The current system is that team would be notified if an incident occurred. Action:

- ICT to provide annual report.

ICT enforce the OCC email policy which directs all users to ensure anti-virus system are in operations to prevent virus or malware.

Patching

9. ICT manage this process in background and advise users of any actions they need to take. Given the number of these this is an operational issue, and no reports are provided to senior officers.

Authentication

10. ICT's approach of a single sign on, as referred to in paragraph 6 is not yet available. However, the fund is exploring with Heywood the extension the 2 factor authentication process for when using the public network access. Action:

- To clarify timetable for introduction of 2FA when using public network access.

Access Controls and Passwords

11. In terms of access control managers must complete ICT documents for users to be set up on systems. For Altair managers must write to Systems Manager confirming when new staff are starting and what access they will be given. For staff who are leaving again, managers need to write to Systems Manager.

12. There are policies and procedures available on the intranet for all team members to understand access to OCC when working in different places.

13. The intranet has a lot of information on how to set secure passwords and how to keep passwords safe. The biggest challenge is in ensuring that these are followed by all team members. Action:

- To review records held by System Manager
- Use team meetings to keep all team members trained and up to date with policies.

Bulk data / Personal data

14. ICT has reviewed the fifteen measures of good practice outlined on the National Cyber Security Centre and has commented that items 11 (alert to atypical access attempt) and 14 (no possibility of administrative access through spear-phishing) are weaknesses in the absence of a single sign on as mentioned in paragraphs 6 and 9.

15. The data sharing policy is written and maintained by Information Management Team who have confirmed that this is to be reviewed shortly. However, no timescales can be given due to staffing levels and proposed structure review.

Security Monitoring and Testing

16. Penetration testing is carried out annually with the next review due in January 2023. Action:

    1. ICT will provide fund with a copy of the penetration test report.

People Centred Security and Phishing

17. ICT software stops side-lines suspect emails so that users can review these to decide whether the email is genuine and can be forwarded to the inbox or whether this should be deleted. There is an established procedure for any suspect emails to be reported. To strengthen these controls from October 2022 ICT are introducing test phishing emails across OCC.

Remote Working

18. A remote working policy was issued in May 2021.

Social Media

19. The social media policy was last updated in June 2022

Certification

20. Report has been updated.

Third Party Suppliers

21. The policies, procedures and actions above largely focus on the cyber risks within our own ICT environment. However, we are heavily reliant on third party suppliers, which the majority of pension benefit and investment data held on third party's systems. Our approach in this area is to ensure that our third party contracts contain standard cyber clauses to protect the Fund in the same way our policies and procedures aim to protect the Fund where the data and systems are managed in-house. Not all our older contracts include these standard clauses. Action

- Review all third-party contracts to ensure standard clauses are included
- Where standard clauses not present, ensure the supplier has their own robust arrangements to mitigate against cyber risk and protect the Fund's data and our access to the core systems to fulfil the Fund's statutory duties
- Ensure all suppliers provide an annual report on compliance with cyber policies and procedures and the results of all security checks

Conclusion

22. Overall, the policies and processes for managing cyber security are in place. However, this report has highlighted the need to clearly understand and document where the various responsibilities lie and the need for better communication between all parties to ensure that systems are compliant and protected.

23. Within the team communications and training need to be scheduled more regularly so that understanding and actions are better understood, and any risks are mitigated.

24. Further actions needed are to review the business continuity plan and review risk register entries, in line with the above.

Annex: Hymans draft report on Cyber Security

Contact Officer: Sally Fox
Pension Services Manager
Tel: 01865 323854

August 2022

Oxfordshire Pension Fund

DRAFT - Approach to cyber risk

July 2022

Susan Black and Claire McDines

For and on behalf of Hymans Robertson LLP

Contents

1 Introduction

This document summarises the approach of Oxfordshire Pension Fund ("the Fund") to dealing with cyber risk. This document will be reviewed annually to ensure that it meets the Fund's needs.

Having an approach document:

- Ensures visibility of key systems and processes at risk.
- Signposts available tools and documents to manage this risk.
- Records key roles and responsibilities in the instance of a cyber risk event occurring.
- Details training available to officers and other stakeholders.
- Records the monitoring and reporting requirements.

This document also provides context in relation to cyber risk.

2 Context to cyber risk

Cyber risk can be defined as:

> *"any risk of financial loss, disruption, or damage to the reputation of the Fund or its members resulting from the failure of its IT systems and processes.* "

Breaches in cyber security may occur as a result of:

- deliberate and unauthorised action by someone making a concerted effort to infiltrate systems and access data,
- unintentionally through carelessness, for example sending data that's not encrypted or leaving passwords expose; or
- operational risks due to poor system integrity and lack of prevention software and procedures.

Cyber risk is on the Fund risk register in recognition of the high value of assets, high value transactions, and the scale of personal data held.

3 Prevention

There is a suite of policies and procedures in place to mitigate cyber risk. A full list of the Fund's policies relating to cyber and data controls can be found in Appendix D. The Fund's methodology for ensuring policy compliance is also set out in Appendix D.

Ownership and day to day management of the Fund's cyber approach is carried out by the Pension Services Manager in collaboration with Oxfordshire County Council's (OCC) ICT and Information Management Teams. ICT and Information Management Teams ensures that all policies are up to date and the controls within these policies are adhered to. Full key contact details are at Appendix A.

Key areas in the Fund's cyber approach are summarised by the sections below, with reference to the existing OCC policies and procedure adopted by the Fund. Nothing in this document replaces or supersedes the OCC polices in place.

Asset management

This is the process of identifying the assets that present a security risk. Assets include any data that needs to be configured or managed, such as personal member data, payroll data and financial capital. It also includes technology, both hardware and software, and physical locations. To be effective, the asset management process needs to be carried out in a reliable and timely manner.

In accordance with the OCC Information Access and Protect Policy the Fund maintains inventories of information assets and has identified that key assets include:

- [member personal data]
- [insert additional]

Configuration management

This is the process of maintaining the details of the Funds' computer systems and other assets. The Fund has a dependency on the OCC ICT Team who control the hardware and computer systems used by the Fund and provide security configuration and firewalls etc. The Fund has adopted and adheres to the OCC Information Access and Protection Policy and the OCC ICT Access Policy which contain controls in relation to who at the Fund can access systems, applications and equipment.

Devices

All devices used by the Fund are supplied and controlled by the OCC ICT Team. In addition to the control of user access to devices there are also regulations around acceptable use withing the ICC Acceptable Use Policy. For example, all data stored on removable media devices must be encrypted to a level approved by ICT Services. Any images taken on council mobile phones must be transferred to the council's network and deleted from the mobile phone as soon as possible.

Cloud

Cloud computing is the delivery of hosted services over the internet, where shared computing and storage resources are accessed as an online service. The Funds' Altair Pensions systems are hosted by means of the Cloud.

The OCC Information Access and Protection Policy and the OCC ICT Access Policy are in place at the Fund and contain controls in relation to the use of Software applications (including Cloud based applications and websites), for example downloads and uploads should only be loaded onto a Council machine by staff from Digital and ICT Services.

Malware/Ransomware

Malware (short for "malicious software") is an umbrella term that describes any malicious program or code that is harmful to systems. It is typically delivered over a network, that infects, explores, steals or conducts virtually any behaviour an attacker wants. There are numerous methods to infect computer systems because malware comes in so many variants. Ransomware is a type of malware designed to deny a user or organization access to files on their computer. By encrypting these files, threatening to publish the victim's personal data or perpetually block access unless a ransom is paid for the decryption key.

The OCC ICT have software in place to lessen the chance of malware and ransomware attacks, and information on the efficacy of this software will be provided to the Fund on an annual basis.

There are also controls in place around the use of ICT equipment and software to further reduce risk. For example, as referenced above software applications (including Cloud based applications and websites) and downloads and uploads should only be loaded onto a Council machine by staff from Digital and ICT Services.

The Fund complies with the OCC Email Policy which directs that to assist in prevention of viruses or malware, all users must ensure an anti-virus system is in operation.

Patching

Patching is carried out to apply updates to Fund devices and software in order to improve security and/or enhance functionality. When patches are carried out by the Council ICT staff, there is no reporting to officers of the fund.

Authentication

The process of authentication provides assurance and confirmation of a user's identity. Authentication has further expanded in recent years to require more information of the user, before a user attempts to access information stored on a network, he or she must prove their identity and permission to access the data.

The Fund is currently in the process of arranging 2 factor authentication for public network access. This timetable is to be finalised.

Access control and passwords

There is a system for controlling who can access data and systems. OCC ICT staff operate the technical controls over systems access however the senior officers and team leaders at the Fund determine who access should be permitted to. All system users have a responsibility to protect their access details and only use systems as permitted. Full details can be found in the ICT Access Policy. For example, passwords provide the first line of defence against any unauthorized access to the Funds data. In addition to the technical controls around password creation as detailed in the ICT Access Policy, users are also instructed to follow password guidelines, for example '*never reveal passwords to anyone*', '*never write passwords down'* and 'do not use the same password to access different County Council systems'.

Bulk data/Personal data

Personal data is defined as '*Information that relates to an identified or identifiable individual, such as a name or number, or information such as an IP address*.'

The Fund holds and processes bulk member data, and other personal member data, on a regular basis. This data is of a sensitive nature and therefore must be kept safe. The OCC Data Sharing Policy details how data should be handled and is followed by the Fund.

The fifteen good practice measures listed below have been considered as part of the Funds approach to bulk data. Full detail of these measures is outlined on the National Cyber Security Centre.

1 Know your data

2 Keep only essential data

3 Unmitigated vulnerabilities

4 User access and privilege

5 Administrator access

6 Know your external dependencies

7 Audit data access

8 Prompt mitigation

9 No unsupported software

10 Detecting compromise components

11 Automatic alert to atypical access attempt

12 Well defined interfaces

13 Rate-limited user access

14 No possibility of administrative access through spear-phishing

15 All backups held securely

Security monitoring and testing

Detecting (and responding to) activities that could represent a security incident. Also known as protective monitoring is carried out regularly by ICT staff further details can be found in **section 9** of this report.

As a means of testing the Funds computer network/system for security weaknesses so that they can be fixed, regular authorised tests are carried out. Penetration tests are carried out every year, results are collated and presented to the fund by ICT.

People centred security and phishing

Cyber criminals frequently employ human psychology in their attack strategies, it is for this reason the Fund treats cyber awareness as an upmost priority within their policies and training plans. Details of the training provided to officers and all stakeholders can be found in **section 8** below.

Phishing are a type of attack were untargeted, mass emails sent to many people asking for sensitive information (such as bank details) or encouraging them to visit a fake website. The OCC ICT have software in place to catch such emails however this type of software isn't 100% effective therefore non-technical controls are also in place to further mitigate the risk. For example, the Email policy states that users must report any suspect emails or attachments to the ICT Service Desk.

Remote working

Policy issued in May 2021

Social media

Policy updated in June 2022

Certification

PSN Certification for OCC

NHS Data Security and Protection Toolkit are used as very comprehensive.

4 Response

In the event of a cyber security incident the Fund would collaborate with OCC who would lead the Incident Response.

The Fund's Business Continuity Plan would be used to ascertain key information and drive decision-making.

As set out in the Fund's Business Continuity Plan:

- The key Fund contacts involved in a cyber security incident are set out in section A].
- The key Fund systems and suppliers are set out in sections B.

The key phases and steps of an incident response are summarised below and will be used by the Fund to ensure the Business Continuity Plan (BCP) is a robust source of information.

Preparation

Triage – The initial stage is to assign a Lead Officer to work with the OCC Incident Manager to ascertain if the event warrants being treated as a security incident. As part of triage, the Lead Officer should gather pertinent information, assess severity, and categorise risk.

Escalate – Depending on the above assessment an escalation may be required in line with the OCC incident response process. The key contacts set out in the BCP should be leveraged. This should also be monitored in case further escalation is required further down the line.

Kick off response – At this stage the Incident Response team may need contact internal or external parties who need to be involved and cascade details of required action. Contact details are contained within the Fund BCP.

Reporting –Where a data breach may have happened the Data Protection Officer should be informed in line with the OCC Data Protection Policy. The decision will need to be made as to whether any GDPR breach has occurred and if so whether a report needs to be made to the ICO. Other parties who may need to be informed are S151 officer, Chief executive, OCC Media Team, Pensions Committee and Board and TPR.

Core response

The Lead Officer will be crucial in the following steps:

Analyse – This should involve technical analysis but also impact analysis and reputational risk management. Initial priority is to understand enough to take containment/mitigation actions and remediate the attack. Prioritisation of tasks is crucial, as is assigning ownership of these tasks. These priorities should also be constantly reviewed and modified as required.

Contain/Mitigate – Steps should be taken to reduce or limit the impact of the incident and prevent further risk or spread. This can involve both technical and non-technical actions for example isolating systems, blocking network activity, media handling and updates to public websites. It is important to consider the impact of any decisions made both good and bad.

Remediate/Eradicate – This stage is similar in actions to the containment stage but with the aim to fully remove the threat. It is important to confirm that remediation has been successful before moving to the recover stage - this may involve monitoring for a period. Some analysis may continue in this stage too.

Recover – When the incident response team confirm that business environment has returned to a risk-free state, they will recommend a return to 'business as usual'. This should only proceed when the incident is believed to have been contained and consequences understood. This may include final actions taken to handle regulatory, legal, or PR issues.

Review and close down

Following the successful recovery from an incident, the OCC Incident Response Manager may arrange a post incident review, attended by members of the incident response team including the Lead Officer.

The post-incident review may consider:

- Pre-event - circumstances that led to the event
- Post event - response activities

Pre-event review considerations

- What would have prevented the incident from occurring?
- How could we have detected the events sooner?
- Is this something considered by our cyber risk assessment?

Post-event review considerations

- What would have made our response more effective/efficient?
- What was the key thing that led to us understanding the incident?
- How long did it take to detect the incident?
- What systems were impacted?
- Was any information difficult to obtain?
- Were the right people and tools available?
- Did we have any communication issues?
- Were there any weaknesses in the response which need addressed?

5 Appendices

Appendix A - Key Contacts

Roles and responsibilities

The core incident response team should include a member of ICT and Senior officer in the first instance. Depending on the type and scale of the event deputies may substitute.

In the event of a cyber incident the key required contacts are listed below [full details required from officers]

Department	Contact name	Contact number	Contact Email
Senior Fund Officer	Sean Collins	07554103465	Sean.Collins@Oxfordshire.gov.uk
Pension Services Manager	Sally Fox	07776997052	Sally.Fox@Oxfordshire.gov.uk
Systems Manager	Rachael Salsbury	07825314783	Rachael.Salsbury@oxfordshire.gov.uk
ICT	Asher Sims	07500977798	Asher. Sims @oxfordshire.gov.uk
Legal	Anita Bradley		Anita.Bradley@oxfordshire.gov.uk
DPO	Simon Harper	07873700331	Simon.Harper@oxfordshire.gov.uk
Information management	Simon Harper	07873700331	Simon.Harper@oxfordshire.gov.uk
S151 officer	Lorna Baxter	07393001218	Lorna.Baxter@oxfordshire.gov.uk

Appendix B – Key Systems

System	Purpose	Controller/Supplier	Contact
Network access	**to enable access to all systems**	OCC	Asher Sims / ICT helpdesk
Altair	**For pension payroll; calculation and payment of all benefits**	Heywood	TBC
MSS	**For members to access documents uploaded by team and to view information about their pension**	Heywood	TBC
I-Connect	**To enable scheme employers to upload monthly payroll information to Altair**	Heywood	TBC
PT-X	**To make BACS payments**	Bottomline	TBC
Gemalto	**To make BACS payments**	OCC	Asher Sims / ICT helpdesk
SAP	**To upload and access accounting information**	OCC	Asher Sims / ICT helpdesk
Microsoft office	**To produce documents from Altair**	OCC	Asher Sims / ICT helpdesk

Appendix C - Key Suppliers

List suppliers and speak to info management about what assurance they have.

Heywood

Bottomline

Appendix D – Policies and Procedures

The following table details all relevant policies currently in place to protect the fund from cyber risk.

Policy	Policy Owner	Fund Policy Champion	Policy Compliance Check Due Date
Acceptable use policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
Access information security vetting policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
Data protection policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
Data sharing policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
Email policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
ICT access policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
Information access and protection policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
Information security incident policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
Security classifications policy Access to (oxfordshire.gov.uk)	Simon Harper	Sally Fox	TBC
Data retention policy	Sally Fox	Sally Fox	TBC

Fund Policy Champion Role

The Policy Champion is responsible for:

- Dealing with policy queries from the rest of the team
- Ensuring any changes to policy are noted and communicated and any process changes implemented
- Providing feedback to the Policy Owner to drive changes or exceptions to policy which are needed by the Fund
- Undertaking proportionate activity to ensure that the policy is understood and followed by the team. This could include, but is not limited to:
    - Carrying out training and awareness sessions with the team
    - Carrying out checks and documenting the results to ensure that policy compliance can be reported, and actions identified and take to improve results where necessary.

Appendix E - Training

All officers of the Fund receive training as below…

Mandatory training (officers)

Acceptable use of equipment and information

Business continuity

Confidentiality

Corporate governance

Data protection

Freedom of information

Guidance on secure working practices

Social media

Additional training based on role

Cyber security

TPR website

Training for other stakeholders

Members, employers, Committee and Board members

Monthly newsletter

Training sessions ahead of quarterly meetings

Hymans online learning academy

TPR website

Annual knowledge assessment

Appendix F - Monitoring and Reporting

The risk to the Fund is an evolving threat which needs to be monitored. As such it has been decided that a full report on cyber monitoring should be provided to the Pension Committee and Pension Board on a annual basis. This report should contain details of:

- key digital assets,
- any cyber threats or data breaches over the period,
- a list of patches or other security updates applied by OCT,
- log of penetration testing carried out and results,
- any perceived risks or gaps in controls and how these are being mitigated.

Prepared by:-

Susan Black and Claire McDines

21 July 2022

For and on behalf of Hymans Robertson LLP

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OXFORDSHIRE PENSION FUND
REPORT AND ACCOUNTS 2021/22

Registered Number: PS049/20

CONTENTS

FOREWORD TO THE 2021/22 PENSION FUND REPORT AND ACCOUNTS BY THE DIRECTOR OF FINANCE

Introduction

2021/22 was a year of significant change in terms of the governance of the Pension Fund. The year started with the formation of a brand new Committee, reflecting both the change in the political constitution of the County Council following the May 2021 election results, and the changes in the constitution of the Committee itself agreed by the old Council to bring greater representation of scheme employers onto the Committee. The new Committee under new Chairman Cllr Bob Johnston comprised 5 voting members from the County Council, plus non-voting representatives of the City/District Councils, Scheme Members, Oxford Brookes University and the Academy sector. To retain some consistency with the past, and to reflect the non-political nature of the Committee, Cllr Kevin Bulmer who chaired the old Committee took on the role of Vice-Chairman and retained his role representing the Committee at the Brunel Oversight Board.

Cllr Johnston's appointment to the Committee left a vacancy on the Local Pension Board, so that too saw change in membership, with 2 new scheme employer representatives joining for their October 2021 meeting.

Finally, Peter Davies stood down after over 10 years of excellent service to the Fund as the Independent Financial Advisor. Philip Hebson was appointed to the role as Independent Investment Advisor, so completing the new look governance arrangements for the Fund.

Key Activities of 2021/22

In addition to the changes in key personnel, 2021/22 also saw significant changes to the operational governance arrangements of the Fund, following the independent governance review undertaken by Hymans Robertson during 2020/21. To improve the working relationship between the Committee and the Pension Board it was agreed that the Chairman of the Committee would attend all future Board meetings to respond to queries or concerns raised by Board members on the work of the Committee. A new Conflicts of Interest Policy was agreed, and the Fund agreed to appoint to a new role of Governance and Communications Manager to both strengthen the work in this area and mitigate the key person risk identified in respect of the Service Manager.

A significant amount of time and effort was spent on reviewing the skills and knowledge of both the Committee and Board members and developing a comprehensive training programme to ensure both bodies were able to meet their statutory duties. The new training policy, which sets out a minimum level of training on induction and each year thereafter, includes a commitment to an annual assessment process, with an escalation process which could ultimately lead to the removal of a member from the Committee or Board where there is insufficient engagement with the training programme and/or progress in the development of the required skills and knowledge.

Finally on governance, the Committee and Board members introduction a new half day session into the governance arrangements to enable them to spend dedicated time on developing the Business Plan and Budget for the forthcoming year. The results of this session are covered in more detail below.

Working on the implementation of their Climate Change Policy remained a significant issue for the Committee throughout 2021/22. Key deliverables during 2021/22 were the publication of the first report in line with the Task-force for Climate-related Financial Disclosures (TCFD), the movement of 15% of the Fund into a new Paris Aligned passive equity fund developed by Brunel alongside FTSE and delivered by Legal and General Investment Management, and the development of an engagement policy statement. This later document will form the basis of future discussions within the Brunel Pension Partnership to set clear targets and timelines for the engagement with investment companies, which ultimately could lead to the selective disinvestment of companies who are not on target to meet the requirements of the Paris Agreement and a net zero world no later than 2050.

Other key activities during 2021/22 saw the implementation of principles consistent with the Immediate Detriment Framework negotiated between the Fire Brigades Union and the Local Authority Association to allow progress to be made in addressing the age discrimination within the Fire Service Pension Scheme. Work on addressing similar issues within the Local Government Pension Scheme remains outstanding, awaiting publication of guidance from the Government.

Also on the administration front, recruitment and retention of a full team remained a key challenge, and the Committee received reports throughout the year which indicated that service performance had dropped below the levels set in the Service Level Agreement. This is seen as a national issue, and the increasing complexity of the scheme, particularly in implementing the age discrimination remedy as required following the McCloud legal case will further increase the burden on the administration service.

Key issues on the investment front other than the continued work on implementing the climate change policy, centred around the development of the relationship with Brunel, the transition of resources and the improvement of reporting. The Committee also agreed minor changes to the asset allocation to enable investments into the 3rd cycle of private market funds run by Brunel. These changes saw increases in the allocations to Private Equity (9% to 10%), Infrastructure (3% to 5%) and Private Debt (3% to 5%) funded by the removal of the 5% allocation to the Diversified Growth Fund. The change to the allocation will be gradual, with the pace dictated by the speed by which fund managers draw down the new private market commitments.

The Fund

The Fund again saw a further significant change in the employer base, with 22 new scheme employers and 24 leaving the Fund, resulting in a total of 179 active employers as at 31 March 2022. 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 68,863 members as at 31 March 2022, an increase of 3.7% since last year.

In terms of cash-flow, whilst the trend is downwards, the Fund remains cash positive, collecting £0.5m more on average each month in employer/employee contributions than it pays out by way of benefits, and direct administration and investment costs. This allows the Fund to maintain 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, although this will need to be reviewed as part of the next strategic asset allocation due at the end of 2022/23.

Investment Performance

The Fund increased in value by around £0.3billon over the course of the year, as the financial markets continued their post pandemic recovery. The total value of the investment assets was £3.3billion as at 31 March 2022.

The Future

As noted above, the Committee and Board ran a joint half day session to develop the Business Plan and Budget for 2022/23. The new plan was centred around 4 areas of focus.

The first area of focus was around reviewing and further improving scheme data, key to the calculation of individual pension benefits and the wider costs and scheme employer contributions set as part of the Valuation process to be undertaken during 2022/23. As well as looking to improve the existing data quality scores as reported to the Pension Regulator, this priority is also looking to ensure the security of that data and addressing the increasing cyber risks.

The second priority area is the further improvements in the use of technology to increase the efficiency and effectiveness of the service. Key is to complete a review of the current market to enable a decision on extending the current software contract or completing a tender exercise to formally test the market in advance of the breakpoint in the current contract in September 2024.

The third priority area is to enhance the delivery of the Committee's responsible investment responsibilities, taking further the work on climate change to cover all asset classes, improving existing reporting and widening the focus to cover other key areas. This is to include addressing some of the social and governance issues highlighted during 2021/22 by the Russian invasion of Ukraine.

The fourth priority area is to drive service performance back above the levels set out in the Service Level Agreement and ensure these performance levels are met consistently across the year so members get the same service whenever they retire, or change circumstances.

The Committee agreed additional budget provision to bring in additional permanent resources to support the work on governance and communications and responsible investment as well as one-off resources to support the technology project and enable service standards to be boosted and then maintained whilst coping with the additional pressures of McCloud and any other new challenges stemming from further regulatory change.

It is going to be another busy and interesting year for all involved in the governance of the Pension Fund.

Lorna Baxter
Director of Finance July 2022

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 2021/22 financial year, covering the work from the July 2021 Board meeting to their meeting on 22 April 2022.

Board Membership

The Board started the year with a vacancy for one scheme employer representative following the resignation of Lisa Hughes immediately before the April 2021 meeting. A further vacancy was created following the County Council elections in May 2021 which led to Cllr Bob Johnston being appointed as Chairman of the Pension Fund Committee, which meant he was required to step down from the Board.

Following receipt of three expressions of interest, interviews were held with the Chair and Vice Chair of the Pension Fund Committee and the Head of Pensions and Elizabeth Griffiths from West Oxfordshire District Council and Marcia Slater from Vale of White Horse/South Oxfordshire District councils were appointed to serve on the Board. Attendance at Board meetings was as follows:

	Attended 9 July 2021 Meeting	Attended 22 October 2021 Meeting	Attended 21 January 2022 Meeting	Attended 22 April 2022 Meeting
Scheme Employer Representatives				
Elizabeth Griffiths (West Oxfordshire District Council)	N/A	Yes	Yes	No
Angela Priestley-Gibbins (The Thera Trust)	Yes	Yes	Yes	Yes
Marcia Slater (Vale of White Horse/South Oxfordshire District Councils)	N/A	Yes	Yes	Yes
Scheme Member Representatives				
Stephen Davis (Oxford City Council & Unite)	Yes	Yes	Yes	Yes
Alistair Bastin (Oxfordshire County Council & Unison)	Yes	No	Yes	Yes
Sarah Pritchard (Brookes University)	Yes	Yes	Yes	No

All meetings were chaired by the Independent Chairman, Matthew Trebilcock, the Head of Pensions from the Gloucestershire Pension Fund. Cllr Bob Johnston regularly attended the meetings of the Board in his capacity as Chairman of the Pension Fund Committee as part of the arrangements agreed within the Governance Review to improve communications between the Committee and Board. Angela Priestley-Gibbins, Elizabeth Griffiths, Marcia Slater, Alistair Bastin and Stephen Davis all 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.

With the agreement of the Independent Chairman and members of the Board, all meetings of the Board during 2021/22 were held virtually. As the Board was set up under separate legal provision from the other County Council Committees, there is no legal requirement for meetings to be held in person.

Work Programme

At their July 2021 meeting, the Board agreed their annual report for the 2020/21 financial year. The agenda also included the standard items of the draft minutes of the most recent Pension Fund Committee, the Review of the Annual Business Plan, the Risk Register and the Administration Report. The Board continued to express their concerns about the levels of skills and knowledge on the Committee, reflecting the fact that there were 6 new members on the Committee, reflecting the new Constitution and the changes as a result of the May 2021 election results. The Board were keen to see the development of a comprehensive training programme for the new Committee. The July meeting also received a report on the investment management fees paid by the Fund over the last 3 years alongside information on investment performance during this period. The Board noted the complexity of the information presented and encouraged the Committee to review the information to ensure they were receiving value for money in respect of the fees paid to active managers.

The October Board meeting was the first attended by the new members Elizabeth Griffiths and Marcia Slater. The Board considered the actions agreed by the Pension Fund Committee in response to the Independent Governance Review. In particular, the Board asked for clarifications in respects of the new Fund specific Conflicts of Interest Policy, and how it related to their role as scheme member and scheme employer representatives. The Board again highlighted the importance of a comprehensive training programme and welcomed the proposal for robust arrangements to ensure adherence to the training policy.
The Board received the first report produced in line with the Taskforce for Climate-related Financial Disclosures (TCFD) template. The Board offered their congratulations to the Officers both for producing the report in advance of the statutory requirements and for the positive results set out in the report. As part of their review of the standard items on the annual Business Plan, Risk Register and Administration Report, the Board suggested amendments to the Risk Register to reflect the potential loss of skills and knowledge given the turnover of Board membership.

The January meeting of the Board focused on the standard items associated with the Annual Business Plan, Risk Register and Administration Report. The Board considered the initial priority areas identified as part of the initial planning for the workshop on the 2022/23 Business Plan and asked that cyber security be added to the list of priorities. The Board also suggested amendments to the Risk Register to ensure this properly reflected the risks related to cyber security.

The April meeting of the Board received the standard items in respect of the Annual Business Plan, Risk Register and Administration Report. The main concerns raised by the Board under these items were the on-going issues of recruiting sufficient skilled and experienced staff to work in the Pensions Administration Teams, particularly in light of the increasing pressures associated with McCloud.

The April meeting also considered the new Engagement Policy aimed to provide robust timelines around moving all investee companies to become Paris aligned, starting with the Climate Action 100+ companies who are responsible for around 80% of the current emissions. The Board noted the role played by Alistair Bastin as the Board's representative on the Climate Change Working Group.

Finally the April meeting reviewed two exempt reports received by the Committee relating to operational policy decisions to provide assurance that the Committee were acting in accordance with their statutory responsibilities.

Future Work Programme

A key area for the Board to consider during 2022/23 will be the tri-ennial valuation of the Fund as 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. A key element of this will be for the Board to review the long awaiting Government consultation on the future of the LGPS which is expected later in 2022, and due to cover the future direction of pooling, climate related reporting, McCloud and the levelling up agenda.

The Board will maintain its focus on the future Governance arrangements for the Fund and will work closely with the new Governance and Communications Team Leader to review the existing governance arrangements in light of best practice and the Government's response to the Good Governance Review undertaken by Hymans Robertson for the Scheme Advisory Board.

Finally the Board will continue to be involved in the implementation of the Fund's Climate Policy and the Climate stocktake to be undertaken by the Brunel partnership.

Board Members Training 2021/22 **Appendix**

Alistair Bastin	Unison South East LGPS Forum	29 April 2021
Alistair Bastin	Unison South East LGPS Forum	6 August 2021
Alistair Bastin	Brunel Investor Day – Session 2	6th October 2021
Alistair Bastin	LAPFF Conference	8th to 10th December 2021
Alistair Bastin	LGPS Governance Conference	20th to 21st January 2022
Alistair Bastin	Unison South East LGPS Forum AGM	3 March 2022
Angela Priestley-Gibbins	Brunel Investor Day - Session 2	6th October 2021
Elizabeth Griffiths	Brunel Investor Day - Session 1	27th September 2021
Elizabeth Griffiths	Brunel Investor Day - Session 2	6th October 2021
Marcia Slater	Fundamentals training - Day 2	9th November 2021
Marcia Slater	Fundamentals training - Day 3	2nd December 2021
Marcia Slater	LGPS Governance Conference	20th to 21st January 2022
Stephen Davis	Brunel Investor Day - Session 2	6th October 2021
Stephen Davis	LAPFF Conference	8th to 10th December 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 2021/22 ('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 2021/22 Membership	Cllr Bob Johnston (Chairman) Cllr Kevin Bulmer(Deputy Chairman) Cllr Nick Field-Johnson Cllr Richard Webber Cllr I.U. Edosomwan Cllr Sally Povolotsky Cllr Eddie Reeves
Representatives of District Councils	Cllr Alaa Al-Yousuf (WODC) Cllr Jo Robb (SODC)
Representatives of Scheme Employers	Alistair Fitt (Oxford Brookes University) Shelley Cook (Academy Sector) Alan Staniforth (Academy Sector)
Scheme Member Representative	Steve Moran
Independent Investment Adviser	Philip Hebson MJ Hudson
Fund Managers	Adams Street Partners Brunel Pension Partnership Legal & General Investment Management Partners Group 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 13 to 17.

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 2021 - 2022 were based on the completed valuation of the Scheme's financial position as at 31 March 2019 and are shown on pages 13 to 17.

♦ 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 95 to 97.

<u>Overriding legislation</u>

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

[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)

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.

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 % 2021/22	Contribution Rate: Additional Monetary Amount 2021/22	Scheduled Bodies (cont)	Contribution Rate: Payroll % 2021/22	Contribution Rate: Additional Monetary Amount 2021/22
Abingdon & Witney College	19.0%	-	Cholsey Primary School (OPEN)	18.0%	-
Abingdon Learning Trust	21.9%	-	Cumnor Parish Council	21.7%	-
Abingdon Town Council	21.7%	-	Didcot Town Council	21.7%	-
AcerTrust MAT	21.1%	-	Drayton Parish Council	21.7%	-
Activate Learning Education Trust	20.5%	-	Europa School	18.0%	-
Activate Learning	20.4%	-	Eynsham Parish Council	21.7%	-
Adderbury Parish Council	21.7%	-	Eynsham Partnership	21.8%	-
Ambrosden Parish Council	21.7%	-	Faringdon Academy	21.2%	-
Anthem School Trust	21.1%	-	Faringdon Town Council	21.7%	-
Aspirations Academy Trust	23.7%	-	GEMS Didcot Primary Academy	18.0%	-
Banbury Town Council	21.7%	-	Gillots Academy	18.0%	-
Benson Parish Council	21.7%	-	GLF- William Morris	18.1%	-
Berinsfield Parish Council	21.7%	-	Goring Parish Council	21.7%	-
Bernwode School Trust	21.4%	-	Gosford & Water Eaton Parish Council	21.7%	-
Bicester Town Council	21.7%	-	Henley College	21.4%	-
Blackbird Leys Parish Council	21.7%	-	Henley on Thames Town Council	21.7%	-
Bloxham Parish Council	21.7%	-	Heyford Park Parish Council	21.7%	-
Burford School	23.3%	-	Kennington Parish Council	21.7%	-
Carterton Town Council	21.7%	-	Kidlington Parish Council	21.7%	-
Chalgrove Parish Council	21.7%	-	Kingston Bagpuize with Southmoor		
Cherwell District Council	15.9%	-	Parish Council	21.7%	-
Chinnor Parish Council	21.7%	-	Ladygrove Park Primary School	18.0%	-
Chipping Norton Town Council	21.7%	-	Langtree Academy	18.0%	-

List of Participating Employers continues on next page...

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PARTICIPATING EMPLOYERS

Scheduled Bodies (cont)	Contribution Rate: Payroll % 2021/22	Contribution Rate: Additional Monetary Amount 2021/22
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%	-
Nettlebed Parish Council	21.7%	-
North Hinksey Parish Council	21.7%	-
Old Marston Parish Council	21.7%	-
Oxford Brookes University	14.8%	-
Oxford City Council	16.2%	-
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	22.1%	-
Risinghurst & Sandhills Parish Council	21.7%	-
River Learning Trust	19.9%	-
Rotherfield Greys Parish Council	-	-

Scheduled Bodies (cont)	Contribution Rate: Payroll % 2021/22	Contribution Rate: Additional Monetary Amount 2021/22
Rotherfield Peppard Parish Council	-	-
Sandford St Martin Parish Council	21.7%	-
Sonning Common Parish Council	21.7%	-
South Oxfordshire District Council	16.3%	411,000
Spelsbury Parish Council	21.7%	-
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	22.5%	-
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%	605,000
Wheatley Parish Council	-	-
Whitchurch Parish Council	-	-

List of Participating Employers continues on next page...

PARTICIPATING EMPLOYERS

Scheduled Bodies (cont)	Contribution Rate Payroll % 2021/22	Additional Monetary Amount 2021/22
Willowcroft Academy Trust	17.4%	-
Witney Town Council	21.7%	-
Woodstock Town Council	21.7%	-
Wootton Parish Council	21.7%	-
Admitted Bodies		
A2Dominion	16.3%	-
All Care (GB) Ltd	19.9%	-
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 Limited – Pope Francis Multi Academy Company (St Gregory the Great Secondary School and St Joseph's Primary School, Thame, (catering contract)	23.5%	-
Banbury Museum Trust	16.3%	-
Barnardos	32.8%	-
Calber Facilities Management Limited – Caldecott Primary School, Abingdon (cleaning contract)	19.9%	-
Capita	-	-
Cara Services Limited	23.7%	-

Admitted Bodies (cont)	Contribution Rate Payroll % 2021/22	Additional Monetary Amount 2021/22
Caterlink Limited – Acer Trust (Botley School, Oxford) (catering contract)	21.1%	
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%	-
Cater Link – United Learning Trust (catering contract)	16.0%	-
Charter Community Housing	37.3%	131,000
Chartwells – GLF (Aureus Secondary School, Didcot) catering contract	18.1%	-
Chartwells – GLF (Aureus Primary School and Aureus School, Didcot) (catering contract)	18.1%	-
Clarendon Limited – Clanfield Church of England Primary School (cleaning contract)	19.9%	-
Culinera Ltd – River Learning Trust (The Swan School) (catering contract)	19.9%	-
Direct Cleaning Services – Abingdon Learning Trust (John Mason School) (cleaning contract)	21.9%	-
Dolce Limited at Eynsham Partnership Academy (Eynsham Primary School) (catering contract)	21.8%	-
Dolce Limited – River Learning Trust (Lots 6 and 7) (catering contract)	19.9%	

List of Participating Employers continues on next page…

PARTICIPATING EMPLOYERS

Admitted Bodies (cont)	Contribution Rate: Payroll % 2021/22	Contribution Rate: Additional Monetary Amount 2021/22
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%	-
Edwards & Ward – River Learning Trust Lot 1 (The Oxford Academy and Wheatley Park School) (catering contract)	19.9%	-
Edwards & Ward – River Learning Trust Lot 2 (Chipping Norton School) (catering contract)	19.9%	-
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 & Ward (Sutton Courtenay C of E Primary) catering contract	19.9%	-
Edwards & Ward - Vale Academy Trust	21.1%	-
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%	-
Hayward Services Limited – Ridgeway Education Trust (St Birinus School, Didcot) (cleaning contract)	22.1%	-

Admitted Bodies (cont)	Contribution Rate: Payroll % 2021/22	Contribution Rate: Additional Monetary Amount 2021/22
HF Trust Limited (Lot 5)	23.8%	-
HF Trust Limited (Lot 8)	26.1%	9,000
Hill End Outdoor Education Centre	25.7%	-
Intelligent Workplace Solutions Ltd	21.9%	
KGB Cleaning South West Limited	21.8%	-
Maid Marions Ltd- Faringdon Academy of Schools	21.2%	-
Maid Marions Limited – The Warriner Multi Academy Trust (Warriner School) (cleaning contract)	21.9%	-
Maid Marions Ltd (02) at Warriner MAT (Warriner School)	21.9%	-
M Group Services	19.9%	-
Order of St John's Care Trust (Oxford)		
Oxford Archaelogical Unit	16.3%	-
Oxford Community Work Agency	16.3%	-
Oxfordshire LEP	19.9%	-
Oxfordshire South & Vale Citizens Advice Bureau	0.0%	-
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%	-

List of Participating Employers continues on next page…

PARTICIPATING EMPLOYERS

Admitted Bodies (cont)	Contribution Rate Payroll % 2021/22	Contribution Rate Additional Monetary Amount 2021/22
Regency Cleaning Services Limited – Meadowbrook College (Radcliffe Academy Trust) cleaning contract	17.2%	-
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 (Great Milton CofE Primary School)	19.9%	-
School Lunch Company (North Hinksey CE Primary School)	20.5%	-
School Lunch Company (Orchard Fields)	19.9%	-
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 (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%	-

Admitted Bodies (cont)	Contribution Rate Payroll % 2021/22	Contribution Rate Additional Monetary Amount 2021/22
School Lunch Company (St Nicolas CofE Primary School, Abingdon)	19.9%	-
School Lunch Company (Windmill Primary School, Oxford) catering contract	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%	-
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%	-
Yorkshires Cleaning Service Ltd – ODST (St Christopher's CofE Primary School, Cowley, Oxford) (cleaning contract)	20.5%	-

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 2021/22

Councillor	11-Jun-21	10-Sep-21	12-Nov-21	03-Dec-21	04-Mar-22
County Councillors;					
Councillor B Johnston (on committee since June 2021)	✓	✓	✓	✓	✓
Councillor K Bulmer (on committee since May 2017)	✓	✓	✓	✓	✓
Councillor N Field-Johnson (on committee since May 2017)	✓	✓	✓	✓	✓
Councillor I U Edosomwan (on committee since May June 2021)	✓	✓	✓	✓	✓
Councillor R Webber (on committee since June 2021)	✓	✗	✗	✓	✗
Councillor E Reeves (on committee since March 2022)	n/a	n/a	n/a	n/a	✗
Councillor S Povolotsky (on committee since March 2022)	n/a	n/a	n/a	n/a	✓
District Councillors;					
Councillor J Robb (on committee since September 2019)	✗	✓	✗	✓	✓
Scheme Employers;					
Alistair Fitt (Oxford Brookes University) (on committeee since June 2021)	✓	✓	✓	✓	✓
Shelley Cook (Academy Sector) (on committee since September 2021)	n/a	✓	✗	✓	✗
Alan Staniforth (Academy Sector) (on committee since September 2021)	n/a	✓	✗	✓	✗

Committee Members Training Received 2021/22

Councillor	Date	Training Course
County Councillors;		
Councillor B Johnston	10-Sep-21	Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements
	27-Sep-21	Brunel Investor Day - Session 1
	06-Oct-21	Brunel Investor Day - Session 2
	15-Feb-22	LGPS Online Learning Academy Module 1 - An Introduction to the LGPS
	21-Feb-22	LGPS Online Learning Academy Module 2 - LGPS Governance & Oversight Bodies
	22-Feb-22	LGPS Online Learning Academy Module 3 - Administration & Fund Management
	23-Feb-22	LGPS Online Learning Academy Module 4 - Funding & Actuarial Matters
	24-Feb-22	LGPS Online Learning Academy Module 5 - Investments
	07-Mar-22	LGPS Online Learning Academy Module 6 - Current Issues
Councillor K Bulmer	10-Sep-21	Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements
	27-Sep-21	Brunel Investor Day - Session 1
	06-Oct-21	Brunel Investor Day - Session 2
	27-Jan-22	LGPS Online Learning Academy Module 1 - An Introduction to the LGPS
	27-Jan-22	LGPS Online Learning Academy Module 2 - LGPS Governance & Oversight Bodies
	31-Jan-22	LGPS Online Learning Academy Module 3 - Administration & Fund Management
	02-Feb-22	LGPS Online Learning Academy Module 4 - Funding & Actuarial Matters
	02-Feb-22	LGPS Online Learning Academy Module 5 - Investments
	02-Feb-22	LGPS Online Learning Academy Module 6 - Current Issues
Councillor N Field-Johnson	05-06/07/2021	LAPF Strategic Investment Forum
	10-Sep-21	Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements
	27-Sep-21	Brunel Investor Day - Session 1
	06-Oct-21	Brunel Investor Day - Session 2
	27-Jan-22	LGPS Online Learning Academy Module 1 - An Introduction to the LGPS
	27-Jan-22	LGPS Online Learning Academy Module 2 - LGPS Governance & Oversight Bodies
	28-Jan-22	LGPS Online Learning Academy Module 3 - Administration & Fund Management

	28-Jan-22 29-Jan-22 30-Jan-22	LGPS Online Learning Academy Module 4 - Funding & Actuarial Matters LGPS Online Learning Academy Module 5 - Investments LGPS Online Learning Academy Module 6 - Current Issues
Councillor I U Edosomwan	10-Sep-21	Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements
Councillor E Reeves	12-Oct-21 09-Nov-21 02-Dec-21 08-10/12/2021	LGA Fundamentals - Day 1 LGA Fundamentals - Day 2 LGA Fundamentals - Day 3 LAPFF Conference
District Councillors;		
Councillor J Robb	10-Sep-21	Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements
Scheme Employers;		
A Fitt (Oxford Brookes Academy)	10-Sep-21 06-Oct-21 12-Oct-21 09-Nov-21 02-Dec-21	Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements Brunel Investor Day - Session 2 LGA Fundamentals - Day 1 LGA Fundamentals - Day 2 LGA Fundamentals - Day 3
S Cook (Academy Sector)	10-Sep-21 09-Nov-21 02-Dec-21	Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements LGA Fundamentals - Day 2 LGA Fundamentals - Day 3
A Staniforth (Academy Sector)	10-Sep-21	Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements
Scheme Member Rep;		
S Moran	24-May-21 10-Sep-21 27-Sep-21 06-Oct-21 12-Oct-21 09-Nov-21 02-Dec-21	Pension Fund Committee Member Induction Faith Ward, Chief Responsible Investment Officer, Brunel PP -Investments in equities – active v passive and options to meet our climate change requirements Brunel Investor Day – Session 1 Brunel Investor Day - Session 2 LGA Fundamentals - Day 1 LGA Fundamentals - Day 2 LGA Fundamentals - Day 3

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 June 2022 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
Governance					
Insufficient Skills and Knowledge on Committee – LGPS and FSPS	Poor training programme	4	2	8	Training Programme put in place on review of new Committee requirements.
Insufficient Skills and Knowledge amongst Board Members	Turnover of Board Membership	4	2	8	Training Programme in place and targeted to gaps in skills and knowledge of Board.
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.

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 2021	KPMG
Partners Group	ISAE 3402	31 December 2021	PricewaterhouseCoopers
State Street Bank & Trust Company (Custodian)	ISAE 3402	31 March 2022	Ernst & Young
Insight Investment Management	SSAE 18 / ISAE 3402	30 September 2021	KPMG
Legal & General Investment Management	AAF 01/06 / ISAE 3402	31 December 2021	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 Investment 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; and internal and external audit reviews.

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:

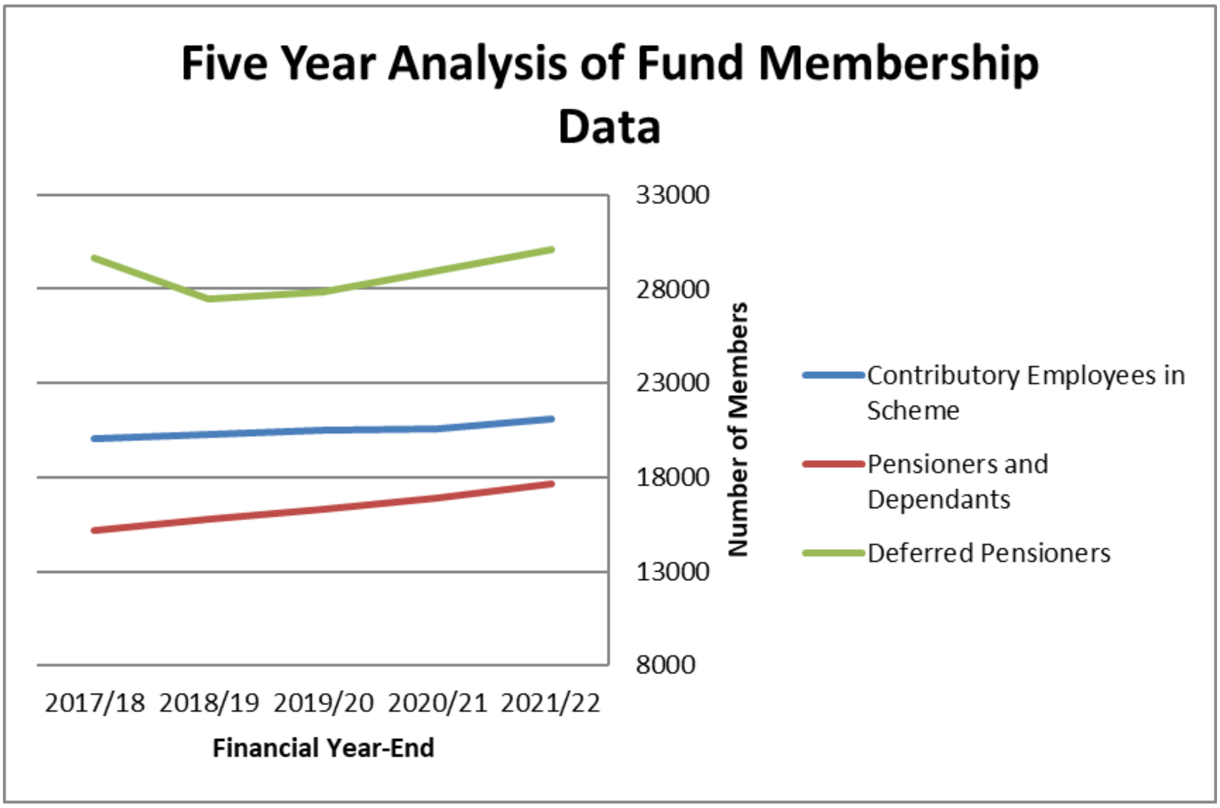
- Stage 1 – depending upon nature of complaint the Appointed Person from either the fund or scheme employer will review and provide a written determination to the points raised.
- Stage 2 – should the member be unhappy with the decision made at age 1 they have the right to ask for the Appointed Person 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.

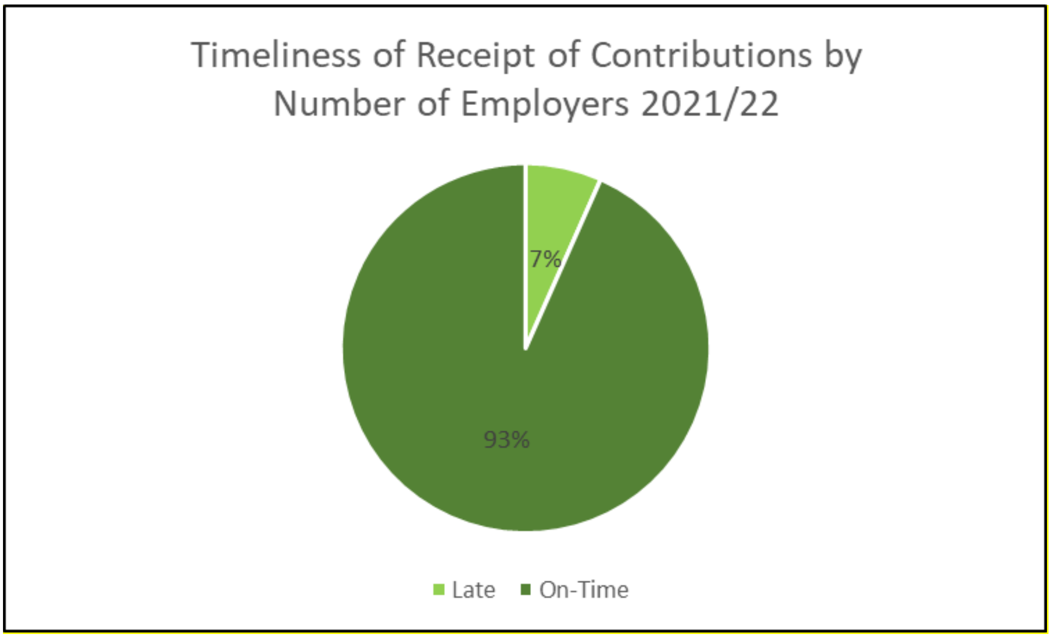
Memberships

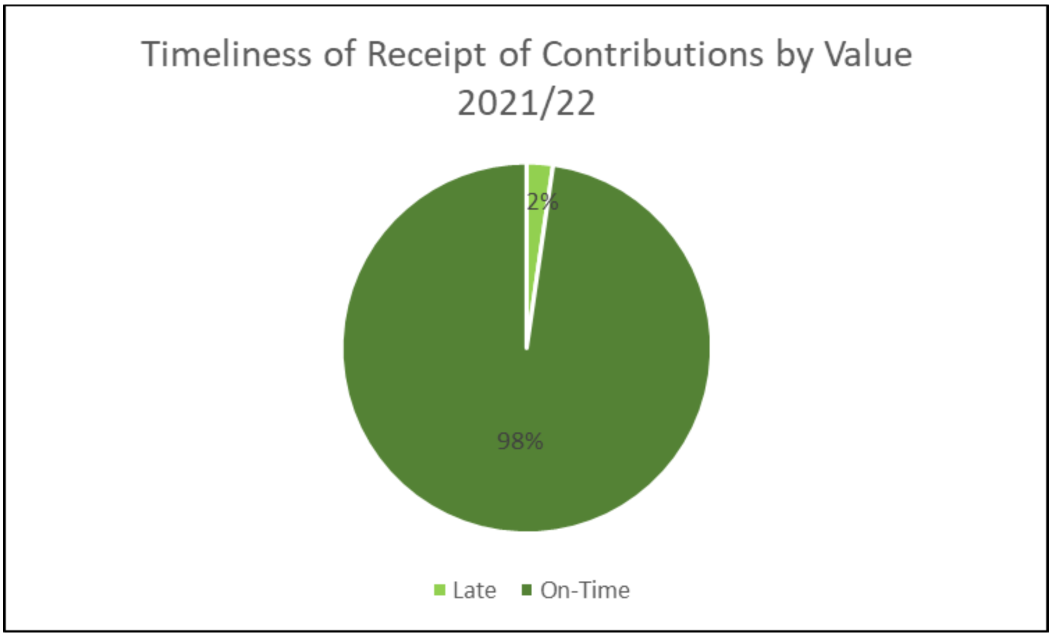
The Fund is a member of the National Association of Pension Funds, Local Authority Pension Fund Forum, Institutional Investors Group on Climate Change, Climate Action 100+, and subscribes to the CIPFA Pensions Network.

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 2021/22.





Budget

The below table shows budget for 2021/22:

	Budget £'000
Administrative Expenses	
Administrative Employee Costs	1,335
Support Services Including ICT	812
Printing & Stationary	82
Advisory & Consultancy Fees	165
Other	59
Total Administrative Expenses	**2,453**
Investment Management Expenses	
Management Fees	11,316
Custody Fees	25
Brunel Contract Costs	1,065
Total Investment Management Expenses	**12,406**
Oversight & Governance	
Investment Employee Costs	263
Support Services Including ICT	12
Actuarial Fees	190
External Audit Fees	40
Internal Audit Fees	16
Advisory & Consultancy Fees	89
Committee and Board Costs	61
Subscriptions and Memberships	58
Total Oversight & Governance Expenses	**729**
Total Pension Fund Budget	**15,588**

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.

	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	240
Tax	833
Other Transition Costs	6,553
TOTAL TRANSITION COSTS	**7,626**

A summary of the costs and savings to date compared to the original business case is provided in the following table.

	2020/21				2021/22			
	Budget		Actual		Budget		Actual	
	In Year £000	Cumulative to date £000	In Year £000	Cumulative to date £000	In Year £000	Cumulative to date £000	In Year £000	Cumulative to date £000
Set up costs	-	1,158	-	1,072	-	1,158	-	1,072
Ongoing Brunel Costs	577	1,565	1,026	2,821	595	2,160	1,083	3,904
Clients Savings	(120)	(351)	-	-	(124)	(475)	-	-
Transition costs	12	3,558	3,326	6,941	0	3,558	685	7,626
Fee savings	(920)	(1,615)	(1,531)	(2,510)	(1,070)	(2,685)	(4,064)	(6,574)
Net costs / (realised savings)	**(451)**	**4,315**	**2,820**	**8,324**	**(599)**	**3,716**	**(2,296)**	**6,028**

Investment Review 2021/22

Economic Background

The past year could be divided into a tale of the first three quarters, followed by a very different final quarter. Those first three quarters saw the continued influence of Covid-19 on the world economy, but with the focus being on recovery despite the impact of new variants hindering progress at times.

The roll out of an effective vaccination programme certainly assisted in the process of economic recovery, but new pressures started to build as the year went by. In the UK some of these pressures were partly related to Brexit, with labour shortages and supply chain issues to some degree hindering economic activity. This started to manifest itself in inflation starting to move higher, by September this had reached 3.1%, but in October jumped to 4.2%. Fiscal tightening came back onto the agenda, with interest rates just starting to be edged higher.

The final quarter started on a relatively optimistic note, because although Covid infection rates had soared again it was proving to be a lot less lethal, thanks in large part to the vaccination programme. Restrictions started to be eased, with returns to normal ways of working and living becoming possible. But storm clouds were gathering, or rather the Russian army was gathering on the borders of Ukraine. Despite that, the invasion when it came was a surprise. The economic consequences of that were immediate and regrettably will be with us for some time to come. The prices of commodities that are exported from Russia and Ukraine rose sharply, particularly oil and gas. By March inflation had risen to 7%.

In 2021, GDP rose by 6.8% in the UK, by almost 6.0% in the US, by 5.2% in the Eurozone and by 2.4% in Japan. In China, which has experienced a different Covid economic pattern due to the way that they contain it, GDP grew by 8.0%.

Market Returns

Through the three quarters of 2021 Fund values continued to rise, with developed equity markets generally making good progress. Emerging Markets struggled, mainly due to negative sentiment around China as a result of government intervention and then more Covid lockdowns, latterly impacting on the economic powerhouse of Shanghai. The first quarter of 2022 was much more difficult, with only the UK showing a positive return. The US market in particular saw a retreat in the valuations of the major growth stocks and value returned to favour. Not surprisingly Europe fared even worse in the quarter, as the direct impact of sanctions on Russia and the general uncertainty created by the invasion of Ukraine weighed heavily on sentiment.

For the purposes of this report we are reviewing the year in total, regardless of the ups and downs experienced along the way. The All-World Index recorded a total return of 12.8% for the year to March 2022, and despite the weakness seen in Q1 2022 North America was the best performing market with a return of 18%. With the relatively good performance seen through the first few months of this year, the UK returned 13%. Europe (ex UK) was muted at 3.9%. Asia Pacific (including Japan) and Emerging Markets had a difficult year, all in negative territory. Not surprisingly the strongest sectors globally were Energy and Utilities.

Bonds generally had a difficult year as inflation started rising rapidly and markets started to price in interest rate rises. The exception to this was index linked bonds, with the UK

Index Linked index rising by 4.8%. Rising bond yields in some ways are welcome, but falls in value are not.

With the gathering concerns around potential and actual increases in interest rates in some geographies, currencies moved to reflect that. In the year to March sterling fell by -5.2% against the dollar, but rose 1% against the Euro and 5% against the Yen.

UK Commercial Property showed a very strong performance (up 23.1%), reflecting the recovery in values post Covid. During the pandemic valuations reflected the uncertainties that prevailed at the time, but with the easing of restrictions achieved transactions have provided the evidence for the recovery.

The Oxfordshire Pension Fund achieved a total return of 10.4% for the year, compared with a 10.7% return on its benchmark. Despite the volatile markets seen during Q1 2022, the end of March Fund valuation was only down slightly from the high point seen in December, which will feed into the Triennial Valuation now being undertaken by the Fund actuary.

Outlook

For now, the worst of the Covid pandemic storm seems to have passed, albeit there are still virtual total lockdowns in some parts of China. It is to be hoped that vaccines continue to provide widescale protection from serious illness and that it will no longer be a major influence on economic activity.

The big issue now is dealing with the consequences of the Russian invasion of Ukraine. Apart from the obvious humanitarian disaster to contend with, there are two main economic issues, commodity supply and inflation to contend with. We are seeing countries aligned against Putin replacing Russian sources of supply elsewhere. We should expect that some other countries will happily take up supplies from Russia, which in a sense will be part of the rebalancing process.

In the meantime, inflation was already rising before the invasion and supply issues saw the prices of many commodities increase rapidly, particularly oil and gas. As the year progresses it is likely that the prices of food commodities that normally come from Russia and Ukraine will move even higher. The April CPI showed inflation now at 9%, with a strong probability that inflation across many countries will move higher, before stabilising and hopefully starting to ease.

Central banks have started to respond to rapidly rising inflation by raising interest rates and in some cases by moving to quantitative monetary tightening. How effective this will be remains to be seen, as historically they tend to move too little, too late. To be fair it is an economic tightrope walk, with attempts to rein in inflation on one hand, while not causing recession on the other.

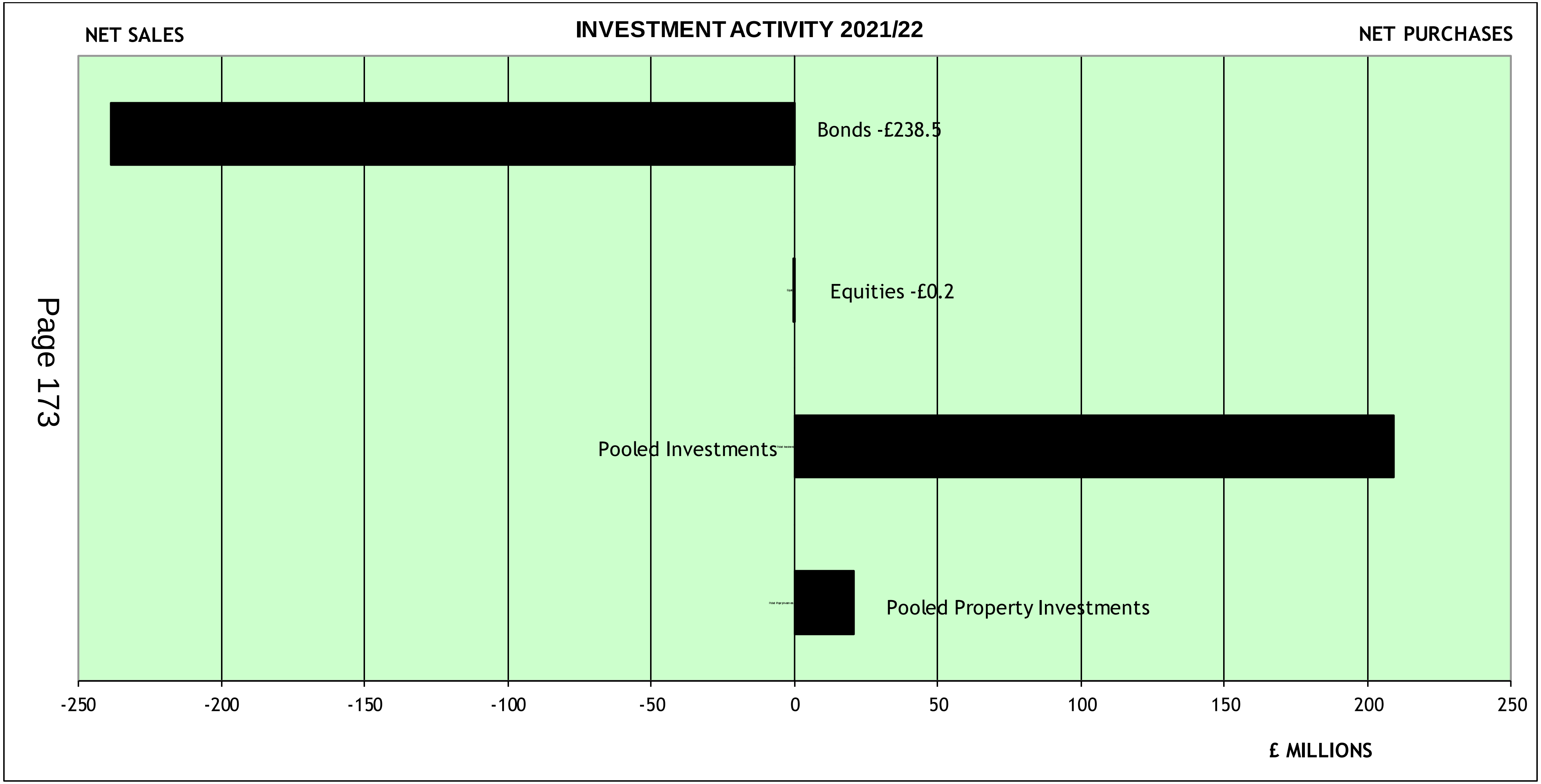
Philip Hebson
Independent Investment Advisor
June 2022

Table showing the total returns (capital plus income) in sterling terms calculated on major indices for the year to 31 March 2022.

SECTOR		INDEX	% Total Returns Year to 31.3.22
Equities	Global	FTSE All World	12.8
	UK	FTSE All Share	13.0
	North America	FTSE AW – North America	18.0
	Japan	FTSE AW - Japan	-2.3
	Europe	FTSE AW - Europe (ex UK)	3.9
	Asia Pacific (ex Japan)	FTSE AW - Asia Pacific (ex Japan)	-4.1
	Emerging Markets	FTSE AW – Emerging Markets	-3.3
Bonds	UK Government	FTSE-A Government	-5.5
	UK Index-Linked	FTSE-A Index- Linked (over 5 years)	4.8
	UK Corporate Bonds	iBoxxSterling non-Gilt All Stocks	-5.2
	Overseas	JP Morgan Global Government (ex UK) Traded Bond Index (£)	-2.4
Cash	UK	SONIA Compounded Index	0.1
Property	UK Commercial	MSCI/AREF-UK Quarterly Property Fund Index	23.1

- **Investment Activity**

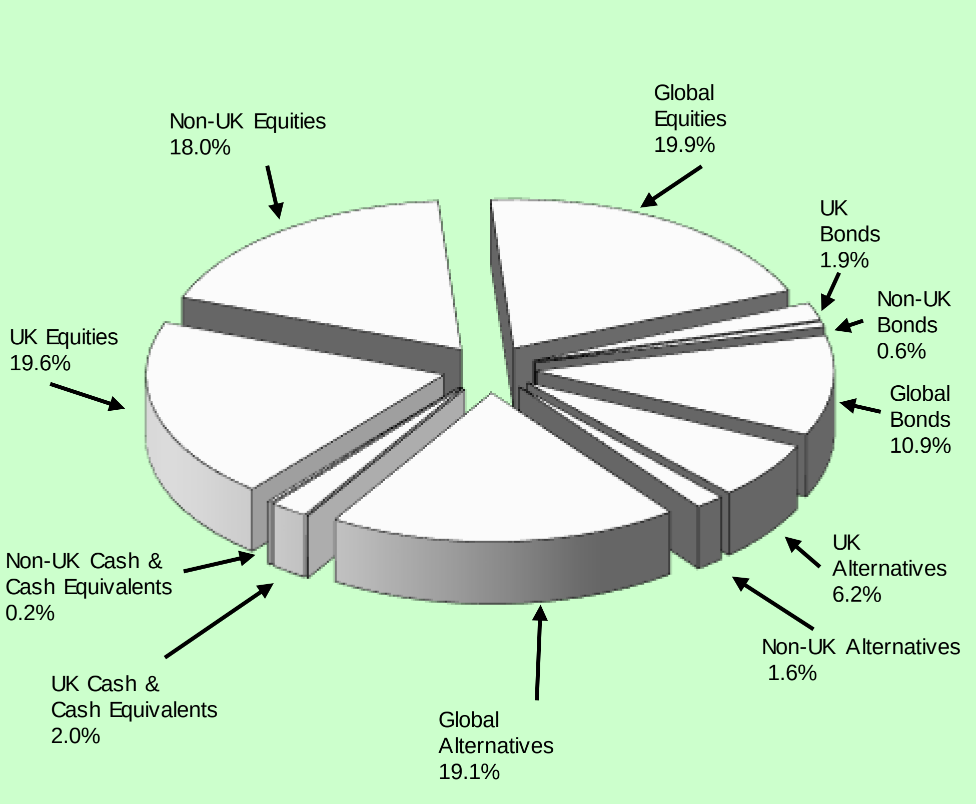
The Pension Fund disinvested a net -£9.3 million during the year ended 31 March 2023. The amounts invested or disinvested in each principal category of asset are shown in the chart below. Derivatives are not included in the chart.



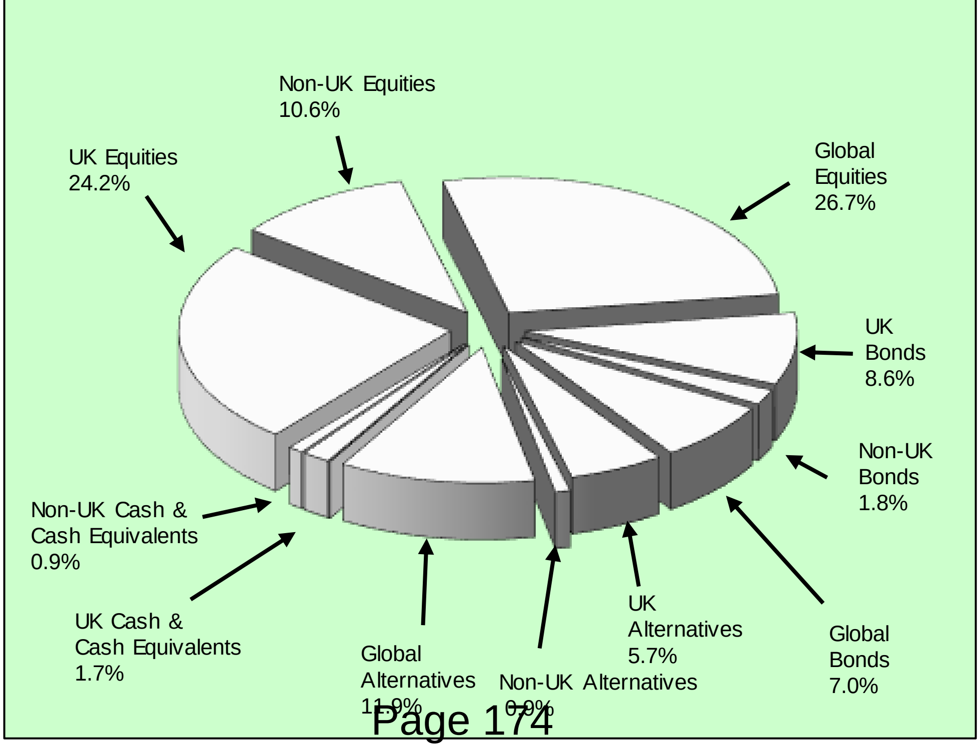
Portfolio Distribution

The distribution of the Pension Fund amongst the principal categories of assets as at 31 March 2022 is shown in the chart below. A comparative chart of the position at 31 March 2021 is also shown. Changes in the asset weightings, from one year to another, are due to investment activity and market movements.

Investment Portfolio Distribution at 31 March 2022



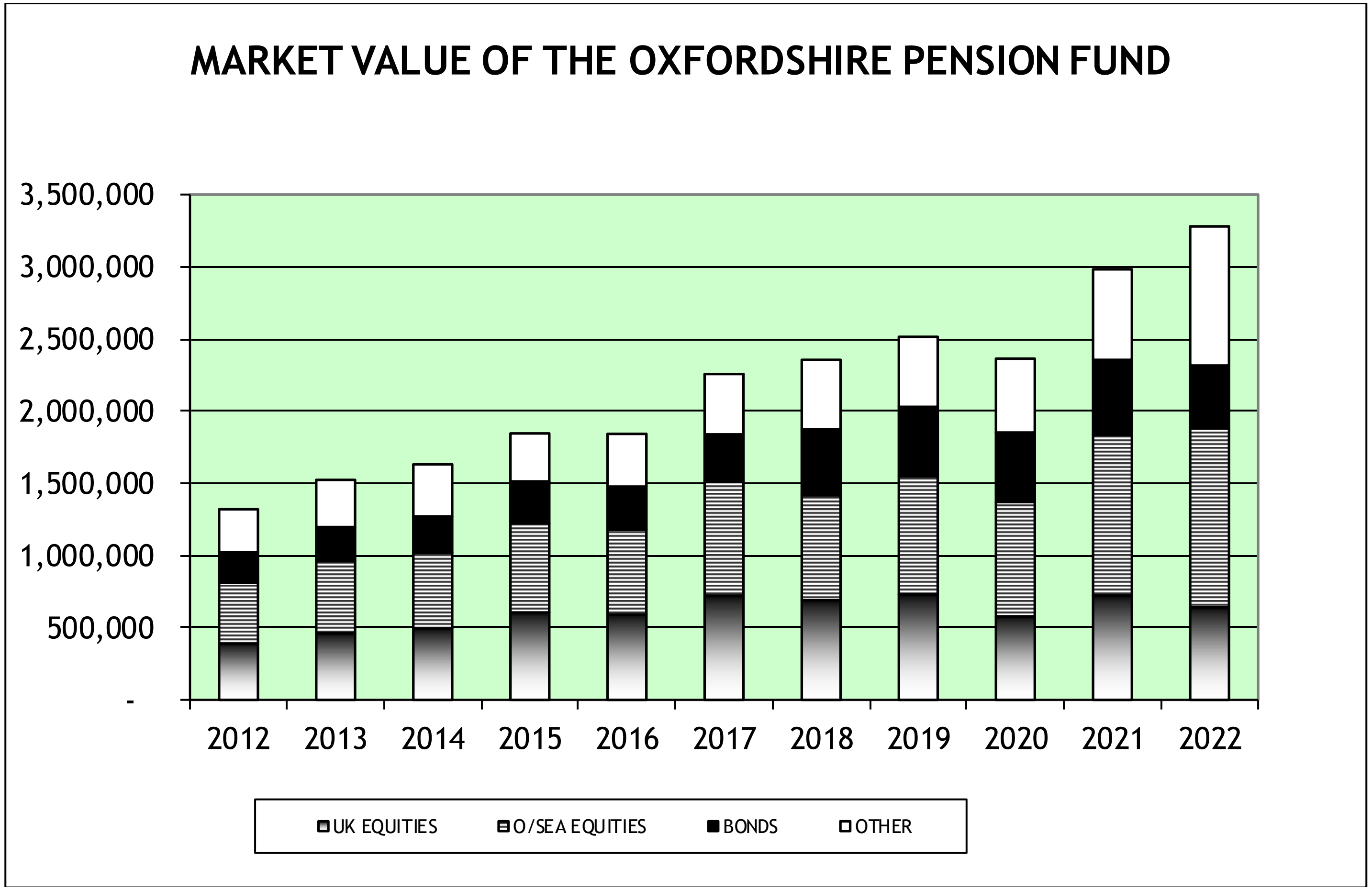
Investment Portfolio Distribution at 31 March 2021



Portfolio Asset Allocation over the Ten Years to March 2022

The total assets (including accruals) of the Pension Fund have grown from £1,320 million at end of March 2012 to £3,280 million at end of March 2022 (see chart below).

Over the period the percentage in UK equities decreased from 29.5% to 19.5% and bonds decreased from 16.0% to 13.3%.



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 2021/22 at the total fund level was 0.4% below benchmark with an overall return of 10.3%.

Fund Manager	Target %	One Year Ended 31 March 2022		Three Years Ended 31 March 2022		Five Years Ended 31 March 2022	
		Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %
Brunel UK Equities	2.0	13.8	8.5	-	-	-	-
Passive Dev Eq Paris Aligned	n/a	-	-	-	-	-	-
Brunel Global Sustainable Equities	n/a	12.9	8.2	-	-	-	-
Brunel Global High Alpha Equity	2-3	15.9	8.7	-	-	-	-
Brunel Emerging Market Equity	2-3	-6.8	-11.5	-	-	-	-
Legal & General Fixed Income	0.6	-1.6	-1.6	1.4	2.3	1.9	2.5
Brunel Sterling Corporate Bonds		-	-	-	-	-	-
Brunel Multi-Asset Credit		-	-	-	-	-	-
Passive Index Linked Gilts Over 5 Years		-	-	-	-	-	-
Brunel UK Property		23.1	21.2	-	-	-	-
Brunel International Property		17.9	10.3	-	-	-	-
Insight Diversified Growth Fund	3-5	4.3	3.7	4.3	3.9	4.3	3.4
In-House Property	Excess	23.1	17.8	8.1	5.5	7.8	6.9
In-House Private Equity	1.0	15.5	39.3	14.9	24.3	9.8	19.3
Brunel Private Equity - Cycle 1	3.0	12.9	46.5	13.9	19.1	-	-
Brunel Private Equity - Cycle 2		12.9	24.0	-	-	-	-
In-House Infrastructure	4.0	8.4	26.5	5.7	13.8	-	-
Brunel Infrastructure - Cycle 1	4.0	7.0	6.6	3.1	8.3	-	-
Brunel Infrastructure - Cycle 2		7.0	1.1	-	-	-	-
Brunel Secured Income - Cycle 1	2.0	7.0	11.9	3.1	5.2	-	-

Brunel Secured Income – Cycle 2		7.0	14.1	-	-	-	-
Brunel Private Debt - Cycle 2		-	-	-	-	-	-
Cash	n/a	0.2	3.4	0.4	1.4	0.5	1.0
Total Fund		**10.7**	**10.3**	**8.5**	**8.7**	**6.9**	**7.4**

* - 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 2022				
Actual Returns	1 year	3 years	5 years	10 years
Oxfordshire Total Fund Return	10.3	8.7	7.4	9.1
Average Returns				
PIRC LGPS Universe Median Return	8.0	8.6	7.0	8.8
Oxfordshire Benchmark	10.7	8.5	6.9	8.9

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 41-55:

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 2021/22

Introduction

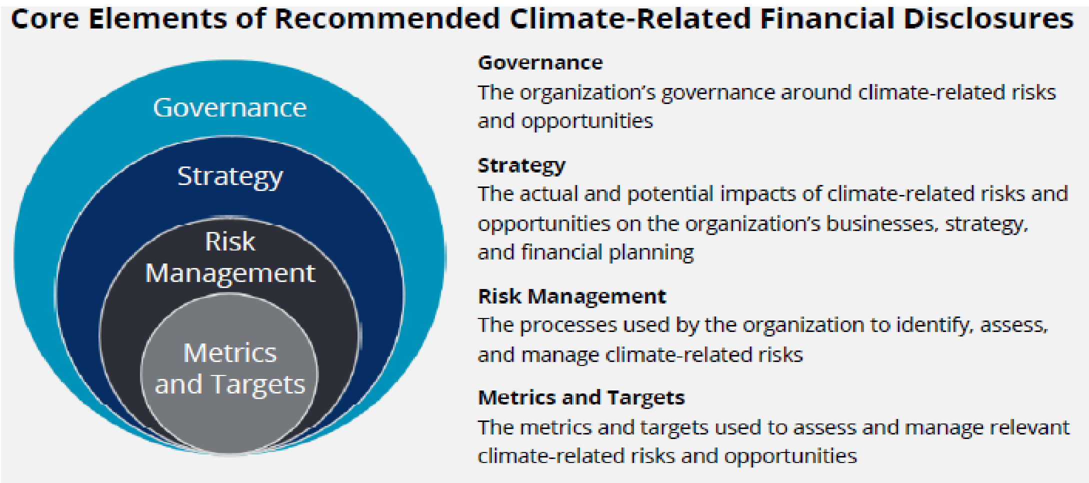
This is the Pension Fund's second report under the Taskforce on Climate-related Financial Disclosures (TCFD) framework. As well as reporting against the TCFD recommendations the report is intended to review the progress made against the Fund's Climate Change Policy and Implementation Plan which were 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 3,000 organisations across 92 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 Department for Levelling Up, Housing & Communities has stated that it intends for TCFD reporting in the LGPS to become mandatory in 2023 and intends to issue guidance by November 2022. 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 Investment 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 Investment 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 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.

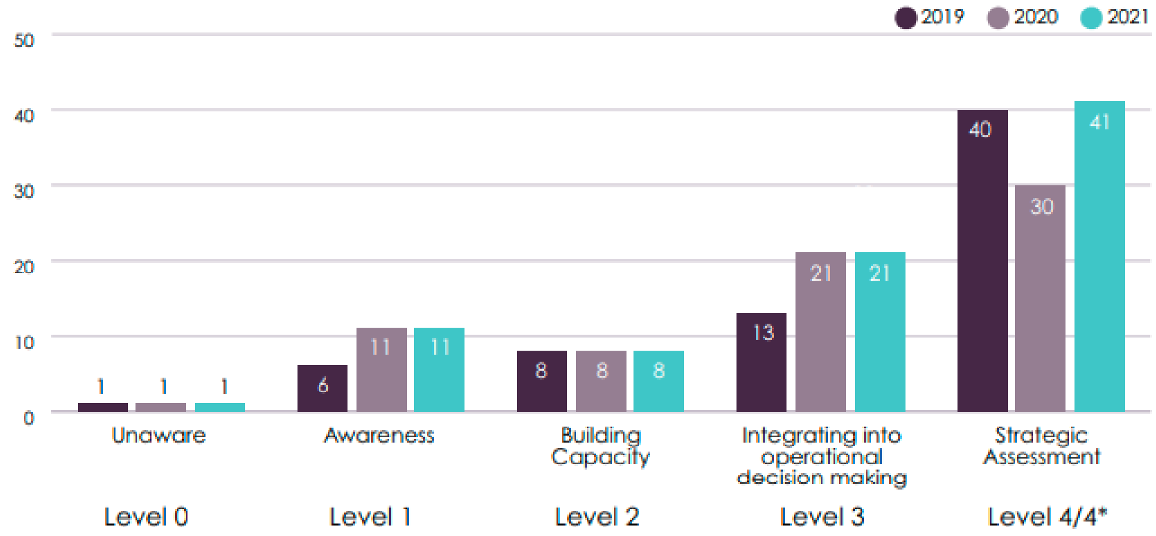
TCFD Recommended Disclosure – b. Describe the organization's processes for managing climate-related risks.

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 - 2021 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 Investment 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 Carbon Metrics Reports. The report includes equity and fixed income assets covering ~55% 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:

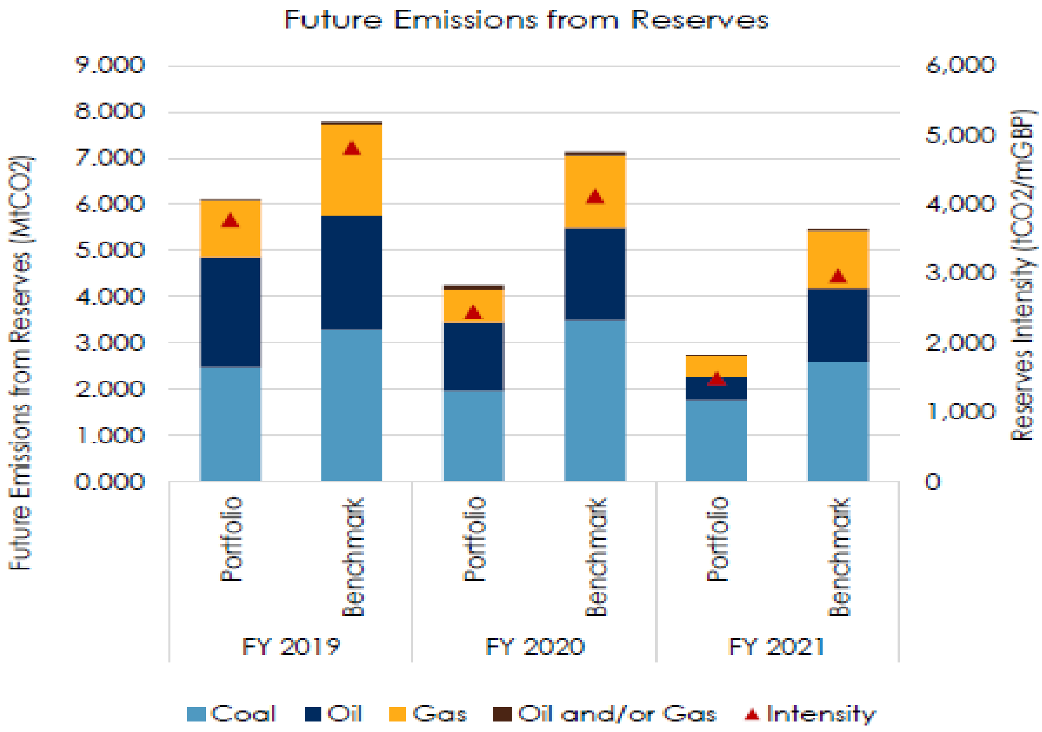
- Weighted Average Carbon Intensity
- Fossil Fuel Revenue Exposure
- Fossil Fuel Reserves Exposure
- Future Emissions from Reserves
- Disclosure Levels (Scope 1 Emissions)

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, 31 December 2020 and 31 December 2021.

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 and the Fund's Sterling Corporate Bond Portfolio.

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%. 2021 saw an increase in WACI of 1% compared to the 2020 level but the annualized rate of reduction from 2019 was 8.9%, above the annual target of 7.6%.

The main driver behind the increase in the WACI figure in 2021 was an increase from the Fund's investment in the Brunel Sustainable Equities Portfolio which had a 61.8% increase in carbon intensity compared to 2021. In 2021 Brunel added managers to the sustainable equity portfolio that are actively targeting investments in companies who are at the forefront of the energy and industrial transition to Net Zero. These are leaders in challenging and difficult-to-abate sectors and so inevitably have a higher carbon intensity today than companies in most other sectors, whose own transition journey is dependent on such companies. These investments are essential to the transition, but our existing tools and ways of measuring risk do not do them justice.

This highlights the drawbacks of only looking at a single metric and links into the Fund's target to develop additional metrics including forward looking ones. In 2021 Brunel piloted the use of green revenues data with the support of FTSE Russell which showed that the Brunel Global Sustainable Portfolio had 10.9% exposure to green revenues compared to 8.5% in its benchmark, the FTSE All World, as of 31 December 2021.

Climate Change Policy Implementation Plan Progress

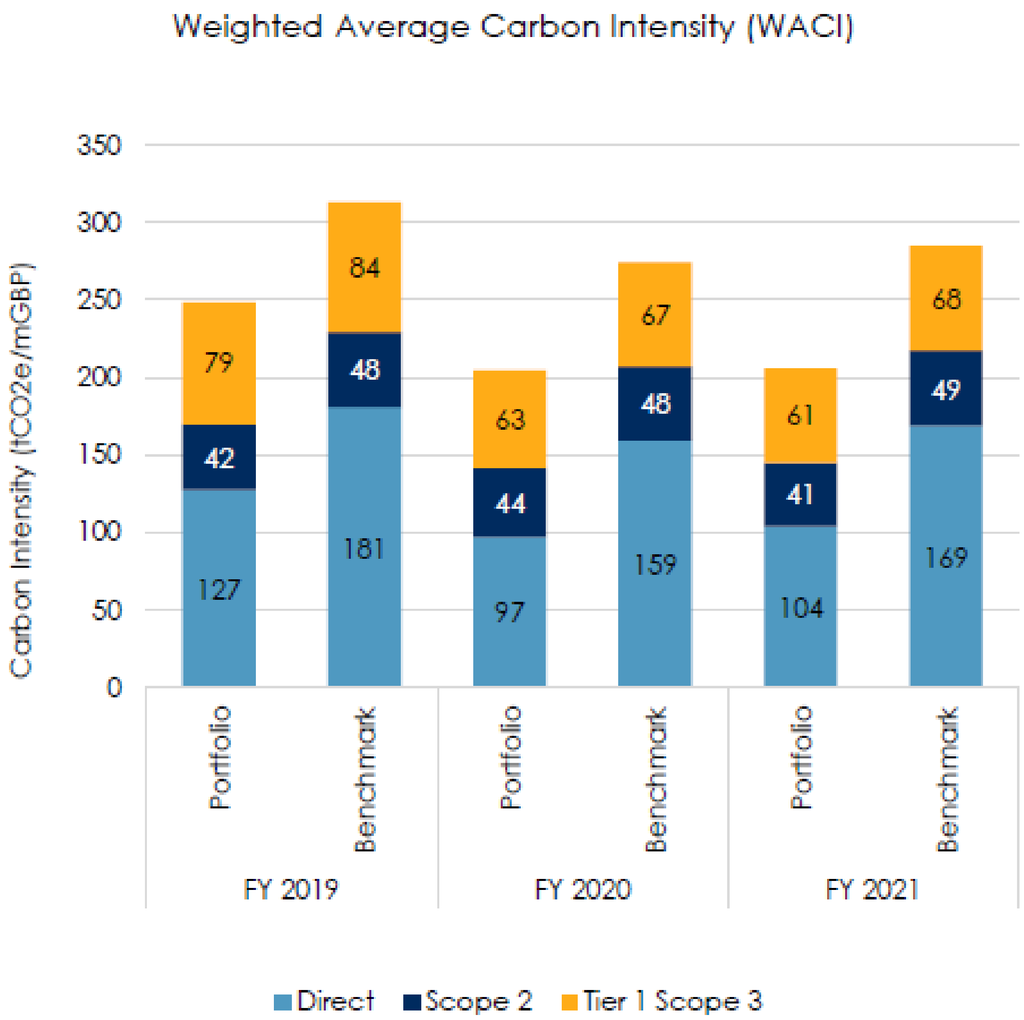
Emissions Reduction Target

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, 31 December 2020 and 31 December 2021. These were 248, 204 and 206 million tonnes of CO2 equivalent per million pounds revenue respectively representing **a reduction over the two-year period of 16.9% and an annualized rate of reduction of 8.9%.**

While the Fund does not have a target for reductions in exposure to fossil fuel reserves this reduced by 35.3% from the 2020 level and has reduced by 55% since 2019.

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).

August 2021 saw the Intergovernmental Panel on Climate Change (IPCC) publish the first report in its Sixth Assessment Cycle covering the physical science basis. This was followed by two further reports in 2022 on impacts, adaptations and vulnerability, and mitigation of climate change. The reports are unequivocal that current action to reduce GHG emissions are inadequate to limit warming to 1.5°C, and that the consequences of failing to limit warming to this level will be dire.

The United Nations Environment Programme released their 2021 Emissions Gap Report 2021 in October 2021. The report shows that new national climate pledges combined with other mitigation measures put the world on track for a global temperature rise of 2.7°C by the end of the century, well above the goals of the Paris agreement and would lead to catastrophic changes in the Earth's climate.

Both reports still give some cause for optimism in that they state that there is 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 rapid step up in the commitments and actions of all stakeholders across the globe. This was also the position in the prior year and although there has been some progress in terms of commitments, there is an urgent need for these to go further and to translate into action.

In November 2021 the UK hosted COP26 in Glasgow. Although some hoped more would be achieved there were a number of important agreements made including transitioning away from coal power generation, a strengthening of the 1.5°C target in the Paris agreement, and pledges to reduce methane emissions.

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 worked closely with a leading index provider FTSE Russell to develop two indexes that met the EU criteria to be classified as a Climate Transition Benchmark and Paris Aligned Benchmark. These indexes were made available for investment in November 2021. The Pension Fund Committee made a decision to move the Fund's full passive holdings of c.£530m to the Paris Aligned Benchmark fund putting it among the first group of investors to invest in the index. Of the two funds developed the Paris Aligned Benchmark has stricter climate criteria and effectively excludes fossil fuel companies from the index.

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

Brunel has removed the renewable infrastructure sleeve from its cycle 3 infrastructure portfolio and as such the Pension Fund is not able to separately allocate to renewables within its infrastructure allocations. The infrastructure portfolio specification states that a majority of the portfolio will seek to address Climate Solutions and a just Energy Transition to a lower carbon global economy.

To enable the Pension Fund to set targets for investments in Climate Solutions and have control over this the Pension Fund is seeking the development of a Climate Solutions Portfolio to enable it to make specific allocations to climate solutions. Initial meetings between Brunel and the client funds have taken place on the development of this portfolio.

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 or set of metrics 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. In order for the Fund to set targets it first needs to be able to establish the current level of investments in Climate Solutions.

Once an appropriate metric(s) has been determined and the baseline established the Fund intends to set a target in terms of the % of the Fund invested in climate solutions. The IIGCC has a workstream looking at target setting for Climate Solutions that the Fund intends to use as the basis for setting targets.

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

Hermes EOS undertakes engagement over three-year cycles. During 2021, EOS engaged with 839 Brunel-held companies on 1,337 milestones. Progress against one or more milestones was achieved for 50% of the engagement objectives set during the year.

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.

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 and the initial meetings in this process have now taken place.

As part of the Pension Fund's input into the stocktake it has agreed an Engagement Policy. The policy focuses on companies with the highest emissions; those covered by CA100+. A series of measures are set out in the policy with target dates for achievement, failure to meet the criteria will lead to potential exclusion of a company.

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.

This is also an area being looked at by the IIGCC as part of their Net Zero Investment Framework and the Fund will monitor the outputs from this work and its applicability to the Pension Fund's investments.

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

The Fund continues to be a member of The Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ and the Local Authority Pension Fund Forum. 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.

In 2022 the Pension Fund was a signatory to The Investor Agenda's 2022 Global Investor Statement to Governments on the Climate Crisis calling on governments to set targets and take policy action aligned with the goal of limiting global temperature rises to 1.5°C.

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 DLUHC.

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

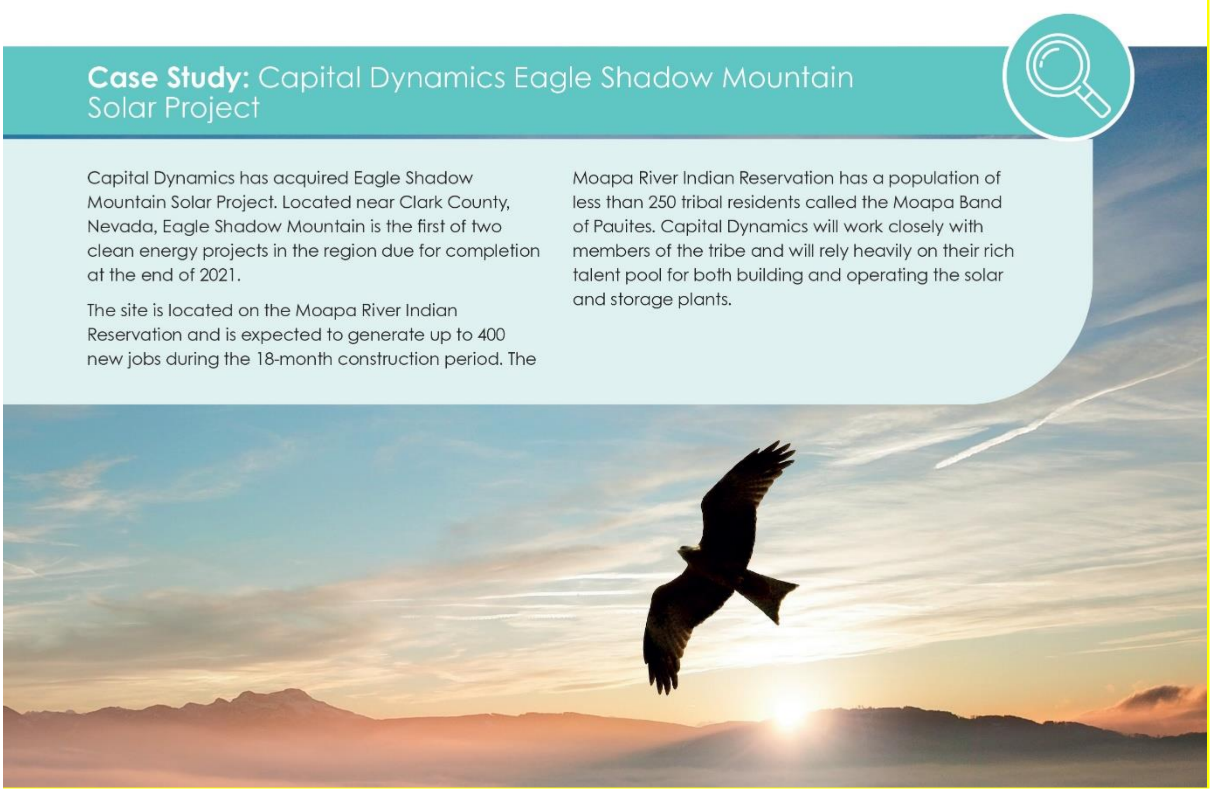
Below are two examples of investments with a climate focus within the Brunel portfolios the Pension Fund is invested in.

Case Study: Decarbonising hard-to-abate sectors in private markets

Investing in real world decarbonisation is central to Brunel's approach in both public and private markets. That includes investing in hard-to-abate sectors, and specifically not simply removing challenging companies from portfolios, which may look better but in reality just avoids the issue.

We hold the Infracapital Infrastructure fund in our Cycle 2 Infrastructure portfolio. The fund is focused on providing innovative energy-saving technologies required to connect smart cities and tackle 'hard-to-decarbonise' sectors. This includes technologies such as rural fibre, water connections, sustainable heat pumps, electric vehicles and charging, battery technology and industrial energy solutions.

One such investment is into Energy Nest – a market leader in thermal battery solutions. This cost-effective technology enables both the transfer of industrial waste heat into electricity and the use of renewable power in industrial heat processes. The technology is up to 99% thermal-efficient; is modular, scalable and recyclable; and has very low capex and opex. It is well-positioned to solve key challenges related to the energy transition, such as variable and intermittent renewables.



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 2022			
	Notes	2022 £'000	2021 £'000
Contributions and Benefits			
Contributions Receivable	6	-104,043	-113,588
Transfers from Other Schemes	7	-9,146	-20,407
Other Income		-17	-87
Income Sub Total		**-113,206**	**-134,082**
Benefits Payable	8	97,394	91,709
Payments to and on Account of Leavers	9	7,738	10,022
Expenditure Sub Total		**105,132**	**101,731**
Net (Additions)/Withdrawals From Dealings With Members		**-8,074**	**-32,351**
Management Expenses	10	18,548	13,766
Net (Additions)/Withdrawals From Dealings With Members Including Management Expenses		**10,474**	**-18,585**
Returns on Investments			
Investment Income	11	-13,924	-10,503
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	15a	-293,861	-589,896
Less Taxes on Income	11	5	0
Net returns on Investments		**-307,780**	**-600,399**
Net (Increase)/Decrease in the Net Assets Available for Benefits During the Year		**-297,306**	**-618,984**
Opening Net Assets of the Scheme		2,982,336	2,363,352
Closing Net Assets of the Scheme		**3,279,642**	**2,982,336**

Net Assets as at 31 March 2022			
	Notes	**2022 £'000**	**2021 £'000**
Investment Assets			
Bonds	16b	80,934	310,417
Equities	16b	164,113	128,163
Pooled Investments	16b	2,675,425	2,258,527
Pooled Property Investments	16b	272,097	211,155
Derivative Contracts	16c	403	4,136
Cash Deposits	16d	6,626	26,978
Other Investment Balances	16d	2,168	2,561
Long-Term Investment Assets	16b	840	840
Investment Liabilities			
Derivative Contracts	16c	-628	-279
Other Investment Balances	16d	-548	-21,174
Total Investments		**3,201,430**	**2,921,324**
Assets and Liabilities			
Current Assets	17	80,042	64,287
Current Liabilities	18	-1,833	-3,315
Net Current Assets		**78,209**	**60,972**
Long-Term Assets	19	3	40
Net Assets of the scheme available to fund benefits at year end		**3,279,642**	**2,982,336**

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 2021/22 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 2022	As at 31 March 2021
Number of Contributory Employees in Scheme		
Oxfordshire County Council	8,206	8,062
Other Scheduled Bodies	12,443	12,012
Admitted Bodies	478	508
	21,127	**20,582**
Number of Pensioners and Dependants		
Oxfordshire County Council	9,996	9,622
Other Scheduled Bodies	6,484	6,159
Admitted Bodies	1,158	1,091
	17,638	**16,872**
Deferred Pensioners		
Oxfordshire County Council	16,234	16,081
Other Scheduled Bodies	12,559	11,563
Admitted Bodies	1,305	1,309
	30,098	**28,953**

Unprocessed leavers are included as Deferred Pensioners.

Six Resolution Bodies and sixteen Admitted Bodies joined the scheme in 2021/22, with a further twenty four Admitted Bodies having left the scheme. One Scheduled Body joined another multi-academy trust in 2021/22 and one Resolution Body transferred to re-join a Scheduled Body, with no net impact on membership numbers. 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 2022 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 14.8% to 37.3% 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 2021/22.

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 22.

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 25.

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 2022.

   (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 2022.

   (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 2022.

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, private debt and infrastructure investments at 31 March 2022 was £303.160m (£185.606m at 31 March 2021).

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 28. 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 £4,529m. There is a risk that this figure is under, or overstated in Note 25 to the accounts. Sensitivities to the key assumptions are as follows: A 0.1% p.a. increase in the pension increase rate would result in an approximate 2% increase to liabilities (£84m). A 0.1% p.a. increase in the salary increase rate would result in an approximate increase to liabilities of 0.1% (£6m). A 0.1% decrease in the real discount rate would result in an approximate 2% increase to liabilities (£90m). A one-year increase in member life expectancy would approximately increase the liabilities by 4% (£181m).
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	Unquoted private equity, private debt and infrastructure investments included in the financial statements total £303.160m . There is a

	there is a degree of estimation involved in the valuation.	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 26.

Note 6 – Contributions

	2021/22 £'000	2020/21 £'000
Employers		
Normal	-69,429	-66,907
Augmentation	0	0
Deficit Funding	-7,235	-20,410
Costs of Early Retirement	-896	-972
	-77,560	**-88,289**
Members		
Normal & Additional*	**-26,483**	**-25,299**
Total	**-104,043**	**-113,588**

*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	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Oxfordshire County Council	-32,404	-30,829	-10,672	-10,149
Scheduled Bodies	-38,495	-50,452	-13,344	-12,622
Resolution Bodies	-4,086	-4,356	-1,600	-1,651
Community Admission Bodies	-1,099	-1,122	-362	-370
Transferee Admission Bodies	-1,476	-1,530	-505	-507
Total	**-77,560**	**-88,289**	**-26,483**	**-25,299**

Note 7 - Transfers In

	2021/22 £'000	2020/21 £'000
Individual Transfers In from other schemes	-9,146	-10,936
Group Transfers In from other schemes	0	-9,471
Total	-9,146	**-20,407**

Note 8 - Benefits

	2021/22 £'000	2020/21 £'000
Pensions Payable	80,268	78,221
Lump Sums – Retirement Grants	13,988	11,944
Lump Sums – Death Grants	3,138	1,544
Total	**97,394**	**91,709**

	Pensions Payable		Lump Sums	
	2021/22	2020/21	2021/22	2020/21
	£'000	£'000	£'000	£'000
Oxfordshire County Council	39,124	38,411	7,162	7,375
Scheduled Bodies	34,771	33,924	7,608	4,264
Resolution Bodies	1,094	946	791	608
Community Admission Bodies	4,124	3,921	1,111	769
Transferee Admission Bodies	1,155	1,019	454	472
Total	**80,268**	**78,221**	**17,126**	**13,488**

Note 9 - Payments to and on account of leavers

	2021/22 £'000	2020/21 £'000
Refunds of Contributions	213	247
Payments for members joining state scheme	-2	-4
Group Transfers Out to other schemes	0	1,945
Individual Transfers Out to other schemes	7,527	7,834
Total	**7,738**	**10,022**

Note 10 - Management Expenses

	2021/22 £'000	2020/21 £'000
Administrative Costs	2,951	1,950
Investment Management Expenses	13,776	10,175
Oversight & Governance Costs	1,821	1,641
Total	**18,548**	**13,766**

Within oversight and governance costs are fees paid to the Pension Fund's external auditors of £0.024m (2020/21 £0.024m) for the audit of the Pension Fund's Annual Report and Accounts. Further external audit fees of £0.012m were paid in 2021/22 (2020/21 £0).
A further breakdown of Investment Management Expenses is in Note 12.

Note 11 - Investment Income

	2021/22 £'000	2020/21 £'000
Bonds	-1,907	-3,225
Equity Dividends	-4,189	-2,361
Pooled Property Investments	-5,281	-3,942
Pooled Investments – Unit Trusts & Other Managed Funds	-2,469	-919
Interest on cash deposits	-77	-47
Other – securities lending	-1	-9
	-13,924	**-10,503**
Irrecoverable withholding tax - equities	5	0
Total	**13,919**	**-10,503**

Note 12 - Investment Management Expenses

	2021/22 £'000	2020/21 £'000
Management Fees	13,703	10,083
Custody Fees	73	92
Total	**13,776**	**10,175**

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 13 - 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 £0.001m in 2021/22 (2020/21 £0.009m). This is included within investment income in the Pension Fund Accounts. At 31 March 2022 £0m (31 March 2021 £0.335m) of stock was on loan, for which the fund held £0m (31 March 2021 £0.374m) worth of collateral. Collateral consists of acceptable securities and government and supranational debt.

Note 14 - 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 2021/22, 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 £0.119m 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

	2021/22 £'000	2020/21 £'000
Short Term Benefits*	102	101
Long Term/Post Retirement Benefits	17	16
Total	**119**	**117**

the Oxfordshire Pension Fund, it is a related party.

For the 12 months ended 31 March 2022, employer contributions to the Pension Fund from the County Council were £32.404m (2020/21 £30.829m). At 31 March 2021 there were receivables in respect of contributions due from the County Council of £4.096m (2020/21 £3.570m) and payables due to the County Council of £0.186m (2020/21 £0.222m).

The County Council was reimbursed £1.553m (2020/21 £1.414m) 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:

	2021/22 £'000	2020/21 £'000
Income	0	0
Expenditure	1,098	1,063
Receivables	0	267
Payables	0	0

Note 15 - Investments

	Value at 31.3.2022 £'000	Value at 31.3.2021 £'000
Investment Assets		
Bonds	80,934	310,417
Equities	164,113	128,163
Pooled Funds:		
- Fixed Income	152,090	210,166
- Index Linked	202,619	0
- Global Equity	1,230,190	1,102,821
- UK Equity	486,075	603,731
- Private Equity	192,661	133,743
- Private Debt	12,204	
- Infrastructure Funds	98,295	51,862
- Diversified Growth Fund	162,007	156,204
- Multi Asset Credit Fund	139,284	
Pooled Property Investments	272,097	211,155
Derivatives:		
- Forward Currency Contracts	126	4,136
- Futures	277	0
Cash Deposits	6,626	26,978
Long-Term Investments	840	840
Investment Income Due	2,134	1,810
Amounts Receivable for Sales	34	751
Total Investment Assets	**3,202,606**	**2,942,777**
Investment Liabilities		
Derivatives:		
- Forward Currency Contracts	-554	-279
- Futures	-74	0
Management Expenses Due	-158	-501
Amounts Payable for Purchases	-390	-20,673
Total Investment Liabilities	**-1,176**	**-21,453**
Net Investment Assets	**3,201,430**	**2,921,324**

Note 15a – Reconciliation of Movements in Investments and Derivatives

	Value at 1 April 2021	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables/ (Payables)	Value at 31 March 2022
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Bonds	310,417	712,588	-951,066	8,995			**80,934**
Equities	128,163	38	-236	36,148			**164,113**
Pooled Investments	2,258,527	2,393,511	-2,184,570	207,957			**2,675,425**
Pooled Property Investments	211,155	61,923	-41,446	40,465			**272,097**
Long-Term Investments	840						**840**
Derivative Contracts FX	3,857	2,228	-5,878	-635			**-428**
Futures	0	1,861	-2,763	1,105			**203**
Other Investment Balances							
Cash Deposits	26,978	50,748	-61,620	-181	-9,299		**6,626**
Amounts Receivable for Sales of Investments	751					-717	**34**
Investment Income Due	1,810					317	**2,134**
Amounts Payable for Purchases of Investments & Management Expenses	-21,174					20,626	**-548**
Total	**2,921,324**	**3,222,897**	**(3,247,579)**	**293,861**	**-9,299**	**20,226**	**3,201,430**

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 15c.

	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	-9,538			310,417
Equities	86,211	466	-105	41,591			128,163
Pooled Investments	1,729,191	572,509	-596,578	553,405			2,258,527
Pooled Property Investments	161,843	197,222	-147,517	-393			211,155
Long-Term Investments	840						840
Derivative Contracts 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**	**1,582,526**	**-1,537,551**	**589,896**	**1,857**	**-17,229**	**2,921,324**

Note 15b - Analysis of Investments (Excluding Derivative Contracts, Cash Deposits and Other Investment Balances)

Long-Term Investments Assets

	2021/22 £'000	2020/21 £'000
Brunel Pension Partnership Ltd	840	840
Total	**840**	**840**

Bonds

	2021/22 £'000	2020/21 £'000
UK Government	22,248	96,954
Overseas Government	18,405	53,746
UK Government Index Linked	40,281	159,717
Total	**310,417**	**310,417**

Equity Investments

	2021/22 £'000	2020/21 £'000
UK Equities	154,024	119,836
Overseas Listed Equities:		
North America	9,768	7,793
Europe	321	534
Total	**164,113**	**128,163**

Pooled Investment Vehicles

	2021/22 £'000	2020/21 £'000
UK Registered Managed Funds - Property	88,341	73,847
Non UK Registered Managed Funds - Property	18,429	14,516
UK Registered Managed Funds - Other	2,070,974	1,916,718
Non UK Registered Managed Funds - Other	604,451	341,808
UK Registered Property Unit Trusts	113,909	96,592
Non UK Registered Property Unit Trusts	51,418	26,201
Total	**2,947,522**	**2,469,682**

Total Investments (excluding derivative contracts, Cash Deposits and Other Investment Balances)

	2021/22 £'000	2020/21 £'000
	3,193,409	**2,909,102**

Note 15c - 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.
Futures – exchange traded futures are permitted in the fixed interest portfolio to provide exposure to or hedge against movements in the underlying government bonds or interest rates.

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	One to six months	454 AUD	250 GBP	8	0	
Forward OTC	One to six months	404 EUR	340 GBP	1	0	
Forward OTC	One to six months	34 GBP	417 SEK	0	0	
Forward OTC	One to six months	2,934 GBP	5,543 AUD	0	-228	
Forward OTC	One to six months	311 GBP	532 CAD	0	-12	
Forward OTC	One to six months	6,577 GBP	7,858 EUR	0	-66	
Forward OTC	One to six months	5,647 GBP	7,709 USD	0	-209	
Forward OTC	One to six months	489 GBP	1,000 NZD	0	-39	
Forward OTC	One to six months	5,064 GBP	790,400 JPY	117	0	
Forward Currency Contracts at 31 March 2022				**126**	**-554**	**-428**
Prior Year Comparative						
Forward Currency contracts at 31 March 2021				**4,136**	**-279**	**3,857**

Futures

The scheme had exchange traded overseas stock index futures outstanding at the year-end relating to its bond portfolio as follows:

Type	Expires	Economic Exposure £'000	Market Value 31 March 2022 £'000	Economic Exposure £'000	Market Value 31 March 2021 £'000
Assets					
Overseas Fixed Income Futures	Less than one year	-16,462	277	0	0
Total Assets			**277**		
Liabilities					
UK Fixed Income Futures	Less than one year	970	-7	0	0
Overseas Fixed Income Futures	Less than one year	713	-67	0	0
Total Liabilities			**-74**		
Total Assets			**203**		

-£780.82 is included within cash balances in respect of initial and variation margins arising on open contracts at the year end.

Note 15d - Other Investment Balances

	2021/22 £'000	2020/21 £'000
Receivables		
Sale of Investments	34	751
Dividend & Interest Accrued	1910	1,586
Inland Revenue	224	224
	2,168	**2,561**
Payables		
Purchase of Investments	-390	-20,673
Management Fees	-155	-496
Custodian Fees	-3	-5
	-548	**-21,174**
Total	**1,620**	**-18,613**

Cash Deposits

	2021/22 £'000	2020/21 £'000
Non-Sterling Cash Deposits	6,626	26,978
Total	**6,626**	**26,978**

The following investments represent more than 5% of the net assets of the scheme

	2021/22 £'000	% of Total Fund	2020/21 £'000	% of Total Fund
FTSE PAB Developed Equity Index Fund	493,610	15.05	0	0
Brunel UK Equity Fund	486,075	14.82	447,802	15.02
Brunel HG ALP GLB EQ	334,815	10.21	352,004	11.80
Blackrock Aquila Life Fund	315,963	9.63	291,898	9.79
L&G Core Plus Bond Fund	202,619	6.18		
L&G World Developed Equity Index Fund	45,363	1.38	210,165	7.05
Insight Broad Opportunities Fund	0	0.00	209,845	7.04
L&G UK FTSE All-Share Equity Index	162,007	4.94	156,204	5.24
	0	0.00	155,929	5.23

Note 16 - Current Assets

	2021/22 £'000	2020/21 £'000
Receivables:		
Employer Contributions	6,902	8,377
Employee Contributions	2,368	2,127
Rechargeable Benefits	1,107	1,058
Transferred Benefits	2,202	1,932
Cost of Early Retirement	236	350
Inland Revenue	11	165
Other	177	863
Cash Balances	67,039	49,415
Total	**80,042**	**64,287**

Note 17 - Current Liabilities

	2021/22 £'000	2020/21 £'000
Transferred Benefits	-151	-1,163
Benefits Payable	-326	-855
Inland Revenue	-1,058	-1,024
Employer Contributions	0	-28
Staff Costs	-146	-116
Consultancy	-12	-9
Other	-140	-120
Total	**-1,833**	**-3,315**

Note 18 - Long-Term Assets

	2021/22 £'000	2020/21 £'000
Employer Contributions	3	6
Costs of Early Retirement	0	34
Total	**3**	**40**

Note 19 – Assets under External Management

The market value of assets under external fund management amounted to £3,001.136m as at 31 March 2022. The table below gives a breakdown of this sum and shows the market value of assets under management with each external manager.

Fund Manager	31/03/2022 Market Value		31/03/2021 Market Value	
	£'000	%	£'000	%
Brunel Pension Partnership	2,586,085	86.28	1,965,618	70.82
Legal & General	128,237	4.28	537,839	19.38
Wellington	0	0.00	1,179	0.04
Insight	162,007	5.41	156,204	5.63
Adams Street Partners	74,040	2.47	69,222	2.49
Partners Group	45,888	1.53	45,290	1.63
Total	**2,997,208**	**100.00**	**2,775,352**	**100.00**

Note 20 – Top 5 Holdings

Value of the Fund's Top Five Holdings at 31 March 2022	£'000	% of Fund
HG Capital Trust Plc	84,226	2.57
Aberdeen Private Equity Opportunities Trust Plc	24,799	0.76
BMO Private Equity Trust Plc	19,053	0.58
3i Group Plc	15,895	0.48
KKR + Co Inc Common Stock USD.01	9,768	0.30

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 22 – Additional Voluntary Contributions

	Market Value 31 March 2022 £'000	Market Value 31 March 2021 £'000
Prudential	13,816	14,060

AVC contributions of £1.134m were paid directly to Prudential during the year (2020/21 - £1.219m).

The AVC provider to the Fund is the Prudential. 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 23 – Contingent Liabilities and Capital Commitments

As at 31 March 2022 the fund had outstanding capital commitments (investments) totalling £258.535m (31 March 2021 - £268.535m). 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 24 – 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 25 – Actuarial Present Value of Promised Retirement Benefits

	2022 £'000	2021 £'000
Present Value of Funded Obligation	4,529	4,677

The movement from March 2021 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 £202m (2021 - £205m increase).
There has been a decrease in the present value of the Funded Obligation of £350m (2021 - £953m increase) 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 3.2% from 2.85% (net effect an increase in Present Value of Funded Obligation)
- An increase in the assumed level of salary increases to 3.2% from 2.85% (net effect an increase in Present Value of Funded Obligation)
- An increase in the discount rate to 2.7% from 2.0% (net effect a decrease 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 26 – Financial Instruments

Note 26a - 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.

	2021/22			2020/21		
	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	80,934			310,417		
Equities	164,113			128,163		
Pooled Investments	2,675,425			2,258,527		
Pooled Property Investments	272,097			211,155		
Derivatives	403			4,136		
Cash		73,665			76,394	
Long-Term Investments	840			840		
Other Investment Balances	1,944			2,337		
Receivables		91			722	
	3,195,756	**73,756**	**0**	**2,915,575**	**77,116**	**0**
Financial Liabilities						
Derivatives	-628			-279		
Other Investment Balances	-548			-21,174		
Payables			-292			-371
	-1,176	**0**	**-292**	**-21,453**	**0**	**-371**
Total	**3,194,580**	**73,756**	**-292**	**2,894,122**	**77,116**	**-371**

Note 26b – Net Gains and Losses on Financial Instruments

	31-Mar-22 £'000	31-Mar-21 £'000
Financial Assets		
Fair Value through Profit and Loss	294,035	591,177
Loans and Receivables	0	0
Financial Assets at Amortised Cost	-174	-1,281
Financial Liabilities		
Fair Value through Profit and Loss	0	0
Financial Liabilities Measured at Amortised Cost	0	0
Total	**293,861**	**589,896**

Note 26c – 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 2022	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Financial Assets	108,541	2,614,511	472,704	3,195,756
Financial Assets at Fair Value through Profit & Loss	73,756	0	0	73,756
Financial Assets at Amortised Cost	**182,297**	**2,614,511**	**472,704**	**3,269,512**
Total Financial Assets				
Financial Liabilities	-548	-628	0	-1,176
Financial Liabilities at Fair Value through Profit & Loss	-292	0	0	-292
Financial Liabilities at Amortised Cost	**-840**	**-628**	**0**	**-1,468**
Total Financial Liabilities				
Net Financial Assets	**181,457**	**2,613,883**	**472,704**	**3,268,044**

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	215,675	2,915,575
Financial Assets at Amortised Cost	77,116	0	0	77,116
Total Financial Assets	**410,872**	**2,366,144**	**215,675**	**2,992,691**
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**	**215,675**	**2,970,867**

Reconciliation of Movement in Level 3 Financial Instruments

	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Prop-erty Funds £'000	Pooled Infrastructure Funds £'000	Pooled Private Debt Funds	Multi As-set Credit Funds £'000	Long-Term Invest-ments £'000
Market Value 31 March 2021	**758**	**133,739**	**28,472**	**51,862**	**0**	**0**	**840**
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0		0	0	0	0
Purchases	0	37,949	1,450	40,162	12,141	226,930	0
Sales	0	-32,817	-7,076	-2,587	-242	-85,998	0
Unrealised Gains/(Losses)	-36	39,385	4,687	8,885	305	-1,918	0
Realised Gains/(Losses)	0	14,405	1,165	-27	0	270	0
Market Value 31 March 2022	**722**	**192,661**	**28,698**	**98,295**	**12,204**	**139,284**	**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 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	26,841	-1,250	2,628	0
Realised Gains/(Losses)	0	9,441	604	0	0
Market Value 31 March 2021	**758**	**133,739**	**28,472**	**51,862**	**840**

Level 3 Sensitivities

Level 3 Investments	Valuation Range +/-	Value at 31 March 2022 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	722	794	650
Pooled Private Equity Funds	10%	192,661	211,927	173,395
Pooled Property Funds	3%	28,698	29,559	27,837
Pooled Infrastructure Funds	5%	98,295	103,209	93,380
Pooled Private Debt Funds	5%	12,204	12,814	11,594
Multi Asset Credit Funds	5%	139,284	146,248	132,320
Long-Term Investments	0%	840	840	840

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%	133,743	147,117	120,369
Pooled Property Funds	3%	28,472	29,326	27,618
Pooled Infrastructure Funds	5%	51,862	54,455	49,269
Long-Term Investments	0%	840	840	840

Note 27 - 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 2022 the Fund's exposure to credit risk predominantly related to the following investments:

Investment Category	31 March 2022 £'000	31 March 2021 £'000
UK Government Gilts	22,248	96,954
UK Corporate Bonds	152,091	210,166
UK Index Linked Gilts	242,900	159,717
Overseas Government Bonds	18,405	53,746
Multi Asset Credit Funds	139,284	0
Non-Sterling Cash Deposits	6,626	26,978
Cash Balances	67,039	49,415
Total	**648,593**	**596,976**

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 2022 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	Rating	Balance at 31 March 2022 £'000	Rating	Balance at 31 March 2021 £'000
Money Market Funds				
Aberdeen Standard	AAA	25,004	AAA	5,000
State Street Global Advisors	AAA	41,625	AAA	43,147
Bank Current Accounts				
Lloyds Bank Plc	A+	5,941	A+	1,740
Santander UK Plc	A+	0	A+	14,955
State Street Bank & Trust Co	AA+	1,095	AA+	11,552
Total		**73,665**		**76,394**

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 2021/22 the Pension Fund received/accrued income related to dealings with members of £113.2m (2020/21 £134.0m) and incurred expenditure related to dealings with members of £123.7m (2020/21 £115.5m). There were further receipts/accruals of £13.9m (2020/21 £10.5m) in respect of investment income, against which need to be set taxes of £0m (2020/21 £0m). The net inflow was therefore £3.4m (2020/21 £29.1m).

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 2022	Change in Year in the Net Assets Available to Pay Benefits	
		1%	-1%
	£'000	£'000	£'000
Cash and Cash Equivalents	6,626	66	-66
Cash Balances	67,039	670	-670
Bonds	435,644	4,357	-4,357
Multi Asset Credit Funds	139,284	1,393	-1,393
Total Change in Assets Available	**648,593**	**6,486**	**-6,486**

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**

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 15c).

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 2022**	**Change in Year in the Net Assets Available to Pay Benefits**	
		10.00%	**-10.00%**
	£'000	**£'000**	**£'000**
Overseas Equities	10,089	1,009	-1,009
Pooled Global Equities	1,230,190	123,019	-123,019
Pooled Private Equity (LLPs)	151,779	15,178	-15,178
Pooled Property	43,070	4,307	-4,307
Infrastructure	68,016	6,802	-6,802
Cash	6,626	662	-662
Total Change in Assets Available	**1,509,770**	**150,977**	**-150,977**

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)	113,308	11,331	-11,331
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	**1,329,270**	**132,928**	**-132,928**

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:

Asset Type	Value as at 31 March 2022 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
UK Equities	154,024	10.0	169,427	138,621
Pooled UK Equities	486,075	10.0	534,683	437,468
Global Equities	10,089	10.0	11,097	9,079
Diversified Growth Fund	162,007	3.0	166,867	157,147
Pooled Global Equities	1,230,190	10.0	1,353,209	1,107,171
UK Bonds	22,248	5.0	23,360	21,136
Overseas Bonds	18,405	5.0	19,325	17,485
UK Index Linked Bonds	40,281	5.0	42,295	38,267
Pooled Corporate Bonds	152,090	5.0	159,695	144,486
Infrastructure	98,295	5.0	103,210	93,380
Pooled Private Equity (LLPs)	192,661	10.0	211,927	173,395
Pooled Property	272,097	3.0	280,260	263,934
Multi Asset Credit Fund	139,284	5.0	146,249	132,321
Index Linked Pooled Fund	202,619	5.0	212,750	192,488
Private Debt	12,204	5.0	12,814	11,593
Long-Term Investments	840	0.0	840	840
Cash	73,665	0.0	73,665	73,665
Total Assets Available to Pay Benefits	**3,267,074**		**3,521,673**	**3,012,476**

	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)	133,743	10.0	147,117	120,369
Pooled Property	211,155	3.0	217,490	204,820
Long-Term Investments	840	0.0	840	840
Cash	76,393	0.0	76,393	76,393
Total Assets Available to Pay Benefits	**2,985,494**		**3,221,982**	**2,749,005**

Note 28 - Actuarial Valuation

The contribution rates within the 2021/22 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 2022 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	605
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 2021/22

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 over most of 2020/21 and 2021/22 they recovered strongly. However, due to the war in Ukraine, March 2022 markets were particularly volatile, which affects values as at the accounting date. All other things being equal, the funding level of the Fund as at 31 March 2022 is likely to be better than that reported at the previous formal valuation as at 31 March 2019.
It is important to note that the formal triennial funding valuation exercise is as at 31 March 2022 and this may show a different picture when the finalised position is disclosed in next year's annual report. In particular, changes in Fund membership, changes in anticipated real investment returns, and changes in demographic assumptions will affect the valuation results. The Funding Strategy Statement will also be reviewed as part of the triennial funding valuation exercise.

Tom Hoare FFA
For and on behalf of Hymans Robertson LLP
20 July 202

SUMMARY OF BENEFITS AT MARCH 2022

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:

<u>Concentration</u>
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.

<u>Volatility</u>
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.

<u>Performance</u>
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 activities.

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

Agenda Item 13

Oxfordshire County Council Pension Fund Taskforce on Climate-related Financial Disclosures Report 2021/22

Introduction

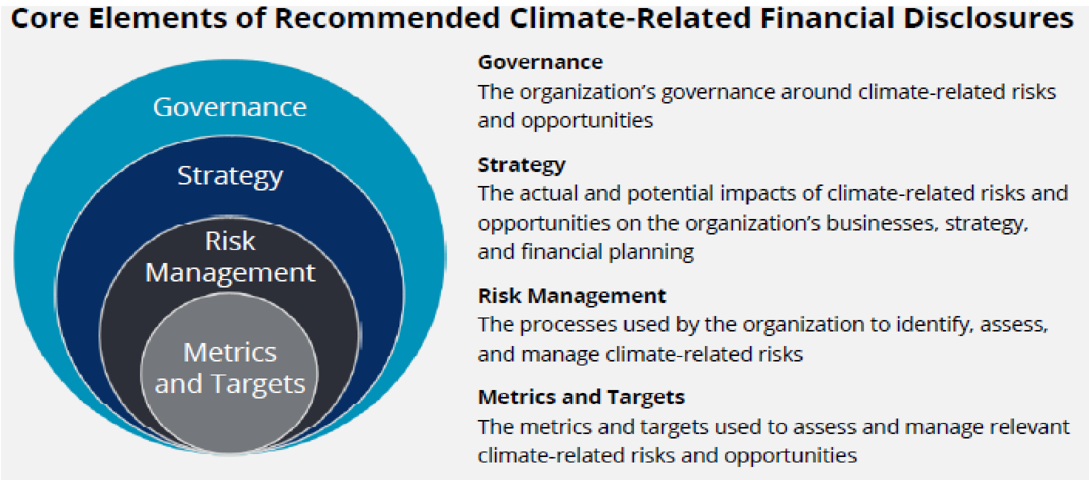
This is the Pension Fund's second report under the Taskforce on Climate-related Financial Disclosures (TCFD) framework. As well as reporting against the TCFD recommendations the report is intended to review the progress made against the Fund's Climate Change Policy and Implementation Plan which were 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 3,000 organisations across 92 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 Department for Levelling Up, Housing & Communities has stated that it intends for TCFD reporting in the LGPS to become mandatory in 2023 and intends to issue guidance by November 2022. 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 Investment 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 Investment 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 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.

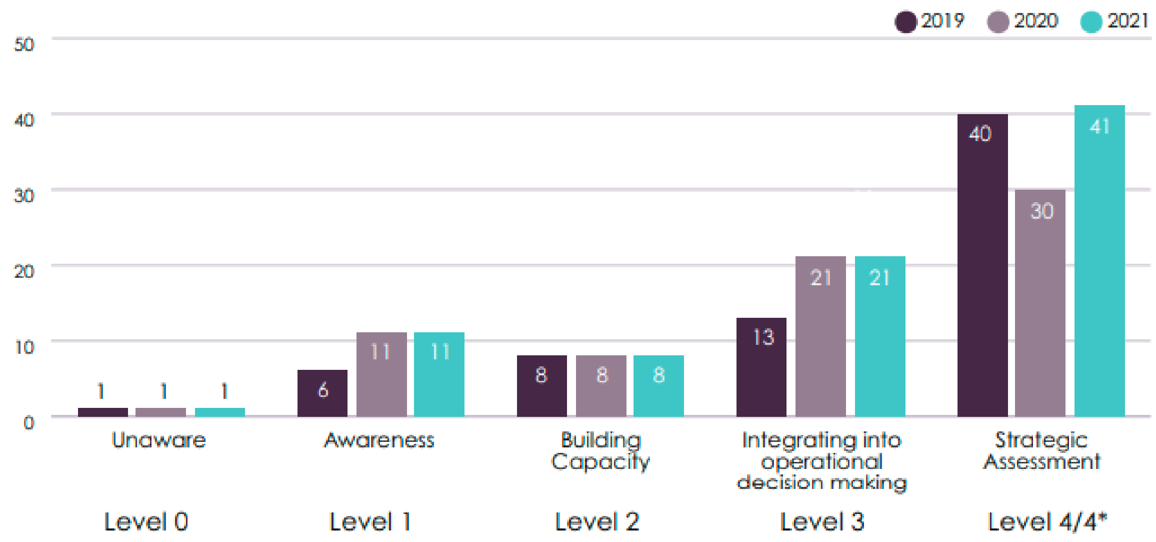
TCFD Recommended Disclosure – b. Describe the organization's processes for managing climate-related risks.

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 - 2021 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 Investment 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 Carbon Metrics Reports. The report includes equity and fixed income assets covering ~55% 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:

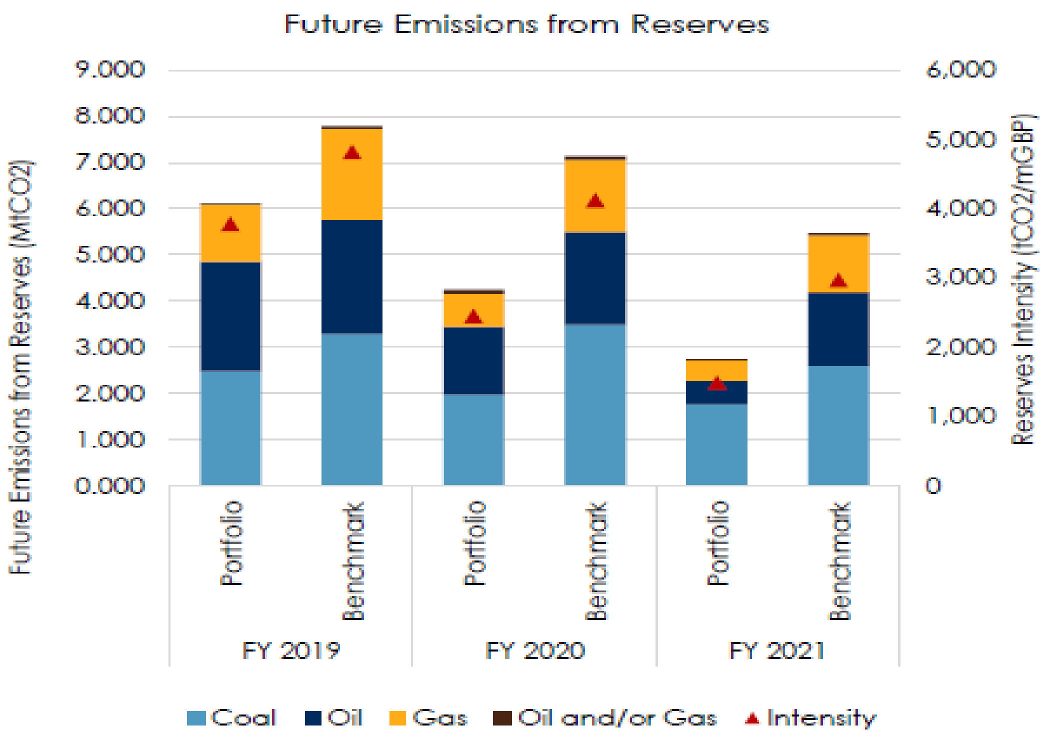
- Weighted Average Carbon Intensity
- Fossil Fuel Revenue Exposure
- Fossil Fuel Reserves Exposure
- Future Emissions from Reserves
- Disclosure Levels (Scope 1 Emissions)

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, 31 December 2020 and 31 December 2021.

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 and the Fund's Sterling Corporate Bond Portfolio.

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%. 2021 saw an increase in WACI of 1% compared to the 2020 level but the annualized rate of reduction from 2019 was 8.9%, above the annual target of 7.6%.

The main driver behind the increase in the WACI figure in 2021 was an increase from the Fund's investment in the Brunel Sustainable Equities Portfolio which had a 61.8% increase in carbon intensity compared to 2021. In 2021 Brunel added managers to the sustainable equity portfolio that are actively targeting investments in companies who are at the forefront of the energy and industrial transition to Net Zero. These are leaders in challenging and difficult-to-abate sectors and so inevitably have a higher carbon intensity today than companies in most other sectors, whose own transition journey is dependent on such companies. These investments are essential to the transition, but our existing tools and ways of measuring risk do not do them justice.

This highlights the drawbacks of only looking at a single metric and links into the Fund's target to develop additional metrics including forward looking ones. In 2021 Brunel piloted the use of green revenues data with the support of FTSE Russell which showed that the Brunel Global Sustainable Portfolio had 10.9% exposure to green revenues compared to 8.5% in its benchmark, the FTSE All World, as of 31 December 2021.

Climate Change Policy Implementation Plan Progress

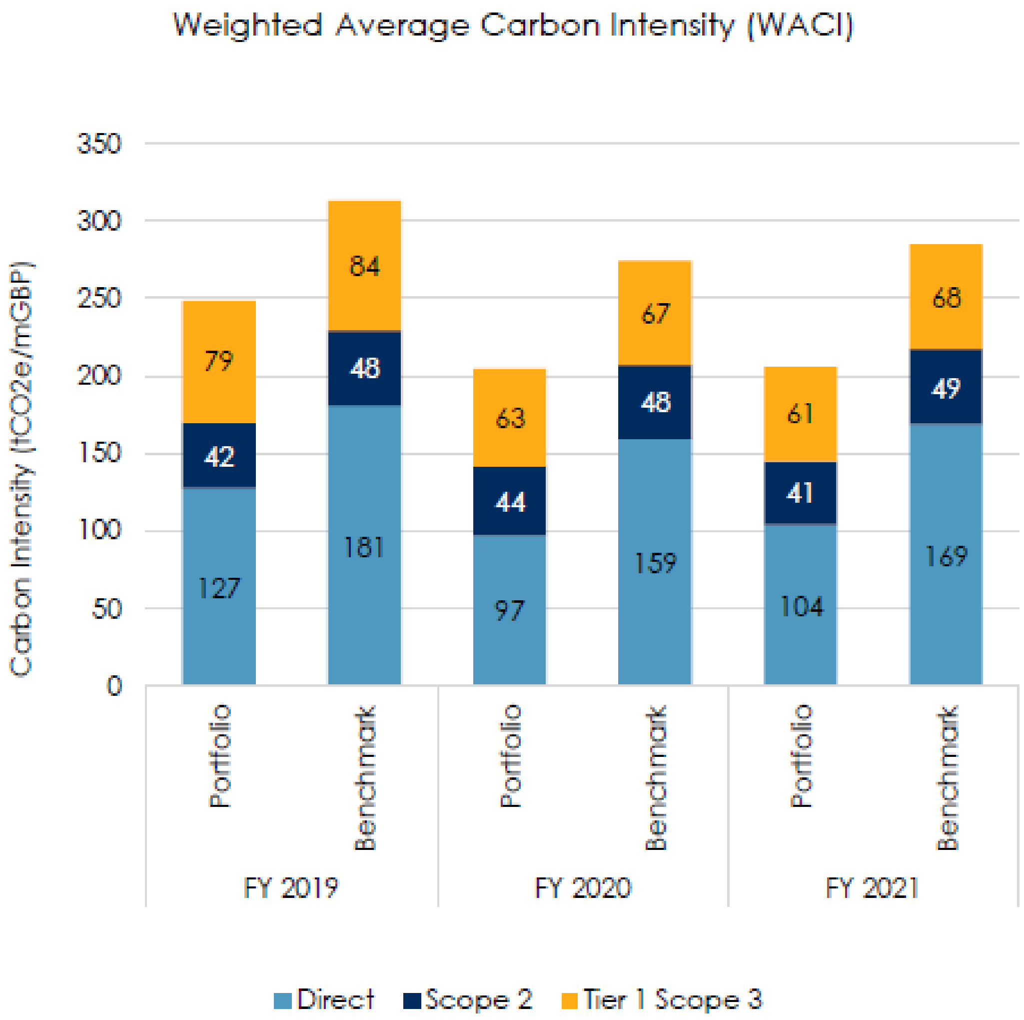
Emissions Reduction Target

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, 31 December 2020 and 31 December 2021. These were 248, 204 and 206 million tonnes of CO2 equivalent per million pounds revenue respectively representing **a reduction over the two-year period of 16.9% and an annualized rate of reduction of 8.9%.**

While the Fund does not have a target for reductions in exposure to fossil fuel reserves this reduced by 35.3% from the 2020 level and has reduced by 55% since 2019.

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).

August 2021 saw the Intergovernmental Panel on Climate Change (IPCC) publish the first report in its Sixth Assessment Cycle covering the physical science basis. This was followed by two further reports in 2022 on impacts, adaptations and vulnerability, and mitigation of climate change. The reports are unequivocal that current action to reduce GHG emissions are inadequate to limit warming to 1.5°C, and that the consequences of failing to limit warming to this level will be dire.

The United Nations Environment Programme released their 2021 Emissions Gap Report 2021 in October 2021. The report shows that new national climate pledges combined with other mitigation measures put the world on track for a global temperature rise of 2.7°C by the end of the century, well above the goals of the Paris agreement and would lead to catastrophic changes in the Earth's climate.

Both reports still give some cause for optimism in that they state that there is 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 rapid step up in the commitments and actions of all stakeholders across the globe. This was also the position in the prior year and although there has been some progress in terms of commitments, there is an urgent need for these to go further and to translate into action.

In November 2021 the UK hosted COP26 in Glasgow. Although some hoped more would be achieved there were a number of important agreements made including transitioning away from coal power generation, a strengthening of the 1.5°C target in the Paris agreement, and pledges to reduce methane emissions.

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 worked closely with a leading index provider FTSE Russell to develop two indexes that met the EU criteria to be classified as a Climate Transition Benchmark and Paris Aligned Benchmark. These indexes were made available for investment in November 2021. The Pension Fund Committee made a decision to move the Fund's full passive holdings of c.£530m to the Paris Aligned Benchmark fund putting it among the first group of investors to invest in the index. Of the two funds developed the Paris Aligned Benchmark has stricter climate criteria and effectively excludes fossil fuel companies from the index.

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

Brunel has removed the renewable infrastructure sleeve from its cycle 3 infrastructure portfolio and as such the Pension Fund is not able to separately allocate to renewables within its infrastructure allocations. The infrastructure portfolio specification states that a majority of the portfolio will seek to address Climate Solutions and a just Energy Transition to a lower carbon global economy.

To enable the Pension Fund to set targets for investments in Climate Solutions and have control over this the Pension Fund is seeking the development of a Climate Solutions Portfolio to enable it to make specific allocations to climate solutions. Initial meetings between Brunel and the client funds have taken place on the development of this portfolio.

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 or set of metrics 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. In order for the Fund to set targets it first needs to be able to establish the current level of investments in Climate Solutions.

Once an appropriate metric(s) has been determined and the baseline established the Fund intends to set a target in terms of the % of the Fund invested in climate solutions. The IIGCC has a workstream looking at target setting for Climate Solutions that the Fund intends to use as the basis for setting targets.

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

Hermes EOS undertakes engagement over three-year cycles. During 2021, EOS engaged with 839 Brunel-held companies on 1,337 milestones. Progress against one or more milestones was achieved for 50% of the engagement objectives set during the year.

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.

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 and the initial meetings in this process have now taken place.

As part of the Pension Fund's input into the stocktake it has agreed an Engagement Policy. The policy focuses on companies with the highest emissions; those covered by CA100+. A series of measures are set out in the policy with target dates for achievement, failure to meet the criteria will lead to potential exclusion of a company.

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.

This is also an area being looked at by the IIGCC as part of their Net Zero Investment Framework and the Fund will monitor the outputs from this work and its applicability to the Pension Fund's investments.

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

The Fund continues to be a member of The Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ and the Local Authority Pension Fund Forum. 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.

In 2022 the Pension Fund was a signatory to The Investor Agenda's 2022 Global Investor Statement to Governments on the Climate Crisis calling on governments to set targets and take policy action aligned with the goal of limiting global temperature rises to 1.5°C.

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 DLUHC.

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: Decarbonising hard-to-abate sectors in private markets

Investing in real world decarbonisation is central to Brunel's approach in both public and private markets. That includes investing in hard-to-abate sectors, and specifically not simply removing challenging companies from portfolios, which may look better but in reality just avoids the issue.

We hold the Infracapital Infrastructure fund in our Cycle 2 Infrastructure portfolio. The fund is focused on providing innovative energy-saving technologies required to connect smart cities and tackle 'hard-to-decarbonise' sectors. This includes technologies such as rural fibre, water connections, sustainable heat pumps, electric vehicles and charging, battery technology and industrial energy solutions.

One such investment is into Energy Nest – a market leader in thermal battery solutions. This cost-effective technology enables both the transfer of industrial waste heat into electricity and the use of renewable power in industrial heat processes. The technology is up to 99% thermal-efficient; is modular, scalable and recyclable; and has very low capex and opex. It is well-positioned to solve key challenges related to the energy transition, such as variable and intermittent renewables.

Positive Impact case study: M&G UK Residential Property Fund

Sustainable living in action – Bristol Castle Park

On the site of a former medieval castle near Bristol's historic docks, the city's tallest building has been developed in synergy with its environment, with sustainability at the core. Across multiple buildings fronting Castle Park, Castle Park View adds 300 new Build to Rent homes and 75 affordable homes to Bristol's housing at the heart of the city centre, in close proximity to the central employment district, Bristol Temple Meads station, and the city's vibrant cultural scene.

The construction process created local jobs and supported skills development with c.1,290 apprenticeship weeks and over 300 career support sessions, providing guidance and advice to many young people. The ongoing management and maintenance of the building is supported by people and businesses from the local area, wherever possible.

The scheme has been designed around the principle of using and sharing sustainable energy sources and benefits from a new district heating network, powered by a large-scale water source heat pump that draws water from the nearby harbour – the country's largest project of its kind and a key component of Bristol's 2030 Net Zero carbon plan. Heat is produced by a central plant and supplied to buildings throughout the city, allowing for improved efficiency over a series of localised boilers. This provides low carbon, cost-efficient heat and hot water for residents.

Renewable energy is generated on-site at Castle Park View through almost 200 photovoltaic roof-mounted solar panels which convert sunlight to electricity, powering the building's communal areas. The ability to tap into this resource equates to carbon savings of around 20% versus regular electricity sources. Other energy-saving measures include the installation of energy-efficient lighting and high-performing fitted kitchen appliances in each apartment, contributing to an Energy Performance Certificate rating of B.

Efficient waste management is incorporated in the building's design with refuse chutes on each floor divided into three vessels, reducing the amount of refuse going to landfill by up to 66%. Additionally, each apartment is equipped with waste sorting facilities.

A brown roof across 80% of the structure – which recreates the brownfield site that existed before the building was constructed – promotes biodiversity by allowing plants and wildlife to self-colonise. Green rooves also top the scheme's cycle pavilion and bike storage hangar.

The scheme has been built to a voluntary certification standard known as the Code for Sustainable Homes, and BREEAM In-Use Residential certification will be sought once the minimum required occupancy level is reached.

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REPORT PREPARED FOR

Oxfordshire Pension Fund Committee

9 September 2022

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MJ Hudson

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Oxfordshire Pension Fund Quarter to end June 2022

Summary

The value of the Fund in the quarter fell to £3.05bn, a decrease of £215m compared to the end March value of £3.26bn. The Fund produced a return of -6.6% over the quarter, which was -1.2% behind the benchmark. While the absolute value fall on a single quarter basis was worse than that seen in the previous quarter, performance against benchmark has actually seen a smaller decline. However, this now started to have a marked negative impact on the 12 month positions within it. To put this into a wider context, most LGPS Funds will have seen a fall in absolute values and negative performances against their benchmarks in H1 this year, but in general terms this was again a difficult quarter. Over a 12-month period the Fund recorded a negative relative return against the benchmark of -2.4% (-2.7% v.-0.3%). The scale of the recent underperformance has also had an impact on the longer term performance periods, now slightly behind the benchmark over the three years and in line over the five and ten year periods, details of which can be found in Brunel's report.

The highlights

1. Even though public markets experienced another volatile quarter, there was a growing feeling that the war in the Ukraine is likely to be a long drawn out conflict and that the rest of the world needs to adjust and plan accordingly. Apart from the obvious human element, high inflation (undoubtedly exacerbated by the conflict) will have an impact on economic growth and as such central banks find themselves walking a tight rope while they try to balance controlling inflation while attempting to avoid creating a recession through increased base rates.
2. The active public markets managers had another "challenging" quarter, which is a polite way of saying that as a group they underperformed again. For equities there was the continuing tug of war between value and growth "styles", with the added complication in Emerging Markets of being invested in the "in favour" countries alongside the correct sectors and companies.
3. At the time of writing the good news is that generally global equity markets have enjoyed a better third quarter, including an environment better suited to the growth style slants seen within the Brunel active mandates.
4. The consequences of recent events will be with us for some time to come as the countries aligned against Putin replace Russian sources of supply elsewhere. This is certainly evident with the countries who have had a high dependency on Russian energy supplies, such as Germany and Italy, who are working hard to secure supplies ahead of the winter period. In Germany this includes keeping their three remaining nuclear power stations in operation for the time being, which had been slated for closure.
5. Private Equity had another good quarter, but more importantly the one year and longer performance periods are excellent. For the in-house portfolio there is an

outperformance of 19.5% to report over 12 months, with Brunel Cycle 1 showing 58.1% over the same period. The listed private equity portfolio had a difficult Q2, but longer-term performance is still well in excess of public markets. Valuations are starting to trend downwards though, reflecting growing economic concerns and comparisons to public markets.

6. Property generally had a satisfactory quarter, particularly the Pooled Property, up 11.1%. However, that represents less than 1% of the Fund's assets!

The lower points

1. We'll start off again with Global Sustainable Equities, which with an underperformance of -1.9% (-10.3% v.-8.4%) is the worst performing portfolio. The quantum of the underperformance is considerably less than in Q1, so hopefully the main issues have now been priced in, even though the underlying reasons remain basically the same. The high exposure to American growth stocks, which have been hit hard this year, will have had a large impact on performance. To compound that, the low exposure to "value" stocks, which includes energy and commodity stocks which have outperformed again. It is comforting to report that out of the five managers engaged on this sub fund, two outperformed and two marginally underperformed. However the danger of the multi manager approach is once again highlighted by the fact that the one manager that substantially underperformed dragged the rest down.
2. Next up is Global High Alpha Equity, with an underperformance of -1.3% (-10.3% v. -9.0%). The background to this is similar to that above, so that the underperformance is substantially to do with sector allocation. It is highlighted that even companies showing robust financial performance saw indiscriminate falls in their valuations, which is challenging in the short term for managers focused on fundamentals. The old saying is that this is like babies being poured out with the bathwater, but in my experience, this provides excellent buying opportunities for managers with conviction. Again, the two managers with a growth bias underperformed, the two with a value bias outperformed. Opposing high conviction strategies that have cancelled each other out, but the downside exacerbated by the ESG tilt.
3. The UK Active underperformance, -1.1% (-5.7% v. -4.6%), reflected Baillie Gifford underperforming by -6.1%. The other manager, Invesco, outperformed by 2.1%. As you will be aware, Baillie Gifford have an excellent long-term track record. Brunel representatives have recently spent time with their managers to satisfy themselves that their processes and investment disciplines remain consistent with those in place at the time of their appointment.
4. We'll finish active equities with Emerging Markets, behind relatively by -1.1% (-5.0% v. -3.9%). You may observe that Emerging Markets performed relatively well in comparison to other markets during Q2, as China gained by 12% over the quarter. All three managers underperformed. The detail is in Brunel's report.
5. For the record, I am no longer bemused by the Multi Asset Credit Fund having effectively two benchmarks, having received a perfectly plausible explanation from

Brunel. Against the primary benchmark the portfolio underperformed by -9.8% (-8.6% v. 1.2%). It also slightly underperformed the secondary benchmark, which reflects the actual portfolio better. Clearly there was a lot of volatility in the component markets that make up the Multi aspect, the three managers struggled with that, two fared a bit better due to their different "mix".

6. Infrastructure investments continue to be made, with the final commitment being made in the quarter to the main Cycle 2 portfolio with a drawdown of 41%%, the renewables now also fully committed but still only 21% drawn down. Both Cycles are still relatively immature, with an expectation that relative performance will improve over time.
7. While Private Equity continues to perform well, drawdown from Brunel continues to be slow. Cycle one is 48% drawn, while Cycle 2 is only 22% drawn down.

Points for consideration

1. In the sort of challenging market environment that we have experienced this year it is understandable for focus to be on what is going on in the short term, rather than taking the longer term view of ensuring that our investment strategy continues to be appropriate to meet the Fund's liabilities in the future (pay the pensioners). By coincidence we are nearly at the stage of the three yearly cycle when we do indeed focus on our longer term strategy through the strategic asset allocation review. Lessons can certainly be learnt from short term events, most importantly to consider if what is happening now may have an impact on the Fund's longer term performance.
2. We were already in an increasingly inflationary environment before the invasion of Ukraine, as we have seen recently higher energy and food prices are rapidly driving CPI even higher. As discussed below, there are other inflationary forces to consider in the labour market, so our future strategy may well have to make provision for the likelihood of a higher level of inflation beyond the short term outlook.
3. As part of that, higher inflation will feed through to higher pension payments next year, possibly c.10%? This will be based on the CPI level this September. This needs to be considered in cash flow management assumptions going forwards.
4. Given my ongoing concerns about Brunel's lack of transparency concerning the management of their sub-funds, particularly concerning the detailed performance attribution form the multiple managers involved, I am hopeful that access will soon be provided to more information. Hopefully this will flow through to members having better detail about Brunel's performance for this Fund, including clear information concerning performance against targets for the active managers.
5. As part of members' ongoing training, I do hope that as many members as possible will attend the Brunel Investor Day on Wednesday 28 September.

Overview and Outlook thoughts

Global overview

Q2 was tough for most investors. Global markets continued to face the challenges of the ongoing war in Ukraine, lockdowns in China, continued supply chain disruptions, rising inflation, slowing economic growth and accelerated interest rate hikes. Inflation moved higher in many major economies over the quarter, with both equities and fixed income markets under pressure with the increased risk of recession. Global equities markets significantly declined, falling -16.1% over the quarter following the respective rate hikes across regions. US equities suffered the most (-16.1%); followed by Emerging Markets and European equities (-11.4% and -9.4% respectively); whilst UK equities registered a slightly negative return (-3.8%). Value-oriented stocks experienced a smaller decline than growth stocks (-12.2% for the MSCI World Value Index vs -21.4% for the MSCI World Growth Index). Corporate and government bond indices also sharply declined (for the UK indices, both by -7.4%), while the hard currency emerging market bond index fell -11.4%. Real assets such as commodities and real estate continued the volatility experienced last quarter, and the US dollar strengthened against most currencies, benefiting from broad risk aversion.

GDP growth: Despite the ongoing recovery of the UK economy from the pandemic, the impact of the Russia/Ukraine war is expected to slow growth in the UK alongside other advanced economies. The UK is expected to hit an inflation peak of 11%, with the expected fall in real wages positioned at 2%. The war is expected to hinder growth through higher commodity prices and supply chain disruption. The US is forecast to post a GDP growth rate of 2.4% for 2022, following a 1.6% slump in Q1. China's growth has been disrupted by another COVID-19 wave. Real GDP growth is expected to slow sharply to 4.3% in 2022, largely reflecting the damage caused by the Omicron outbreak.

GDP Growth Rate and Monthly CPI

%	GDP		CPI		
	Q2 2022	Q1 2022	Apr	May	June
UK	0.8	0.8	9.0	9.1	n/a
US	-0.2	-1.6	8.3	8.6	n/a
Eurozone	0.7	0.6	7.4	7.4	8.1
Japan	n/a	-0.1	2.5	2.5	n/a

Source: Bloomberg; Trading Economics. *Forecasts based on leading indicators.
GDP Notes: UK Real GDP (Ticker: UKGRABIQ Index); US Real GDP (Ticker: EHGDUS Index); Eurozone Real GDP (Ticker: EUGNEMUQ Index); Japan Real GDP (Ticker: EHGDJP Index)

Outlook thoughts

It is worth highlighting the following themes, potentially impacting investment markets:
Inflation – becoming entrenched?: For the first half of this year, surging energy prices resulting from the Russia-Ukraine war and global supply-chain disruptions from China's zero-tolerance COVID-19 lockdowns have pushed inflation even higher. In the US, the May CPI showed an increase of 8.6% YoY, marking a new 40-year high, while inflation in the Eurozone rose to a record high of 8.6% in June, and the BoE has forecast UK inflation may

peak at c.11% October. With labour markets remaining remarkably tight, average earnings are starting to rise faster (to 4% in the US in May), industrial action is increasingly common and even the normally moderate German IG Metall union is asking for a >7% pay rise. Together with the likelihood of further energy price rises this winter, it seems likely that inflation will not fall back to Central Banks' targets as quickly as they currently forecast.

Tighter monetary policy - are we approaching some limits? : Monetary policies continued to tighten, with the Fed increasing interest rates by 75 basis points on 15th June - the biggest rate hike since 1994 - to seek to tame inflation: It is expected to continue reducing its balance sheet and hiking rates until mid-2023, with figures forecast to lie within the 3.5-3.75% range. The BoE also increased interest rates for a fifth successive time to 1.25%, and even the ECB is poised to raise interest rates in July. However, 10 Year rates weakened before the quarter-end, both as markets factored in increased risk of a global recession, and as widening Italian Government Bond spreads (over German Bonds) reminded markets that many Developed Market Government debt/GDP ratios are well above their levels in the run-up to the Eurozone crisis. Increasing rates will put a severe strain on many Government finances and may constrain central banks' policy choices.

Rising fears of recession : During the second quarter, the market discounted an increased chance of global recession as a result of the high inflation, the sharp increase in interest rates, rising geopolitical uncertainty, and the sharp drop in economic activity in China (Shanghai, the world's busiest port, operated far below capacity during the lockdowns). The bond market flashed recession warning lights as the yield curve between the 10-year Treasury yield and the 2-year yield has become inverted again during the quarter. However, corporate profits have so far remained broadly resilient, and consumer leverage is much lower than in 2007, so markets are currently discounting a relatively mild recession.

Valuations – approaching reasonable levels? : With Global equities over 20% off their peak and credit markets 10-15% down, valuations are now looking more in-line with long term averages. US equities are trading on 16x forward P/E, while most other regions are nearer 10x, and global investment grade indices yield c. 4%. However, bear markets often overreact to the downside, there is little sign of investor "capitulation" in most markets, and it is worth remembering that corporate earnings/defaults have not yet shown much sign of the weakness / peaks (respectively) which would typically occur in a recession.

Equities

Global equities fell sharply in Q2. All tracked indexes suffered significant declines. In addition to the continued Ukraine war, the impacts from slowing economic growth, tightening monetary policy, rising interest rates, and high inflation have all significantly hit the market. Unsurprisingly, the VIX increased by 39.6% in Q2, from 20.6 to 28.7.

US equities, measured by the S&P 500, fell sharply over the quarter by -16.1% and the NASDAQ fell by 22.4% QoQ in response to the more aggressive path of interest rate hikes, with the Fed raising rates by 0.5% in May and 0.75% in June, in an effort to slow inflation, reaching a target range of between 1.50% and 1.75%. This is the greatest rate increase since 1994. The Consumer discretionary sector slumped -26.3% QoQ due to rising consumer concerns over the effect of inflation on households. All sectors experienced declines, although consumer staples and utilities were comparatively resilient.

UK equities continued to be impacted by the war in Ukraine, and the BoE raised the base rate to 1.00% in May, with a further rise to 1.25% in June - the highest level for 13 years. The UK market was more downbeat with both the FTSE 100 (-3.8%) and FTSE All-Share (-5.1%) falling over the quarter. Large-cap companies held up relatively well as traditionally defensive areas of the market outperformed, including the telecoms, healthcare and consumer staples sectors. Small and mid-caps (SMIDs) suffered significant valuation declines as the growth companies in general have suffered against the backdrop of rising rates.

The Euro Stoxx 50 declined by 9.4% over the quarter. The ECB's President signalled the first rate hike was likely to come in July 2022, and will pave the way for the end of negative rates. Concerns over the higher cost of living and the possibility of recession saw the European Commission's consumer confidence reading fall to -23.6 in June, the lowest level since the early stages of the pandemic in April 2020.

Japanese equities registered a decline of 5.0% from the end of March. While the latest annual consumer inflation figure (for May) rose above the Bank of Japan's (BoJ) target of 2%, it remained very low by international standards. Japan's equity market in the quarter was primarily driven by news flow on monetary policy and currency markets, together with concerns over the growing possibility of a US recession. The yen weakened sharply against the US dollar, breaching the 130 level for the first time in 20 years.

Emerging market (EM) equities aligned with the global equities markets and delivered a negative 11.4% over the quarter, with US dollar strength a key headwind.

Global Equity Markets Performance

Source: Bloomberg. All in local currency.
FTSE All-Share Index (Ticker: ASX Index) S&P 500 Index (Ticker: SPX Index) STOXX Europe 600 (Ticker: SXXP Index)
Nikkei 225 Index (Ticker: NKY Index) MSCI World Index (Ticker: MXWO Index) MSCI Emerging Markets (Ticker: MXEF Index)

Fixed Income

Global bonds continued to sell off sharply in Q2 sending yields higher amid elevated inflation and rising interest rates. Global bonds rallied into quarter-end amid rising growth concerns, slightly curtailing the negative returns. Within corporate bonds, high-yield credit was hardest hit, with mounting concerns over the economic outlook. Emerging market bonds also suffered similar declines.

The US 10-year bond yield rose from 2.35% to 2.98% and the 2-year yield from 2.33% to 2.93%. Treasuries provided a total Q2 return of -3.8%. The unemployment rate also edged down, bolstering the case for the Fed to speed up the tightening of monetary policy in the fight against inflation. The Michigan Consumer Sentiment index declined to 50.0 in June, a record low in its 70-year history, going back to 1952.

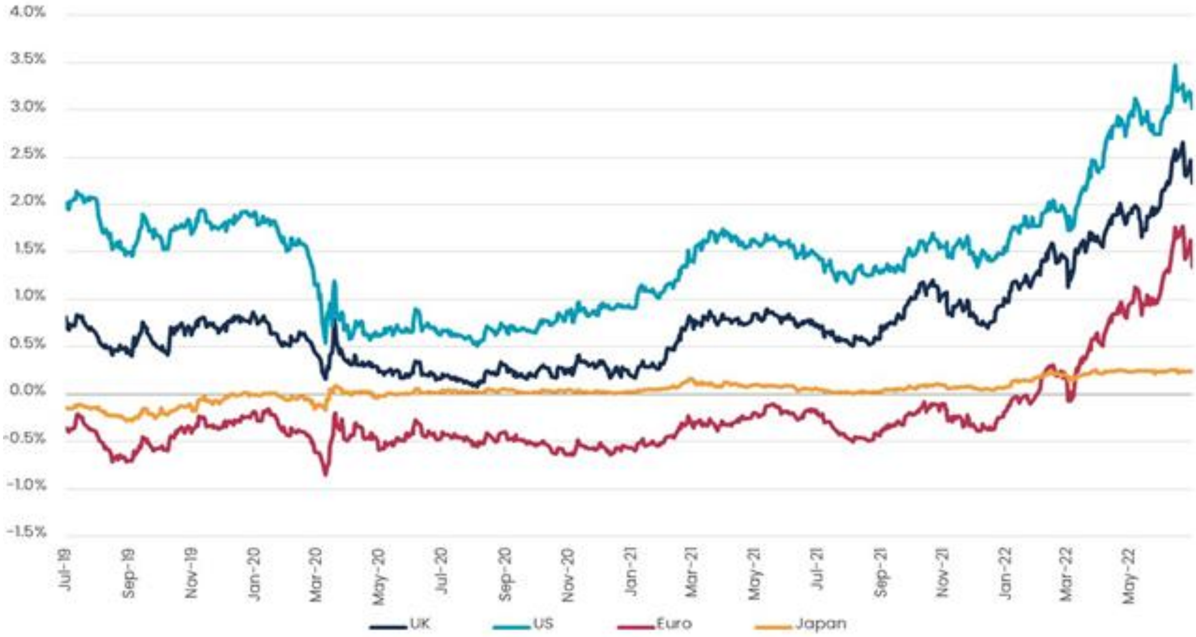
The UK 10-year Gilt yield increased from 1.61% to 2.23% and 2-year yield rose from 1.36% to 1.88%. This occurred despite concerns around the UK economic outlook and particularly the cost-of-living pressures on households which is causing a significant purchasing power squeeze. Unemployment remained low in the UK, but consumer confidence has hit a record low with the negative real wage growth.

European government bonds had a total return of -7.3% in Q2. The selloff in European government bonds gathered momentum as traders priced in a more aggressive pace of tightening from the European Central Bank amid mounting concerns over the deteriorating inflation outlook worldwide. Expectations are for the ECB to conclude its net asset purchases under its asset purchase program in Q3. Once complete, the ECB is expected to begin hiking interest rates, following the same path as the BoE and Fed. The German 10-

year yield increased from 0.55% to 1.37% with Italy's up from 2.04% to 3.39%, hitting as high as 4.27% in June.

US high-yield bonds aligned with the global bonds market, returning -9.8%, with -10.7% performance for European high-yield bonds. Investment-grade bonds returned -7.4% in the UK, -7.6% in Europe and -7.3% in the US.

Government Bond Yields



Source Bloomberg. US Generic Govt 10 Year Yield (Ticker: USGG10YR Index); UK Govt Bonds 10 Year Note Generic Bid Yield (Ticker: GUKG10 Index); Euro Generic Govt Bond 10 Year (Ticker: GECU10YR Index).

Currencies

In Q2, sterling weakened marginally against the euro (-2.0%) and sharply against the US dollar (-7.3%) as recession fears, rising living costs, public sector strikes, and inflation uncertainty all undermined confidence in the UK's economic outlook and the strength of its currency. Overall, the US dollar (Dollar index +6.5%) had a strong Q2, as investors preferred the US over Europe amid uncertainty among ECB policy makers growth outlook. Notably it also strengthened against the Japanese yen by 11.6%, again reflecting the divergence in policy between the Fed and the BoJ.

Commodities

Energy prices fluctuated in Q2 2022, with the continuation of the Russia-Ukraine conflict putting further pressure on prices from Q1. Increases in price occurred due to tight supply reflecting uncertainties about further sanctions related to Russia's invasion. Precious metals also surged, with investors seeking safe-haven assets – which saw gold prices rise.

US natural gas fell over the quarter influenced by rising domestic inventories. The recent explosion at one of the biggest US liquefied natural gas export terminals in Texas - Freeport LNG - means an additional 2 Bcf/d of natural gas remains in the US market despite soaring international demand. This is, however, easing pressure on domestic US prices Freeport LNG said it does not expect the terminal to return to full operations until late 2022. Natural gas prices in Europe rose to the highest level in almost four months due to planned strikes in Norway threatening to further tighten a market, which is already suffering from Russia's supply cuts. Prices in Europe continued to rise to new highs (Dutch TTF Gas Futures +10% to above 160 euros a megawatt-hour) as Germany entered the alert phase of its emergency plan in response to reduced Russian flows and liquefied natural gas (LNG) imports. This follows the suspension of certification of the Nord Stream 2 pipeline. The price of LNG has gained 45% YTD, through strong overseas demand, especially from Europe as it slowly and reluctantly seeks to eradicate Russia as a supplier.

Brent crude oil experienced increasing prices in Q2 (+6.4%). Fluctuations in price stemmed from the fear of a world recession. Oil came close to an all-time high of $130 in Q1 due to Russia's invasion of Ukraine exacerbating tight supplies following the recent recovery of demand shortly after the Covid pandemic. After reaching a 10-week high at more than $125/b in Q2, Brent crude futures have fallen as concerns over a global economic slowdown trumped the impact of Western sanctions on Russian oil supplies. Brent closed the quarter at $115 a barrel.

Gold and Copper prices fell 7.3% and 21.8% respectively in Q2, as fears of a global recession continued to hang over the market. The risk of recession in the US is growing as the Fed tightens monetary policy amid rising inflation and Europe's economic outlook darkens due to soaring gas prices. With the costs of holding Copper rising through Fed tightening and gold imports from Russia being banned, we may see further fluctuation into Q3. The Generic 1st Gold index and Generic 1st Copper index closed Q2 at 1,807 USD/toz and 371 USD/lb, respectively.

Property

Global listed property had a weak quarter, with the FTSE EPRA Nareit Global Index declining -9.8% in Q2.

Property prices declined for the first time in two years with the Green Street Commercial Property Price Index down by 1.2% in Q2. The all-property index is now down 1.0% since the start of the year.

The Nationwide House Price Index in the UK increased 10.7% year on year in Q2 2022 which was, however, below market forecasts of 10.8%. Expectations are pointing towards a slowdown, with the number of mortgages approved for house purchases falling back towards pre-pandemic. The housing market has, to date, retained momentum despite the pressures of rising inflation.

Key Indicators at a Glance

Market Indicators

Index (Local Currency)		Q2 2022	Q1 2022	Q2	YTD
Equities			**Index Value**	**Total Return**	
UK Large-Cap Equities	FTSE 100	7,169	7,516	-3.8%	-1.0%
UK All-Cap Equities	FTSE All-Share	3,941	4,188	-5.1%	-4.6%
US Equities	S&P 500	3,785	4,530	-16.1%	-20.0%
European Equities	EURO STOXX 50 Price EUR	3,455	3,903	-9.4%	-17.4%
Japanese Equities	Nikkei 225	26,393	27,821	-5.0%	-8.9%
EM Equities	MSCI Emerging Markets	1,001	1,142	-11.4%	-17.6%
Global Equities	MSCI World	2,546	3,053	-16.1%	-20.3%
Government Bonds					
UK Gilts	FTSE Actuaries UK Gilts TR All Socks	3,405	3,678	-7.4%	-14.1%
UK Gilts Over 15 Years	FTSE Actuaries Uk Gilts Over 15 Yr	4,633	5,402	-14.2%	-24.8%
UK Index-Linked Gilts	FTSE Actuaries UK Index-Linked Gilts TR All Stocks	4,694	5,693	-17.5%	-22.1%
UK Index-Linked Gilts Over 15 Years	FTSE Actuaries UK Index-Linked Gilts TR Over 15 Yr	5,883	7,859	-25.1%	-31.6%
Euro Gov Bonds	Bloomberg EU Govt All Bonds TR	224	242	-7.3%	-12.2%
US Gov Bonds	Bloomberg US Treasuries TR Unhedged	2,271	2,361	-3.8%	-9.1%
EM Gov Bonds (Local)	J.P. Morgan Government Bond Index Emerging Markets Core Index	120	131	-8.3%	-13.0%
EM Gov Bonds (Hard/USD)	J.P. Morgan Emerging Markets Global Diversified Index	779	879	-11.4%	-20.3%
Bond Indices					
UK Corporate Investment Grade	S&P UK Investment Grade Corporate Bond Index TR	350	378	-7.4%	-13.4%
European Corporate Investment Grade	Bloomberg Pan-European Aggregate Corporate TR Unhedged	220	238	-7.6%	-12.5%
European Corporate High Yield	Bloomberg Pan-European HY TR Unhedged	375	420	-10.7%	-14.3%
US Corporate Investment Grade	Bloomberg US Corporate Investment Grade TR Unhedged	3,017		-7.3%	-14.4%
US Corporate High Yield	Bloomberg US Corporate HY TR Unhedged	2,112	2,342	-9.8%	-14.2%
Commodities					
Brent Crude Oil	Generic 1st Crude Oil, Brent, USD/bbl	115	108	6.4%	47.6%
Natural Gas (US)	Generic 1st Natural Gas, USD/MMBtu	5.42	5.64	-3.9%	45.4%
Gold	Generic 1st Gold, USD/toz	1,807	1,949	-7.3%	-1.2%
Copper	Generic 1st Copper, USD/lb	371	475	-21.8%	-16.8%
Currencies					
GBP/EUR	GBPEUR Exchange Rate	1.16	1.19	-2.0%	-2.3%
GBP/USD	GBPUSD Exchange Rate	1.22	1.31	-7.3%	-10.0%
EUR/USD	EURUSD Exchange Rate	1.05	1.11	-5.4%	-7.8%
USD/JPY	USDJPY Exchange Rate	135.67	121.56	11.6%	17.9%
Dollar Index	Dollar Index Spot	104.69	98.31	6.5%	9.4%
USD/CNY	USDCNY Exchange Rate	6.70	6.34	5.7%	5.4%
Alternatives					
Infrastructure	S&P Global Infrastructure Index	2,692	2,944	-7.4%	-0.5%
Private Equity	S&P Listed Private Equity Index	162	208	-21.0%	-28.5%
Hedge Funds	Hedge Fund Research HFRI Fund-Weighted Composite Index	17,703	18,083	-1.9%	-2.9%
Global Real Estate	FTSE EPRA Nareit Global Index TR GBP	3,741	4,148	-9.8%	-10.3%
Volatility				**Change in Volatility**	
VIX	Chicago Board Options Exchange SPX Volatility Index	29	21	39.6%	66.7%

* All return figures quoted are total return, calculated with gross dividends/income reinvested.
Source: Bloomberg

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Local Authority Fund Statistics

2021/22

ASSET ALLOCATION AT END MARCH

	Equity		Bonds		Alternatives		Property		Cash		Diversified Growth	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Average	52	**56**	18	**17**	17	**14**	9	**8**	2	**2**	2	**2**
Range												
Top Quartile	60	64	22	22	17	15	10	9	2	3	9	9
Median	54	57	18	18	11	8	9	8	1	1	0	0
Bottom Quartile	46	49	13	12	6	4	7	3	0	0	0	0
Oxfordshire Pension Fund	53	58	20	20	13	10	8	6	2	1	5	5

TOTAL FUND PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	8.6		8.3		7.1		8.9		7.3		8.5	
Range of Results												
Upper Quartile	10.0		9.3		7.7		9.2		7.5		8.7	
Median	8.0		8.6		7.0		8.8		7.1		8.4	
Lower Quartile	6.0		7.6		6.5		8.3		6.9		8.2	
Oxfordshire Pension Fund	10.3	20	8.7	44	7.4	33	9.1	27	7.0	67	8.2	72

EQUITY PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	7.6		10.2		8.4		10.6		8.0		9.2	
Range of Results												
Top Quartile	10.2		12.1		9.9		11.7		8.4		9.6	
Median	8.2		11.1		8.9		10.7		7.9		9.2	
Bottom Quartile	5.5		9.4		8.1		10.0		7.7		8.9	
Oxfordshire Pension Fund	8.5	44	9.2	81	7.8	81	9.9	78				

BOND /CREDIT PERORMANCE

FundName	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	-0.3		2.6		2.5		4.5		5.7		6.9	
Range of Results												
Top Quartile	1.1		2.8		2.8		5.2		6.1		7.2	
Median	-1.1		2.4		2.4		4.4		5.6		6.7	
Bottom Quartile	-2.8		1.9		1.8		3.7		4.9		6.4	
Oxfordshire Pension Fund	0.8	32	3.2	14	3.0	19	5.1	28	6.1	20	7.2	21

ALTERNATIVES PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank
Universe Average	19.0		11.0		9.8		10.0	
Range of Results								
Top Quartile	24.4		13.1		12.0		11.8	
Median	16.1		9.9		8.6		9.1	
Bottom Quartile	10.5		7.5		6.7		6.9	
Oxfordshire Pension Fund	36.6	7	21.6	6	16.7	5	16.6	3

PROPERTY PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank	10 Yrs (%p.a.)	Rank	20 Yrs (% p.a.)	Rank	30 Yrs (% p.a.)	Rank
Universe Average	17.9		6.3		6.8		8.0		7.0		8.2	
Range of Results												
Top Quartile	21.0		7.7		7.7		8.5		7.2		8.6	
Median	18.8		6.5		6.9		7.8		6.7		7.9	
Bottom Quartile	15.3		5.5		6.3		6.8		5.8		7.2	
Oxfordshire Pension Fund	18.8	50	6.2	61	6.9	52	7.8	49	5.5	83	6.9	89

DIVERSIFIED GROWTH PERFORMANCE

	1 Year	Rank	3 Yrs (%p.a.)	Rank	5Yrs (%p.a.)	Rank
Universe Average	4.7		5.1		3.5	
Range of Results						
Top Quartile	7.3		6.6		4.4	
Median	4.2		4.3		3.3	
Bottom Quartile	3.1		3.6		2.8	
Oxfordshire Pension Fund	3.7	64	3.9	67	3.4	39

These tables are intended solely for the use of the participating funds. Whilst individual fund returns and rankings may be used, the tables in their entirety should not be copied or distributed beyond these funds.

Market thoughts

Thinking from a different perspective

At this time of year I attempt to take a view on issues that affect us from a different angle from normal, mainly as a result of talking to local people wherever we have been on holiday. Quite often my preconceived ideas get turned on their head, or as was the case last year studying the recovering hospitality industry in different areas of the UK and finding similar problems but with differing reasons. You will recall that the hospitality industry was facing a perfect storm, with post Brexit issues mixing with Covid restrictions and supply chain challenges, while at the same time trying to take some benefit from the massive lift to local tourism with foreign travel still not realistically possible for most people. While some are relatively short term issues, others will undoubtedly cause longer term change.

Our travels this year started off just before Easter in Swanage. Over the years we have been frequent visitors to the Isle of Purbeck, so we thought we had a good grasp of most matters there. My wife and I have an aspiration to eventually “retire” to Swanage. The climate is warmer than Cheshire, the sailing is good, it has a lovely heritage railway and the pubs are quite good. Ideal. Except the property prices. It was almost a case of we’d think of a price and then it would be double that. The owner of the B&B that we were staying at confided with us that they had bought it only a few years ago, but were putting it on the market as they felt that the current prices wouldn’t hold and they were struggling to get staff anyway. We have continued to keep an eye on prices there, and although still high, actual transactions seem to be few and far between.

We moved on from Swanage to Stratton-on-the-Fosse, near Bath. This was a little pub with a few bedrooms, run solely by an elderly couple, no other staff. We’d stayed there before and enjoyed the quirkiness of it. We arrived to discover that we would be their last guests. Post Covid, their business had fallen considerably. They used to do a very busy Sunday lunch buffet. After reopening, most of their regulars didn’t return, being concerned about the ongoing health risks. This is something we have seen frequently on our travels, many small establishments couldn’t reopen due to spacing restrictions initially, and if and when they did reopen all the other issues pushed them out of business. The Kings Arms was heaving on their last night, with the local Folk band playing, so at least they got a great send off!

A small diversion. My wife and daughter had a girly week away back in June to Port de Soller in Majorca. Again a place we know well, so comparisons can be made. Rather surprisingly, because there isn't really a Brexit factor to consider, the local hospitality industry is suffering in a similar way to the UK. Restaurants and bars were only opening for limited hours and closed on some days. Others, including the one night club, hadn't reopened at all. Their normal source of seasonal staff is mainland Spain, and many simply had not wished to return post Covid. So we aren't alone.

In early August we had a week in the Isle of Man. Despite being so easy to get to from Cheshire, this was the first visit there for my wife and son, for me it was my first trip there for over 25 years. The tourism industry has shrunk massively there, as finance related commerce has replaced disillusioned soggy visitors! By contrast the weather for our visit was more like the Mediterranean, but again staff shortages were widespread. Brewers are still allowed to own pubs there, and the main brewer, Okells, has an extensive pub estate. However, despite this being what passes as peak season there, some were open for wet sales only as they had no kitchen staff, those that were offering food had restricted times and very simplified menus. Even the hotel next to our apartment was only offering bar food on some nights, due to a lack of a chef for the restaurant. This is one of the largest and best hotels in Douglas. Like the Channel Islands, the Isle of Man sets their own immigration rules which is open to casual labour, so clearly pay is an issue here as well. The manager of one of the wet only pubs told us that she is paid £9.50 an hour, has been working long hours without support and was going to move to another pub closer to her home on the island, thus saving some travel expense.

So what's the point of all of this? Quite simply the hospitality industry remains in crisis and will never return to the way that it was. With high employment, why suffer low pay, long and unsociable hours and frankly rude customers on a regular basis? Ultimately the "offer" has to be made more attractive, principally much higher pay. This is were my thesis widens out. This country, and others, has had the benefit of comparitively cheap labour for many years, working in many different spheres which are still labour intensive. That includes transport and agriculture, alongside hospitality and leisure. Those days of cheap labour are effectively over, and the adjustment to a proper living wage will inevitably be inflationary over a considerable period of time. This sits alongside my concern that inflationary issues created by Putin will sadly be with us for some time to come, such that although headline inflation may well fall back from current levels as we work through into next year, we are not going back to 2% anytime soon. The genie is out of the bottle, and staying out.

As a small postscript, in the two weeks since writing this report the concerns over the rapidly increasing cost of living have grown considerably. This will clearly be of particular concern to the active pensioners of the Fund, as although their pensions enjoy a CPI related increase each year this will not be sufficient to compensate for the increases that we are all seeing in energy and food prices. The implications of this will be included in my verbal comments at the Pension Committee meeting.

Recommendations

1. That members and relevant officers attend the Brunel Investor Day on Wednesday 28 September. This will be in person and also available by remote access.
2. Depending on the feedback from this, that Brunel are asked to produce a training programme for Fund elected members and others that will provide information about the asset classes that they manage and their processes.
3. That information available to members from Brunel should include a table that specifies who the underlying managers for active mandates are and their performance against benchmark and performance targets.
4. That Brunel be asked to support the forthcoming Strategic Asset Allocation review, to ensure that the Fund's developing requirements can be accommodated.

TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 30th JUNE 2022

Investment	COMBINED PORTFOLIO 01.04.2022	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 30.06.2022		
	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*	**507,251**	**458,654**	**40.8%**	**21,085**	**4.7%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**479,739**	**15.7%**	**15.0%**
Emerging Market Equities		81,557																
Global Equities		583,698																
Overseas Equities																		
TotalOverseas Equities	**1,209,013**	**665,255**	**59.1%**	**427,531**	**95.3%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**1,092,786**	**35.8%**	**36.0%**
BONDS																		
UK Gilts	28,051	0	0.0%	0	**0.0%**	21,290	18.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	21,290	0.7%	
Corporate Bonds	145,728	0	0.0%	0	**0.0%**	34,548	30.3%	98,353	25.4%	0	0.0%	0	0.0%	0	0.0%	132,901	4.4%	
Overseas Bonds	18,114	0	0.0%	0	**0.0%**	21,151	18.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	21,151	0.7%	
Index-Linked	242,900	0	0.0%	0	**0.0%**	34,823	30.6%	162,128	41.8%	0	0.0%	0	0.0%	0	0.0%	196,951	6.5%	
Multi Asset - Credit	139,285	0	0.0%	0	**0.0%**	0	0.0%	127,323	32.8%	0	0.0%	0	0.0%	0	0.0%	127,323	4.2%	
Total Bonds	**574,078**	**0**	**0%**	**0**	**0.0%**	**111,812**	**98.1%**	**387,804**	**100.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**499,616**	**16.4%**	**16.0%**
ALTERNATIVE INVESTMENTS																		
Property	202,474	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	198,060	90.1%	0	0.0%	28,458	5.7%	226,518	7.4%	8.0%
Private Equity	358,593	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	87,497	33.9%	261,347	52.7%	348,844	11.5%	10.0%
Multi Asset - DGF	162,007	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	152,326	30.7%	152,326	5.0%	0.0%
Infrastructure	64,290	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	46,749	18.1%	22,243	4.5%	68,992	2.3%	5.0%
Secured Income	99,947	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%		0.0%	105,730	40.9%	0	0.0%	105,730	3.5%	5.0%
Private Debt	12,204	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	18,362	0.0%	0	0.0%	18,362	0.6%	5.0%
Total Alternative Investments	**899,515**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**198,060**	**90.1%**	**258,338**	**100.0%**	**464,374**	**93.7%**	**920,772**	**30.2%**	**33.0%**
CASH	**76,057**	**1,030**	**0.1%**	**0**	**0.0%**	**2,136**	**1.9%**	**0**	**0.0%**	**21,700**	**9.9%**	**107**	**0.0%**	**31,504**	**6.4%**	**56,477**	**1.9%**	**0.0%**
TOTAL ASSETS	**3,265,914**	**1,124,939**	**100.0%**	**448,616**	**100.0%**	**113,948**	**100.0%**	**387,804**	**100.0%**	**219,760**	**100.0%**	**258,445**	**100.0%**	**495,878**	**100.0%**	**3,049,390**	**100.0%**	**100.0%**
% of total Fund		36.89%		14.71%		3.74%		12.72%		7.21%		8.48%		16.26%		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	(27,421)	(87)	0	0	0	0	0
			0		0	0	0
Overseas Equities	(71,324)	(44,822)	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	(2,308)	0	0	0	0
Corporate Bonds	0	0	(4,453)	(8,374)	0	0	0
Overseas Bonds	0	0	360	0	0	0	0
Index-Linked Bonds	0	0	(8,590)	(40,487)	0	0	0
Multi Asset - Credit	0	0	0	(11,962)	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	8,044	0	3,772
Private Equity	0	0	0	0	0	11,002	(23,757)
Multi Asset - DGF	0	0	0	0	0	0	(9,681)
Infrastructure	0	0	0	0	0	1,677	408
Secured Income	0	0	0	0	0	2,647	0
Private Debt	0	0	0	0	0	(1,599)	0
SUB TOTAL	(98,745)	(44,909)	(14,991)	(60,823)	8,044	13,727	(29,258)
CASH *	0	0	0	0	0	0	0
GRAND TOTAL	**(98,745)**	**(44,909)**	**(14,991)**	**(60,823)**	**8,044**	**13,727**	**(29,258)**

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

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TABLE 3

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th JUNE 2022

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	QUARTER ENDED 30th JUNE 2022 RETURN %	12 MONTHS ENDED 30th JUNE 2022 RETURN %	THREE YEARS ENDED 30th JUNE 2022 RETURN %	FIVE YEARS ENDED 30th JUNE 2022 RETURN %	TEN YEARS ENDED 30th JUNE 2022 RETURN %
BRUNEL - UK EQUITIES	-5.6	-2.6	0.4		
BENCHMARK	-4.6	2.9	2.3		
VARIATION	**-1.0**	**-5.5**	**-1.9**		
BRUNEL - GLOBAL HIGH ALPHA EQUITIES	-10.3	-10.7			
BENCHMARK	-9.0	-2.1			
VARIATION	**-1.3**	**-8.6**			
BRUNEL - EMERGING MARKET EQUITIES	-4.9	-19.5			
BENCHMARK	-3.9	-14.7			
VARIATION	**-1.0**	**-4.8**			
BRUNEL - GLOBAL SUSTAINABLE EQUITIES	-10.3	-10.5			
BENCHMARK	-8.4	-3.7			
VARIATION	**-1.9**	**-6.8**			
BRUNEL - PASSIVE DEV. EQUITIES PARIS ALIGNED	-9.1				
BENCHMARK	-9.1				
VARIATION	**0.0**				
L&G FIXED INCOME	-11.1	-14.6	-2.3	0.3	3.4
BENCHMARK	-10.3	-13.7	-3.0	-0.1	3.2
VARIATION	**-0.8**	**-0.9**	**0.7**	**0.4**	**0.2**
BRUNEL - STERLING CORPORATE BONDS	-7.8				
BENCHMARK	-6.8				
VARIATION	**-1.0**				

BRUNEL - MULTI-ASSET CREDIT	-8.6	-10.1			
BENCHMARK	1.2	4.4			
VARIATION	**-9.8**	**-14.5**			
BRUNEL - PASSIVE INDEX-LINKED GILTS	-20.0	-19.2			
BENCHMARK	-19.8	-19.1			
VARIATION	**-0.2**	**-0.1**			
IN-HOUSE PROPERTY	15.0	20.9	9.7	9.6	9.1
BENCHMARK	3.9	23.3	9.2	8.1	8.6
VARIATION	**11.1**	**-2.4**	**0.5**	**1.5**	**0.5**
BRUNEL - UK PROPERTY	4.4	22.0			
BENCHMARK	3.9	23.3			
VARIATION	**0.5**	**-1.3**			
BRUNEL - INTERNATIONAL PROPERTY	9.1	18.7			
BENCHMARK	7.9	25.9			
VARIATION	**1.2**	**-7.2**			
IN-HOUSE PRIVATE EQUITY	-7.8	16.6	18.9	15.8	17.3
BENCHMARK	-8.4	-3.0	10.5	7.3	11.1
VARIATION	**0.6**	**19.6**	**8.4**	**8.5**	**6.2**
BRUNEL - PRIVATE EQUITY CYCLE 1	16.2	54.4	23.4		
BENCHMARK	-8.4	-3.7	8.4		
VARIATION	**24.6**	**58.1**	**15.0**		
BRUNEL - PRIVATE EQUITY CYCLE 2	18.2	43.1			
BENCHMARK	-8.4	-3.7			
VARIATION	**26.6**	**46.8**			
IN-HOUSE INFRASTRUCTURE	7.2	29.3	13.2		
BENCHMARK	5.0	12.7	7.0		
VARIATION	**2.2**	**16.6**	**6.2**		
BRUNEL - INFRASTRUCTURE CYCLE 1	4.6	12.1	7.7		
BENCHMARK	4.0	9.4	4.1		
VARIATION	**0.6**	**2.7**	**3.6**		
BRUNEL - INFRASTRUCTURE CYCLE 2	2.6	11.4			
BENCHMARK	4.0	9.4			

VARIATION	**-1.4**	**2.0**			
INSIGHT DIVERSIFIED GROWTH FUND	-6.0	-6.1	0.7	1.8	
BENCHMARK	1.3	4.6	4.4	4.4	
VARIATION	**-7.3**	**-10.7**	**-3.7**	**-2.6**	
BRUNEL - SECURED INCOME CYCLE 1	2.9	12.3	5.7		
BENCHMARK	4.0	9.4	4.1		
VARIATION	**-1.1**	**2.9**	**1.6**		
BRUNEL - SECURED INCOME CYCLE 2	4.7	14.3			
BENCHMARK	4.0	9.4			
VARIATION	**0.7**	**4.9**			
BRUNEL - PRIVATE DEBT CYCLE 2	3.7				
BENCHMARK	1.2				
VARIATION	**2.5**				
IN-HOUSE CASH	0.2	0.4	0.4	0.5	0.4
BENCHMARK	0.2	0.4	0.4	0.5	0.4
VARIATION	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
TOTAL FUND	**-6.6**	**-2.7**	**4.9**	**5.6**	**8.6**
BENCHMARK	**-5.4**	**-0.3**	**5.4**	**5.6**	**8.6**
VARIATION	**-1.2**	**-2.4**	**-0.5**	**0.0**	**0.0**

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TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

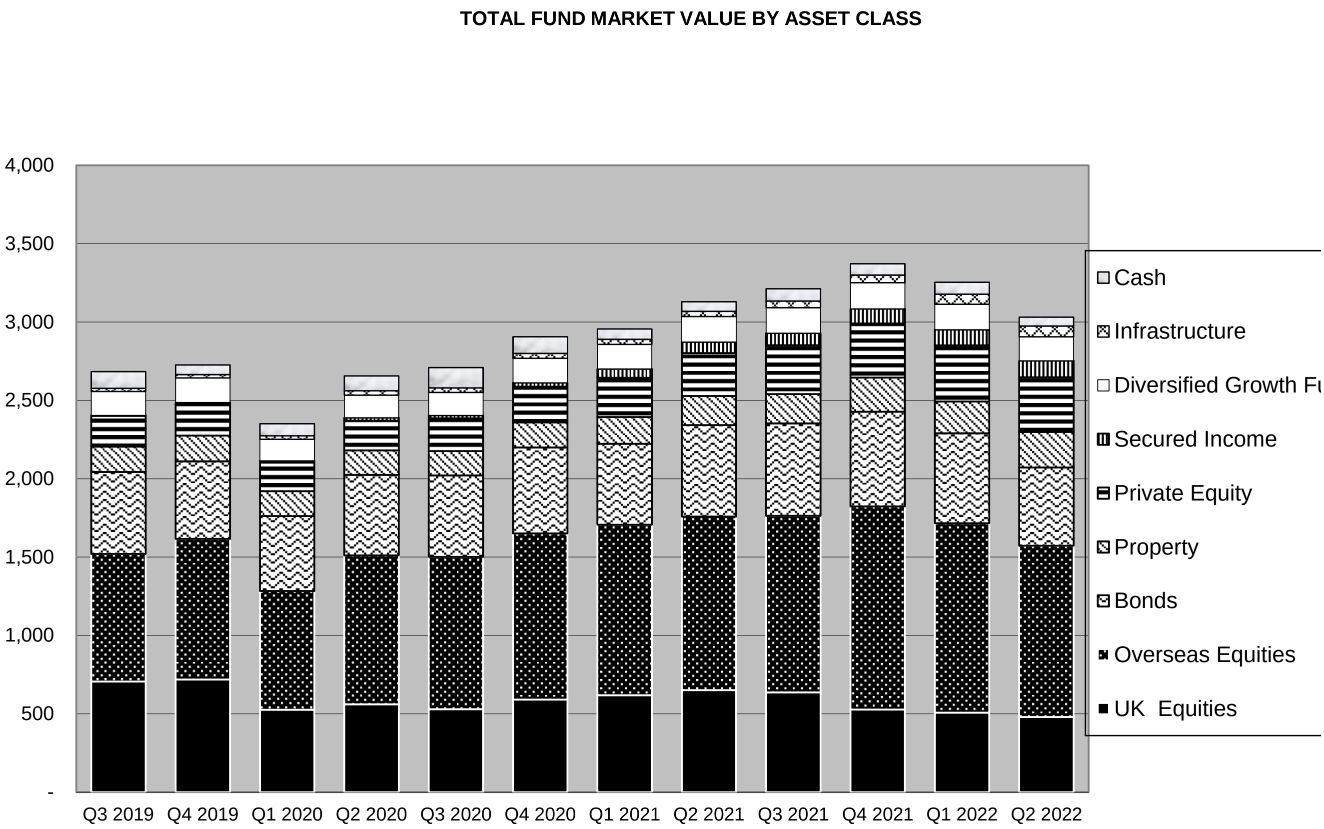
TOP 20 HOLDINGS AT 30/06/2022

	ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
	DIRECT HOLDINGS		
1	HG CAPITAL TRUST PLC	63,531,900	2.08
2	ABRDN PRIVATE EQUITY OPPORTUNITIES TRUST PLC	22,456,598	0.74
3	CT PRIVATE EQUITY TRUST PLC	18,439,388	0.60
4	3I GROUP PLC COMMON STOCK GBP.738636	12,676,910	0.42
5	ICG ENTERPRISE TRUST PLC	9,104,828	0.30
6	KKR + CO INC COMMON STOCK USD.01	8,389,147	0.28
7	US TREASURY N/B 05/31 1.625	2,472,088	0.08
8	UNITED KINGDOM GILT BONDS REGS 01/26 0.125	2,442,128	0.08
9	HELLENIC REPUBLIC SR UNSECURED 144A REGS 04/27 2	2,064,139	0.07
10	UNITED KINGDOM I/L GILT BONDS REGS 11/55 1.25	1,868,052	0.06
11	AUSTRALIAN GOVERNMENT SR UNSECURED REGS 06/51 1.75	1,805,091	0.06
12	UNITED KINGDOM GILT BONDS REGS 10/30 0.375	1,795,104	0.06
13	UNITED KINGDOM I/L GILT BONDS REGS 11/37 1.125	1,730,258	0.06
14	UNITED KINGDOM I/L GILT BONDS REGS 03/40 0.625	1,729,912	0.06
15	UNITED KINGDOM I/L GILT BONDS REGS 11/36 0.125	1,712,424	0.06
16	UNITED KINGDOM I/L GILT BONDS REGS 03/46 0.125	1,637,382	0.05
17	UNITED KINGDOM I/L GILT BONDS REGS 03/34 0.75	1,634,331	0.05
18	UNITED KINGDOM I/L GILT BONDS REGS 11/47 0.75	1,618,432	0.05
19	UNITED KINGDOM I/L GILT BONDS REGS 11/42 0.625	1,603,486	0.05
20	UNITED KINGDOM I/L GILT BONDS REGS 03/29 0.125	1,598,264	0.05
	TOP 20 HOLDINGS MARKET VALUE *	**160,309,861**	5.26
	* Excludes investments held within Pooled Funds		
	POOLED FUNDS AT 30/06/2022		
1	FP BRUNEL UK EQUITY FUND A ACC MUTUAL FUND	458,654,199	15.04
2	GPFP FTSE PA DEV EQ IDX FD	448,615,579	14.71
3	FP BRUNEL HG ALP GLB EQUITY FD MUTUAL FUND	300,381,715	9.85
4	FP BRUNEL GBL SUSTAINABLE MUTUAL FUND	283,316,633	9.29
5	BLACKROCK LIFE LTD AQUILA LIFE OVER 5 YEARS UK IL GILT INDEX FUND	162,127,631	5.32
	TOTAL POOLED FUNDS MARKET VALUE	**1,653,095,757**	54.21
	TOTAL FUND MARKET VALUE	**3,049,390,000**	

GRAPH 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND



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BRUNEL

Pension Partnership

Oxfordshire Pension Fund

www.oxfordshire.gov.uk/pensions

Performance Report for Quarter Ending 30 June 2022

Contents

After a return to the office in the first quarter, the second saw Brunel reaching something like a new normal for hybrid working. As we had hoped, staff are increasingly treating the office as a tool and not a master, and so maximising its benefits for home-work separation, interaction, team building, and meetings (from one-to-one supervisions through to Client Group and Board). Most recently, heat avoidance has been added to the list! Our new approach has not only enabled us to provide greater flexibility as a benefit for our staff – and magnet for future staff. It has also prevented us moving to larger, more expensive premises – staff numbers now far exceed our workstation capacity.

Good workplace practices were also a focus of our engagement through the period. Brunel was one of a coalition of 29 asset owners, led by CCLA, to write to the CEOs of the UK's 100 largest companies calling for improved mental health practices at work. Internally, we instigated a series of wellbeing seminars and sessions at Brunel, as well as launching a wellbeing survey of staff.

Our core values and themes were once again in evidence, as was our desire for full scrutiny of whether we are living up to them, in our 2022 RI & Stewardship Outcomes Report. The report is designed, among other things, to satisfy an extensive list of reporting criteria laid out by the Financial Conduct Authority – which the FCA uses to ensure RI reporting shows sufficient due diligence. In this year's report, published in May, we introduced a new priority theme of biodiversity. "Investors and corporations must recognise that accounting for biodiversity-related impacts is critical," said Laura Chappell, CEO. "Companies must start preparing for the impending reality of nature-related disclosure due in 2023."

Climate investing was no less a focus for it over the period. Our Climate Stocktake had already been initiated in Autumn 2021 but much of the consultation and analysis work picked up in earnest over the quarter. In a studio interview with AssetTV on the subject of the Stocktake Faith Ward, Chief RI Officer at Brunel, pointed to how global events only underline the importance of such a process. "What we have experienced in the last few months – particularly the knock-on effects from the invasion of Ukraine – are a bump from an energy transition perspective," said Ward. "So you need review points."

Speaking on the same topic at a conference hosted by the FT and Pensions Expert, David Vickers, CIO, reeled off some of the key climate metrics that Brunel has targeted in its approach, from decarbonisation by no less than 7% a year to holdings reaching Transition Pathway Initiative level 4 or above. But he also emphasised that limits to data should never become a reason not to act. "Our current policy has five thematic prongs. It's important to assess your progress along the journey – thus our Climate Stocktake," he said. "Science, disclosure levels, ambitions have all changed since we first wrote our Climate Change Policy – progress relies on regularly harnessing these changes to accelerate our progress."

The local RI commitment of client and pool alike was particularly demonstrated in the biggest announcement of the quarter: the launch of the Cornwall Local Impact portfolio. The new portfolio is divided between a 55% allocation to affordable housing in Cornwall, and a 45% allocation split between a UK renewables fund and a Cornwall renewables fund – the latter is called 'Greencoat Cornwall Gardens'.

Executive Summary

High Level Performance of Pension Fund

• The fund delivered absolute performance of -6.6% over the quarter in GBP terms. This was 1.2% behind the benchmark return of -5.4%.
• Total fund return for the 12 months to end-June 2022 was -2.7%, which was 2.4% behind the return of the benchmark of -0.3%.

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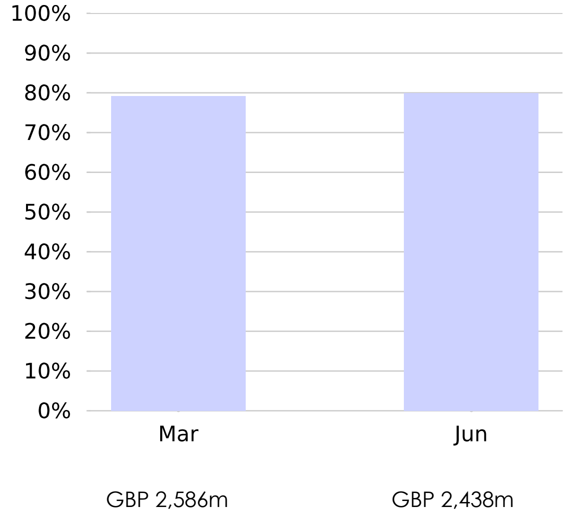
Total Fund Valuation

	Total (GBPm)
31 Mar 2022	3,264
30 Jun 2022	3,049
Net cash inflow (outflow)	2

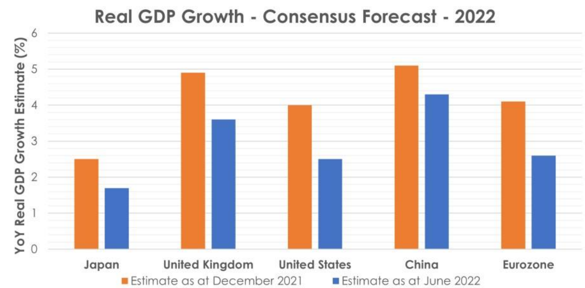
Assets Transitioned to Brunel



Market Summary – Listed Markets

The second quarter of 2022 saw a continuation of widespread negative sentiment towards risk assets, albeit in smaller magnitude than during the prior quarter. The primary drivers were multi-decade inflation highs, fears of a global recession and continuing geopolitical tensions.

Monetary tightening by central banks has now become commonplace worldwide, with more than 60 central banks increasing interest rates this year to combat runaway inflation. In the US, the Federal Reserve (Fed) used its June meeting to increase interest rates by 75 basis points – the largest single rate hike since 1994 - bringing its policy rate range to 1.5-1.75%. The purpose of the large move was to combat increasing year-on-year headline inflation, which stood at a high of +8.6% in the quarter. The UK was no different, with the Bank of England raising rates twice in the quarter. The base rate is now 1.25%, up from 0.75% at the end of March. Headline inflation in the UK touched 40-year highs of +9.1% at the end of the quarter. The only notable exception to this tightening trend is China, which cut interest rates by 10 basis points to 3.7% at the beginning of 2022. China has seen its economy improve over in recent weeks, following the easing of some COVID restrictions, and a more accommodating stance from the government on corporate regulations, particularly in the technology sector. Whilst this benefitted domestic markets, it did little to stimulate sentiment in other emerging market economies.



Source: FactSet

Recession fears began to grip the world towards the end of the quarter. Several economists slashed second quarter real GDP forecasts in the US to +2.4% after the Fed's more aggressive stance towards rate rises became apparent; forecasts had been close to +4% in January 2022. The situation in the US was aggravated further by the release of a disappointing consumer spending report in June. However, many market participants believe any US recession could be mild, given the low level of unemployment, and lower sensitivity to the events in Ukraine. Europe finds itself in a much tougher position, with large dependence on Russian energy adding to cost of living pressures across the continent. As a result, real incomes are falling quickly and growth in the region's export market is slowing. Consensus among economists increasingly points to a mild recession in Europe in coming quarters.

Source: FactSet

Equity, credit, currency and commodity markets experienced significant mark-to-market volatility against this backdrop of high inflation and slowing growth.

Global developed equities, proxied by MSCI World, fell by approximately 9% in GBP terms, with all but two countries registering a negative return. Emerging Markets – proxied by MSCI Emerging Markets – fared better; the index fell a modest -4% in GBP terms, although this was heavily skewed by China, which appreciated by +12% in GBP terms, following the easing of some COVID restrictions. Almost all countries in emerging markets posted negative returns over the quarter. In terms of styles, the higher interest rate environment proved supportive for Value stocks vs Growth counterparts - as had been the case in Q1 2022. Value stocks outperformed Growth by more than 8%. Unsurprisingly, the most successful style was Low Volatility, which can outperform during equity drawdowns.

Credit experienced one of its worst periods in recent history. A perfect storm of rising rates – driven by inflation and subsequent central bank actions – and widening credit spreads, sparked by growth and recession fears, caused major falls in most bond prices. Government bond yields continued to rise across the globe, particularly in the US, where the 2-year and 10-year yields rose to 2.93% & 2.98% respectively, a rise of over +70 basis points in each case. Government securities and investment grade corporates – proxied by two of the Bloomberg Global Aggregate indices – both fell approximately 9% in local terms in Q2 2022. Large bond duration, a measure of interest rate sensitivity, was the main driver. Sub-investment grade securities had a torrid period, with high yield corporates – proxied by the Bloomberg Global High Yield Corporates Index – falling over 11% in local terms, after recession fears sparked significant spread widening.

Many commodities finally ran out of steam, as recession worries began to trump the supply squeeze following the invasion of Ukraine. Both precious and industrial metals suffered heavy losses in Q2 2022. Notable examples included nickel and copper, which saw spot prices fall by 25% and 34% respectively (in GBP terms). Oil was a notable exception to this trend, with the WTI benchmark rising over 14% in GBP terms.

Recession concerns and tight monetary policy drove more investors to the US dollar, which is typical during times of market stress. The DXY Index – a measure of US dollar strength relative to a basket of foreign currencies – rose another 6.5% over the quarter, taking its year-to-date appreciation to over 9%. This has become particularly prevalent vs the Japanese yen, which depreciated due to the Bank of Japan's continued stance on yield curve control. The US dollar appreciated approximately 11% vs the yen in the second quarter alone.

Looking forward, there are still several key questions for investors to ponder. It is still very unclear how the slowing growth and high inflation themes will play out or how much is priced into markets.

Market Summary – Head of Private Markets

Overview

Equities and bonds struggled through Q2 as investors priced in further interest rate hikes and heightened risks of recession. Inflation reached multi-decade highs across many major economies. The Bank of England and the US Federal Reserve both raised rates, with guidance of more increases to come, with even the European Central Bank signalling a first rate increase in July. Energy prices soared, exacerbated by rising demand and supply constraints caused by the conflict in Ukraine.

The inflationary shock, low consumer confidence, and ongoing supply chain disruptions have led economists to reduce their growth expectations for many countries.

Infrastructure

Preqin Q2 2022 report showed Infrastructure Funds raised $50bn in 14 funds in the quarter, second only to the record $70bn raised in Q1.

Among them, Brookfield's Global Transition Fund managed to close a record $15bn, double the initial target size, and a sign of the increasing interest for the energy transition theme within infrastructure. Brookfield's fund is also significative in that, as opposed to other smaller Energy transition funds focusing on new clean energy technologies, it aims to invest and transform "carbon-intensive industries". Investors commit to gain exposure to "dirty companies" such as coal fired Australia's AGL Energy, with the promise to decarbonise over time.

While the war in Ukraine has continued to reinforce the market interest in renewables, energy security has gained prominence in the agenda, and the EU admitted both gas and nuclear in their "green taxonomy".

Inflation and inflation protected was another of the prevalent themes. While infrastructure remains popular for its higher linkage to inflation, infrastructure players have noted that in a high inflation scenario, returns may grow in nominal terms, but may need to be moderated in real terms to maintain their "social license to operate" by not passing full inflation to final users (contract versus reality).

Private Equity

Following the record-breaking year in 2021, private equity activity slowed down in the first half of 2022. Deal volume continued to decline in Q2 2022 compared to Q1 with the current uncertainty that clouds the overall economic environment. Inflation, rising interest rates, and the effects of the war in Ukraine continue to strain market activity. The US Fed's hawkish stance to tackle inflation is further increasing the

BRUNEL
Pension Partnership

risk of recession, which ultimately led to both valuations and deal volume declining. In addition, it is unlikely that companies will be able to pass on the full effect of rising costs, due to inflation, to the end consumer and consequently generate lower earnings. Although exits and PE-backed IPOs remain low relative to prior quarters, GPs are still expected to remain active and deploy capital as well as support existing portfolio companies. Interest rate hikes and recession fears remain the key issues that the market is monitoring and private equity firms are assessing the effects on deal activity and portfolio performance in which certain sectors (e.g. consumer) will be impacted more. In addition, the Investment pace GPs invested their funds is likely to slow down compared to 2021. The fund-raising market is strong, with major mega-funds expected to continue to raise in 2022 (e.g Permira has just closed €16bn for its most recent Flagship Buyout Fund). However, the fundraising period is expected to be longer to accommodate LPs. In addition, GPs are indicating a shorter investment period to deploy capital. Asset valuations are likely to be affected by rate hikes and investors are being cautious with Tech companies with limited cash and are opting for more B2B and enterprise solution tech/software. PE firms have further increased their focus on ESG and ways to embed it in their processes to drive value within their portfolio investments. In addition, GPs are raising Impact-focused funds and this will be a key theme in the new investment cycle.

Overall, the private equity industry is experiencing the effects of the macro environment but is still in a strong position to continue to perform and will capitalise on the adjustments in valuations to generate returns.

Private Debt

Central banks turned more hawkish in the face of persistently high inflation. The Sterling Overnight Index Average (SONIA), the overnight interest rate paid by banks in the UK, increased over the quarter from 0.7% to 1.2%. In the US, the Federal Reserve's rate increases meant Secured Overnight Finance Rate (SOFR), the overnight interest rate paid by banks in the US, increased over the quarter from 0.3% to 1.5%. Corporate bond yields increased markedly over the quarter, a combination of increasing credit spreads and increasing reference rates. Similarly, US high bond index spreads increased significantly over the Quarter.

Given the expectation for economic headwinds (driven principally by inflation) managers are anecdotally reporting a modest slow-down in deal activity by P.E sponsors as they adopt a 'wait & see' approach in light of an anticipated repricing of acquisition multiples. Given the sustained volume of dry powder held by P.E. sponsors there is an expectation that deal flow should remain strong through 2022 (albeit with a compensatory uptick towards the end of the year).

Market Summary – Head of Private Markets

Direct lenders with a focus on senior loans have responded to the inflationary environment with a heighted focus on what they perceive to be relatively defensive sectors. These managers are reporting modest increases in their agreed spreads with borrowers (new loan origination at rates of c.6%+ in excess of underlying reference rates). Overall senior direct lenders remain confident (but cautious) that the loan books they have assembled should remain resilient however they continue to exercise discipline in both their underwriting and monitoring of loans.

Property
Despite rising inflation and interest rates, unlisted property markets are yet to see a pricing impact. Industrial leasing remained buoyant in Q2, particularly for purpose-built warehouses, with lettings often agreed ahead of building completion. While transaction levels in Industrial and Logistics were below those witnessed in 2021, they reflected firm pricing and yield compression, particularly in the regions. Demand for offices remained steady with availability falling, resulting in positive performance. Retail performance was led by Retail Warehouses and consumer spending held up in Q2, as customers returned to the high street. With consumer confidence now at a record low, it is unlikely this recovery will continue.

A large UK transaction took place in the Alternatives space, with the sale of Oxford Technology Park to a Life Sciences REIT. Secondary markets were less active in Q2, with the approach of the summer months. While most trading activity within UK core funds reflected investors lightening positions, discounts to NAV pricing pre-end of June remained minimal for most balanced funds.

Global real estate markets started to adjust to the higher interest rate regime, with yields and cap rates moving in line; an upward shift of 25-50bps has been common in core products. New government policy in Europe, especially towards ESG-compatible assets, has had further impact on pricing. Despite significant capital expenditure, these assets now produce visible rental premiums.

Activity remains strong, with high interest sustained in the industrial sector. Retail and hotels, already repriced, have seen a slight bounce-back. Offices, meanwhile, remain popular in APAC and Europe, but have recorded all-time low investment activity in North America.

COP26 - progress on key announcements

Key outcomes for the finance sector from COP26 included;

• Creation of the International Sustainability Standards Board (ISSB). The ISSB standard on climate will build on – but eventually supersede – the Taskforce on Climate-related Financial Disclosure (TCFD)

• Glasgow Financial Alliance for Net Zero will continue its work

• UK Government reiterated its commitment to the UK hosting the first Net Zero financial system, and announced the publication of climate transition plans would be mandatory

All three announcements have been followed by consultations on new draft standards or a new approach. Brunel has been active in participating in webinars, workshops and direct drafting of responses, including those being developed by the IIGCC, UNPRI and A4S.

Key messages include;

• Ensure standards provide sufficient detail on what is expected without becoming excessively prescriptive. For companies, this means more on capital expenditure, corporate lobbying and the Just Transition.

• Include disclosures on the impacts companies have on the wider economy, rather than just looking at ESG issues as they affect individual companies' enterprise value.

• Include or increase guidance relating to physical and adaptation risks

Paris Alignment – setting Net Zero targets

The Paris Aligned Investment Initiative (PAII) was established in May 2019 by the Institutional Investors Group on Climate Change (IIGCC). 118 investors representing $34 trillion in assets engaged in the development of the Net Zero Investment Framework (NZIF) through the Paris Aligned Investment Initiative. PAII has published additional modules or consultations to add to the NZIF on private equity, infrastructure, derivatives, and hedge funds.

Initial target disclosures for both asset owners and asset managers have been published by the PAII (June 2022 update) and the Net Zero Asset Managers Initiative (May 2022) respectively.

Paris Aligned Asset Owners: Initial Target Disclosures (www.parisalignedinvestment.org/media/2022/07/PAAO-Disclosures-010722.pdf)

The Net Zero Asset Managers initiative report (www.netzeroassetmanagers.org/media/2022/07/NZAM-Initial-Target-Disclosure-Report-May-2022.pdf)

Social issues

Mental health: As part of a £5.8 trillion investor coalition led by CCLA Asset Management, Brunel wrote to the chief executives of 100 of the UK's listed companies urging them to make better mental health disclosures. The letters asked companies to take "immediate and concerted steps" to develop and implement effective management systems and processes on workplace mental health. Steps include moves by the Board and senior management to promote mental health in the workplace and to publish a commitment to workplace mental health in a policy statement, as well as the establishment of governance and management processes to ensure the policy is implemented and monitored. For more information on this investor coalition please see https://www.ccla.co.uk/mental-health

Real living wage: The Good Work Coalition (https://shareaction.org/investor-initiatives/good-work-coalition) is a collaborative engagement initiative led by ShareAction. It currently has 39 members, including LGIM, NEST, Aviva, Rathbone, Jupiter, Hermes, Newton and Brunel. Since 2020, the coalition has been sending letters and meeting with companies to discuss the real living wage. In that time, the focus has been on supermarkets but work has also been done on such companies as BP, Hargreaves Lansdown and Royal Mail.

Nearly 10,000 employers have been accredited by the Living Wage Foundation, nearly half of whom signed up since March 2020. Over half the companies in the FTSE 100 are accredited. Despite improvements in other sectors, and ongoing engagement, no companies within the supermarket sector are yet accredited. The largest holding across the coalition was Sainsbury's. The coalition therefore decided to escalate engagement by filing a shareholder resolution at Sainsbury's.

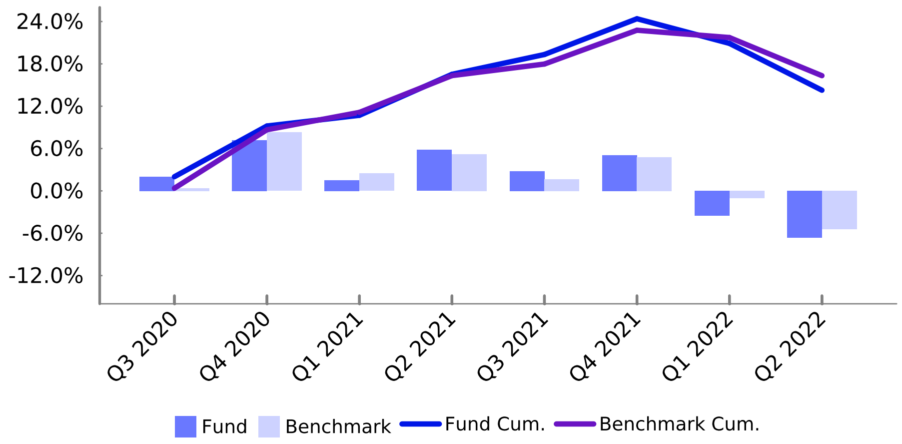
Brunel has been involved in ongoing engagement with the supermarket following the filing of the living wage shareholder resolution. This led to Sainsbury's announcing an additional pay rise for their London staff in April, which resulted in all directly employed staff earning the real living wage. An estimated 19,000 workers benefited as a result. Engagement continued to seek accreditation and coverage of third-party contractors. However, Sainsbury's was not supportive and so the resolution went to the AGM. The resolution, the first of its kind in the UK, received 17% support.

Summary of Pension Fund Performance

Performance of Fund Against Benchmark (Annualised Performance)

Period	Fund	Strategic BM	Excess
3 Month	-6.6%	-5.4%	-1.2%
Fiscal YTD	-6.6%	-5.4%	-1.2%
1 Year	-2.7%	-0.3%	-2.4%
3 Years	4.9%	5.4%	-0.5%
5 Years	5.6%	5.6%	0.1%
10 Years	8.6%	8.6%	0.0%
Since Inception	7.3%	7.5%	-0.3%

Rolling Quarter Total Fund (Net of Manager Fees)



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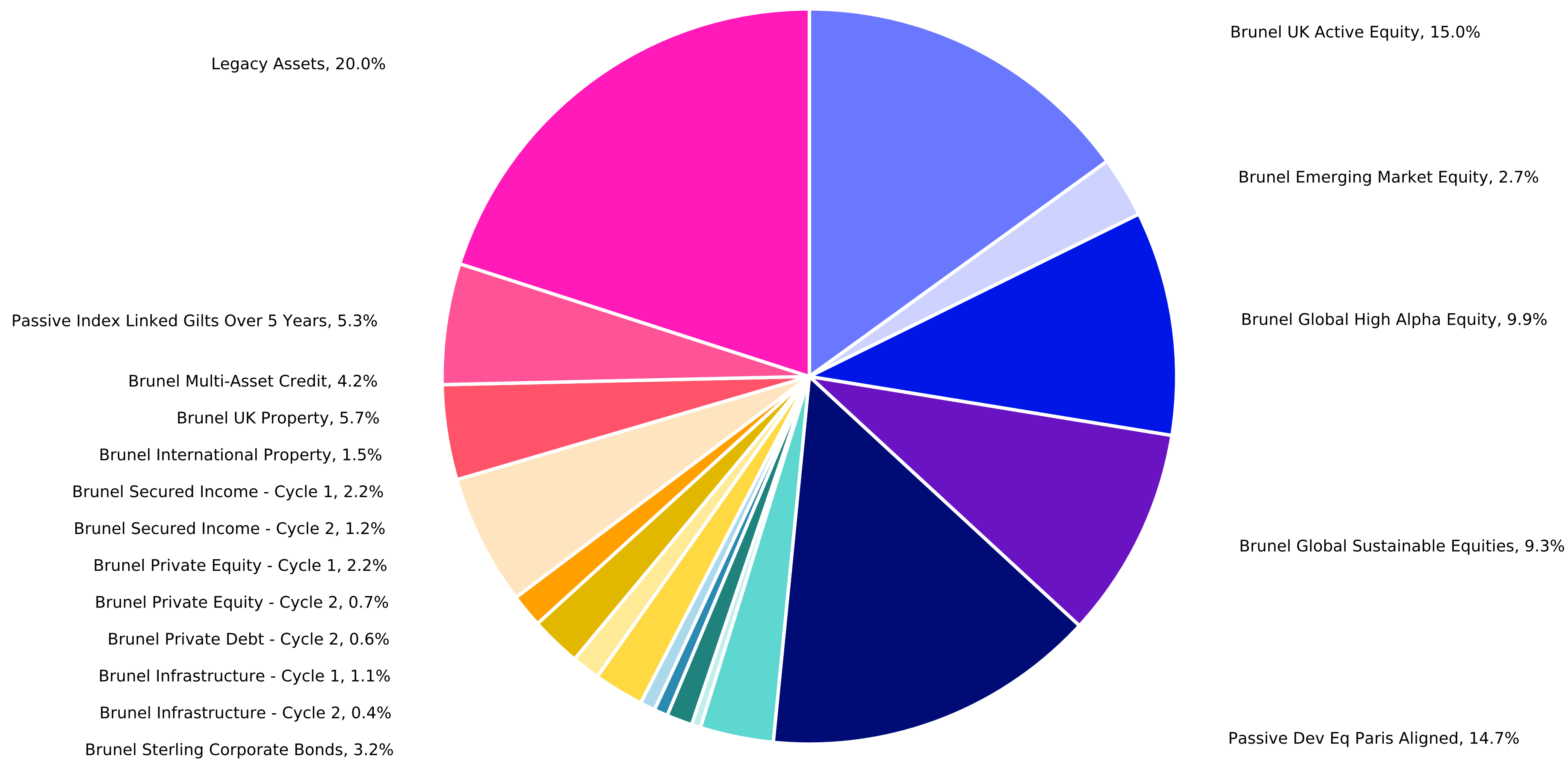
Key drivers of performance

Portfolio performance of note in the quarter:

- UK Active Equities returned -5.6%, which was 1.1% behind benchmark
- Global High Alpha and Global Sustainable Equities both returned -10.3%, which was 1.3% and 1.9%, respectively, behind benchmark
- Multi Asset Credit trailed the cash +4% target by 9.8%, returning -8.6%

Asset Allocation of Pension Fund

Asset Allocation Split



Asset Allocation of Pension Fund

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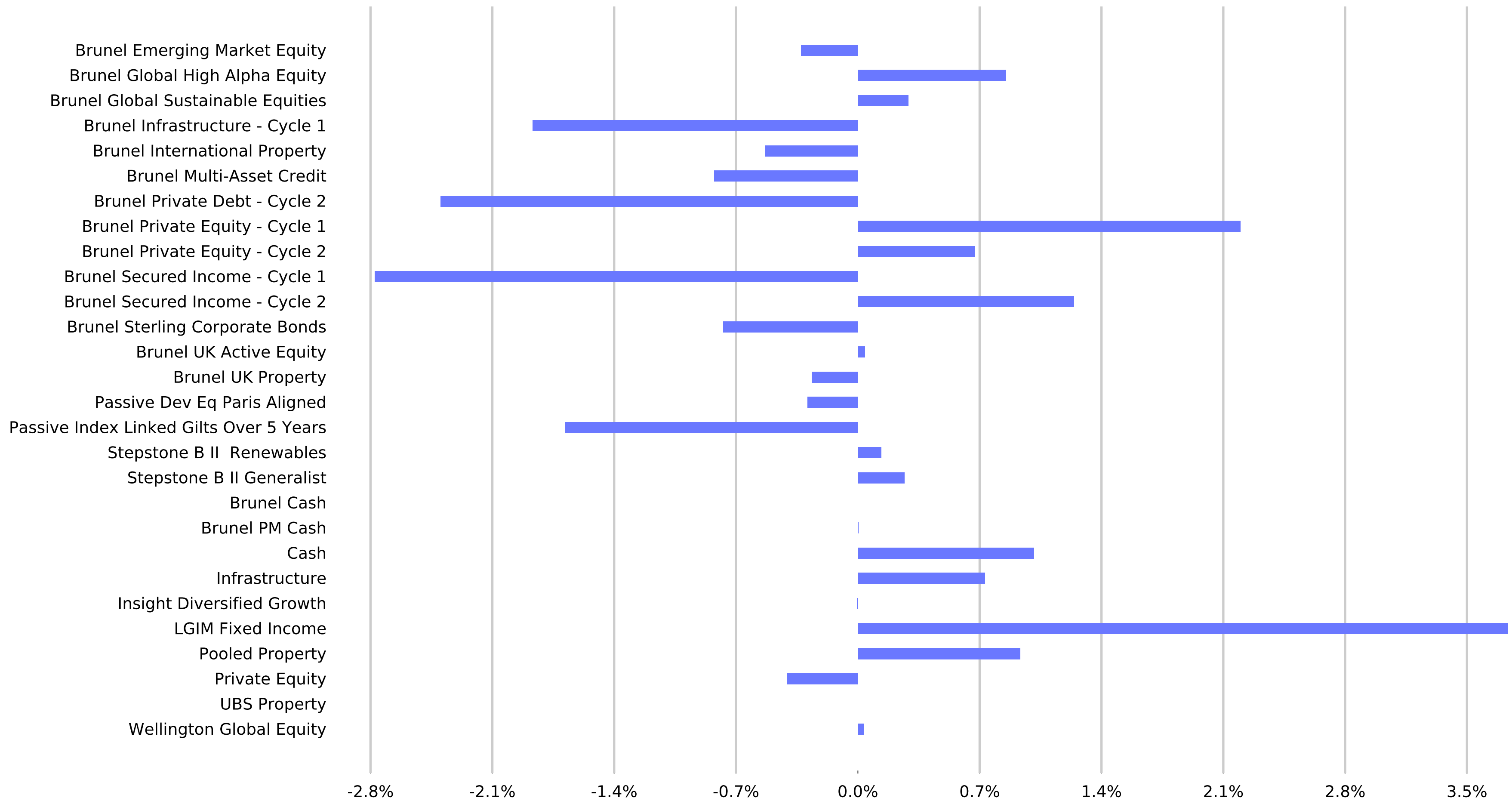
Allocation Against Strategic Benchmark



Legacy Manager Performance

Legacy Manager Performance – 3 Year

	Annualised Return	Risk (Standard Deviation)	Benchmark Return	Benchmark Standard Deviation
Brunel - PM Cash	52.4%	74.3%	0.0%	0.0%
Cash	1.7%	1.9%	0.4%	0.1%
Infrastructure	13.2%	13.6%	7.0%	1.8%
Insight Diversified Growth	0.7%	7.9%	4.4%	0.1%
LGIM Fixed Income	-2.3%	8.6%	-3.0%	8.4%
Pooled Property	9.7%	13.2%	9.2%	6.7%
Private Equity	18.9%	11.7%	10.5%	19.7%
Oxfordshire County Council	4.9%	10.2%	5.4%	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 Global High Alpha Equity	MSCI World TR Gross	300	-10.3%	-1.3%	-10.7%	-8.6%					10.8%	1.8%	15 Nov 2019
Brunel Global Sustainable Equities	MSCI AC World GBP Index	283	-10.3%	-1.9%	-10.5%	-6.8%					3.5%	-5.5%	30 Sep 2020
Brunel UK Active Equity	FTSE All Share ex Investment Trusts	459	-5.6%	-1.1%	-2.6%	-5.5%	0.4%	-1.8%			2.9%	-1.6%	21 Nov 2018
Brunel Emerging Market Equity	MSCI EM TR Gross	82	-4.9%	-1.1%	-19.5%	-4.8%					0.7%	-2.0%	13 Nov 2019
Brunel Multi-Asset Credit	SONIA + 4%	127	-8.6%	-9.8%	-10.1%	-14.5%					-9.2%	-13.6%	01 Jun 2021
Brunel Sterling Corporate Bonds	iBoxx Sterling Non-Gilts Overall Total Return Index	98	-7.8%	-1.1%							-13.6%	-0.4%	02 Jul 2021
Passive Dev Eq Paris Aligned	FTSE Developed Paris-Aligned (PAB) Net Index	449	-9.1%	-0.0%							-9.2%	-0.1%	29 Oct 2021
Passive Index Linked Gilts Over 5 Years	FTSE Actuaries UK Index Linked Gilts Over 5 Years Index	162	-20.0%	-0.1%	-19.2%	-0.1%					-19.5%	-0.1%	10 Jun 2021

*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 Global High Alpha Equity

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:	£3,578,953,404

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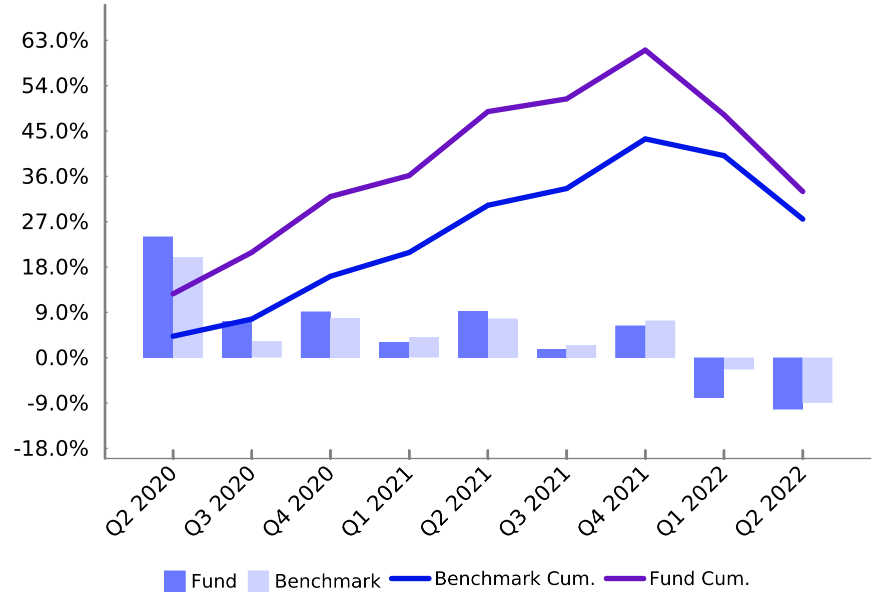
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-10.3%	-9.0%	-1.3%
Fiscal YTD	-10.3%	-9.0%	-1.3%
1 Year	-10.7%	-2.1%	-8.6%
3 Years			
5 Years			
10 Years			
Since Inception	11.7%	9.9%	1.8%

Rolling Performance*



* Partial returns shown in first quarter

Global developed equities (as proxied by the MSCI World index) fell significantly over the quarter, returning -9% in GBP terms. Concerns about rising inflation continued. As central bank action to address inflation became more apparent, fears about the negative impact of rising interest rates on future economic growth came to the fore.

Performance was weak across most sectors except for Energy. Some of the worst-performing sectors (Consumer Discretionary, Information Technology and Communications Services) were impacted by concerns about consumption, whilst those less harmed by rising fuel prices and slowing growth sufferd more muted falls (e.g. Consumer Staples, Health and Utilities).

Another theme was the somewhat indiscriminate nature of falls in company value. There were multiple examples where company valuations were hit despite that company reporting robust operational performance, in line with expectations. An environment where company fundamentals are not the main driver of equity market returns is challenging, given the fundamental approaches taken by the underlying managers on the portfolio.

Brunel Global High Alpha Equity

The portfolio returned -10.2% over the quarter, underperforming the benchmark by 1.2%.

• Sector attribution analysis showed sector allocation as the main driver of relative performance whilst the impact of stock selection was broadly neutral. In a repeat of the previous quarter, the portfolio's largest active sector positions both worked against the portfolio. Energy was the largest underweight in the portfolio and was the best-performing sector, whilst Consumer Discretionary was the worst-performing sector and the largest sector overweight. Sector positioning is a result of stock selection by managers and largely an outcome of the ESG integration and Growth/Quality styles tilt of the portfolio.

• Although more muted than the previous quarter's extremes, it was no surprise that performance amongst the underlying managers again varied considerably, grouped according to their investment style. Those managers with a value focus generated a small outperformance. Harris in particular performed strongly in the first couple of months but then largely gave up those gains in June as recessionary fears rose. Both Growth managers underperformed again. However, in a reversal of last quarter, Fiera outperformed as its focus on Quality proved to have defensive characteristics favoured by the market.

Despite recent underperformance, from inception to quarter-end the portfolio had outperformed the benchmark by 2.3% per annum, in line with the performance target.

During the quarter, a small change was made to the underlying manager allocations. The revised target allocation reflected a change in conviction levels in managers, most notably an increase in conviction in RLAM. The change also reduced the size of the active tilt towards Growth and away from Value within the the portfolio, whilst maintaining the majority of risk and positioning characteristics.

There were three client trades during the quarter resulting in a net inflow of c.£608m. These included two large subscriptions, which were used to align underlying manager allocations to the new target allocations. This trading exercise was managed by Macquarie.

Brunel Global High Alpha Equity – Region & Sector Exposure

BRUNEL Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
MICROSOFT CORP	189,967,982
ALPHABET INC-CL A	124,357,961
AMAZON.COM INC	111,402,183
MASTERCARD INC - A	91,787,277
UNITEDHEALTH GROUP INC	70,286,425
NESTLE SA-REG	68,303,548
TAIWAN SEMICONDUCTOR-SP ADR	57,927,283
MOODY'S CORP	55,384,843
ASML HOLDING NV	47,352,371
AUTOZONE INC	47,079,520
HDFC BANK LTD-ADR	45,094,426
JOHNSON & JOHNSON	44,192,919
RELIANCE STEEL & ALUMINUM	44,082,500
SCHWAB (CHARLES) CORP	43,639,058
PROGRESSIVE CORP	42,993,731
TJX COMPANIES INC	42,208,534
META PLATFORMS INC-CLASS A	39,982,944
NIKE INC -CL B	39,926,468
AUTOMATIC DATA PROCESSING	39,108,979
SUNCOR ENERGY INC	37,866,516

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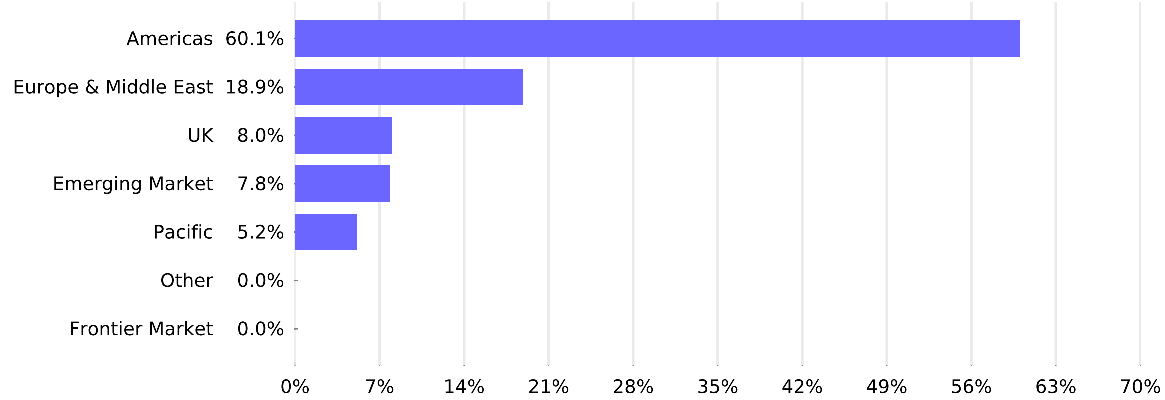
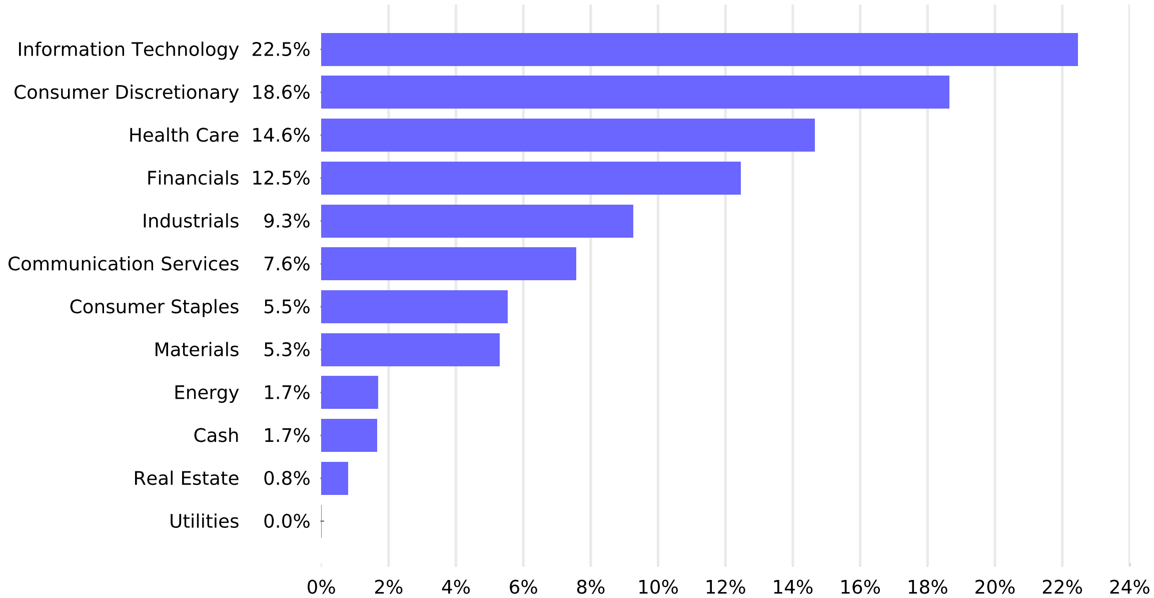
Regional Exposure



Sector Exposure



Brunel Global High Alpha Equity – Responsible Investment

BRUNEL
Pension Partnership

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. CONSTELLATION SOFTWARE INC/CANADA	68.3	85.2
2. ADMIRAL GROUP PLC	78.8	77.0
3. TAIWAN SEMICONDUCTOR MANUFACTURIN	60.9	66.4
4. NESTLE SA	59.3	50.0
5. ASML HOLDING NV	60.9	24.0
6. RECRUIT HOLDINGS CO LTD	67.7	66.6
7. SAP SE	65.0	71.0
8. CAPGEMINI SE	63.6	63.9
9. COMPASS GROUP PLC	65.2	75.5
10. EATON CORP PLC	67.5	42.4

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. MICROSOFT CORP	46.4	37.2
2. ALPHABET INC	46.3	50.0
3. TJX COS INC/THE	35.0	40.9
4. JOHNSON & JOHNSON	36.5	20.5
5. PROGRESSIVE CORP/THE	40.2	18.5
6. AUTOZONE INC	43.7	53.9
7. META PLATFORMS INC	42.2	46.3
8. AMAZON.COM INC	50.5	50.0
9. BECTON DICKINSON AND CO	40.2	28.7
10. LITHIA MOTORS INC	45.1	13.3

* Position 1 is the top contributor/detractor.

Weighted Average ESG Score	2022 Q1	2022 Q2
Portfolio	54.2	54.6
MSCI World	54.5	54.7

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	0.6	0.9	2.0	3.1
MSCI World	2.6	2.7	6.5	7.0

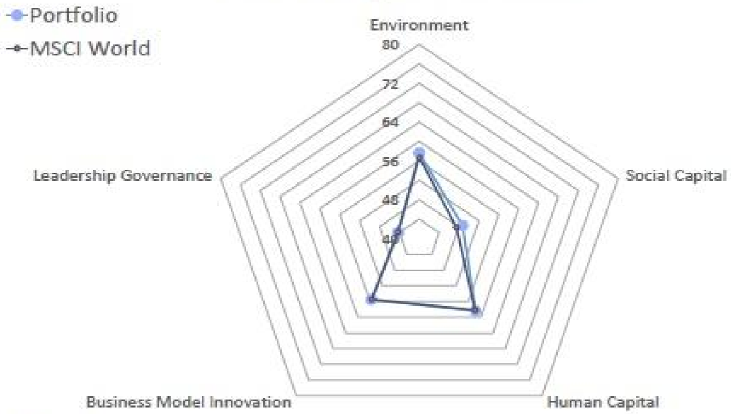
1 Extractive revenue exposure as share (%) of total revenue.
2 Value of holdings(VOH)-companies who derive revenues from extractives.
Source: Trucost

Brunel Assessment:

- Johnson and Johnson (Pharmaceuticals) settled claims that it helped fuel an opiod addiction crisis in the state. The company has now been ordered to pay $302 million in penalties for deceptively marketing pelvic mesh implants.
- Capgemini (Software services) signs two new contracts with Eneco to support a sustainable energy transition and growth strategy. As part of a 10-year agreement, Capgemini will support Eneco's transition towards sustainable energy and help meet its ambition of becoming carbon-neutral by 2035.
- Microsoft (Technology) has been affected by a zero-day vulnerability in Office 365 which has been exploited by a host of malicious actors. The CMA has also announced a formal investigation into the $68.7 billion Activision Blizzard acquisition.
- Nestle SA (Food & Beverage) will start paying cocoa farmers cash incentives to fight child labour based on criteria ranging from school enrolment to improved agricultural practices. The program plans to spend $1.4 billion by 2030.

80% 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 less than half that of its benchmark.

Absolute Weighted ESG Scores



TruValue Labs & SASB

Brunel Global Sustainable Equities

BRUNEL Pension Partnership

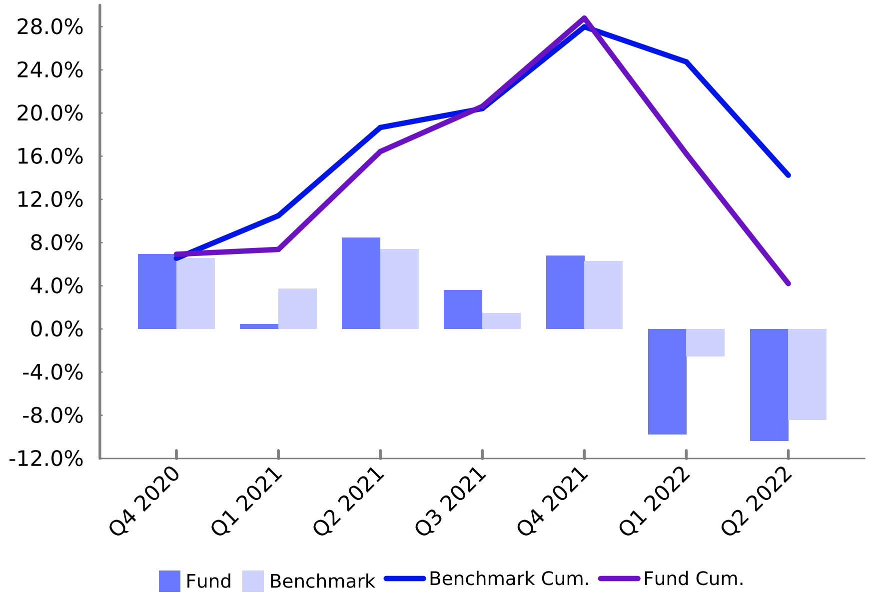
Overview

	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:	£3,050,086,508

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-10.3%	-8.4%	-1.9%
Fiscal YTD	-10.3%	-8.4%	-1.9%
1 Year	-10.5%	-3.7%	-6.8%
3 Years			
5 Years			
10 Years			
Since Inception	2.5%	8.2%	-5.7%

Rolling Performance*



* Partial returns shown in first quarter

As we discussed in the listed markets commentary, the global economic backdrop can be characterised by rising inflation, recessionary fears and monetary tightening by the central banks. Increasing interest rates had a negative effect on market sentiment as the present value of future cash flows were reduced due to the increasing discount rate. This has a disproportional effect on the Growth style relative to the Value style, as Growth companies have a greater proportion of their cash flows in the future. There were also a number of fundamental factors to consider: the constraint on Oil and Gas supplies continued through Q2. Whilst constraints were not as pronounced as during Q1, the sector nevertheless continued to see increasing profits and investment momentum (+3% in Q2). In aggregate, the Sustainable Equities portfolio has a natural bias away from deep Value companies as well as an underexposure to the Oil & Gas sectors.

Global equities (as proxied by the MSCI All Countries World Index) returned -8.4% this quarter. The Sustainable Equity fund returned -10.3%, underperforming the benchmark by 1.9% (MSCI All Countries World Index).

- Much of the quarter's underperformance (-1.1%) could be attributed to positions in the Health Care sector. If we think about the health care sector itself, it

Brunel Global Sustainable Equities

can be split into quite broad sub-categories. The pharmaceuticals sub sector (7% Q2 return) has traditionally been linked to defensive equity, but other sub sectors include Life Sciences (-7%) and Health Care Equipment (-12%), which are more exposed to future development and research. Whilst the fund does have a degree of exposure to some pharmaceutical companies, such as Eli Lily, it is underweight the larger names, such as Johnson & Johnson, and underweight the sub-sector overall. The fund is, however, overweight those sectors that are more aligned to future sustainability, such as Life Sciences, which incorporate innovative technology companies such as Illumina.

- If we split the attribution by country, the majority of the underperformance is due to the overweight positioning to the US, and notably the underweight position in China, as noted in the listed markets commentary. China returned +12% over the quarter as Covid restrictions eased, while its central bank was contrarian to the rest of world in lowering interest rates. The fund has greater exposure to Growth companies in the US, rather than Value companies. Using dividend yield as a proxy for Value, the top Value quintile in the US returned 4.1% whilst the top Growth quintile returned -20.9%

- Two of the five managers outperformed the index over the quarter: Jupiter and Nordea. Nordea is a thematic manager that has an emphasis on solution-based businesses and has greater exposure to sectors such as Utilities, which performed well. Jupiter is a risk-aware broad sustainable manager, which was seeded in February 2022 and has provided relative defensiveness when measured against other sustainable managers. Mirova and RBC are also Broad sustainable managers. they narrowly underperformed the benchmark, returning 8.5% and 9.2% respectively. Ownership, however, is a high conviction Growth manager ,and returned -16.6% over the quarter.

- In terms of positioning going forward, all managers integrate the quality of the business into their analysis, rather than just sustainability. The fund has overweight exposure to low-leverage businesses, which have strong margins and have been able to demonstrate consistent and attractive return on equity (ROE) historically. Over the longer term, these characteristics should theoretically offer some relative protection from increasing inflationary costs and decreasing economic activity, as well as any costs associated with debt restructuring in a higher interest rate environment. A general trend in the first half of 2022 was that highly leveraged companies (high D/E) outperformed lower leveraged companies: -9% for the top leveraged decile vs vs -20% for the lowest leveraged decile. The MSCI quality factor returned -10.5% over the quarter, a factor that the fund has positive exposure to.

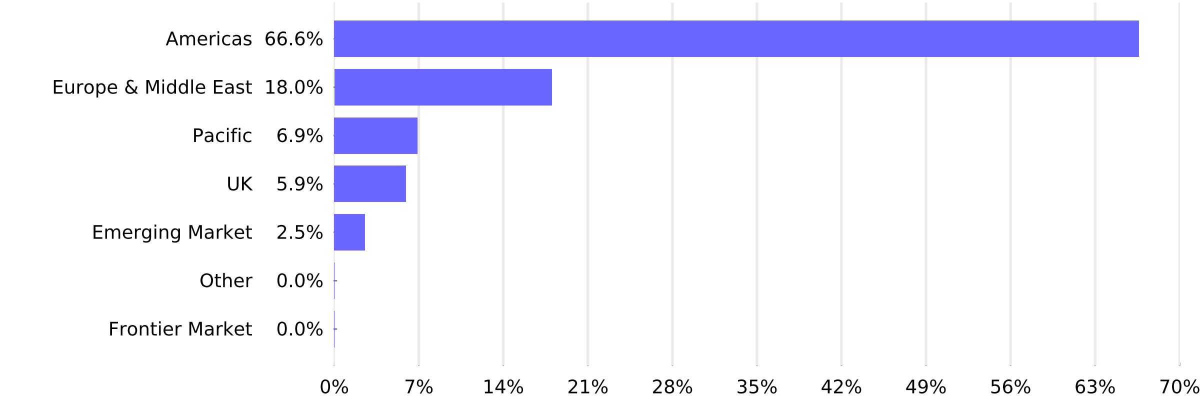
- The Sustainalytics and TruValue Labs scores for the fund remain superior to that of the MSCI ACWI benchmark and we continued to see a carbon intensity and extractive exposure reduction in comparison to the benchmark.

Brunel Global Sustainable Equities – Region & Sector Exposure

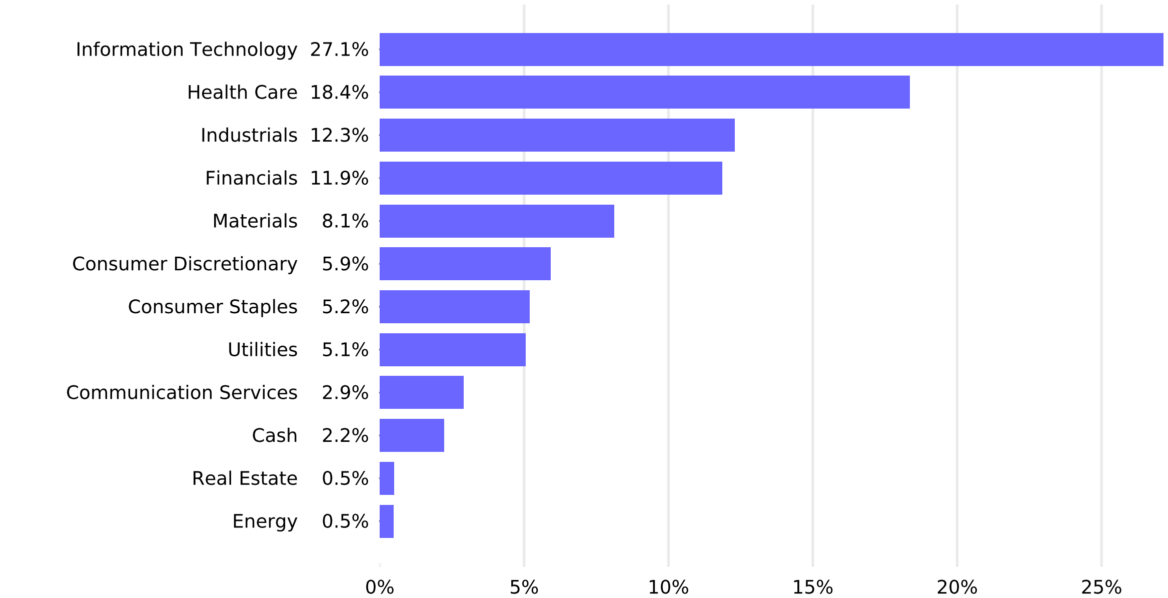
Top 20 Holdings

	Mkt. Val.(GBP)
MASTERCARD INC - A	83,688,403
MICROSOFT CORP	74,436,733
DANAHER CORP	59,326,572
ADYEN NV	58,597,461
UNITEDHEALTH GROUP INC	54,692,668
INTUIT INC	52,903,344
ANSYS INC	52,172,965
MARKETAXESS HOLDINGS INC	50,326,554
EDWARDS LIFESCIENCES CORP	49,555,632
AIA GROUP LTD	48,398,354
TRADEWEB MARKETS INC-CLASS A	46,799,153
ALPHABET INC-CL A	45,857,455
SYNOPSYS INC	42,796,265
ROCHE HOLDING AG-GENUSSCHEIN	42,507,663
TAIWAN SEMICONDUCTOR-SP ADR	40,651,979
PEPSICO INC	40,261,021
RESMED INC	39,243,335
REPUBLIC SERVICES INC	38,506,975
ECOLAB INC	38,246,781
TYLER TECHNOLOGIES INC	38,167,940

Regional Exposure



Sector Exposure



Brunel Global Sustainable Equities – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ANSYS INC	68.8	80.0
2. ABIOMED INC	79.3	84.6
3. WORKDAY INC	71.5	80.8
4. ECOLAB INC	68.5	29.0
5. ORSTED AS	73.5	62.1
6. FORTIVE CORP	69.9	66.7
7. FORTIS INC/CANADA	68.6	29.7
8. ZEBRA TECHNOLOGIES CORP	77.6	78.1
9. LINDE PLC	66.8	69.2
10. KERRY GROUP PLC	66.7	32.0

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. MICROSOFT CORP	46.4	37.2
2. MARKETAXESS HOLDINGS INC	47.2	15.2
3. ALPHABET INC	46.3	50.0
4. INTUIT INC	49.9	47.6
5. T-MOBILE US INC	45.6	26.3
6. AUTOZONE INC	43.7	53.9
7. UNITEDHEALTH GROUP INC	51.6	31.0
8. DANAHER CORP	52.7	42.7
9. ADOBE INC	44.7	18.1
10. ILLUMINA INC	45.8	23.7

Weighted Average ESG Score	2022 Q1	2022 Q2
Portfolio	58.9	58.6
MSCI ACWI	54.8	55.1

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

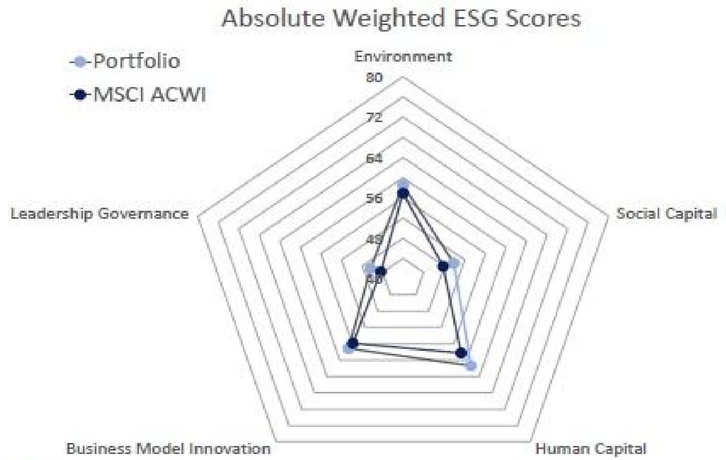
0 50 100

Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	2.5	2.5	3.1	3.3
MSCI ACWI	2.6	2.7	6.6	7.0

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:

- **T Mobile** (Technology) allegedly used a third party to try and buy leaked data from a hacker forum for $200 thousand. The stolen information was still up for sale long after the payment as T-Mobile tried to limit the spread of stolen data.
- **Linde** (Chemicals) will collaborate with Airbus in order to supply miner Freeport Indonesia with high-purity industrial gases. This will significantly improve energy efficiency.
- **Microsoft** (Technology) has been affected by a zero-day vulnerability in Office 365 which has been exploited by a host of malicious actors. The CMA has also announced a formal investigation into the $68.7 billion Activision Blizzard acquisition.
- **Abiomed** (Healthcare) has successfully developed and treated over 5000 patients with a micro heart pump that is expected to strengthen their position in the coronary business.

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:	£1,304,080,671

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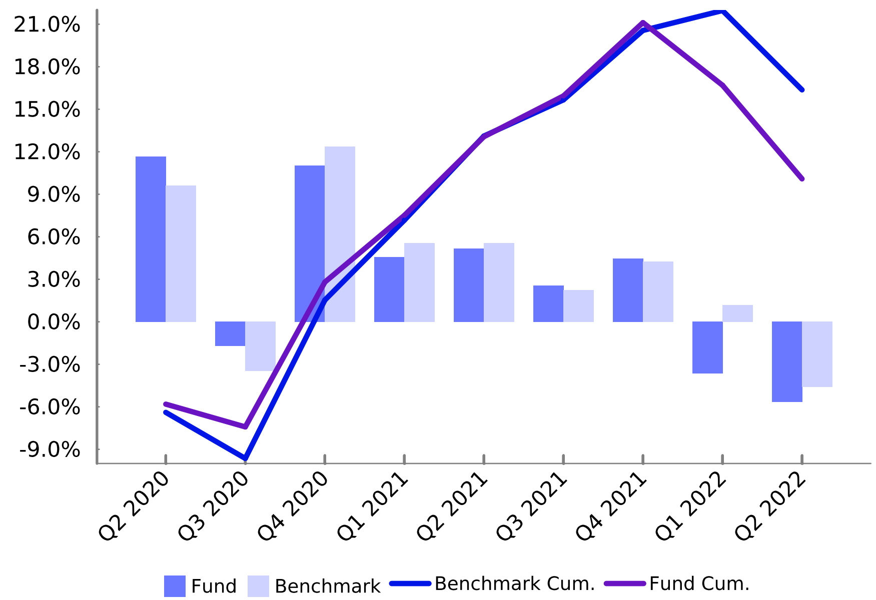
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-5.7%	-4.6%	-1.1%
Fiscal YTD	-5.7%	-4.6%	-1.1%
1 Year	-2.6%	2.9%	-5.5%
3 Years	0.4%	2.3%	-1.8%
5 Years			
10 Years			
Since Inception	2.7%	4.3%	-1.6%

Rolling Performance*



* Partial returns shown in first quarter

The FTSE All-Share Index excluding Investment Trusts returned -4.6% over the quarter. UK equities outperformed developed global equities which, measured by the MSCI World Index, returned -9.0%. This was in part due to the sector make-up of each market. The Technology and Consumer Discretionary sectors were the weakest performing from a global perspective and each accounts for a larger proportion of the global market. However, the Energy sector, which was a strong performer in the quarter, accounts for a larger portion of the UK index. Smaller companies tended to suffer relative to larger companies over the quarter, evidenced by the FTSE 250 Ex IT significantly underperforming the FTSE 100 Ex IT and FTSE All-Share Ex-IT, both of which have less of a small-cap bias.

Over the quarter, the portfolio returned -5.6%, underperforming the index by 1.0%. Attribution analysis shows this was driven by stock selection effects, with allocation effects having negligible net contributions to relative returns.

• The Health Care, Energy and Consumer Staples sectors were the only positive performers in absolute terms in Q2. The portfolio's underweight allocation to Energy and overweight allocation to Industrials contributed negatively, but this was offset by positive allocation effects from the Materials and Real Estate sectors, where the portfolio is underweight; both sectors were poor performers over the quarter.

• For the second consecutive quarter, stock selection in the Financials sector made the largest negative contribution to relative performance. An underweight to HSBC and overweights to St. James's Place and IntegraFin Holdings were particularly harmful. Stock selection in the Health Care sector was another significant detractor.

• The portfolio's tilt towards smaller companies made a negative contribution to relative performance.

At the manager level, Invesco outperformed the index by 2.1%, whilst Baillie Gifford underperformed by 6.1%.
• The Value and Momentum factors were the dominating drivers of performance for Invesco, while Quality was flat. Whilst not specifically targeted as a factor, Volatility also provided some positive relative performance.

• Over the quarter, Baillie Gifford maintained its expected tilts towards Growth stocks and towards smaller companies - tilts that contributed to its underperformance. A large overweight to the Industrials sector further detracted. The poor performance of Growth companies favoured by Baillie Gifford over the quarter resulted in negative stock selection in every sector other than Consumer Discretionary and Real Estate.

From inception to end-Q2, the portfolio returned 2.9% on an annualised basis, while the benchmark returned 4.3% over the same period.

Brunel UK Active Equity – Region & Sector Exposure

BRUNEL Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
ASTRAZENECA PLC	78,719,927
UNILEVER PLC	56,979,736
SHELL PLC	53,815,295
GSK PLC	46,747,467
DIAGEO PLC	43,239,281
BRITISH AMERICAN TOBACCO PLC	41,251,525
BP PLC	39,448,717
RIO TINTO PLC	38,606,140
LEGAL & GENERAL GROUP PLC	35,166,465
BUNZL PLC	31,762,475
HSBC HOLDINGS PLC	31,484,549
RELX PLC	31,114,605
GLENCORE PLC	29,593,362
VODAFONE GROUP PLC	26,333,633
STANDARD CHARTERED PLC	24,282,025
ST JAMES'S PLACE PLC	21,077,006
IMPERIAL BRANDS PLC	19,980,668
BAILLIE GIFFORD BR SM-C-ACC	19,306,778
BARCLAYS PLC	19,022,205
LLOYDS BANKING GROUP PLC	17,507,006

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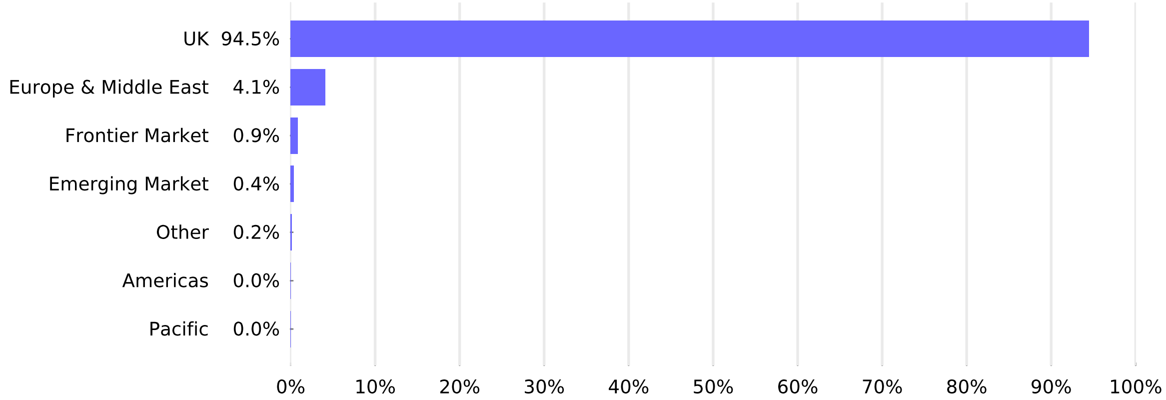
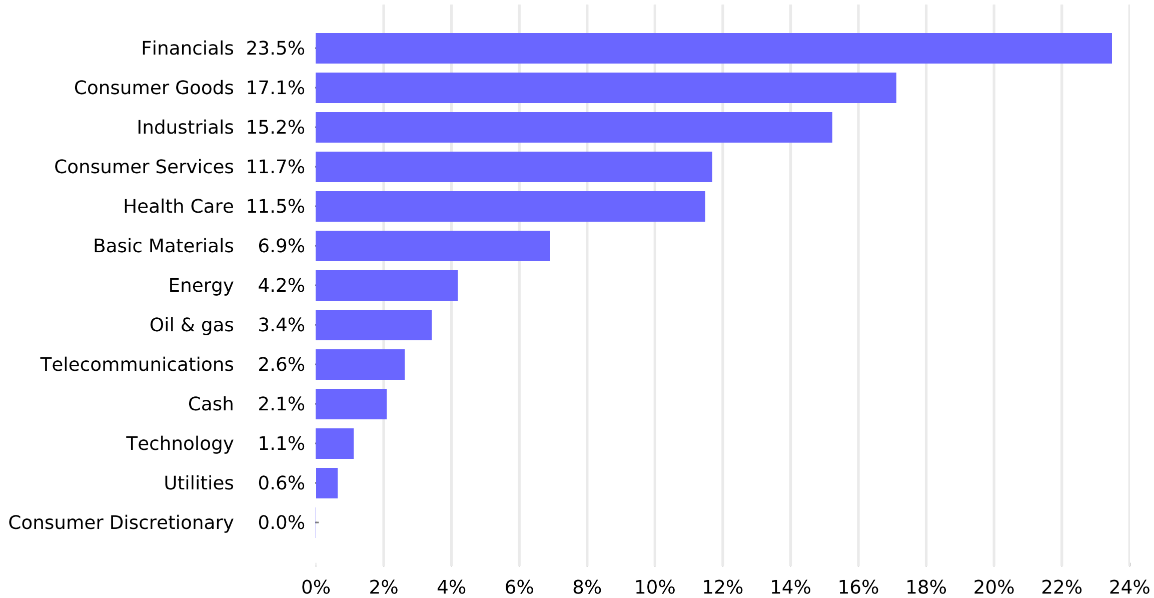
Regional Exposure



Sector Exposure



Brunel UK Active Equity – Responsible Investment

BRUNEL Pension Partnership

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. ST JAMES'S PLACE PLC	75.2	81.3
2. DIAGEO PLC	63.5	70.0
3. LEGAL & GENERAL GROUP PLC	64.8	61.5
4. BP PLC	62.6	69.6
5. 3I GROUP PLC	69.4	76.1
6. UNILEVER PLC	59.3	44.5
7. SHELL PLC	59.2	67.8
8. DCC PLC	74.1	20.2
9. COMPASS GROUP PLC	65.2	75.5
10. AUTO TRADER GROUP PLC	66.0	23.4

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. ASTRAZENECA PLC	51.0	66.9
2. LANCASHIRE HOLDINGS LTD	13.2	28.2
3. GSK PLC	49.9	73.5
4. HISCOX LTD	25.7	23.9
5. GLENCORE PLC	50.6	43.7
6. BARCLAYS PLC	47.6	57.4
7. HIKMA PHARMACEUTICALS PLC	41.3	21.1
8. EXPERIAN PLC	43.3	66.6
9. RECKITT BENCKISER GROUP PLC	47.5	50.0
10. IMPERIAL BRANDS PLC	49.7	65.4

Weighted Average ESG Score	2022 Q1	2022 Q2
Portfolio	57.0	57.2
FTSE All Share (ex. Inv.)	57.1	57.2

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average Carbon Intensity (WACI)

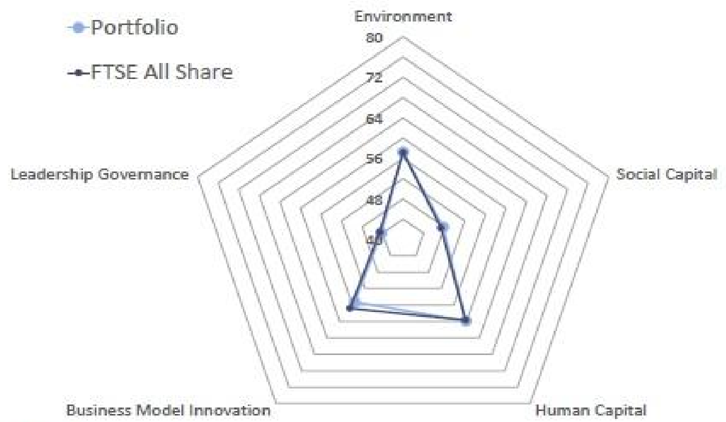
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	3.1	3.0	16.7	14.8
FTSE All Sh. (ex. Inv)	4.0	4.1	19.8	19.6

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:

- Barclays (Bank) faces $1 million penalty over payments firm collapse. Premier FX misled consumers about the services it was licensed to provide and failed to protect customer money. Barclays was the company's sole banker in the UK and along with the fine will reimburse customers their money.
- Diageo (Food & beverage) unveils a £170 million investment plan for a carbon neutral brewery in Ireland. St James's Gate will increase the production of Guinness to meet global demand and to scale up the use of renewables technology.
- Experian (Services) customer accounts have been easily hijacked by malicious parties through a combination of public research and lax verification practices. This discovery has compounded previous data breaches.
- Shell (Extractives) announced it will construct Europe's largest renewable hydrogen factory, capable of producing 60,000 kilograms of fuel per day. The factory is expected to be operational by 2025 and will aim to provide green hydrogen to decarbonise the commercial road transport sector.

90% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
Brunel has engaged extensively to improve the carbon intensity and extractives exposure of this Portfolio which is now significantly below its benchmark.

Brunel Emerging Market Equity

BRUNEL Pension Partnership

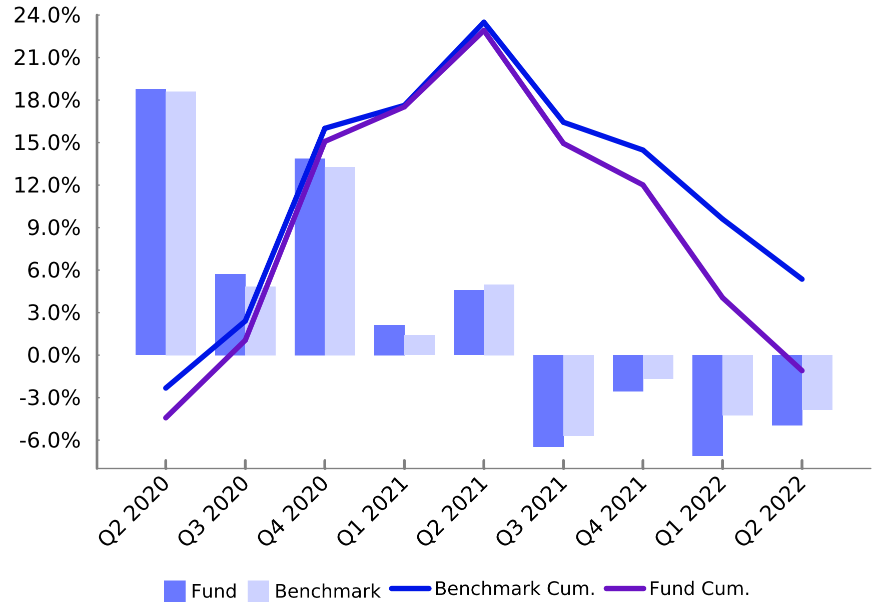
Overview

	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:	£1,071,259,885

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-5.0%	-3.9%	-1.1%
Fiscal YTD	-5.0%	-3.9%	-1.1%
1 Year	-19.5%	-14.7%	-4.9%
3 Years			
5 Years			
10 Years			
Since Inception	-0.4%	2.0%	-2.4%

Rolling Performance*



* Partial returns shown in first quarter

The equity markets over the quarter were dominated by rising inflation, tightening fiscal policy in a large number of global markets, the conflict in Ukraine, and fears of a global recession. The MSCI World Index experienced its third-worst quarterly fall in a decade: 9% in GBP terms. The MSCI Emerging Markets Index was relatively protected, falling by 3.9%. A significant contributor to this protection was China, which gained 12% over the quarter, while the MSCI Emerging Markets ex China Index fell 11%. This was the first quarter since Q3 2020 where China outperformed the rest of the emerging markets, which was attributable to the easing of lockdowns in China. While the easing of lockdowns benefitted domestic equities, the same effect was not apparent in other emerging markets. However, the outlook for China is now tempered by Beijing's continuing intention to operate a zero-Covid strategy, and by the continuing possibility that American Depositary Receipts may be delisted.

During the quarter, the US Federal Reserve enacted a 75-basis point rate rise, the highest for 28 years. Similar rate rises were seen in a number of emerging markets, including Chile, Mexico and Poland, harming Growth and Technology stocks specifically, and investor sentiment in equities more broadly. This sell-off of Technology stocks combined with geopolitical tensions across the Taiwan Strait to cause Taiwan's leading index to fall 13%.

Brunel Emerging Market Equity

The ongoing conflict in Ukraine continued to put pressure on supply chains. Energy prices remained high as EU leaders moved to ban most Russian oil imports, and prices of agricultural products were pushed higher. Due to fears of a recession, commodity-producing emerging market countries saw some large falls over the quarter, with South Africa and Brazil falling 16% and 18% respectively.

Consequently, the two worst-performing sectors over the quarter were Information Technology and Materials, with each falling 14%. The only significant outperforming sector was Consumer Discretionary, which gained 15%, primarily driven by domestic activity in China.
The fund returned -4.9% over the quarter, 107 basis points (bps) behind the benchmark. The largest driver of the fall was stock selection in the Consumer Discretionary sector. While the fund had a small overweight to Consumer Discretionary, and positive absolute performance in the sector, underweight positions in certain Chinese Consumer Discretionary stocks resulted in the fund lagging the benchmark in the sector. Another significant detractor was the Information Technology sector, which was primarily driven by overweight positions in Taiwanese Information Technology stocks - these suffered particularly large falls over the quarter.

The managers had quite similar experiences over the quarter, each of them underperforming the benchmark. Genesis underperformed by 61bps, NinetyOne by 245bps and Wellington by 11bps.

• The largest contributor to Genesis underperformance was an overweight position in Brazilian Health Care stock Hapvida, which fell 55%. Holdings in innovative and high-tech Chinese Healthcare stocks also experienced falls over the period.

• Approximately half of the underperformance of NinetyOne was driven by the Chinese Consumer Discretionary sector. These falls reflected a mixture of allocation effects from an underweight to the sector as a whole, and some selection effect from holding stocks which failed to beat benchmark performance. The next most significant detractors were overweight allocations to the India and Taiwanese Information Technology sectors and an underweight to the relatively well-performing Chinese Information Technology sector.

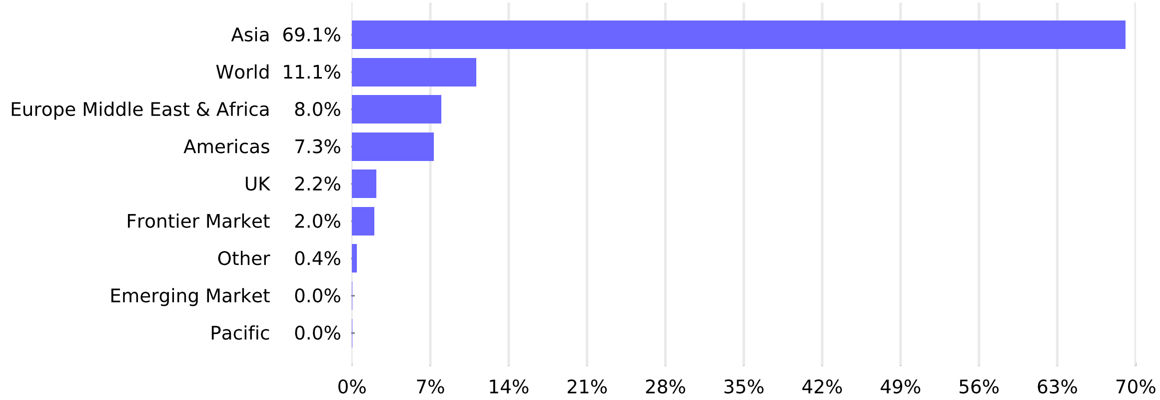
• While, like the other managers, the Consumer Discretionary sector in China was a detractor, Wellington's close-to-benchmark allocation and overweight position in China Tourism Group Duty Free Corporation resulted in the overall effect of this theme being quite minor. For Wellington, the largest detractors were the Taiwanese and Japanese Information Technology sectors, where Wellington was overweight at the sector level, and invested in particularly hard-hit stocks such as ASPEED, TSMC, Parade Technologies and GlobalWafers.

Brunel Emerging Market Equity – Region & Sector Exposure

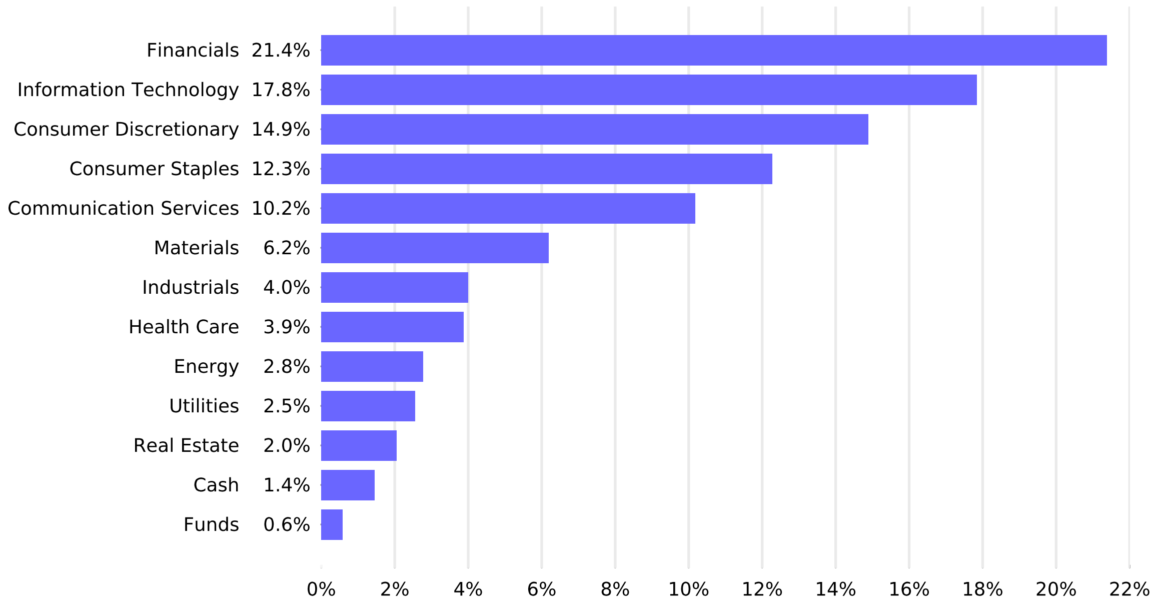
Top 20 Holdings

	Mkt. Val.(GBP)
TAIWAN SEMICONDUCTOR MANUFAC	77,902,846
TENCENT HOLDINGS LTD	46,666,248
SAMSUNG ELECTRONICS CO LTD	30,870,106
AIA GROUP LTD	28,995,942
ALIBABA GROUP HOLDING LTD	21,836,689
NETEASE INC	15,782,595
BID CORP LTD	13,651,034
INFOSYS LTD-SP ADR	13,180,026
INNER MONGOLIA YILI INDUS-A	12,995,344
RELIANCE INDUSTRIES LTD	11,831,480
MEDIATEK INC	11,424,790
BANK CENTRAL ASIA TBK PT	11,065,493
MEITUAN-CLASS B	10,042,903
WULIANGYE YIBIN CO LTD-A	9,958,268
SAMSUNG ELECTRONICS-PREF	9,756,050
CHINA LONGYUAN POWER GROUP-H	9,714,830
CHINA CONSTRUCTION BANK-H	9,688,760
WALMART DE MEXICO SAB DE CV	9,572,290
CONTEMPORARY AMPEREX TECHN-A	9,543,500
HDFC BANK LTD-ADR	9,019,117

Regional Exposure



Sector Exposure



Brunel Emerging Market Equity – Responsible Investment

BRUNEL Pension Partnership

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Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. INNER MONGOLIA YILI INDUSTRIAL GROUP C	75.0	50.0
2. TAIWAN SEMICONDUCTOR MANUFACTURIN	60.9	66.4
3. MEDIATEK INC	72.2	82.1
4. RELIANCE INDUSTRIES LTD	67.0	85.2
5. AIA GROUP LTD	63.1	70.9
6. CHINA LONGYUAN POWER GROUP CORP LTD	72.0	70.0
7. BANK CENTRAL ASIA TBK PT	67.7	89.4
8. JD.COM INC	65.3	83.1
9. CONTEMPORARY AMPEREX TECHNOLOGY CC	68.4	67.9
10. GREENTOWN SERVICE GROUP CO LTD	75.5	86.8

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. TENCENT HOLDINGS LTD	52.0	76.6
2. KIMBERLY-CLARK DE MEXICO SAB DE CV	28.6	42.3
3. ALIBABA GROUP HOLDING LTD	51.2	73.6
4. SAMSUNG ELECTRONICS CO LTD	54.0	75.1
5. ICICI BANK LTD	42.5	29.0
6. ANTA SPORTS PRODUCTS LTD	46.8	83.0
7. KE HOLDINGS INC	37.3	24.6
8. NETEASE INC	54.2	83.2
9. HIKMA PHARMACEUTICALS PLC	41.3	21.1
10. NAVER CORP	46.1	31.1

Weighted Average ESG Score	2022 Q1	2022 Q2
Portfolio	57.5	58.4
MSCI EM	57.8	58.5

TruValue Labs & SASB

* Position 1 is the top contributor/detractor.

Weighted Average Carbon Intensity (WACI)

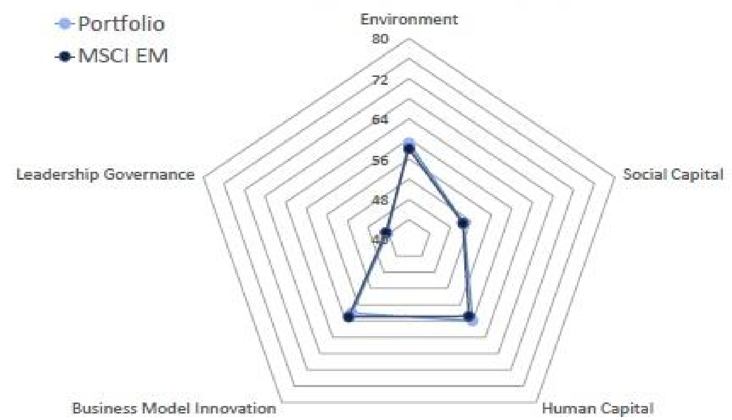
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	0.7	0.8	5.1	5.1
MSCI EM	2.5	3.2	7.3	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:

- Tencent (Technology), China's antitrust watchdog fined Chinese tech giants including Alibaba, Tencent and Bilibili for failing to comply with anti-monopoly rules on the disclosure of past transactions. Tencent was fined for not reporting five deals.
- China Longyuan Power (Electric Utilities), saw positive momentum as the state confirmed they will allocate an additional 50 billion yuan of renewable energy subsidies as the government pushes for energy security.
- Kimberly-Clark (Consumer Goods) subsidiary 4E Brands has filed for bankruptcy after selling toxic hand sanitiser after inadequately sourcing ingredients during the pandemic.
- Inner Mongolia Yili Industrial Group Co Ltd (Food & Beverage) has become the first to publish a dual-carbon target and roadmap with China's food industry. Yili also launched a global zero carbon alliance, while establishing China's first carbon neutral facility and zero-carbon milk product.

80% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The weighted average carbon intensity of the portfolio and benchmark saw a slight decline over the quarter. The portfolio remains significantly below its benchmark, the MSCI Emerging Markets, for both extractives revenue exposures and extractive industries value of holdings.

Brunel Multi-Asset Credit

BRUNEL
Pension Partnership

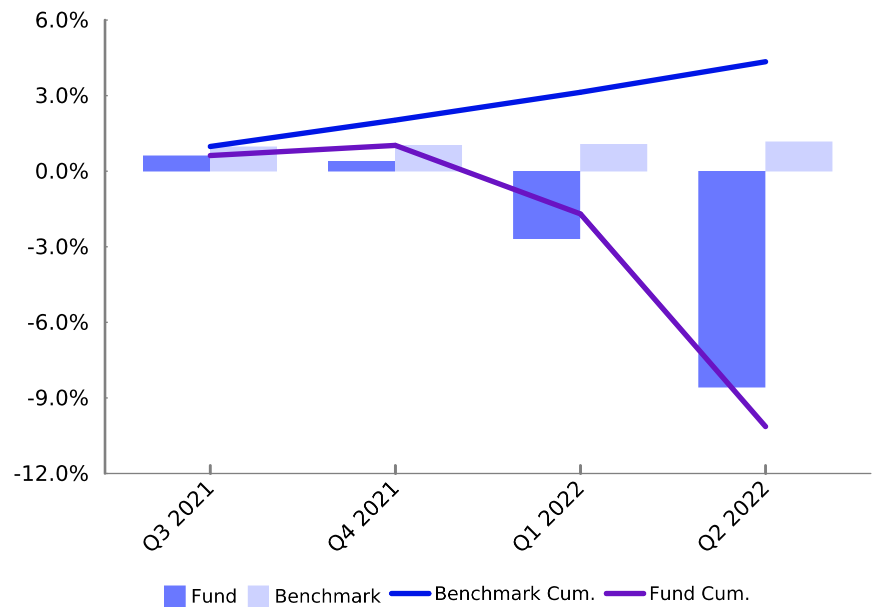
Overview

	Description
Portfolio Objective:	To gain exposure to a diversified portfolio of enhanced credit opportunities with modest exposure to interest rate risk.
Investment Strategy & Key Drivers:	Exposure to specialised, higher yielding bond sectors which provide diversified credit driven returns.
Liquidity:	Managed liquidity
Risk/Volatility:	Moderate absolute and relative risk with high relative risk vs cash.
Total Fund Value:	£2,352,940,113

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-8.6%	1.2%	-9.8%
Fiscal YTD	-8.6%	1.2%	-9.8%
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	-10.1%	4.3%	-14.5%

Rolling Performance*



* Partial returns shown in first quarter

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The portfolio returned -8.59% on a net-of-fees basis, whereas the SONIA +4% primary benchmark returned +1.2%. The outcome was to be expected, given the inhospitable environment for credit prices. The secondary benchmark, a 50-50 split of the Bloomberg Global High Yield and S&P/LSTA US Leveraged Loan 100 indices, returned -8.23% over the same period, close to the portfolio return.

Credit registered one its worst quarterly returns in recent years. A perfect storm of rising interest rates and increased recession risk caused yields and spreads to rise simultaneously, impacting the entire credit spectrum. No areas within credit were immune from these movements, resulting in widespread falls in bond prices. Rising interest rates were a direct consequence of central bank activity across the globe.

US yields had another volatile quarter, ultimately rising once again because of runaway inflation and subsequent central bank tightening. The US 10-year benchmark bond ended the period at 2.98%, an increase of 66 basis points. This was as high as 3.4% in June; however, yields quickly pulled back as investors became concerned about a global recession. The curve remained very flat over the quarter, with 2-year, 5-year and 10-year yields trading in close proximity. The curve remains partially inverted, with the 5-year yielding slightly more than the 10-year. The 10-2 Year Treasury Yield Spread ended the period at zero, having widened to over 40 basis points during the quarter. The United Kingdom also saw large increases in government yields, with the 10-year benchmark bond rising to 2.31% at the end of the quarter, significantly higher than the March 2022 yield of 1.63%. The UK yield curve is not as flat as the US, with the 10-2 Year Treasury Yield Spread at 39 basis points at quarter-end, an increase of 12 basis points over the period.

Spreads widened in every asset class over the quarter, as a direct result of slowing growth and recession fears. High yield corporate spreads – proxied by Bloomberg Global High Yield Index – almost doubled to 618 basis points (from 374 basis points). Hard currency emerging market corporates, proxied by Bloomberg EM USD Corporates, rose by almost 100 basis points to 462 basis points at quarter-end.

Floating rate assets were once again the best place to be from an asset class perspective within sub-investment grade credit. The lower duration element protected investors from rate-driven capital losses. Bank loans, a floating rate asset approximated by the S&P/LSTA US Leveraged Loan 100 Index, fell by 5.43% in GBP hedged terms. The asset class still fell due to recession fears, which caused spreads to rise. Whilst disappointing, this was comfortably ahead of fixed rate assets like high yield bonds. The Bloomberg Global High Yield Index fell over 11% in GBP-hedged terms over the same period. Specialist asset classes such as convertible bonds and contingent capital fell in line with fixed rate credits and offered limited return protection given the environment. The Thomson Reuters Global Convertible Index fell 12% in local terms, whilst ICE BoA Contingent Capital fell almost 9% over the same period.

Results were once again mixed at manager level. Neuberger Berman - which represents 60% of the portfolio – fell by 9.2%, driven by a higher weighting to fixed rate bonds, which was over 60% heading into Q2 2022. Oaktree and CQS –each representing 20% of the portfolio - performed relatively better, both returning -7.8%. The primary driver for the better performance across these managers was twofold – (1) No exposure to investment grade bonds, which fell significantly due to higher duration, and (2) Much lower fixed rate exposures - less than 40% for both.

Since-inception portfolio return is now -10.2% on a net-of-fees basis, which is behind the primary benchmark return of +4.3% over the same period. Whilst disappointing in absolute terms, the portfolio remained ahead of the secondary credit-focussed benchmark comprised of loans and high yield. The secondary benchmark returned -10.5% from portfolio launch to quarter-end, 35 basis points behind the portfolio.

Managers have been increasing the level of quality in their portfolios, given that defaults are expected to rise in a recession environment. Managers feel cautiously optimistic about prospects, as they believe current portfolio yields – almost 10% on a yield-to-worst basis with a duration of around 2 years – more than compensate investors for default risk. However, managers remain cautious in the near term and expect more mark-to-market volatility, given the unknowns surrounding global growth and inflation in the months to come.

Brunel Multi-Asset Credit – Region & Sector Exposure

BRUNEL Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
NEUBERGER BERMAN BRUNEL MULTI NEUER BEN BREL MU AD I2AGBPA	1,480,711,399
CQS GLOBAL FUNDS MUTUAL FUND	502,087,221
OAKTREE (LUX) III SA SICAV MUTUAL FUND	497,052,233

Brunel Sterling Corporate Bonds

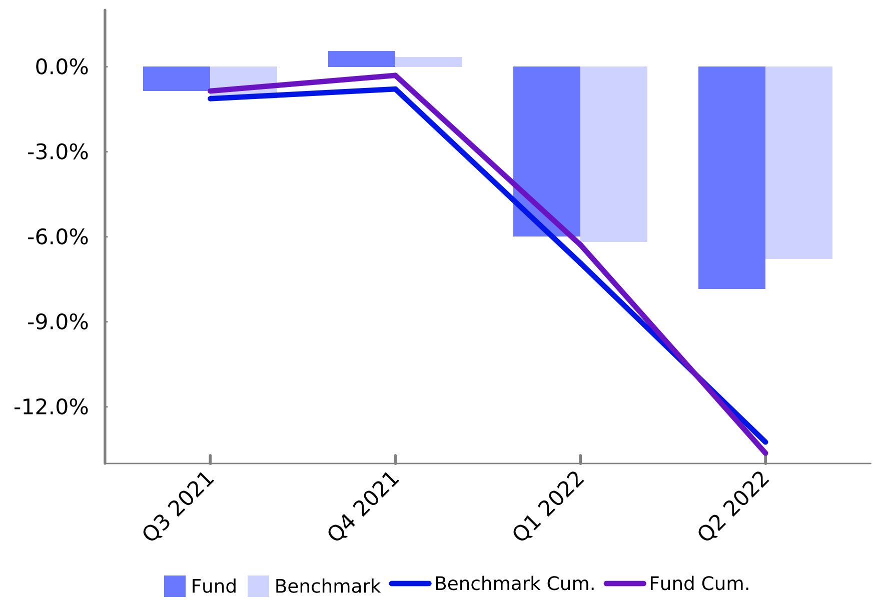
Overview

	Description
Portfolio Objective:	Provides exposure to sterling corporate bonds, with additional returns from manager skill.
Investment Strategy & Key Drivers:	Active approach to provide additional returns over the benchmark. Credit selection should drive returns.
Liquidity:	Managed liquidity
Risk/Volatility:	Moderate absolute risk with low to moderate relative risk.
Total Fund Value:	£1,935,538,330

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-7.8%	-6.8%	-1.1%
Fiscal YTD	-7.8%	-6.8%	-1.1%
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	-13.6%	-13.2%	-0.4%

Rolling Performance*



* Partial returns shown in first quarter

Over the quarter, inflation continued to be the headline influence on developed markets, although this crystallized into fears of recession in June. Bond markets were hit hard as rising interest rates drove government bond yields higher globally. In this context, the iBoxx Sterling Non-Gilt All-Maturities benchmark returned -6.79%.

Whilst broad sterling credit indices outperformed UK government debt (on an all-maturities basis) over the period, it was still the worst calendar quarter for the sterling credit market this century. The negative return reflected the rise in government bond yields and the widening of credit spreads over the quarter.

Over the period, the Sterling Corporate Bonds portfolio returned -7.85%, underperforming the benchmark by 1.06%.

• Credit sector allocation significantly impacted relative performance over the period, detracting 72 basis points (bps). Specifically, the portfolio's substantial underweight in supranational bonds, which outperformed the market, detracted 49bps. Although the underweight in supranational bonds hurt performance, Royal London Asset Management (RLAM) remains confident that the sector offers a very low yield premium that can be materially improved elsewhere in the market without taking excessive risk. The overweight positions in insurance and real estate also detracted from returns.

• Security selection negatively impacted relative performance, detracting 60bps over the quarter. Poor relative performance of subordinated bank and insurance debt was only partly offset by positive security selection in the structured bonds and real estate sectors. As banks and insurance are high beta sectors, the impact from subordinated financials on performance in the short term is not surprising, and it is worth noting that RLAM remains highly confident of the long-term value offered by the bonds held in the portfolio.

• From a credit rating perspective, the portfolio's overweight position in BBB bonds detracted from returns (-122bps). The holdings within the structured bond sector, as well as the high weighting in subordinated banks, resulted in this overweight position. Sub-investment grade exposure was also detrimental to relative performance, detracting 29bps.

• Duration added 18bps to relative performance over the period. Whilst portfolio duration was lower than that of the benchmark in the early part of the quarter, portfolio duration was marginally higher than the benchmark (+0.36 years) by the end of the quarter.

Over the quarter, there were no client subscriptions or redemptions. The total portfolio AUM was £1.95bn as at the end of the quarter.

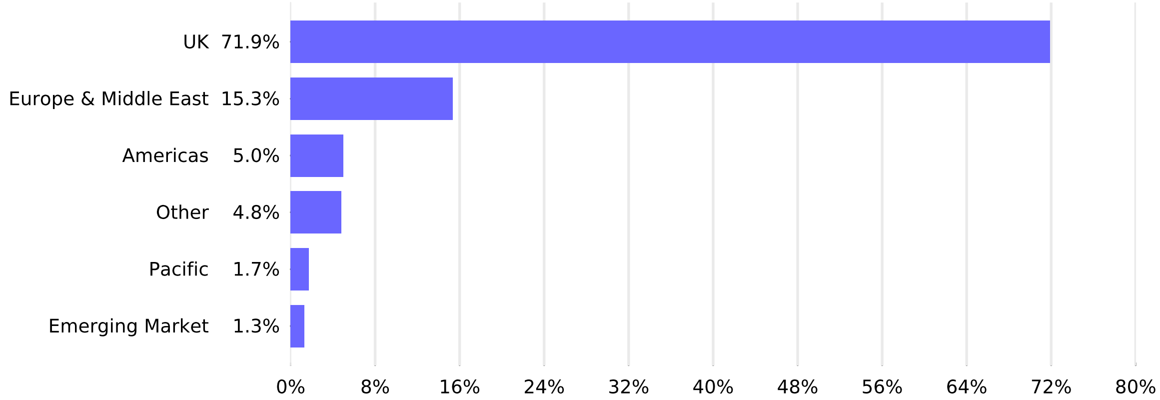
Brunel Sterling Corporate Bonds – Region & Sector Exposure

BRUNEL
Pension Partnership

Top 20 Holdings

	Mkt. Val.(GBP)
AVLN 6 7/8 05/20/58	17,690,700
BNP 2 05/24/31	15,968,866
SCTWID 7 06/16/43	13,766,498
THAMES 7.738 04/09/58	13,457,669
HSBC 4 3/4 03/24/46	13,357,249
BLNDLN 5.264 09/24/35	13,091,135
DERB 5.564 06/30/41	12,748,628
DELMAR 5.5457 02/19/29	12,650,600
EDF 6 01/23/2114	12,333,005
ASPR 4.674 03/31/40	11,761,258
SHBLN 2.348 09/30/27	11,679,588
HOUSFN 5.2 10/11/43	11,367,648
FWFIN 5.182 04/20/35	11,299,257
THAMES 4 5/8 05/19/26	10,969,867
TSCOPR 5.744 04/13/40	10,961,650
ANNFND 3.935 07/12/47	10,886,380
BACR 5 3/4 09/14/26	10,688,270
NWIDE Float 02/24/31	9,998,809
ASSGEN 6.269 PERP	9,728,514
ZURNVX 6 5/8 PERP	9,711,398

Regional Exposure



Forging better futures

Information Classification: Public

Oxfordshire County Council

Brunel Portfolios Performance Report for Quarter Ending 30 June 2022

Passive Dev Eq Paris Aligned

BRUNEL
Pension Partnership

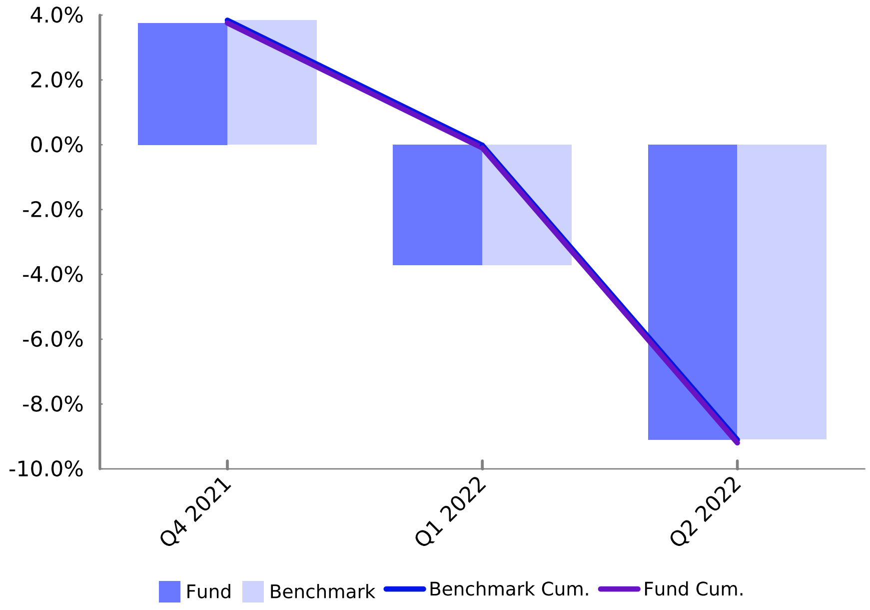
Overview

	Description
Portfolio Objective:	Provide global equity market exposure, reduce carbon exposure and align to the Paris Agreement.
Investment Strategy & Key Drivers:	Portfolio is invested in global equities in accordance with FTSE Global Developed PAB Index.
Liquidity:	High
Risk/Volatility:	Volatility: high. Relative/active risk: very low.
Total Fund Value:	£1,982,140,020

Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-9.1%	-9.1%	0.0%
Fiscal YTD	-9.1%	-9.1%	0.0%
1 Year			
3 Years			
5 Years			
10 Years			
Since Inception	-9.2%	-9.1%	-0.1%

Rolling Performance*



* Partial returns shown in first quarter

• As the significant macroeconomic risks posed in Q1 spilt over into Q2 2022, the FTSE Developed Paris Aligned (PAB) benchmark performed negatively in absolute terms – like many global indices. The benchmark returned -9.1% to the end of the quarter. From the November 1 inception date, the benchmark performance stood at -9.2% to quarter-end. The Passive Paris Aligned Developed Equities fund closely replicated the benchmark performance over both periods.

• Continuing from Q1 2022, sterling depreciated relative to several other global currencies, down by 7.4% against the US dollar and by 2.2% against the euro. The hedged portfolio consequently underperformed the unhedged portfolio over the quarter, returning -14.5%.

• Consumer Discretionary and IT were the most significant underperformers over the quarter, whilst some of the more defensive sectors offered resilience to the general downward trend. In this context, Consumer Staples and Health care were the only positive performers, whilst the Utilities sector was flat.

Passive Dev Eq Paris Aligned – Region & Sector Exposure

Top 20 Holdings

	Mkt. Val.(GBP)
APPLE INC	132,316,872
MICROSOFT CORP	125,376,797
AMAZON.COM INC	87,867,626
ALPHABET INC-CL A	58,229,341
ALPHABET INC-CL C	54,528,507
HONEYWELL INTERNATIONAL INC	50,127,759
UNILEVER PLC	38,856,674
NESTLE SA-REG	33,019,156
UNITEDHEALTH GROUP INC	32,300,664
TESLA INC	31,774,070
SCHNEIDER ELECTRIC SE	29,737,674
THERMO FISHER SCIENTIFIC INC	29,515,596
VERIZON COMMUNICATIONS INC	26,413,831
INTL BUSINESS MACHINES CORP	21,602,988
LVMH MOET HENNESSY LOUIS VUI	19,289,056
MASTERCARD INC - A	18,936,563
CHUBB LTD	16,713,366
SAP SE	16,567,769
AT&T INC	16,532,979
JPMORGAN CHASE & CO	16,178,765

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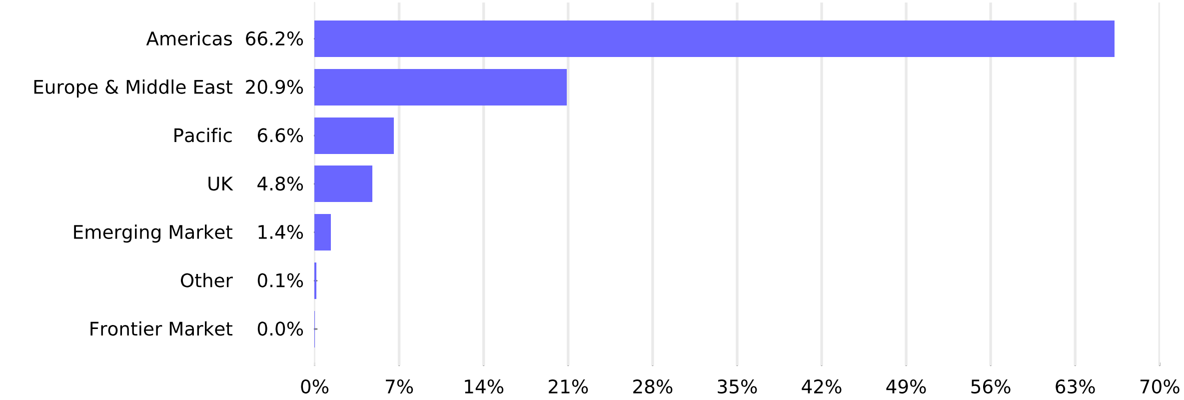
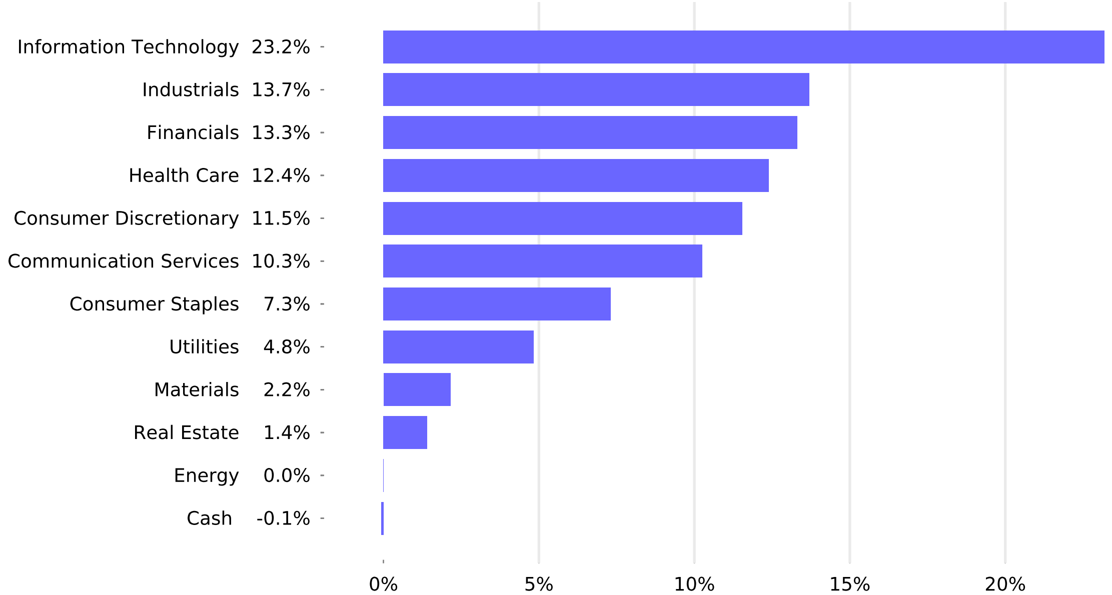
Regional Exposure



Sector Exposure



Passive Dev Eq Paris Aligned – Responsible Investment

Top 10 ESG Contributors to Overall Score

	Insight	Momentum
1. HONEYWELL INTERNATIONAL INC	69.0	74.0
2. SCHNEIDER ELECTRIC SE	71.2	47.5
3. SAP SE	65.0	71.0
4. TEXAS INSTRUMENTS INC	65.2	50.0
5. UNILEVER PLC	59.3	44.5
6. SIEMENS AG	67.1	67.1
7. ORSTED AS	73.5	62.1
8. IBERDROLA SA	65.9	27.8
9. ENGIE SA	68.9	61.9
10. CONSOLIDATED EDISON INC	65.6	70.2

Bottom 10 ESG Detractors to Overall Score

	Insight	Momentum
1. MICROSOFT CORP	46.4	37.2
2. ALPHABET INC	46.3	50.0
3. APPLE INC	48.5	63.6
4. AMAZON.COM INC	50.5	50.0
5. CHUBB LTD	35.7	57.7
6. ABBVIE INC	34.6	16.6
7. TESLA INC	51.0	26.3
8. AT&T INC	47.5	71.2
9. UNITEDHEALTH GROUP INC	51.6	31.0
10. PFIZER INC	46.6	42.5

* Position 1 is the top contributor/detractor.

0 50 100

Weighted Average ESG Score	2022 Q1	2022 Q2
Portfolio	55.4	55.5
FTSE Dev. World	54.5	54.8

TruValue Labs & SASB

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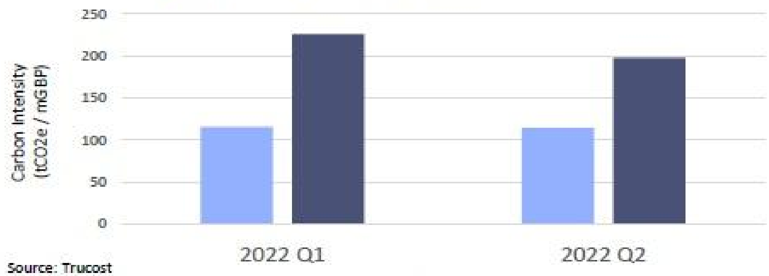
Brunel Assessment:

- Abbvie (Healthcare) has been found of shielding profits from US taxes. The maker of the popular arthritis drug Humira, generated 75% of its sales in the United States - but only reported 1% of that income for U.S. tax purposes.
- Engie (Electric utilities) agrees to 15 year LNG deal with NextDecade US facility. More than half of the supply from the project's first phase is now covered under long-term agreements that are either firm or preliminary. NextDecade said it aims to reduce CO2 emissions from its facility by more than 90%.
- Microsoft (Technology) has been affected by a zero-day vulnerability in Office 365 which has been exploited by a host of malicious actors. The CMA has also announced a formal investigation into the $68.7 billion Activision Blizzard acquisition.
- Schneider Electric (Resource Transformation) will acquire AutoGrid a Climate-AI Pioneer to support renewable energy and distributed energy expansion around the world.

100% of the bottom 10 ESG detractors are covered by engagement or specific voting activities.
The Passive Developed Paris Aligned Portfolio has a carbon intensity and extractive exposure significantly below that of its reference index, the FTSE World Developed Index.

Weighted Average Carbon Intensity (WACI)



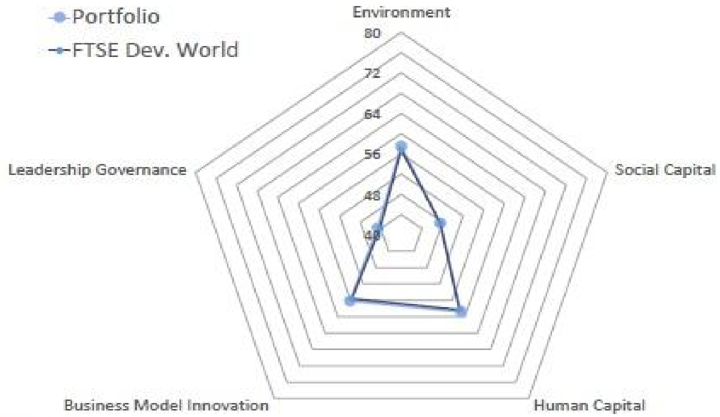
Source: Trucost

Extractive Exposure

	Total Extractive Exposure[1]		Extractive Industries (VOH)[2]	
	Q1	Q2	Q1	Q2
Portfolio	1.0	1.0	1.6	1.6
FTSE Dev. World	2.6	2.6	6.4	6.9

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



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Passive Index Linked Gilts Over 5 Years

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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:	£906,031,962

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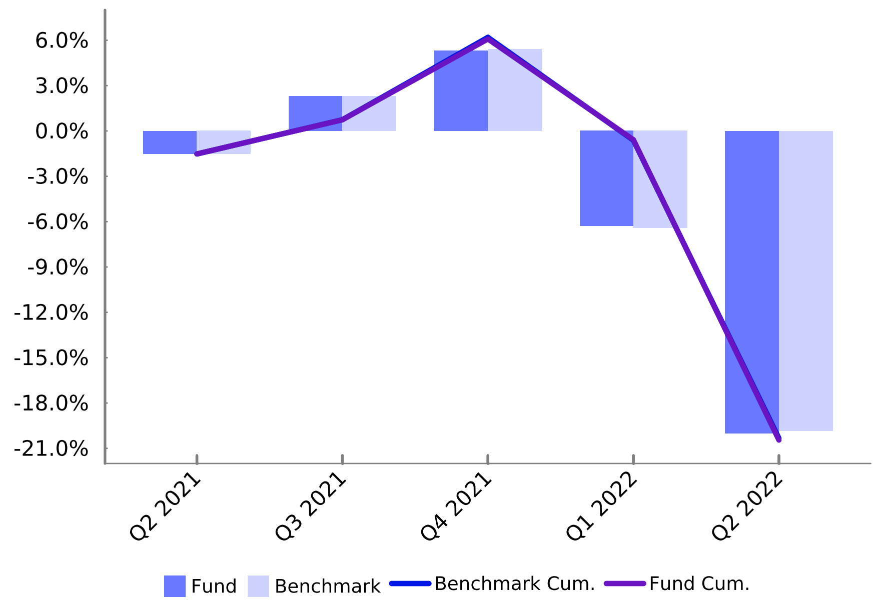
Performance to Quarter End

Ann. Performance	Fund	BM	Excess
3 Month	-20.0%	-19.8%	-0.1%
Fiscal YTD	-20.0%	-19.8%	-0.1%
1 Year	-19.2%	-19.1%	-0.1%
3 Years			
5 Years			
10 Years			
Since Inception	-19.5%	-19.3%	-0.1%

Rolling Performance*



* Partial returns shown in first quarter

Over the quarter, central banks responded to rising inflation by tightening monetary policy and indicating that there is more to come. The Bank of England increased rates at every meeting from December 2021 through to quarter-end, with the fifth consecutive increase in June taking the UK base rate to 1.25%. Rising interest rates pushed government bond yields higher and the 10-year gilt yield rose by 62 basis points to 2.23%. Gilt markets returned -7.42% on an all-maturities basis over the quarter.

Passive Index Linked Gilts Over 5 Years – Region & Sector Exposure

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Top 20 Holdings

	Mkt. Val.(GBP)
UKTI 1 1/4 11/22/55	46,324,170
UKTI 1 1/8 11/22/37	45,602,388
UKTI 1 1/4 11/22/32	45,302,941
UKTI 0 5/8 03/22/40	43,473,956
UKTI 1 1/4 11/22/27	43,285,542
UKTI 0 5/8 11/22/42	40,527,054
UKTI 0 3/4 11/22/47	40,518,012
UKTI 0 3/4 03/22/34	40,480,019
UKTI 0 1/8 03/22/44	40,283,351
UKTI 0 1/2 03/22/50	39,951,658
UKTI 0 3/8 03/22/62	39,029,138
UKTI 0 1/8 03/22/68	36,930,606
UKTI 0 1/8 03/22/29	36,851,684
UKTI 0 1/8 08/10/28	36,253,660
UKTI 2 01/26/35	35,698,291
UKTI 0 1/4 03/22/52	33,804,438
UKTI 0 1/8 11/22/36	32,865,886
UKTI 0 1/8 03/22/46	32,570,258
UKTI 0 1/8 03/22/58	28,470,130
UKTI 0 1/8 08/10/41	27,777,410

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Dorset County Pension Fund
administered by Dorset Council

Environment Agency Pension Fund

Gloucestershire County Council

Buckinghamshire Council
Buckinghamshire Pension Fund

SOMERSET County Council

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

AVON PENSION FUND

Wiltshire Pension Fund

Cornwall Pension Fund

Devon County Council

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Pension Partnership

Quarterly Report Overview

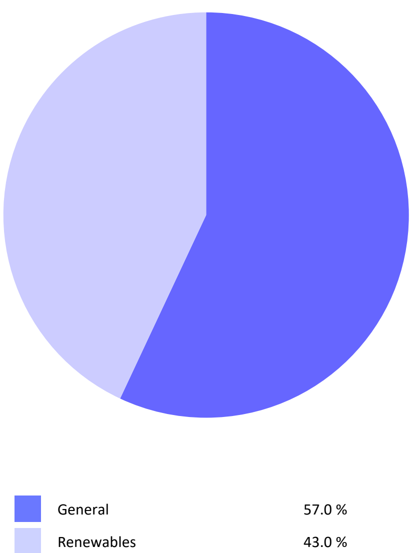
Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 1)	June 30 2022
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	50,000,000
Total Commitments to Portfolio Investments	49,860,733
As a percentage of Total Commitments to Brunel Portfolio	99.72%
Amount Called	32,202,656
As a percentage of Total Committed to Portfolio Investments	64.59%
Number of Fund Investments	5

Performance	All figures unless otherwise stated are in GBP
Amount Called	32.20 million
Amount Distributed	1.78 million
Unrealised Value	34.49 million
Total Value	36.27 million
DPI	0.06x
TVPI	1.13x
IRR	8.01%

Strategy Level

Commitment to Portfolio



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Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 1) Commentary

Cycle 1 allocation to Primary funds has been fully committed. Underlying managers have remained active during Q2. Funds such as Vauban Core Infra II and Capital Dynamics CEI VII-A are already fully committed, and others like NTR, Arcus and Basalt are approaching full commitment. NTR's extended investment period ended on the 30th June 2022 with 83% of the fund committed to investments. However, they have the ability to commit before the end of the year to up to three pre-approved new deals which would bring NTR to fully committed.

Macquarie MGREF II is now 67% committed to six investments. During Q2 2022 MGREF II reached an agreement to acquire Araripe IV, a 456MW onshore wind project in Brazil. The manager continues to explore several near-term opportunities currently in due diligence which could materialise in the short term.

In April 2022, Arcus European Infrastructure II signed definitive transaction documents for the sale of E-fiber to Open Dutch Fiber. The sale price represents a 72% premium to the Q4 2021 valuation generating a gross IRR/TVM of 35.8% /2.3x. AEIF II is now 87% committed.

In May 2022, Basalt III signed a bilateral agreement to acquire a cell tower business consisting of 423 towers across 31 states. The investment represents the Fund's first digital infrastructure investment in North America. The Fund has now committed 67% to portfolio companies.

DWS PEIF III is now c.50% deployed and as of May 2022, the proposed take-private of Stagecoach became unconditional.

Brunel is very pleased with how the tactical portfolio of Cycle 1 has developed, providing clients with access to some of the most highly sought-after transactions in multiple sectors on advantageous terms. During Q2 2022, Brunel released a summary paper to clients describing all previous tactical investments and their investment rationale. In line with last quarter, one more Tactical deal remains to be sourced, most likely in the renewable space. This would complete the Cycle 1 portfolio.

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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	18,005,698	57.37%	18,954,195	269,772	19,223,967	0.01x	1.07x	7.35%
Vauban Core Infrastructure Fund 02 *Western Europe, Core,*	2017	EUR	6,758,151	6,518,709	96.46%	7,434,210	680,388	8,114,598	0.10x	1.24x	8.76%
Subtotal:			38,143,151	24,524,407	64.30%	26,388,405	950,160	27,338,565	0.04x	1.11x	8.11%
Renewables Funds											
Capital Dynamics Clean Energy and Infrastructure VIII SCSp *United Kingdom, Brownfield,*	2019	GBP	5,700,000	2,973,715	52.17%	3,046,314	330,254	3,376,568	0.11x	1.14x	6.21%
Capital Dynamics Clean Energy Infrastructure VII-A, L.P. *United States, Greenfield,*	2019	USD	3,502,555	2,843,861	81.19%	3,531,583	52,802	3,584,385	0.02x	1.26x	15.43%
NTR Renewable Energy Infrastructure II *Western Europe, Greenfield,*	2018	EUR	2,515,027	1,860,673	73.98%	1,527,106	445,473	1,972,579	0.24x	1.06x	2.44%
Subtotal:			11,717,582	7,678,249	65.53%	8,105,003	828,528	8,933,532	0.11x	1.16x	7.79%
Total Portfolio			**49,860,733**	**32,202,656**	**64.59%**	**34,493,408**	**1,778,688**	**36,272,097**	**0.06x**	**1.13x**	**8.01%**

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	18,005,698	57.37%	18,954,195	269,772	19,223,967	0.01x	1.07x	7.35%
Vauban Core Infrastructure Fund 02 *Western Europe, Core,*	2017	EUR	7,600,000	7,320,829	96.33%	8,636,322	778,734	9,415,055	0.11x	1.29x	10.14%
Renewables Funds											
Capital Dynamics Clean Energy and Infrastructure VIII SCSp *United Kingdom, Brownfield,*	2019	GBP	5,700,000	2,973,715	52.17%	3,046,314	330,254	3,376,568	0.11x	1.14x	6.21%
Capital Dynamics Clean Energy Infrastructure VII-A, L.P. *United States, Greenfield,*	2019	USD	4,500,000	3,697,843	82.17%	4,300,762	71,731	4,372,493	0.02x	1.18x	11.33%
NTR Renewable Energy Infrastructure II *Western Europe, Greenfield,*	2018	EUR	2,833,243	2,074,852	73.23%	1,774,039	519,801	2,293,840	0.25x	1.11x	4.29%

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

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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	3,601,704	2,984,920	82.88%	2,293,888	1,160,716	3,454,603	0.39x	1.16x	14.72%
Western Europe, Value Added											
Basalt Infrastructure Partners III	2020	USD	2,856,163	1,547,160	54.17%	1,660,971	-	1,660,971	-	1.07x	13.48%
Global, Value Add											
DWS PEIF III	2020	EUR	3,290,502	1,668,764	50.71%	1,693,388	143,855	1,837,243	0.09x	1.10x	13.36%
Western Europe, Generalist											
Macquarie GIG Renewable Energy Fund 2	2020	EUR	4,001,616	1,932,500	48.29%	2,022,127	13,640	2,035,767	0.01x	1.05x	9.11%
Western Europe, Core plus											
New Suez	2021	EUR	2,183,749	1,490,379	68.25%	1,535,560	-	1,535,560	-	1.03x	7.24%
France, Direct											
Project Alcazar (Adapteo)	2021	EUR	2,217,814	2,217,814	100.00%	2,225,024	-	2,225,024	-	1.00x	0.34%
Western Europe, Direct											
Project Ernest (Ermewa)	2021	EUR	2,181,337	2,181,442	100.00%	2,290,008	283,056	2,573,064	0.13x	1.18x	27.64%
Western Europe, Direct											
Project Legatus (Meridiam I)	2021	EUR	2,163,302	2,181,423	100.84%	2,451,998	53,238	2,505,237	0.02x	1.15x	18.30%
Western Europe, Direct											
Project Peggy	2020	USD	1,840,760	1,704,614	92.60%	2,394,973	-	2,394,973	-	1.40x	21.66%
United States, Direct											
Project Spring (MapleCo)	2021	GBP	2,275,850	2,234,470	98.18%	2,238,762	17,465	2,256,227	0.01x	1.01x	1.64%
United Kingdom, Co-investment											
Subtotal:			26,612,796	20,143,486	75.69%	20,806,699	1,671,970	22,478,669	0.08x	1.12x	
Total Portfolio			**26,612,796**	**20,143,486**	**75.69%**	**20,806,699**	**1,671,970**	**22,478,669**	**0.08x**	**1.12x**	

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	3,420,699	82.67%	2,664,809	1,358,548	4,023,357	0.40x	1.18x	16.86%
Western Europe, Value Added											
Basalt Infrastructure Partners III	2020	USD	3,620,670	2,026,566	55.97%	2,022,730	-	2,022,730	-	1.00x	(0.33%)
Global, Value Add											
DWS PEIF III	2020	EUR	3,827,565	1,943,514	50.78%	1,967,209	169,757	2,136,966	0.09x	1.10x	13.36%
Western Europe, Generalist											
Macquarie GIG Renewable Energy Fund 2	2020	EUR	4,655,147	2,251,438	48.36%	2,349,105	15,843	2,364,947	0.01x	1.05x	8.74%
Western Europe, Core plus											
New Suez	2021	EUR	2,586,193	1,780,705	68.85%	1,783,860	-	1,783,860	-	1.00x	0.42%
France, Direct											
Project Alcazar (Adapteo)	2021	EUR	2,586,193	2,586,193	100.00%	2,584,811	-	2,584,811	-	1.00x	(0.06%)
Western Europe, Direct											

Quarterly Report Overview

Oxfordshire Pension Fund

Project Ernest (Ermewa)	2021	EUR	2,586,193	2,586,318	100.00%	2,660,303	335,846	2,996,148	0.13x	1.16x	24.30%
Western Europe, Direct											
Project Legatus (Meridiam I)	2021	EUR	2,520,089	2,541,140	100.84%	2,848,486	61,885	2,910,372	0.02x	1.15x	17.91%
Western Europe, Direct											
Project Peggy	2020	USD	2,294,376	2,129,022	92.79%	2,916,598	-	2,916,598	-	1.37x	20.04%
United States, Direct											
Project Spring (MapleCo)	2021	GBP	2,275,850	2,234,470	98.18%	2,238,762	17,465	2,256,227	0.01x	1.01x	1.64%
United Kingdom, Co-investment											

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 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 up to 120 days post Quarter end.

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2)	June 30 2022
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	8,163,375
As a percentage of Total Committed to Portfolio Investments	40.82%
Number of Fund Investments	1

StepStone B II - Generalist - Performance	All figures unless otherwise stated are in GBP
Amount Called	8.16 million
Amount Distributed	0.12 million
Unrealised Value	8.17 million
Total Value	8.30 million
DPI	0.02x
TVPI	1.02x
IRR	3.38%

Strategy Level

Commitment to Portfolio

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Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2a) Commentary

As a reminder, 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 the 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.

Cycle II-G's final primary commitment, €60m to the new ICG Infrastructure Equity Fund was signed in Q1, concluding primary deployment. ICG had a seed portfolio of four investments at the point of Brunel's close and two additional investments into a renewable platform and an EV Charging network have since been committed to.

Vauban Fund III is now fully committed (c.96%). During Q2 InfraVia made two additional acquisitions which are expected to close in H2 2022: Irish fibre-to-the-home Fibre Networks and French veterinary network Univet. Meridiam Fund IV secured two additional investments: Swiss Krono French biomass plant and Paris Urban Logistics specialist Sogaris.

In April 2022, Melody Investment Advisors LP officially changed its name to Palistar Capital LP. The Fund's name will subsequently change to Palistar Communications Infrastructure II.

On the tactical side Cartier, the US District Heating co-investment with Vauban III, is expected to close.

Overall, the Cycle 2 Generalist infra portfolio will only require one additional tactical investment for full commitment. Brunel is very pleased with how the generalist portfolio of Cycle 2 has developed. The portfolio is diversified and invested in quality opportunities that we believe will provide strong performance both in terms of returns and sustainability, both societal and environmental.

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	8,163,375	40.82%	8,174,408	123,128	8,297,536	0.02x	1.02x	3.38%
Total Portfolio			**20,000,000**	**8,163,375**	**40.82%**	**8,174,408**	**123,128**	**8,297,536**	**0.02x**	**1.02x**	**3.38%**

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	8,163,375	40.82%	8,174,408	123,128	8,297,536	0.02x	1.02x	3.38%

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

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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 *Western Europe, Core*	2020	EUR	2,013,868	1,545,232	76.73%	1,513,429	63,748	1,577,177	0.04x	1.02x	2.52%
ICG Infrastructure Equity 01 *Western Europe, Core plus*	2019	EUR	2,424,010	487,517	20.11%	454,643	10,354	464,997	0.02x	0.95x	(17.45%)
Infra BIG *Western Europe, Co-investment*	2021	GBP	224,233	206,643	92.16%	206,120	-	206,120	-	1.00x	(0.61%)
InfraCapital Greenfield 01 *Western Europe, Core plus*	2021	GBP	1,268,215	960,512	75.74%	1,004,201	-	1,004,201	-	1.05x	4.86%
InfraCapital Greenfield 02 *Western Europe, Core plus*	2020	GBP	1,176,471	175,678	14.93%	221,403	-	221,403	-	1.26x	72.44%
InfraVia European Fund V *Western Europe, Infrastructure*	2021	EUR	1,010,099	99,499	9.85%	74,890	16,086	90,977	0.16x	0.91x	(18.22%)
Meridiam 02 *Western Europe, Value Added*	2009	EUR	816,031	809,562	99.21%	816,035	17,927	833,962	0.02x	1.03x	5.97%
Meridiam Sustainable Infrastructure Europe IV *Western Europe, Core Plus*	2021	EUR	1,413,881	162,329	11.48%	133,116	61	133,177	-	0.82x	(35.74%)
Palistar Communications Infra 02 *United States, Core Plus*	2019	USD	1,113,801	459,568	41.26%	453,848	31,859	485,707	0.07x	1.06x	14.79%
Project Cartier *France, Direct*	2022	USD	1,625,209	1,625,209	100.00%	1,738,912	-	1,738,912	-	1.07x	42.28%
Project EaaSy (Bernhard) *United States, Co-Investment*	2022	USD	1,389,073	1,403,799	101.06%	1,608,101	-	1,608,101	-	1.15x	36.34%
Project Ride *Sweden, Direct*	2022	SEK	1,683,547	1,683,532	100.00%	1,699,225	-	1,699,225	-	1.01x	2.22%
Project Sidewalk *United States, Direct*	2022	USD	1,343,900	184,167	13.70%	192,753	-	192,753	-	1.05x	25.95%
Total Portfolio			**17,502,338**	**9,803,248**	**56.01%**	**10,116,678**	**140,035**	**10,256,713**	**0.01x**	**1.05x**	

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 *Western Europe, Core*	2020	EUR	2,352,941	1,808,330	76.85%	1,758,151	75,152	1,833,303	0.04x	1.01x	1.71%
ICG Infrastructure Equity 01 *Western Europe, Core plus*	2019	EUR	2,823,529	573,904	20.33%	528,159	12,189	540,348	0.02x	0.94x	(21.68%)
Infra BIG *Western Europe, Co-investment*	2021	GBP	769,858	206,643	26.84%	206,120	-	206,120	-	1.00x	(0.61%)
InfraCapital Greenfield 01	2021	GBP	1,174,513	960,512	81.78%	1,004,201	-	1,004,201	-	1.05x	4.86%

Quarterly Report Overview

Oxfordshire Pension Fund

Western Europe, Core plus											
InfraCapital Greenfield 02	2020	GBP	1,176,471	175,678	14.93%	221,403	-	221,403	-	1.26x	72.44%
Western Europe, Core plus											
InfraVia European Fund V	2021	EUR	1,176,471	119,230	10.13%	87,000	19,294	106,294	0.16x	0.89x	(22.77%)
Western Europe, Infrastructure											
Meridiam 02	2009	EUR	627,567	958,441	152.72%	947,987	21,237	969,224	0.02x	1.01x	2.21%
Western Europe, Value Added											
Meridiam Sustainable Infrastructure Europe IV	2021	EUR	1,647,059	193,132	11.73%	154,641	72	154,712	-	0.80x	(39.20%)
Western Europe, Core Plus											
Palistar Communications Infra 02	2019	USD	1,411,765	615,040	43.57%	552,696	41,742	594,438	0.07x	0.97x	(8.16%)
United States, Core Plus											
Project Cartier	2022	USD	2,117,647	2,117,647	100.00%	2,117,647	-	2,117,647	-	1.00x	-%
France, Direct											
Project EaaSy (Bernhard)	2022	USD	1,882,353	1,902,569	101.07%	1,958,345	-	1,958,345	-	1.03x	6.81%
United States, Co-Investment											
Project Ride	2022	SEK	21,159,473	21,159,473	100.00%	21,158,754	-	21,158,754	-	1.00x	(0.01%)
Sweden, Direct											
Project Sidewalk	2022	USD	1,647,059	234,735	14.25%	234,735	-	234,735	-	1.00x	-%
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 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 up to 120 days post Quarter end.

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2)	June 30 2022
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	4,190,170
As a percentage of Total Committed to Portfolio Investments	20.95%
Number of Fund Investments	1

StepStone B II - Renewables - Performance	All figures unless otherwise stated are in GBP
Amount Called	4.19 million
Amount Distributed	0.35 million
Unrealised Value	4.50 million
Total Value	4.85 million
DPI	0.08x
TVPI	1.16x
IRR	13.57%

Strategy Level

Commitment to Portfolio

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Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Infrastructure (Cycle 2b) Commentary

Cycle 2 Renewables activity has continued its deployment against a backdrop of lower returns and higher risks for OECD renewables due to higher capex costs, increased availability of investment capital, relative reduction of government support for proven technologies and rising political and regulatory threats.

A new primary commitment was approved to NextPower UK ESG Solar Fund, which is expected to close in Q3 2022. In addition, two Tactical commitments were approved by Brunel in Q2 which are also expected to close in Q3 2022. Conditional on successful closing of these new investments, Cycle 2 Renewables will be 67% committed.

On the Tactical side, capital was deployed at the end of Q1 into the ICG France-based renewable co-investment Akuo. Two further co-investments were approved during Q2. Project Link is a co-investment with Meridiam into an electricity interconnector between the UK and Germany, and Project Gutenberg is a co-invest in an offshore wind platform.

Stepstone and the Brunel team are addressing the difficulties of investing the Cycle II Renewables mandate and are confident the pipeline of primaries and tacticals will finish deploying this mandate in line with Scope and Specification.

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Pension Partnership

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	4,190,170	20.95%	4,498,967	351,315	4,850,282	0.08x	1.16x	13.57%
Total Portfolio			**20,000,000**	**4,190,170**	**20.95%**	**4,498,967**	**351,315**	**4,850,282**	**0.08x**	**1.16x**	**13.57%**

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	4,190,170	20.95%	4,498,967	351,315	4,850,282	0.08x	1.16x	13.57%

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

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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	1,194,712	644,213	53.92%	656,294	103,816	760,110	0.16x	1.18x	18.32%
Capital Dynamics Clean Energy Infrastructure Investors X, SCSp *United States, Value Added*	2020	USD	1,461,930	1,422,152	97.28%	1,379,170	399,923	1,779,093	0.28x	1.25x	16.03%
Centinela Funding *United States, Co-Investment*	2020	USD	762,393	762,393	100.00%	911,312	146,473	1,057,784	0.19x	1.39x	25.71%
Copenhagen Infrastructure IV *Global, Core*	2020	EUR	2,059,529	468,954	22.77%	772,741	6,123	778,864	0.01x	1.66x	86.86%
Project Phoenix (Akuo) *France, Direct*	2022	EUR	1,019,375	798,270	78.31%	808,921	-	808,921	-	1.01x	5.40%
Total Portfolio			**6,497,938**	**4,095,982**	**63.04%**	**4,528,438**	**656,334**	**5,184,772**	**0.16x**	**1.27x**	

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	871,799	56.67%	799,235	137,583	936,819	0.16x	1.07x	7.63%
Capital Dynamics Clean Energy Infrastructure Investors X, SCSp *United States, Value Added*	2020	USD	1,890,598	1,842,158	97.44%	1,679,553	508,079	2,187,632	0.28x	1.19x	12.24%
Centinela Funding *United States, Co-Investment*	2020	USD	1,019,461	1,019,461	100.00%	1,109,795	199,343	1,309,138	0.20x	1.28x	19.29%
Copenhagen Infrastructure IV *Global, Core*	2020	EUR	2,393,162	545,391	22.79%	897,693	7,243	904,936	0.01x	1.66x	87.15%
Project Phoenix (Akuo) *France, Direct*	2022	EUR	1,196,581	939,724	78.53%	939,724	-	939,724	-	1.00x	-%

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 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 up to 120 days post Quarter end.

Brunel Pension Partnership

Quarterly Report Overview

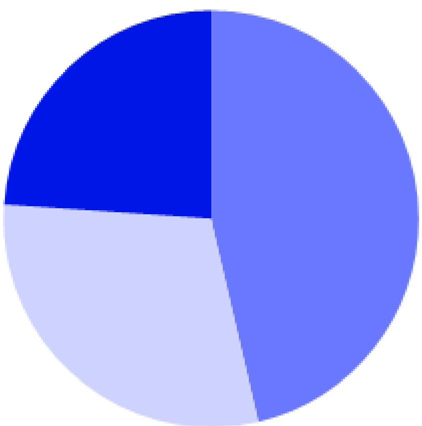
Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 1)	June 30 2022
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	100,000,000
Total Commitments to Portfolio Investments	102,288,724
As a percentage of Total Commitments to Brunel Portfolio	102.29%
Amount Called	49,167,865
As a percentage of Total Committed to Portfolio Investments	48.07%
Number of Fund Investments	7

Performance	All figures unless otherwise stated are in GBP
Amount Called	49.17 million
Amount Distributed	6.33 million
Unrealised Value	66.91 million
Total Value	73.24 million
DPI	0.13x
TVPI	1.49x
IRR	30.09%

Strategy Level

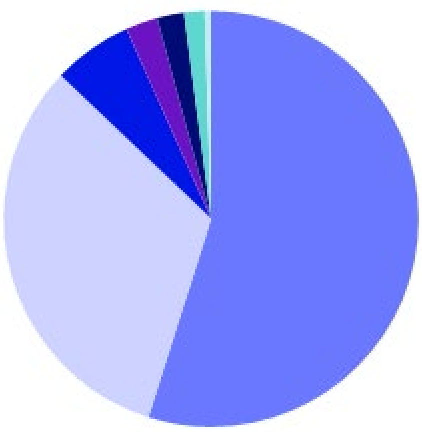
Commitment to Portfolio



Co-investment	36.9 %
Primary	33.3 %
Secondaries	29.8 %

Region

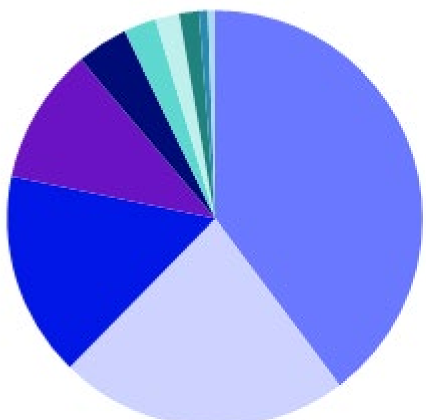
Invested in Underlying Investments



North America	54.9 %
Western Europe	32.2 %
Asia/Pacific	6.2 %
Global	2.5 %
Middle-East/North Africa	2.1 %
South America	1.6 %
Eastern Europe	0.5 %

GICS Level 1

Invested in Underlying Investments



Financials	39.7 %
Information Technology	22.6 %
Health Care	15.9 %
Consumer Discretionary	10.6 %
Consumer Staples	4.0 %
Industrials	2.5 %
Energy	1.9 %
Materials	1.5 %
Undefined	0.7 %
Telecommunication Services	0.6 %

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 1) Commentary

As of June 2022, the drawdown of Cycle 1 increased slightly from the previous quarter, approximately 48% of the committed capital has been drawn. Cycle 1 is still in the investment phase, but the portfolio has performed well in terms of multiples and net IRR.

Some of the earlier funds in Cycle 1 are starting to develop and have shown encouraging signs of strong performance albeit noting the now stale valuation marks and material public market movements since those dates. This includes the secondaries funds, which by their nature are expected to provide early liquidity. For example, Capital Dynamics Global Secondaries Fund V (the first commitment Brunel made for cycle 1 PE in 2018) has a TVPI of >1.9x and NB Strategic Co-Investment Fund IV (the third investment chronologically) is expecting near term distributions and currently has a TVPI of >1.6x, based on the latest information available to us.

Generally, Cycle 1 PE experienced less impact from Covid-19, with only some underlying portfolio companies affected in the short term, which have already shown signs of recovery. This is largely due to Cycle 1 only starting to put capital to work when the pandemic began.

The GPs in Cycle 1 are actively investing and some are funding their investments through short term fund credit facilities. Most are expected to make capital calls throughout 2022. Overall, all the private equity funds in Cycle 1 are now successfully closed and in full deployment mode.

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
Primary Funds											
Ardian LBO Fund 07 A *Global, Buyout,*	2019	EUR	11,007,412	5,934,185	53.91%	6,907,350	639,017	7,546,366	0.11x	1.27x	16.43%
Summit Europe Growth 03 *Western Europe, Growth,*	2020	EUR	4,631,317	2,121,373	45.80%	2,174,518	-	2,174,518	-	1.03x	3.50%
Vespa Capital 03 *United Kingdom, Buyout,*	2020	GBP	9,000,000	5,332,506	59.25%	5,423,196	2,417	5,425,613	-	1.02x	3.83%
Subtotal:			24,638,729	13,388,064	54.34%	14,505,064	641,433	15,146,497	0.05x	1.13x	12.95%
Secondaries Funds											
AlpInvest Secondaries 07 *Global, Secondaries,*	2020	USD	11,276,371	3,121,850	27.68%	3,177,587	713,967	3,891,554	0.23x	1.25x	50.17%
Capital Dynamics Global Secondaries V (Feeder) *Global, Secondaries,*	2018	USD	19,078,420	12,077,340	63.30%	20,884,081	2,428,778	23,312,859	0.20x	1.93x	37.70%
Subtotal:			30,354,790	15,199,190	50.07%	24,061,668	3,142,745	27,204,412	0.21x	1.79x	38.18%
Co-Investment Funds											
NB PE Impact Fund *Global, Co-Investment,*	2018	USD	24,426,363	11,960,261	48.96%	14,849,554	1,964,839	16,814,393	0.16x	1.41x	20.07%
NB SCIOP IV *Global, Co-Investment,*	2019	USD	22,868,842	8,620,350	37.69%	13,495,695	578,979	14,074,674	0.07x	1.63x	50.98%
Subtotal:			47,295,204	20,580,611	43.52%	28,345,249	2,543,818	30,889,067	0.12x	1.50x	28.95%
Total Portfolio			**102,288,724**	**49,167,865**	**48.07%**	**66,911,981**	**6,327,996**	**73,239,976**	**0.13x**	**1.49x**	**30.09%**

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 *Global, Buyout,*	2019	EUR	12,700,000	6,816,427	53.67%	8,024,268	751,559	8,775,827	0.11x	1.29x	17.56%
Summit Europe Growth 03 *Western Europe, Growth,*	2020	EUR	5,400,000	2,484,198	46.00%	2,526,137	-	2,526,137	-	1.02x	2.38%
Vespa Capital 03 *United Kingdom, Buyout,*	2020	GBP	9,000,000	5,332,506	59.25%	5,423,196	2,417	5,425,613	-	1.02x	3.83%
Secondaries Funds											
AlpInvest Secondaries 07 *Global, Secondaries,*	2020	USD	14,100,000	4,187,087	29.70%	3,869,665	946,302	4,815,967	0.23x	1.15x	29.80%
Capital Dynamics Global Secondaries V (Feeder) *Global, Secondaries,*	2018	USD	24,400,000	15,874,695	65.06%	25,432,634	3,206,114	28,638,748	0.20x	1.80x	34.05%
Co-Investment Funds											
NB PE Impact Fund *Global, Co-Investment,*	2018	USD	30,300,000	15,453,000	51.00%	18,083,787	2,727,000	20,810,787	0.18x	1.35x	17.67%
NB SCIOP IV *Global, Co-Investment,*	2019	USD	29,000,000	11,648,187	40.17%	16,435,057	761,299	17,196,356	0.07x	1.48x	39.79%

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

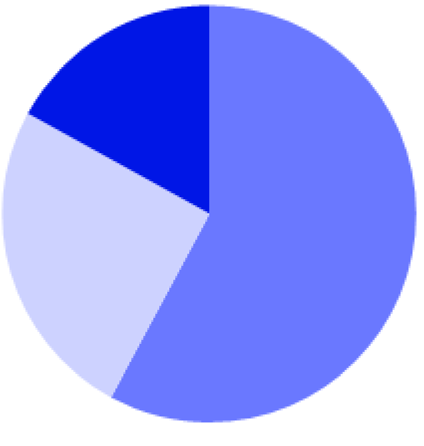
Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 2)	June 30 2022
Overview	**All figures unless otherwise stated are in GBP**
Total Commitments to Brunel Portfolio	70,000,000
Total Commitments to Portfolio Investments	71,762,682
As a percentage of Total Commitments to Brunel Portfolio	102.52%
Amount Called	15,742,412
As a percentage of Total Committed to Portfolio Investments	21.94%
Number of Fund Investments	14

Performance	All figures unless otherwise stated are in GBP
Amount Called	15.74 million
Amount Distributed	0.08 million
Unrealised Value	20.39 million
Total Value	20.46 million
DPI	0.00x
TVPI	1.30x
IRR	55.18%

Strategy Level

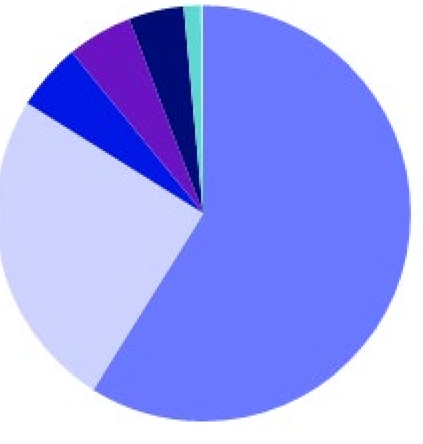
Commitment to Portfolio



Primary	57.9 %
Secondaries	25.1 %
Co-investment	17.0 %

Region

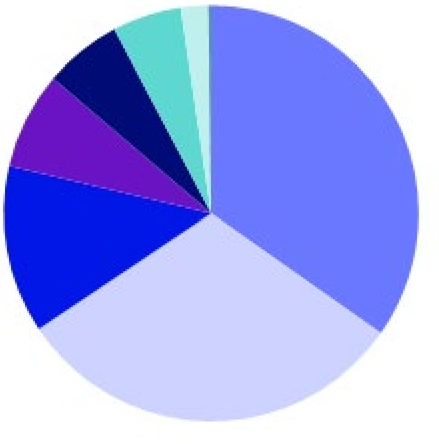
Invested in Underlying Investments



North America	58.9 %
Western Europe	25.0 %
Global	5.2 %
Middle-East/North Africa	5.1 %
Asia/Pacific	4.3 %
South America	1.3 %
Eastern Europe	0.2 %

GICS Level 1

Invested in Underlying Investments



Information Technology	34.8 %
Financials	30.8 %
Industrials	13.1 %
Health Care	7.6 %
Materials	6.0 %
Consumer Discretionary	5.4 %
Consumer Staples	2.1 %
Real Estate	0.1 %
Telecommunication Services	0.1 %

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Equity (Cycle 2) Commentary

As of June 2022, Cycle 2 has committed to 14 funds. Therefore, Cycle 2 is now fully committed on schedule. The total drawn down for Cycle 2 stood at 21%. It is worth noting that the total capital deployed was higher, due to funds using credit facilities to fund investments.

Cycle 2 has made great progress in terms of fund commitments and the quality of the GPs that have accepted Brunel Clients into their funds. Whilst still early, Cycle 2 has had a strong start. The portfolio is well above cost at this early stage, with no J-curve since inception. This is largely due to the 2 secondaries funds (LGT and Montana) that we committed to at the start of the PE program. Both have early successes to show and are performing well.

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.

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
Primary Funds											
Atomico Venture 06 *Western Europe, Growth,*	2022	USD	4,499,918	-	0.00%	-	-	-	-	-	-%
Baring Asia 08 *Asia/Pacific, Buyout,*	2021	USD	5,846,609	-	0.00%	-	-	-	-	-	-%
Genstar X (EU) *United States, Buyout,*	2021	USD	3,204,978	627,178	19.57%	707,415	-	707,415	-	1.13x	41.58%
Inflexion Buyout VI *Western Europe, Buyout,*	2021	GBP	4,380,000	-	0.00%	(16,742)	-	(16,742)	-	-	-%
Insight Partners XII *Global, Growth,*	2021	USD	4,270,090	2,112,302	49.47%	2,321,324	4,513	2,325,837	-	1.10x	17.05%
J-STAR No.5 *Japan, Buyout,*	2022	JPY	3,642,546	-	0.00%	-	-	-	-	-	-%
New Mountain 06 *United States, Buyout,*	2020	USD	4,443,540	1,930,711	43.45%	2,147,720	7,405	2,155,125	-	1.12x	21.86%
PAI Partners 08 *Western Europe, Buyout,*	2022	EUR	6,602,393	-	0.00%	-	-	-	-	-	-%
Summa Equity 03 *Western Europe, Buyout,*	2021	EUR	4,717,225	-	0.00%	(47,111)	-	(47,111)	-	-	-%
Subtotal:			41,607,299	4,670,191	11.22%	5,112,606	11,918	5,124,523	-	1.10x	18.30%
Secondaries Funds											
Insight Partners X Follow-On *Global, Secondaries,*	2021	USD	4,123,843	3,000,748	72.77%	3,840,186	5,300	3,845,485	-	1.28x	34.77%
LGT Crown Global Secondaries V *Global, Secondaries,*	2020	USD	9,052,873	2,211,011	24.42%	3,579,883	-	3,579,883	-	1.62x	80.27%
Montana Capital Partners OSP V *Global, Secondaries,*	2020	EUR	4,857,685	860,830	17.72%	1,230,838	56,323	1,287,162	0.07x	1.50x	285.06%
Subtotal:			18,034,401	6,072,588	33.67%	8,650,907	61,623	8,712,531	0.01x	1.43x	61.64%
Co-Investment Funds											
AlpInvest Co-Investment 08 *Global, Co-Investment,*	2021	USD	11,213,043	4,764,617	42.49%	6,353,473	2,984	6,356,457	-	1.33x	96.61%
Genstar X Opportunities Fund *North America, Co-Investment,*	2021	USD	907,939	235,016	25.88%	270,347	-	270,347	-	1.15x	27.39%
Subtotal:			12,120,982	4,999,633	41.25%	6,623,820	2,984	6,626,804	-	1.33x	91.36%
Total Portfolio			**71,762,682**	**15,742,412**	**21.94%**	**20,387,333**	**76,524**	**20,463,858**	**-**	**1.30x**	**55.18%**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Primary Funds											
Atomico Venture 06 *Western Europe, Growth,*	2022	USD	5,480,000	-	0.00%	-	-	-	-	-	-%
Baring Asia 08 *Asia/Pacific, Buyout,*	2021	USD	7,120,000	-	0.00%	-	-	-	-	-	-%
Genstar X (EU) *United States, Buyout,*	2021	USD	3,950,000	810,755	20.53%	861,489	-	861,489	-	1.06x	18.94%
Inflexion Buyout VI *Western Europe, Buyout,*	2021	GBP	4,380,000	-	0.00%	(16,742)	-	(16,742)	-	-	-%
Insight Partners XII	2021	USD	5,480,000	2,852,613	52.05%	2,826,909	6,056	2,832,965	-	0.99x	(1.12%)

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Global, Growth,											
J-STAR No.5	2022	JPY	602,000,000	-	0.00%	-	-	-	-	-	-%
Japan, Buyout,											
New Mountain 06	2020	USD	5,650,000	2,589,884	45.84%	2,615,493	9,567	2,625,060	-	1.01x	2.46%
United States, Buyout,											
PAI Partners 08	2022	EUR	7,670,000	-	0.00%	-	-	-	-	-	-%
Western Europe, Buyout,											
Summa Equity 03	2021	EUR	5,480,000	-	0.00%	(54,729)	-	(54,729)	-	-	-%
Western Europe, Buyout,											
Secondaries Funds											
Insight Partners X Follow-On	2021	USD	5,480,000	4,112,977	75.05%	4,676,578	7,112	4,683,690	-	1.14x	16.93%
Global, Secondaries,											
LGT Crown Global Secondaries V	2020	USD	11,290,000	2,957,980	26.20%	4,359,582	-	4,359,582	-	1.47x	60.83%
Global, Secondaries,											
Montana Capital Partners OSP V	2020	EUR	5,650,000	1,007,366	17.83%	1,429,865	65,943	1,495,808	0.07x	1.48x	278.68%
Global, Secondaries,											
Co-Investment Funds											
AlpInvest Co-Investment 08	2021	USD	14,110,000	6,257,251	44.35%	7,737,260	3,814	7,741,074	-	1.24x	64.35%
Global, Co-Investment,											
Genstar X Opportunities Fund	2021	USD	1,130,000	310,514	27.48%	329,229	-	329,229	-	1.06x	10.48%
North America, Co-Investment,											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

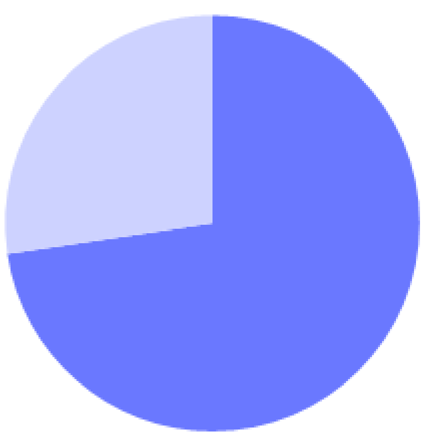
Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 1)	June 30 2022
Overview	**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	59,976,019
As a percentage of Total Committed to Portfolio Investments	99.96%
Number of Fund Investments	3

Performance	All figures unless otherwise stated are in GBP
Amount Called	59.98 million
Amount Distributed	1.80 million
Unrealised Value	68.02 million
Total Value	69.81 million
DPI	0.03x
TVPI	1.16x
IRR	9.96%

Strategy Level

Commitment to Portfolio



Long Lease Property	72.7 %
Operating Infrastructure	27.3 %

Region

Invested in Underlying Investments

Western Europe	100.0 %

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 1) Commentary

The M&G Secured Income Property Fund’s total returns over the quarter were dampened and capital growth has slowed significantly over the quarter, reflecting wider market uncertainty and rising bond yields. The Fund continues to benefit from inflation-linked rent reviews (with an average index-linked cap of c. 4.6%).

A second ad hoc distribution was made in May, comprising deferred rent recovered to date. Bannatyne has now repaid in full and David Lloyd remains on track to repay by October. Over 80% of all deferred rent has now been distributed and the manager anticipates making a final ad hoc distribution in Q4.

The recent volatility of equity and bond valuations in the public markets has resulted in some investors becoming over-allocated to illiquid assets, or needing to raise liquidity, alongside the longer-term trend of some UK defined-benefit pension schemes de-risking. In line with the recent increase in fund redemptions and following a review of the prevailing trend for capital flows for the fund, M&G has made the decision to ‘swing’ the price of the fund. From 1 August 2022 Dealing Day, the Dealing Price of the Fund will be NAV per Unit less 1.21%, representing the estimated average disposal costs of the portfolio.

The abrdn Long Lease Property Fund finished the GRESB 2021 data capture, achieving an impressive 92% coverage by floor area for energy data, an improvement on 82% from last year. They manager will work on the missing 8% by targeting the use of automated data capture with tenants.

Abrdn are noticing that the pricing for long lease assets is changing, and deals are often renegotiated as yields are moving out. Overall, they expect long lease property to be relatively insulated, but anticipate some capital value reduction.

Abrdn are currently renegotiating the purchase of a new Premier Inn asset in Manchester where the yield has drifted out. Meanwhile for sales, the debt-backed purchaser an office in Worthing has pulled out citing the changing environment, leaving abrdn talking to underbidders.

For the vacant Ingenuity House at Birmingham’s NEC, abrdn have had encouraging interest in both the ground and first floor, which would leave the top two floors to lease. The team are looking at splitting up the building, rather than leasing the whole building to one entity, and are evaluating the likely costs.

Greencoat are seeking a one-year extension to the fundraising period of GRI, which would permit the fund to hold further closings and therefore increase commitments. GRI currently has £909m of commitments and Greencoat are seeing significant opportunities to continue investing which would benefit LP diversification and economies of scale, as well as supporting the UK’s drive to net zero. GRI continues to perform well, with revenues that are inflation-linked being uncapped and some (c.30%) merchant price exposure to very elevated UK power prices. Some unavailability issued have been noted in the portfolio but the asset management team are alive to them and are working to resolve and to mitigate.

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%	26,035,717	-	26,035,717	-	1.18x	11.04%
M&G Secured Property Income Fund *United Kingdom, Long Lease Property,*	2007	GBP	21,600,000	21,600,000	100.00%	23,759,672	16,504	23,776,176	-	1.10x	9.99%
Subtotal:			43,600,000	43,600,000	100.00%	49,795,389	16,504	49,811,893	-	1.14x	10.66%
Operating Infrastructure Funds											
Greencoat Renewable Income *United Kingdom, Operating Infrastructure Eq,*	2019	GBP	16,400,000	16,376,019	99.85%	18,222,739	1,780,232	20,002,971	0.11x	1.22x	8.99%
Subtotal:			16,400,000	16,376,019	99.85%	18,222,739	1,780,232	20,002,971	0.11x	1.22x	8.99%
Total Portfolio			**60,000,000**	**59,976,019**	**99.96%**	**68,018,128**	**1,796,736**	**69,814,863**	**0.03x**	**1.16x**	**9.96%**

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Quarterly Report Overview

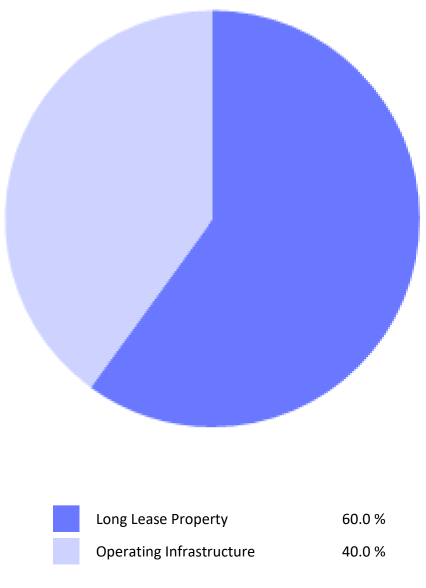
Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 2)	June 30 2022
Overview	**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	34,537,844
As a percentage of Total Committed to Portfolio Investments	86.34%
Number of Fund Investments	3

Performance	All figures unless otherwise stated are in GBP
Amount Called	34.54 million
Amount Distributed	0.64 million
Unrealised Value	37.72 million
Total Value	38.35 million
DPI	0.02x
TVPI	1.11x
IRR	12.63%

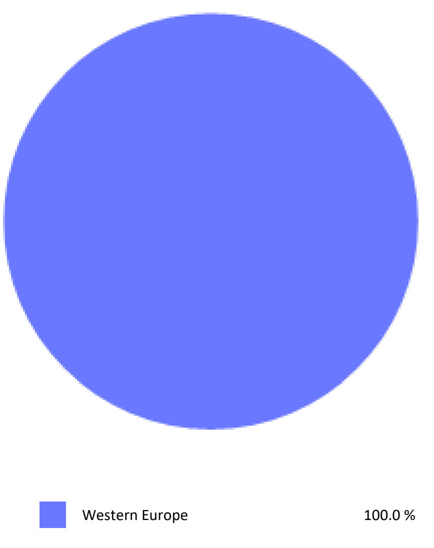
Strategy Level

Commitment to Portfolio



Region

Invested in Underlying Investments



BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Secured Income (Cycle 2) Commentary

The M&G Secured Income Property Fund's total returns over the quarter were dampened and capital growth has slowed significantly over the quarter, reflecting wider market uncertainty and rising bond yields. The Fund continues to benefit from inflation-linked rent reviews (with an average index-linked cap of c. 4.6%).

A second ad hoc distribution was made in May, comprising deferred rent recovered to date. Bannatyne has now repaid in full and David Lloyd remains on track to repay by October. Over 80% of all deferred rent has now been distributed and the manager anticipates making a final ad hoc distribution in Q4.

The recent volatility of equity and bond valuations in the public markets has resulted in some investors becoming over-allocated to illiquid assets, or needing to raise liquidity, alongside the longer-term trend of some UK defined-benefit pension schemes de-risking. In line with the recent increase in fund redemptions and following a review of the prevailing trend for capital flows for the fund, M&G has made the decision to 'swing' the price of the fund. From 1 August 2022 Dealing Day, the Dealing Price of the Fund will be NAV per Unit less 1.21%, representing the estimated average disposal costs of the portfolio.

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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	2003	GBP	12,000,000	12,000,000	100.00%	13,989,086	-	13,989,086	-	1.17x	13.06%
United Kingdom, Long Lease Property,											
M&G Secured Property Income Fund	2007	GBP	12,000,000	6,540,000	54.50%	6,644,808	-	6,644,808	-	1.02x	5.39%
United Kingdom, Long Lease Property,											
Subtotal:			24,000,000	18,540,000	77.25%	20,633,894	-	20,633,894	-	1.11x	12.23%
Operating Infrastructure Funds											
Greencoat Renewable Income	2019	GBP	16,000,000	15,997,844	99.99%	17,081,925	637,708	17,719,633	0.04x	1.11x	13.16%
United Kingdom, Operating Infrastructure Eq,											
Subtotal:			16,000,000	15,997,844	99.99%	17,081,925	637,708	17,719,633	0.04x	1.11x	13.16%
Total Portfolio			**40,000,000**	**34,537,844**	**86.34%**	**37,715,819**	**637,708**	**38,353,527**	**0.02x**	**1.11x**	**12.63%**

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

BRUNEL
Pension Partnership

Quarterly Report Overview

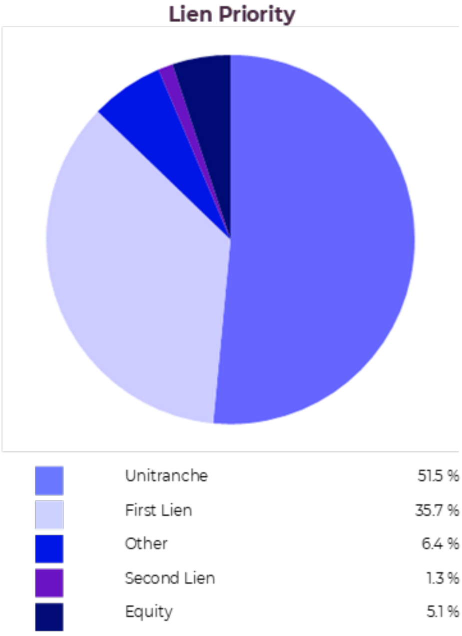
Oxfordshire Pension Fund

Brunel - Private Debt (Cycle 2)	June 30 2022
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	18,234,098
As a percentage of Total Committed to Portfolio Investments	26.05%
Number of Fund Investments	1

Performance	All figures unless otherwise stated are in GBP
Amount Called	18.23 million
Amount Distributed	0.59 million
Unrealised Value	18.69 million
Total Value	19.28 million
DPI	0.03x
TVPI	1.06x
IRR	13.38%

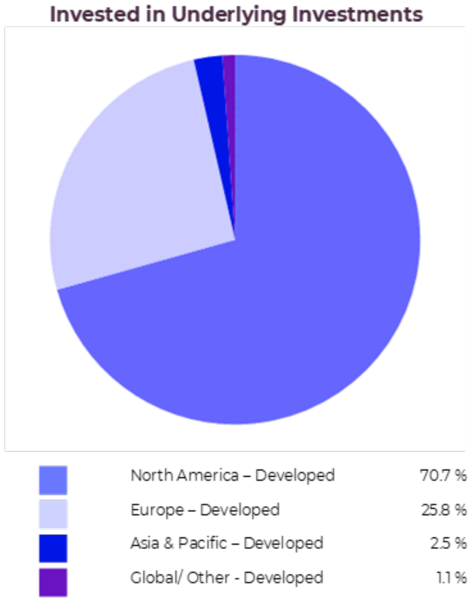
Strategy Level

Lien Priority



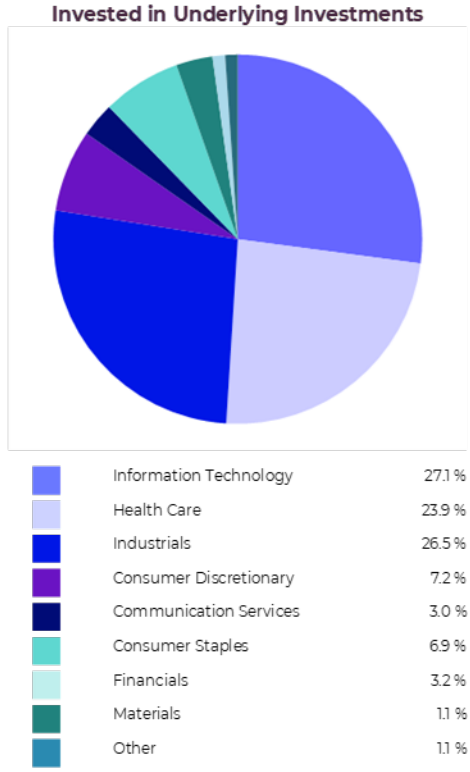
Country

Invested in Underlying Investments



GICS Level 1

Invested in Underlying Investments



BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - Private Debt (Cycle 2) Commentary

The portfolio comprises of seven funds: (i) ICG Senior Debt Partners IV; (ii) Neuberger Berman Private Debt IV; (iii) Crescent Direct Lending Fund III; (iv) Bridgepoint Direct Lending III: (v) Barings Global Private Loan Fund IV; (vi) Ardian Private Debt V; and (vii) HPS Core Senior Lending Fund II. As at the date of this report, all funds in Cycle II remain in their respective 'ramp-up' phases whereby committed capital is expected to be called by the managers over the next 12-36 months.

Capital deployment showed a marked increase over Q2 with Aksia issuing capital calls at near twice the cumulative value seen over Q1. Cumulative call activity to date was such that commitments have been called by managers (in descending order) as follows: (i) Neuberger Berman (c.40% called); (ii) ICG (c.40% called); (iii) Barings (c.30% called); (iv) Bridgepoint (c.30% called); (v) Crescent (c.20% called); (vi) HPS (c.20% called); and (vii) Ardian (who have yet to issue capital calls at the time of writing). It should be noted that managers have undertaken additional investment activity (funded by credit facilities) independent of having issued capital calls, Ardian for instance have taken on investment positions despite having yet to issue any capital calls. Overall capital deployment has continued to be strong with the portfolio comprising c.250 positions in aggregate to date.

Given the emergence of persistent inflation (and resultant deterioration of investor sentiment), managers continue to place an emphasis on high-quality and non-cyclical borrowers and are placing a premium on sustained capacity for the further passing through of rising input costs to customers (without undermining revenues or market share).

At a sector level the portfolio retains its highest levels of exposure to Technology and Healthcare credits (with such contributing c.50% of overall exposure). This is in line with a preference of the managers for sectors exhibiting stable cashflows, defensive qualities and low degrees of cyclicality. This remains especially pertinent given the increased possibility of economic headwinds for borrowers over the medium term. The portfolio retains its largest exposure to date to the US (with residual exposures coming predominantly from the UK, Germany and France), such is a reflection of the increased rate of deployment to date from managers operating with more of a US focus.

At the level of individual credits, managers have added new positions to underlying portfolios. HPS has undertaken investments in Project Goalpost (a streaming provider for US high school sports), Project Sherman (an engineering services firm) and Project Terrier (a US pet insurer). ICG has undertaken investments in Funecap (a French funeral home operator), ImDev (a French medical imaging firm) and TankHolding (a US polyethylene manufacturer). Bridgepoint has undertaken investments in GeneraLife (a European provider of fertility treatment services), Imaweb (a European automotive dealer software firm) and Olmix (a provider of sustainable agriculture products). Barings has undertaken investments in Cogency Global (a US commercial services provider), EventsAIR (a provider of events management software), and HCSS (a fleet management software provider). Investment activity noted in this report should be regarded as illustrative of Cycle II's investment activity and does not account for investment activity undertaken by the other managers.

It should be noted that ICG have appointed two managing directors to further bolster the strategy's investment team with Nick Kogevinas (who joined from Citigroup and has 15 years of investment experience) and Benjamin Zülch (who joined from rival Hayfin and has more than 11 years of investment experience) being announced as new hires over the quarter.

With respect to portfolio performance, Cycle II performance has been positive over the period (driven by positive returns across underlying managers). As noted in prior reports, performance information at the date of this report is not yet meaningful as the portfolio still remains in its 'ramp-up' phase.

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
Corporate Direct Lending Funds											
Private Debt Portfolio Cycle II *Global, Private Debt,*	2021	GBP	70,000,000	18,234,098	26.05%	18,686,133	589,576	19,275,709	0.03x	1.06x	13.38%
Subtotal:			70,000,000	18,234,098	26.05%	18,686,133	589,576	19,275,709	0.03x	1.06x	13.38%
Total Portfolio			**70,000,000**	**18,234,098**	**26.05%**	**18,686,133**	**589,576**	**19,275,709**	**0.03x**	**1.06x**	**13.38%**

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR
Corporate Direct Lending Funds											
Private Debt Portfolio Cycle II *Global, Private Debt,*	2021	GBP	70,000,000	18,234,098	26.05%	18,686,133	589,576	19,275,709	0.03x	1.06x	13.38%

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
Private Debt Portfolio Cycle II Underlying Funds											
Ardian Private Debt V	2021	GBP	9,259,259	-	0.00%	-	-	-	-	-	-%
Western Europe, Private Debt											
Barings Global Private Loan Fund IV	2021	GBP	9,259,259	3,055,556	33.00%	3,052,810	9,439	3,062,250	-	1.00x	1.46%
Global, Private Debt											
Bridgepoint Direct Lending III	2021	EUR	9,494,184	2,568,709	27.06%	2,704,308	6,612	2,710,920	-	1.06x	16.28%
Western Europe, Private Debt											
Crescent Direct Lending Fund 03	2021	USD	7,425,863	1,786,896	24.06%	2,015,755	25,826	2,041,581	0.01x	1.14x	27.57%
North America, Private Debt											
HPS Core Senior Lending Fund 02	2021	USD	12,066,312	2,596,730	21.52%	2,718,078	-	2,718,078	-	1.05x	26.42%
Global, Private Debt											
ICG Senior Debt Partners IV	2020	GBP	12,222,222	4,964,558	40.62%	5,096,455	275,976	5,372,431	0.06x	1.08x	11.29%
Western Europe, Private Debt											
NB Private Debt IV	2021	USD	12,906,070	4,876,115	37.78%	5,485,716	191,166	5,676,882	0.04x	1.16x	24.60%
North America, Private Debt											
Subtotal:			72,633,170	19,848,565	27.33%	21,073,122	509,020	21,582,142	0.03x	1.09x	
Total Portfolio			**72,633,170**	**19,848,565**	**27.33%**	**21,073,122**	**509,020**	**21,582,142**	**0.03x**	**1.09x**	

Portfolio Summary (Fund Currency)

	Vintage	Ccy	Amount Committed	Amount Called	Percent Called	Unrealised Value	Realised Value	Total Value	DPI	TVPI	IRR Fund
Private Debt Portfolio Cycle II Underlying Funds											
Ardian Private Debt V	2021	GBP	9,259,259	-	0.00%	-	-	-	-	-	-%
Western Europe, Private Debt											
Barings Global Private Loan Fund IV	2021	GBP	9,259,259	3,055,556	33.00%	3,052,810	9,439	3,062,250	-	1.00x	1.46%
Global, Private Debt											
Bridgepoint Direct Lending III	2021	EUR	11,111,111	3,065,787	27.59%	3,141,595	7,676	3,149,270	-	1.03x	7.81%
Western Europe, Private Debt											
Crescent Direct Lending Fund 03	2021	USD	9,259,259	2,392,126	25.83%	2,454,786	32,650	2,487,435	0.01x	1.04x	7.36%
North America, Private Debt											
HPS Core Senior Lending Fund 02	2021	USD	14,814,815	3,282,758	22.16%	3,310,076	-	3,310,076	-	1.01x	4.26%
Global, Private Debt											
ICG Senior Debt Partners IV	2020	GBP	12,222,222	4,964,558	40.62%	5,096,455	275,976	5,372,431	0.06x	1.08x	11.29%
Western Europe, Private Debt											
NB Private Debt IV	2021	USD	16,296,296	6,518,519	40.00%	6,680,505	248,520	6,929,025	0.04x	1.06x	9.14%
North America, Private Debt											

DPI = Distributions to Paid In
TVPI = Total Value to Paid In
IRR = Internal rate of return

Quarterly Report Overview

Oxfordshire Pension Fund

Please note:
The above figures were included at Clients' request to breakdown the performance of the 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 up to 120 days post Quarter end.

Quarterly Report Overview

Oxfordshire Pension Fund

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

End Date: 30 June 2022

Brunel - UK Property Overview	June 30 2022 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	150,000,000
Current Value	173,659,863
Drawdowns Outstanding	10,119,353
Number of Fund Investments	19

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - UK Property Commentary

Performance returns for one, three and five years to June 2022 continued to outstrip the Brunel benchmark and objective, with another strong quarter from the Industrial sector, highlighted by Oxfordshire's nearly 12% weighting in LGIM's Industrial Property Investment Fund (IPIF), which returned 40%+ over the last twelve months.

Over the last quarter, a small holding (£2m) of Federated Hermes Property Unit Trust (FHPUT) was purchased to increase Oxfordshire's weighting in the fund. In June, nearly £6m was invested in Standard Life Airport Industrial Property Unit Trust (AIPUT), to bring Oxfordshire up to a 4% target weighting in that fund.

AIPUT focuses on providing airport-related industries, such as cargo and catering companies, with industrial assets close to, principally, Heathrow Airport, but with the ambition for the fund to diversify to other UK hubs. Having developed several assets for tenants around Heathrow, the fund is now becoming more income-generating and diversifying its tenant base in a landscape of limited supply and rising rental levels.

Two small disposals were also completed in June to sell Oxfordshire's remaining holdings of Unite Student Accommodation Fund (USAF) and Nuveen Retail Warehouse Fund, raising £6.7m in total.

A redemption request was also submitted at the end of June by Brunel to Lothbury Property Trust to redeem Oxfordshire's holding (£6m) in the fund. Lothbury is a large diversified balanced fund, with a NAV of almost £1.7bn. The fund has underperformed consistently over the last one, three, five and ten years, largely owing to its sector positioning, which is underweight Industrials and overweight Retail. The manager has a year to fund redemptions and may scale requests back but, as there are no buyers of the fund in the secondary market and Brunel is looking to reinvest the eventual proceeds in more strategically-focused funds, the decision was taken to request redemptions for all clients and to accept the potential scaling-back and/or delay in receiving payment.

Oxfordshire held nearly £26m in cash at the end of June on the Brunel Property Liquidity Account. £12m of this sum is to fund commitments to two new funds, both of which have been approved by the Brunel Investment Committee and both of which are seeking to align with SDFR Article 9 over time, in terms of providing social impact: UBS UK Life Sciences Fund and Orchard Street Social and Environmental Impact Fund. The launches of both funds have been delayed, but it is expected that UBS will be ready to reach First Close by mid-August and UBS is likely to deploy the majority of each client's commitment rapidly. £6m will be committed to UBS Life Sciences on Oxfordshire's behalf and £6m will probably be committed to Orchard Street later this year.

In addition, c£10m of Oxfordshire's cash balance is being used to target diversified funds, buying in the secondary market. Pricing has become more attractive with the deterioration of the economic outlook and Brunel are seeking to purchase two holdings at discounts to fund NAV levels, using the weakening pricing levels as an opportunity to increase Oxfordshire's weightings in target funds.

Quarterly Report Overview

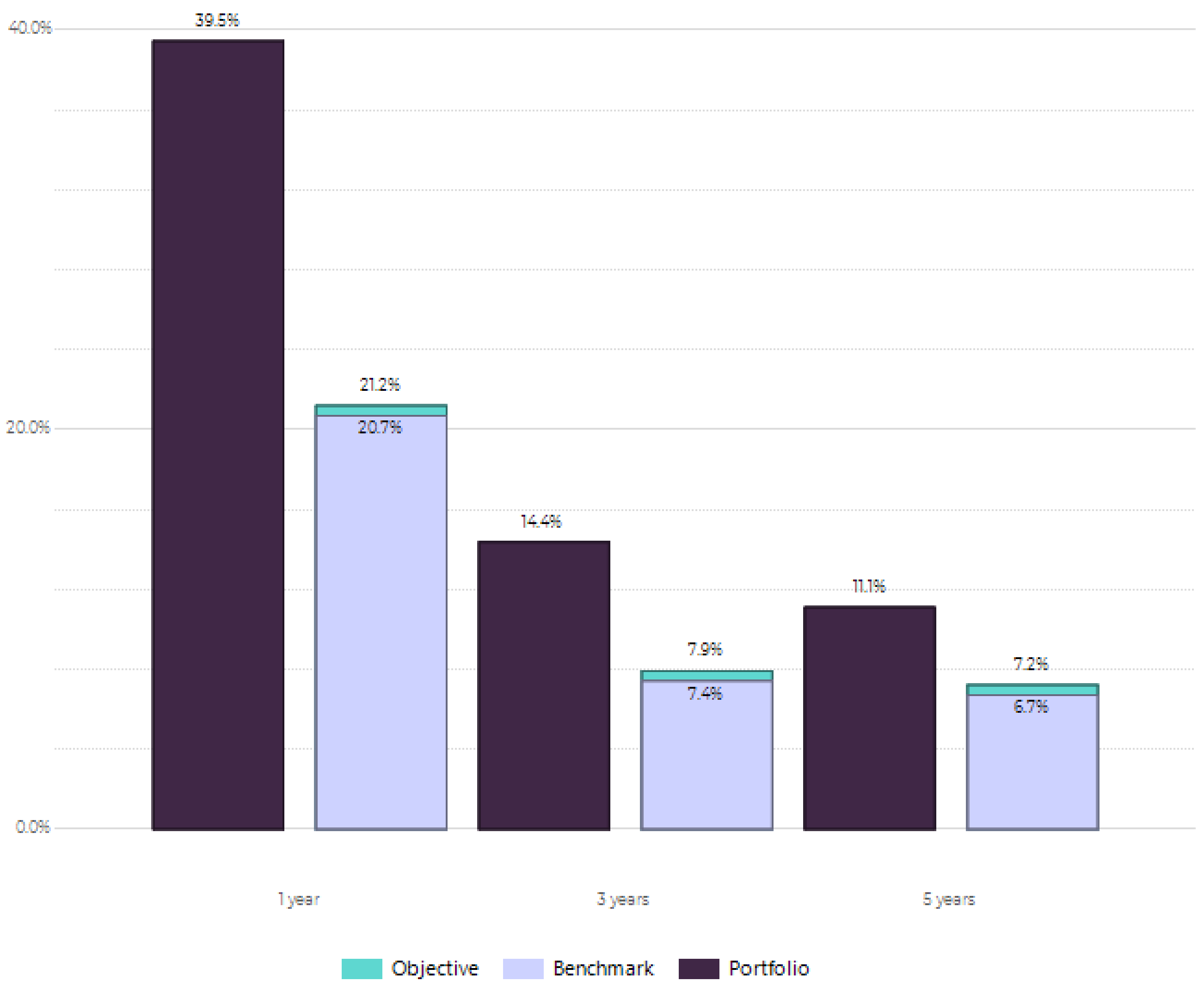
Oxfordshire Pension Fund

Portfolio Performance

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

End Date: 30 June 2022



BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

End Date: 30 June 2022

Brunel - International Property Overview	June 30 2022 All figures unless otherwise stated are in GBP
Total Commitments to Brunel Portfolio	61,000,000
Current Value	52,826,977
Drawdowns Outstanding	15,733,014
Number of Fund Investments	10

Quarterly Report Overview

Oxfordshire Pension Fund

Brunel - International Property Commentary

The marked change in asset market conditions stems from a global regime shift in growth and inflation dynamics, geopolitical shocks and monetary policy makers' reactions to price pressures.

Despite global growth slowing, property performance remained strong and positive over Q2 2022, but this is likely to curtail over the coming quarters. Historically, real estate performance has tended to lag public bonds and equities and falling stock and bond indices is likely to lead to less liquidity within the asset class. Rents remain under pressure in the retail sector, although prime CBD office locations have generally seen positive growth. Tight vacancy remains, particularly in the industrial/logistics sector, with elevated construction costs also supporting rents.

Brunel finalised commitments to the Invesco Real Estate Asia fund, an APAC, core diversified fund, with investments in China, Japan, Australia, Singapore, Hong Kong, South Korea & New Zealand. Brunel also committed to the AXA Residential Europe Fund, a pan-European residential fund focusing on high quality assets, which targets investing 70-80% in PRS, with the remainder in operational residential assets, including student housing (10-15%) and senior housing (10-15%).

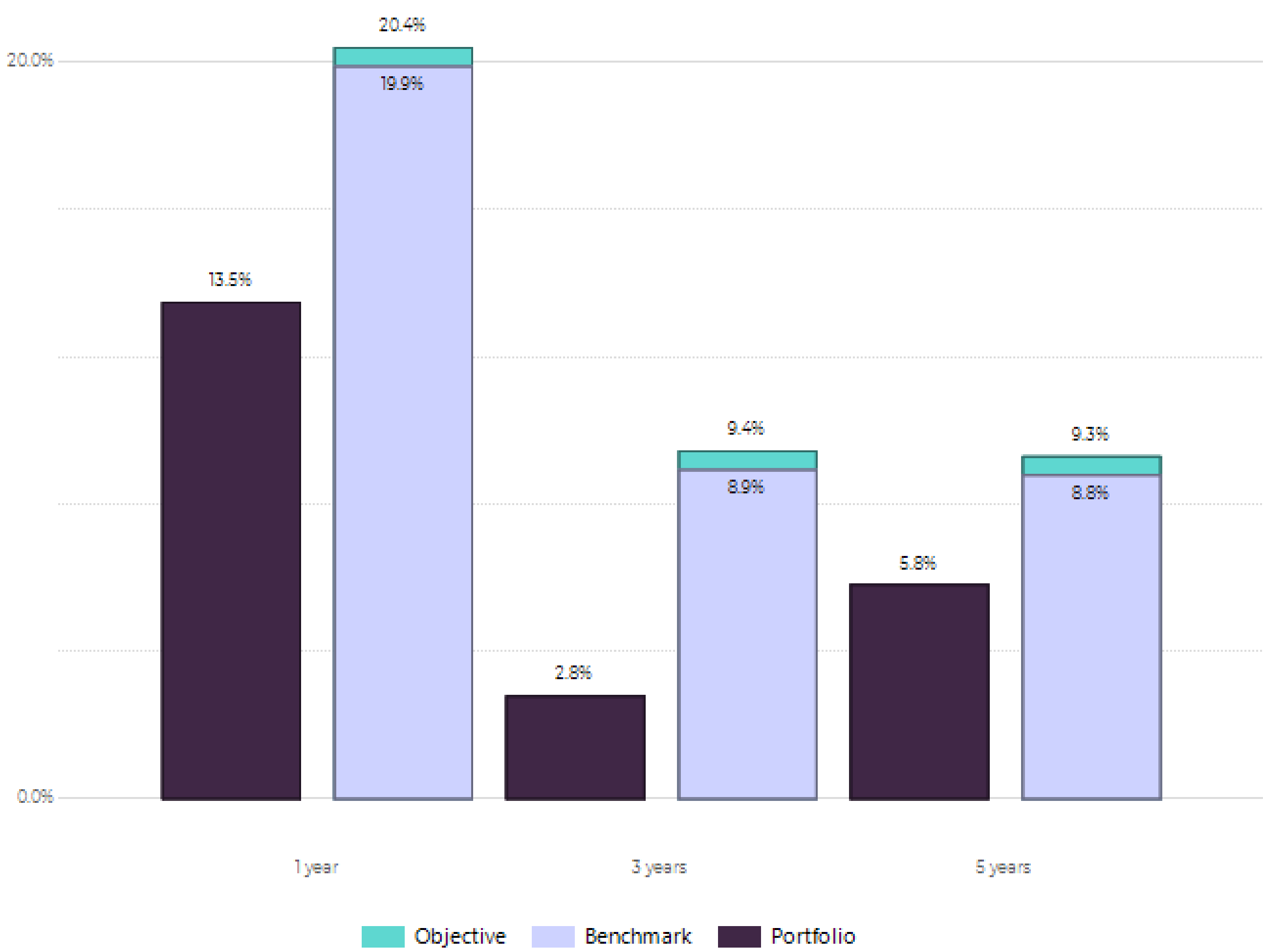
Deployment has accelerated and Brunel is now drawn on all its US fund commitments, with full drawdowns for the Lion Industrial Trust, Lion Properties Fund and PRISA taking place over the quarter.

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Performance

Client Name:	**Oxfordshire Pension Fund**
Fund Name:	**Brunel - International Property**
End Date:	**30 June 2022**



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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Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Detail

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

End Date: 30 June 2022

Holding	Country of Jurisdiction	Cost (GBP)	Market Value (GBP)	LTM Income (GBP)
Aviva Investors Pensions Ltd Property Fund B	United Kingdom	(996,704)	3,893,141	-
ASI Airport Industrial Property Unit Trust	United Kingdom	5,887,957	6,312,036	-
BlackRock UK Property Fund	Jersey	11,673,377	17,075,098	359,671
Cash and liquidity (GBP)		-	19,963,409	-
CBRE UK Property PAIF	United Kingdom	14,292,998	18,167,796	43,289
Threadneedle Property Unit Trust	Jersey	16,191,941	19,038,396	181,899
Hermes Property Unit Trust	United Kingdom	11,156,703	16,382,521	448,650
Industrial Property Investment Fund	United Kingdom	9,885,566	17,902,010	132,168
Lothbury Property Trust	Ireland	3,708,984	6,143,564	117,911
M&G UK Property Fund	United Kingdom	(3,973,919)	983,475	266,808
M&G UK Residential Property Fund	Luxembourg	5,000,000	5,031,184	-
Nuveen UK Property Fund	Jersey	3,002,108	4,011,697	77,899
Octopus Healthcare Fund	United Kingdom	897,871	897,871	-
Orchard Street SEIP	United Kingdom	-	-	-
PGIM UK Affordable Housing	Luxembourg	3,930,488	4,159,879	10,322
Schroder UK Real Estate Fund	United Kingdom	10,763,691	16,138,884	128,987
UBS Life Sciences Property Unit Trust	Jersey	-	-	-
UBS Triton Property Unit Trust	United Kingdom	13,440,461	17,558,903	115,173
Unite UK Student Accommodation Fund	United Kingdom	(2,050,338)	-	402,795
		102,811,185	173,659,863	2,285,572

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Quarterly Report Overview

Oxfordshire Pension Fund

Individual Fund Performance

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - UK Property

End Date: 30 June 2022

Fund Name	Status	1 year	3 year	5 year
ASI Airport Industrial Property Unit Trust	Current Investment	N/A	N/A	N/A
Aviva Investors Pensions Ltd Property Fund B	Current Investment	34.15%	10.49%	8.83%
BlackRock UK Property Fund	Current Investment	21.55%	7.76%	7.20%
Cash and liquidity (GBP)	Current Investment	N/A	N/A	N/A
CBRE UK Property PAIF	Current Investment	N/A	N/A	N/A
Hermes Property Unit Trust	Current Investment	22.84%	11.40%	10.30%
Industrial Property Investment Fund	Current Investment	42.65%	N/A	N/A
Lothbury Property Trust	Current Investment	19.75%	7.31%	6.71%
M&G UK Property Fund	Current Investment	21.75%	2.19%	4.02%
M&G UK Residential Property Fund	Current Investment	N/A	N/A	N/A
Nuveen UK Property Fund	Current Investment	23.40%	6.71%	7.82%
Octopus Healthcare Fund	Current Investment	N/A	N/A	N/A
Orchard Street SEIP	Current Investment	N/A	N/A	N/A
PGIM UK Affordable Housing	Current Investment	N/A	N/A	N/A
Schroder UK Real Estate Fund	Current Investment	19.92%	7.18%	7.05%
Threadneedle Property Unit Trust	Current Investment	22.22%	11.74%	9.88%
UBS Life Sciences Property Unit Trust	Current Investment	N/A	N/A	N/A
UBS Triton Property Unit Trust	Current Investment	25.64%	13.39%	11.32%
Unite UK Student Accommodation Fund	Current Investment	8.47%	3.02%	5.19%

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Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Investment Activity

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - UK Property
Start Date: 01 April 2022
End Date: 30 June 2022

Acquisitions

Date	Investment	Currency	Acquisition Amount GBP
08 April 2022	PGIM UK Affordable Housing	GBP	180,759
13 April 2022	Octopus Healthcare Fund	GBP	330,759
20 April 2022	Threadneedle Property Unit Trust	GBP	102,782
26 April 2022	Hermes Property Unit Trust	GBP	2,000,006
03 May 2022	Schroder UK Real Estate Fund	GBP	44,478
31 May 2022	Octopus Healthcare Fund	GBP	567,112
31 May 2022	Schroder UK Real Estate Fund	GBP	43,017
10 June 2022	ASI Airport Industrial Property Unit Trust	GBP	5,887,957
TOTAL:			**9,156,870**

Investment Activity

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - UK Property
Start Date: 01 April 2022
End Date: 30 June 2022

Disposals

Date	Investment	Currency	Disposal Amount GBP
08 April 2022	Aviva Investors Pensions Ltd Property Fund B	GBP	240,532
20 April 2022	BlackRock UK Property Fund	GBP	58,078
25 April 2022	Industrial Property Investment Fund	GBP	95,796
29 April 2022	M&G UK Property Fund	GBP	1,639,677
29 April 2022	Schroder UK Real Estate Fund	GBP	44,478
20 May 2022	BlackRock UK Property Fund	GBP	51,039
31 May 2022	Schroder UK Real Estate Fund	GBP	43,017
24 June 2022	Unite UK Student Accommodation Fund	GBP	4,152,301

Quarterly Report Overview

Oxfordshire Pension Fund

28 June 2022	Nuveen UK Retail Warehouse Fund	GBP	2,469,063
30 June 2022	Schroder UK Real Estate Fund	GBP	40,724
TOTAL:			**8,834,705**

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Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Cashflow History

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - UK Property
Start Date: 01 April 2022
End Date: 30 June 2022

Date	Holding	Curr	Payments (GBP)
Cash Drawdown			
08 April 2022	PGIM UK Affordable Housing	GBP	180,759
13 April 2022	Octopus Healthcare Fund	GBP	330,759
20 April 2022	BlackRock UK Property Fund	GBP	19,001
20 April 2022	Threadneedle Property Unit Trust	GBP	102,782
25 April 2022	Industrial Property Investment Fund	GBP	323
26 April 2022	Hermes Property Unit Trust	GBP	2,000,006
03 May 2022	Schroder UK Real Estate Fund	GBP	44,478
03 May 2022	Unite UK Student Accommodation Fund	GBP	39,122
20 May 2022	BlackRock UK Property Fund	GBP	17,393
27 May 2022	Rockspring Hanover PUT	GBP	12,374
31 May 2022	Octopus Healthcare Fund	GBP	567,112
31 May 2022	Schroder UK Real Estate Fund	GBP	43,017
10 June 2022	ASI Airport Industrial Property Unit Trust	GBP	5,887,957
20 June 2022	BlackRock UK Property Fund	GBP	18,110
			9,263,194
Cash Refund			
29 April 2022	UBS Triton Property Unit Trust	GBP	(6,572)
21 June 2022	Schroder UK Real Estate Fund	GBP	(2,865)
21 June 2022	Schroder UK Real Estate Fund	GBP	(9,825)
			(19,262)
TOTAL:			**9,243,933**

Date	Holding	Curr	Income (GBP)	Gains (GBP)
Cash Distribution				
08 April 2022	Aviva Investors Pensions Ltd Property Fund B	GBP		240,532
20 April 2022	BlackRock UK Property Fund	GBP	231	58,078
20 April 2022	Threadneedle Property Unit Trust	GBP	102,782	
25 April 2022	Industrial Property Investment Fund	GBP		95,796
29 April 2022	Lothbury Property Trust	GBP	37,394	
29 April 2022	M&G UK Property Fund	GBP		1,639,677
29 April 2022	Schroder UK Real Estate Fund	GBP		44,478
03 May 2022	Nuveen UK Retail Warehouse Fund	GBP	36,975	
03 May 2022	Unite UK Student Accommodation Fund	GBP	105,984	
05 May 2022	Nuveen UK Retail Warehouse Fund	GBP	45,461	
06 May 2022	M&G UK Property Fund	GBP	14,899	
15 May 2022	Hermes Property Unit Trust	GBP	105,765	
20 May 2022	BlackRock UK Property Fund	GBP	97	51,039

Quarterly Report Overview

Oxfordshire Pension Fund

27 May 2022	Rockspring Hanover PUT	GBP	93,800	
31 May 2022	Schroder UK Real Estate Fund	GBP		43,017
20 June 2022	BlackRock UK Property Fund	GBP	56,465	
21 June 2022	PGIM UK Affordable Housing	GBP	10,322	
24 June 2022	Unite UK Student Accommodation Fund	GBP		4,152,301
28 June 2022	Nuveen UK Retail Warehouse Fund	GBP		2,469,063
30 June 2022	CBRE UK Property PAIF	GBP	43,289	
30 June 2022	Schroder UK Real Estate Fund	GBP		40,724
			653,465	**8,834,705**
TOTAL:			**653,465**	**8,834,705**

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Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Portfolio Detail

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

End Date: 30 June 2022

Holding	Country of Jurisdiction	Cost (GBP)	Market Value (GBP)	LTM Income (GBP)
AXA Residential Europe Fund	Luxembourg	-	-	-
CBRE Global Invest Pan European	Luxembourg	4,685,803	6,775,559	-
Clarion Lion Properties Fund	United States	7,624,276	8,211,529	-
Cortland Growth and Income	United States	2,932,070	4,155,197	41,100
Invesco Real Estate Asia Fund	Cayman Islands	-	-	-
Kayne Anderson Core Real Estate	United States	3,715,590	4,275,209	80,339
LaSalle Encore Fund A Euro	Luxembourg	6,800,527	8,439,701	163,367
Lion Industrial Trust	United States	3,056,702	3,284,612	-
Nuveen European Outlet Mall Fund	Luxembourg	3,600,224	9,473,641	679,497
PRISA I	United States	8,161,267	8,211,529	-
		40,576,458	52,826,977	964,303

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Individual Fund Performance

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

End Date: 30 June 2022

Fund Name	Status	1 year	3 year	5 year
AXA Residential Europe Fund	Current Investment	N/A	N/A	N/A
CBRE Global Invest Pan European	Current Investment	10.58%	5.68%	5.88%
Clarion Lion Properties Fund	Current Investment	N/A	N/A	N/A
Cortland Growth and Income	Current Investment	N/A	N/A	N/A
Invesco Real Estate Asia Fund	Current Investment	N/A	N/A	N/A
Kayne Anderson Core Real Estate	Current Investment	N/A	N/A	N/A
LaSalle Encore Fund A Euro	Current Investment	9.01%	5.48%	6.15%
Lion Industrial Trust	Current Investment	N/A	N/A	N/A
Nuveen European Outlet Mall Fund	Current Investment	21.87%	-1.00%	3.55%
PRISA I	Current Investment	N/A	N/A	N/A

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Investment Activity

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - International Property
Start Date: 01 April 2022
End Date: 30 June 2022

Acquisitions

Date	Investment	Currency	Acquisition Amount GBP
01 April 2022	Kayne Anderson Core Real Estate	USD	691,487
01 April 2022	Lion Industrial Trust	USD	3,056,702
02 May 2022	Clarion Lion Properties Fund	USD	7,624,276
30 June 2022	Cortland Growth and Income	USD	41,100
30 June 2022	PRISA I	USD	8,161,267
TOTAL:			19,574,831

Investment Activity

Client Name: Oxfordshire Pension Fund
Fund Name: Brunel - International Property
Start Date: 01 April 2022
End Date: 30 June 2022

Disposals

Date	Investment	Currency	Disposal Amount GBP
23 May 2022	Nuveen European Outlet Mall Fund	EUR	955,405
02 June 2022	CBRE Global Invest Pan European	EUR	37,047
02 June 2022	Nuveen European Outlet Mall Fund	EUR	38,801
TOTAL:			1,031,252

BRUNEL
Pension Partnership

Quarterly Report Overview

Oxfordshire Pension Fund

Cashflow History

Client Name: Oxfordshire Pension Fund

Fund Name: Brunel - International Property

Start Date: 01 April 2022

End Date: 30 June 2022

Date	Holding	Curr	Payments (GBP)
Cash Drawdown			
01 April 2022	Kayne Anderson Core Real Estate	USD	691,487
01 April 2022	Lion Industrial Trust	USD	3,056,702
14 April 2022	Kayne Anderson Core Real Estate	USD	9,632
02 May 2022	Clarion Lion Properties Fund	USD	7,624,276
30 June 2022	Cortland Growth and Income	USD	41,100
30 June 2022	PRISA I	USD	8,161,267
			19,584,463
Cash Refund			
28 June 2022	LaSalle Encore Fund A Euro	EUR	(4,418)
			(4,418)
TOTAL:			**19,580,045**

Date	Holding	Curr	Income (GBP)	Gains (GBP)
Cash Distribution				
07 April 2022	Nuveen European Outlet Mall Fund	EUR	142,456	
14 April 2022	Kayne Anderson Core Real Estate	USD	46,408	
23 May 2022	Nuveen European Outlet Mall Fund	EUR	65,162	955,405
02 June 2022	CBRE Global Invest Pan European	EUR		37,047
02 June 2022	Nuveen European Outlet Mall Fund	EUR	314,613	38,801
28 June 2022	LaSalle Encore Fund A Euro	EUR	60,278	
30 June 2022	Cortland Growth and Income	USD	41,100	
			670,016	**1,031,252**
TOTAL:			**670,016**	**1,031,252**