

To: Members of the Local Pension Board

## ***Notice of a Meeting of the Local Pension Board***

**Friday, 7 July 2023 at 10.30 am**

**Virtual**

If you wish to view proceedings online, please click on this [Live Stream Link](#).  
However, that will not allow you to participate in the meeting.



Martin Reeves  
Chief Executive

29 June 2023

*Committee Officer:*

**Committee Services**

*email: [committeesdemocraticservices@oxfordshire.gov.uk](mailto:committeesdemocraticservices@oxfordshire.gov.uk)*

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### **Membership**

Chair – Matthew Trebilcock

#### **Scheme Members:**

Alistair Bastin	Stephen Davis	Liz Hayden
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#### **Employer Members:**

Angela Priestley-Gibbins	Elizabeth Griffiths	Marcia Slater
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#### **Notes:**

- ***Date of next meeting: 20 October 2023***

**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. Welcome by Chairman

## 2. Apologies for Absence

To approve the minutes of the meeting held on 5 May 2023 as a correct record and to receive any information arising from them.

## 3. Declarations of Interest - see guidance note below

## 4. Minutes of the Meeting of 5 May 2023 (Pages 1 - 10)

To approve the minutes of the meeting held on 05 May 2023 (LPB5) and to receive information arising from them.

## 5. Unconfirmed Minutes of the Pension Fund Committee - 9 June 2023 (Pages 11 - 16)

To receive the unconfirmed minutes of the Pension Fund Committee held on 9 June 2023.

## 6. Annual Report of the Pension Board (Pages 17 - 22)

This report sets out the highlights of the Board's activities over the past year and includes information on the attendance and training records of Board Members. The Board is recommended to approve the report to be included in the Annual Report and Accounts of the Pension Fund.

## 7. Review of the Annual Business Plan (Pages 23 - 56)

The Board are invited to review the position against the Annual Business Plan for 2023/24 as considered by the Pension Fund Committee at their meeting on 9 June 2023 and to offer any comments to the Committee.

## 8. Governance Policy and Governance Compliance Statement (Pages 57 - 70)

This report presents the updated Governance Policy for the Fund, and the latest Governance Compliance Statement which indicates the Fund is now fully compliant with best practice. The Board are invited to offer any comments to the Committee.

## 9. Regulatory Breaches Policy (Pages 71 - 84)

This report sets out the Funds approach to recording and reporting breaches of the law, including data protection breaches, as discussed by the Pension Fund Committee at its meeting on 9 June 2023. The Board are invited to offer any comments to the Committee, including advice on future reporting requirements.

## **10. Risk Register (Pages 85 - 94)**

This is the latest risk register as considered by the Pension Fund Committee on 9 June 2023. The Board are invited to review the report and offer any further views back to the Committee.

## **11. Administration Report (Pages 95 - 100)**

The Board are invited to review the latest Administration Report as presented to the Pension Fund Committee on 9 June 2023, including the latest performance statistics for the Service.

## **12. Investment Performance and Fees (Pages 101 - 104)**

This is the annual report to the Board detailing the investment management fees paid during the last financial year and includes the performance against benchmark to enable the board to consider any issues of value for money.

## **13. Items to Include in Report to the Pension Fund Committee**

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

## **14. Items to be Included in the Agenda for the Next Board Meeting**

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

## **Councillors declaring interests**

### **General duty**

You must declare any disclosable pecuniary interests when the meeting reaches the item on the agenda headed 'Declarations of Interest' or as soon as it becomes apparent to you.

### **What is a disclosable pecuniary interest?**

Disclosable pecuniary interests relate to your employment; sponsorship (i.e. payment for expenses incurred by you in carrying out your duties as a councillor or towards your election expenses); contracts; land in the Council's area; licenses for land in the Council's area; corporate tenancies; and securities. These declarations must be recorded in each councillor's Register of Interests which is publicly available on the Council's website.

Disclosable pecuniary interests that must be declared are not only those of the member her or himself but also those member's spouse, civil partner or person they are living with as husband or wife or as if they were civil partners.

### **Declaring an interest**

Where any matter disclosed in your Register of Interests is being considered at a meeting, you must declare that you have an interest. You should also disclose the nature as well as the existence of the interest. If you have a disclosable pecuniary interest, after having declared it at the meeting you must not participate in discussion or voting on the item and must withdraw from the meeting whilst the matter is discussed.

### **Members' Code of Conduct and public perception**

Even if you do not have a disclosable pecuniary interest in a matter, the Members' Code of Conduct says that a member 'must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself' and that 'you must not place yourself in situations where your honesty and integrity may be questioned'.

### **Members Code – Other registrable interests**

Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your other registerable interests then you must declare an interest. You must not participate in discussion or voting on the item and you must withdraw from the meeting whilst the matter is discussed.

Wellbeing can be described as a condition of contentedness, healthiness and happiness; anything that could be said to affect a person's quality of life, either positively or negatively, is likely to affect their wellbeing.

Other registrable interests include:

- a) Any unpaid directorships
- b) Any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority.

- c) Any body (i) exercising functions of a public nature (ii) directed to charitable purposes or (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

### **Members Code – Non-registrable interests**

Where a matter arises at a meeting which directly relates to your financial interest or wellbeing (and does not fall under disclosable pecuniary interests), or the financial interest or wellbeing of a relative or close associate, you must declare the interest.

Where a matter arises at a meeting which affects your own financial interest or wellbeing, a financial interest or wellbeing of a relative or close associate or a financial interest or wellbeing of a body included under other registrable interests, then you must declare the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:

Where a matter affects the financial interest or well-being:

- a) to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest.

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

# Agenda Item 4

## LOCAL PENSION BOARD

**MINUTES** of the meeting held on Friday, 5 May 2023 commencing at 10.30 am and finishing at 12.30 pm

**Present:**

**Voting Members:** Matthew Trebilcock – in the Chair

Alistair Bastin  
Stephen Davis  
Liz Hayden  
Angela Priestley-Gibbins

**Members of pension Fund Committee in Attendance:** Councillor John Howson

**Officers:** Sean Collins (Service Manager for Pensions),  
Sally Fox (Pension Services Manager),  
Mukhtar Master (Governance & Communications Manager),  
Rebecca O'Shea (Communications Manager) and Jack Latkovic (Law and Governance).

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

**12/21 WELCOME BY CHAIRMAN**

(Agenda No. 1)

The Chair opened the meeting by inviting everyone to introduce themselves.

**13/21 APOLOGIES FOR ABSENCE**

(Agenda No. 2)

Marcia Slater and Cllr Bob Johnston had sent apologies for this meeting. Cllr John Howson was an observer for this meeting instead of Cllr Johnson.

**14/21 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE BELOW**

(Agenda No. 3)

Apologies for absence were submitted by Marcia Slater.

**15/21 MINUTES OF THE MEETING OF 20 JANUARY 2023**

(Agenda No. 4)

The minutes of the meeting held on 20 January 2023 were agreed as a correct record.

**16/21 UNCONFIRMED MINUTES OF THE PENSION FUND COMMITTEE - 3 MARCH 2023**

(Agenda No. 5)

The meeting had before it the draft minutes of the last Pension Fund Committee meeting of 03 March 2023 for consideration. The draft Minutes were noted.

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**17/21 SCHEME MEMBER ENGAGEMENT**

(Agenda No. 6)

The Board was provided with a report which set out the revised Communications Policy and the draft implementation plan for Member engagement.

The Board was invited to note the revised Communications Policy agreed at the last Pension Fund Committee and review the draft implementation plan for the Member Engagement Plan developed by the Governance and Communications Team of the pension fund.

The Governance & Communications Manager and the Communications Manager for the Pension Fund introduced the report.

The Board was informed that a revised fund Communications Policy was approved at the last Pension Fund Committee on the 3 March 2023. It was noted that further to the findings of the Member Engagement Review, which was presented to the last Board meeting, a draft implementation plan (Appendix A) had been developed.

The Board welcomed the report and thanked the officers for their work on the draft plan. The Board queried item 6 (Collaboration with Unions) on the draft plan. It was highlighted that the current plan stated discussions with one union representative. It was felt that to improve coverage, discussions should also be held with the scheme member representative on the Pension Board. The officers welcomed the suggestion and agreed to update the plan to reflect the change.

The Board noted the tasks within the plan and the deadline date (30 September). The officers explained that these were initial fact-finding tasks, rather than implementing big changes. The officers advised the Board that the first stages were to fact-finding and evaluate options and did not necessarily mean that all the tasks would be fully implemented by the 30 September. The officers agreed to update the plan to make the task completion stages clearer.

The Board sought further information regarding item 2 (Website Improvement) and noted the offer of support to assist discussions with IT. The officers noted that a key

task had been to improve the interface and navigation. The officers advised the Board that it was their hope to improve the current website, the alternative would be to create a new website and the officers would bring the item back to the Board for further discussion.

The Board raised a question about item 12 (Run a member satisfaction survey). The Board queried if it would be possible to gain members thoughts on how the pension fund is invested. The officers agreed to review the possibility of including investment questions in the members survey. It was noted that the responsible investment officer would be invited to the next meeting. Officers also agreed to keep the Board updated on progression of the engagement element of the Implementation plan.

The officers discussed item 3 (Board representatives contributing to the member newsletter) The officers explained to the Board that they felt members who represent the Board would have good ideas of what other members wanted to know and the issues which were of interest to the wider member group.

The Board:

- 1) Noted the report and that the Committee had agreed the revised Communications Policy at the last Pension Fund Committee and
- 2) reviewed the draft implementation plan for the Member Engagement Plan developed by the Governance and Communications Team of the fund.

## **18/21 REVIEW OF THE ANNUAL BUSINESS PLAN**

(Agenda No. 7)

The Board was asked to review the position against the Annual Business Plan for 2022/23 and the Plan for the new financial year as considered by the Pension Fund Committee at their meeting on 3 March 2023 and to offer any comments to the Committee.

The officer discussed the progress of the main four main objectives for the last financial year. When discussing the first objective (Review and Improve the Scheme's Data), It was noted that 2 of the KPI's were green and 3 were amber. The officer advised that reasonable progress had been made against the priorities, However, some areas had not made any real progress, i.e., developing data for the standard service KPI's to be included in the quarterly performance reports, so the score against this outcome was amber.

Progress against cyber risk and data security was noted. Cyber risk had retained an amber rating considering the breaches already reported this year, and the need to strengthen the monitoring arrangements in respect of the wider cyber risks.

The officer informed the Board of progress against the second objective (The development of the approach to technology), and the decision to extend the contract with Heywood's and that the amber indicator (Use of the online services) was to be carried forward into the new year.

In terms of the third objective (Enhanced Delivery of Responsible Investment responsibilities) the officer informed the Board that it was largely green, with one red area where no progress had been made around the stewardship code. It was noted that this was largely as a result of not recruiting the responsible investment officer at the start of the financial year and not having the capacity to do the work.

The officer informed the Board that the area with the poorest performance against the objectives was the fourth objective (Deliver improved and consistent service performance to scheme members). In terms of service performance, the officer advised the Board that it was partly because of wanting to make sure the service would operate at the right level throughout the year. The officer reminded the Board that the indicator had started the year in red, and from the outset was going to be difficult to achieve.

The officer advised the Board that the indicator 'All services delivered in line with regulatory guidance' was amber and was largely outside the control of officers as they had spent all year waiting for government guidance on the McCloud, pooling and TCFD which did not materialise. The officers noted that they were unable to progress the task because the government had not provided the guidance to do so.

The last area was around the scheme engagement policy. The Board was advised that whilst one member of staff had been employed the final member of the Governance and Communications team had not yet been recruited, so work would continue during the new financial year. The indicator scored amber because it did not make much progress.

The officers noted an underspend in terms of the budget for the delivery of those services which was largely as the consequence of the lack of staff and the vacancies held during the year, which in turn impacted on the ability to deliver some of that work.

The Board noted that central government had now released the McCloud guidance with a note advising that further resources would be needed along with a recommendation to set up a resourcing plan; the Board asked if a resourcing plan had been created.

The officer advised the Board that some guidance had been received, but not the full guidance. It was noted that the regulations would be released on 30 September to be implemented from the day after (1st of October). In terms of resources, the Board was updated on the current successful recruitment campaign which included some temporary staff. Officers confirmed that a resource plan was in place and just required finalising with HR, the officers agreed to share the resourcing plan with the Board.

The Board was informed that there would not be any funding from central government to help affect the remedies in the pension funds. The Board discussed the court cases the Unions brought to challenging the cost cap. The cases were unsuccessful, but the Unions would look to appeal the decisions, leading to a further period of uncertainty over benefit calculations.

The Board reviewed the forward plan in the second section of the report. The officer noted that the 2023/24 business planning workshop which all the Board members attended. The Board were advised that their comments had been reflected in the overall objectives of the Business plan. He noted that the main job of the Pension Fund Committee is to pay pensions as and when they are due and to minimise the cost to the stakeholders.

The Board discussed the delivery of all the regulatory changes and the governance arrangements for the fund. The Board also raised a query about the review of the administration strategy. The officer advised the Board that a report on the breaches Policy would be brought to the June Committee. The officer also informed the Board that the responsible investments and stewardship code report would be brought to the June Committee.

The Officer advised the Board that regarding making further improvements to technology, several workshops had been held with Heywood's to maximise the full capabilities of their systems. The Board raised a query regarding the breaches policy and reporting arrangements. The officers agreed to bring the review of the breach policy back to the Board. The Officers also confirmed that Board members would be invited to the Pre-Committee training.

The Board noted the report and:

- 1) That the Committee noted the progress against the service priorities for 2022/23;
- 2) That the Committee approved the Business Plan and Budget for 2023/24 as set out at Annex 1;
- 3) That the Committee approved the Pension Fund Cash Management Strategy for 2023/24.
- 4) That the Committee delegated authority to the Director of Finance to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;
- 5) That the Committee delegated authority to the Director of Finance to open separate pension fund bank, deposit and investment accounts as appropriate;
- 6) That the Committee delegated authority to the Director of Finance to borrow money for the pension fund in accordance with the regulations.

## **19/21 RISK REGISTER**

(Agenda No. 8)

The Board was provided with the latest risk register which had been considered by the Pension Fund Committee on 3 March 2023. The Board was invited to review the report and offer any further views back to the Committee.

The officers advised the Board that a revised version of the risk register would be presented to the Committee in June.

Reference was made to Risk 15 in relation to fund officers having sufficient skills and knowledge to carry out their roles effectively. It was noted that work was taking place with HR to recruit to vacant roles. It was hoped that there would be an appointment to the Responsible Investment post shortly. The officers noted that it was currently a high-risk area that would reduce going forward.

The officer noted the amber risks, and reference was made to the National Knowledge Assessment and prioritising training sessions to support the areas the Board needed to address.

The Board noted the report and the scheduled training sessions.

## **20/21 ADMINISTRATION REPORT**

(Agenda No. 9)

The Board considered the latest Administration Report which was presented to the Pension Fund Committee on 3 March 2023, including the latest performance statistics for the Service.

The Board was informed that the first recommendation was incorrect that the team sought an additional post and was also replacing an administrator for an existing post.

In relation to performance statistics, the Team was doing well, despite staff movements and changes, incoming iConnect returns were being vetted and quickly and there were fewer outstanding queries. It was noted that administration cases were fluctuating but there was confidence that this would be up to date by the end of the financial year.

Reference was made to complaints and the Board was informed there was twenty-one informal complaints, and thirteen formal complaints under the adjudication of dispute procedures.

The Board was advised that as detailed in the report, it was the officer's recommendation that the Fire Pension Board minutes be included in the Committee reports from June onwards.

In relation to projects, officers had been working on death processes which were complex, and the committee agreed to make one change to the level of recovery of overpayments. The second change was regarding the Member nominations for those who should receive death grants.

It was noted that the Director of Finance had agreed the release of the deferred ill health benefits under delegated powers which had been reported to the Committee.

It was noted that the iConnect project had concluded and the officer advised the Board that they were expecting their first live return from the County Council in the next few weeks.

In relation to debt management, arrangements had been made with the county debt collection team to chase debt which had not been chased since April. It was noted that no data breaches had been recorded.

The Board suggested creating a graph to present the number of cases open and cases completed against the SLA.

The Board noted the report and that

- 1) The Committee approved the increase in establishment of one administrator post
- 2) The Committee commented on changes to way in which performance information is presented and what other information should be included
- 3) The Committee confirmed that it would like to receive a copy of the fire administration report to the fire pension board minutes with this report
- 4) The Committee confirmed that if the proposed changes to the nomination process was acceptable
- 5) The Committee confirm that the proposed changes to the recovery of overpayments in cases where the pensioner has died, was acceptable

## **21/21 CYBER SECURITY**

(Agenda No. 10)

The Board was provided with a report that reviewed the actions taken to date and set out the plans to review and update the fund's cyber security. The Board noted the engagement work with suppliers and colleagues.

The officers noted that penetration testing has been undertaken with nothing to report. It was noted that the Committee discussed a specific penetration test for the fund next year.

In relation to patches, it was noted that producing a list of patches / security updates was not feasible given that there had been over 70 patches for Microsoft Edge alone in the last year.

The final point of discussion was regarding the single sign on processes. It was noted that the team would hold quarterly meetings with IT colleagues to review progress.

The Board noted the report and:

- 1) The Committee reviewed the report and determined any further actions to be taken
- 2) The Committee confirmed that the report was to be produced on an annual basis
- 3) The Committee decided agreed that pension specific fund penetration testing should be carried out

## **22/21 STRATEGIC ASSET ALLOCATION**

(Agenda No. 11)

The Board received a report on the asset allocation. Officers advised the Board that the review was one of the most important things that the committee does, and it was carried out every three years in line with the Valuation process.

Officers focused on the recommendations that the Committee considered and agreed.

1. Against a higher inflationary environment to work with Brunel to ensure that the Fund's assets continue to match the liability profile at the cashflow level, including if necessary, generating sufficient income to fund increased pension payments.
2. To consider if the Fund should put in place a currency hedging strategy, utilising the resources available through Brunel.
3. To review the exposure to the UK equity market with the objectives of:
  - i. Reducing the overweight position of UK Equities in comparison to the Global UK weighting over time. Consideration will be given to switching to either the Paris Aligned Global passive sub fund or to the active Global Sustainable Investment sub fund.
  - ii. For the retained UK exposure to achieve better representation to UK plc in earnings terms and reducing carbon/ climate risk exposure, either on a passive or active basis.
4. To review the Emerging Markets mandate so as to remove exposure to China so far as is practically possible.
5. In the absence of similar arrangements being offered by Brunel, to retain the listed Private Equity (PE) portfolio and return the management of that to a semi-active basis to ensure that an appropriate balance of investments is maintained.
6. To continue to work with Brunel and independently to meet the Fund's evolving ESG and Climate policy requirements.
7. To consider the DLUHC "Levelling Up" local investment proposals

8. To confirm that the Fund will continue to reinvest on a timely basis capital distributions made by legacy managers and Brunel as investments mature. Cash and making sure there is sufficient cash to actually pay pensions as the committee.

The officers advised the Board that for many years the fund had been cash positive i.e., retained more money every month from employers and scheme members than paid out in pensions. However, the amount of excess cash had been declining over the last few years. It was noted that the Committee had agreed to work with Brunel to look at their investments to ensure they receive sufficient cash from their investments on a timely basis.

The Board discussed currency hedging and officers informed the Board that the fund had never hedged any of its currency. It was noted that the report from the independent investment advisor suggested the Committee continue to look at the issue. The Committee deferred a final decision to the June Committee.

The Board discussed the allocation and exposure to the UK markets. The Board also discussed the exposure of the FTSE 100 to the fossil fuel industries as it was one of the highest carbon intense portfolios. It was noted that the Committee agreed to explore options to reduce the weight to the UK and exposure to climate risks at the June Meeting. It was also noted that the Committee discussed potentially switching money to the Paris aligned global passive fund or global sustainable fund.

The Board noted the Committee's comments on the listed private equity market. It was noted that Oxfordshire had long-standing investments in private equity companies who were listed on the stock exchange. The officers informed the Board that the Committee had agreed to continue those investments in the short term outside of the pool. It was noted that the independent advisor was concerned that those were now very large and perhaps needed to be rebalance across some of the other companies.

The Board noted the report and recommended the Committee to take into account its comments on costs and net fees performance as appropriate within the decision making.

## **23/21 ITEMS TO INCLUDE IN REPORT TO THE PENSION FUND COMMITTEE**

(Agenda No. 12)

It was agreed that the following be included in the report to the next Pension Fund Committee:

- Highlight the costs and performance net of fees in determining future asset allocations
- To increase use of graphs and trend analysis in performance reports

## **24/21 ITEMS TO BE INCLUDED IN THE AGENDA FOR THE NEXT BOARD MEETING**

(Agenda No. 13)

The Board were keen to be updated on the McCloud progress. The officers informed the Board that this was a vital part of the business plan which was a standing item and would be brought back to the next meeting.

..... in the Chair

Date of signing .....

# Agenda Item 5

## PENSION FUND COMMITTEE

**MINUTES** of the meeting held on Friday, 9 June 2023 commencing at 10.15 am and finishing at 12.45pm

**Present:**

**Voting Members:** Councillor Bob Johnston – in the Chair

Councillor Kevin Bulmer (Deputy Chair)  
Councillor Imade Edosomwan  
Councillor Nick Field-Johnson  
Councillor John Howson

**Local Pension Board Members in Attendance:** Alistair Bastin (Remotely attended)  
Marcia Slater (Remotely attended)  
Stephen Davis (Remotely attended)

**By Invitation:** Philip Hebson (Independent Investment Adviser)

**Officers:** Sean Collins (Service Manager, Insurance and Money Management)  
Sally Fox (Pension Services Manager (Remotely attended))  
Mukhtar Master (Governance & Communications Manager)  
Joshua Brewer (Responsible Investment Officer)  
Chris Reynolds (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.*

**17/23 ELECTION OF CHAIR FOR THE 2023/24 COUNCIL YEAR**  
(Agenda No. 1)

**RESOLVED to appoint Councillor Bob Johnston as Chair for the ensuing Council year.**

(Councillor Johnston in the Chair)

**18/23 ELECTION OF DEPUTY CHAIR FOR THE 2023/24 COUNCIL YEAR**

(Agenda No. 2)

**RESOLVED to appoint Councillor Kevin Bulmer as Deputy Chair for the ensuing Council year.**

**19/23 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 3)

Apologies for absence were received from District Councillor Jo Robb.

**20/23 MINUTES**

(Agenda No. 5)

The minutes of the meeting held on 3 March 2023 were amended to include apologies for absence from Alastair Fitt and approved as a correct record.

**21/23 MINUTES OF THE LOCAL PENSION BOARD**

(Agenda No. 7)

The unconfirmed minutes of the Local Pension Board meeting held on 5<sup>th</sup> May 2023 were noted.

**22/23 REPORT OF THE LOCAL PENSION BOARD**

(Agenda No. 8)

The report set out the items the Local Pension Board wished to draw to the attention of this committee following their meeting in April 2023.

Alastair Bastin, a Local Pension Board Member presented the report and outlined the discussions and recommendations regarding communication and engagement, improvements to performance reporting and the costs of managing the various investment portfolios,

**RESOLVED to note the report of the Local Pension Board**

**23/23 REVIEW OF THE ANNUAL BUSINESS PLAN 2023/24**

(Agenda No. 9)

The Committee had before it a report setting out the latest progress against the key service priorities set out in the business plan for the Pension Fund for 2023/24 agreed at the March meeting.

The Service Manager for Pensions, Insurance and Money Management presented the report. He referred, in particular, to the difficulty in assessing work required to address changes in Government regulations, recruitment to the vacancy for Governance Officer, an update on the application for the Stewardship Code. He said that a further report would be brought to the September meeting on the application and work on improved quarterly reporting on delivery of responsible investment responsibilities.

The Service Manager also reported on the on-going work within the Brunel Pension Partnership to develop a climate solutions portfolio focussed on investments within the area covered by the partnership funds. A final decision to invest, which would be consistent with the target in the Climate Change Policy to increase investments in climate solutions was likely to be required before the next meeting of the Committee.

**RECOMMENDED to**

- a) note progress against each of the key service priorities as set out in the report**
- b) agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.**
- c) delegate authority to the Head of Finance to make necessary arrangements regarding the new Fund**

**24/23 REVIEW OF GOVERNANCE POLICY & GOVERNANCE COMPLIANCE STATEMENT**

(Agenda No. 10)

The Committee had before it a report setting updates to the Governance Policy and Governance Compliance Statement which were last reviewed in 2019.

The Governance and Communications Team Leader presented the report and outlined the proposed changes.

**RESOLVED to approve the revised draft Governance Policy and Governance Compliance Statement attached at Appendix 1 and 2 respectively.**

## **25/23 REVIEW OF BREACHES POLICY**

(Agenda No. 11)

The Committee had before it a report setting out proposed changes to the Breaches policy which was last reviewed in June 2019.

The Governance and Communications Team Lead presented the report and explained the proposed changes to the policy.

During discussion members considered the types of breaches that should be reported to the Committee in future and, in particular, whether systematic failures that could lead to breaches should be included.

### **RESOLVED to**

- a) approve the revised draft Breaches Policy attached at Appendix 1.**
- b) Agree that all known breaches should be reported to the Committee on a quarterly basis**
- c) review the types of breaches to be reported at the December meeting when the Hymans Toolkit would be available for use by the Pension Fund**
- d) ask the Director of Finance to submit a report to the September meeting on measures that could be taken to mitigate the risk of pension scams and other financial crime which could impact upon the Pension Scheme**

## **26/23 RISK REGISTER**

(Agenda No. 12)

The Committee had before it a report setting out the latest risk register.

The Governance and Communications Team Leader presented the report and explained the issues affecting the risk scores and mitigation plans.

### **RESOLVED to:**

- a) 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.**

- b) endorse the request from the Fire Service for additional resource to support with work of the remedy workload and the 'second options' exercise for all on call fire fighters**

## **27/23 ADMINISTRATION REPORT**

(Agenda No. 13)

The Committee had before it a report providing an update on the key administration issues including service performance measurement, the debt recovery process and any write offs agreed in the last quarter.

The Pension Services Manager presented the report and answered a number of questions. She gave further information on the complaints received and data breaches being dealt with by the Information Management Team.

**RESOLVED, 4 voting in favour and 1 abstention, to:**

- a) note the progress against the Administration objectives for the year;**
- b) note the write off of £55.31 agreed by the Pension Services Manager**
- c) ask the Director of Finance to provide additional information on monitoring of contributions in future reports**

## **28/23 REPORT OF THE INDEPENDENT INVESTMENT ADVISOR**

(Agenda No. 14)

The Committee had before it a report from the Independent Investment Adviser which provided an overview of the financial markets, the overall performance of the Fund's investments against the Investment Strategy Statement and commentary on issues related to the specific investment portfolios. The report also updated the Committee on the latest position regarding the changes to the Strategic Asset Allocation as discussed at the March meeting and the quarterly investment performance monitoring report from Brunel.

The Independent Investment Adviser presented the report and answered a number of questions. He referred, in particular, to recent issues affecting the banking sector and the global financial position.

The Service Manager (Pensions) presented to the Committee the report previously presented to the Climate Change Working Group (contained as an addenda item to the published Committee papers) setting out the options for re-allocating investments away from the current UK equity portfolio, including information on carbon intensity, green revenues and investment performance net of fees.

During discussion, members referred to the types of information they would wish to receive in the monitoring of investments and the changes required to the investment portfolio.

**RESOLVED** to:

- a) note the report
- b) agree the following changes in fund investments:
  - (i) a reduction in the allocation to UK equity to 20% of the total investments of the Fund, and ask Brunel to develop a suitable alternative to the current FTSE 100 benchmarked portfolio which better reflected the UK economy and which was more consistent with the Fund's Climate Change Policy
  - (ii) divestment from emerging markets portfolio
  - (iii) invest the Funds released under i) and ii) above into the Sustainable Equities and Paris Aligned Benchmarked portfolios, such that both formed an equal weight of the total investments of the Fund
  - (iv) no hedging

..... in the Chair

Date of signing .....

# Agenda Item 6

## The Oxfordshire Local Government Pension Scheme (LGPS) Pension Board

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

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

Under the constitution of the Board, an annual report on the work of the Board should be produced by the Board for inclusion in the Fund's own annual report; and it should be presented to the Pension Fund Committee within 6 months following the end of the municipal year. This report meets that requirement for the 2022/23 financial year, covering the work from the July 2022 Board meeting to their meeting on 5 May 2023.

### Board Membership

The Board started the year with a vacancy for one scheme member representative following the resignation of Sarah Pritchard which was confirmed after the July 2022 meeting.

An email was sent to all scheme members who had recorded an email address as part of their pension record, as well as the normal advertisements within the Pension Newsletters and on the Fund Website. This attracted a very strong field of 9 applicants and following an interview process with the Chair and Vice Chair of the Pension Fund Committee and the Head of Pensions Liz Hayden, a retired member was appointed to serve on the Board. Attendance at Board meetings was as follows:

	Attended 8 July 2022 Meeting	Attended 21 October 2022 Meeting	Attended 20 January 2023 Meeting	Attended 5 May 2023 Meeting
Scheme Employer Representatives				
Elizabeth Griffiths (West Oxfordshire District Council)	No	Yes	Yes	No
Angela Priestley-Gibbins (The Thera Trust)	Yes	Yes	Yes	Yes
Marcia Slater (Vale of White Horse/South Oxfordshire District Councils)	Yes	No	Yes	No
Scheme Member Representatives				
Stephen Davis (Oxford Direct Services & Unite)	Yes	Yes	Yes	Yes

Alistair Bastin (Oxfordshire County Council & Unison)	Yes	Yes	Yes	Yes
Sarah Pritchard (Brookes University)	No	N/A	N/A	N/A
Liz Hayden (Retired Member)	N/A	N/A	N/A	Yes

All meetings were chaired by the Independent Chairman, Matthew Trebilcock, the Head of Pensions from the Gloucestershire Pension Fund. Cllr Bob Johnston attended all but the May 2023 meeting 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. Cllr John Howson attended the May 2023 meeting in place of Cllr Johnston. Steve Moran, the Scheme member representative on the Pension Fund Committee also attended the Board meetings in October 2022 and January 2023.

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 2022/23 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.

The Board welcomed the addition of the new Governance and Communications Manager at their October meeting and noted that the officer would play a key role in the work of the Board going forward.

All voting members of the Board also attended the full day Planning Workshop held on 3 February 2023 which discussed the 2023/24 Business Plan in the morning session, and the Strategic Asset Allocation session in the afternoon.

The Board have also been represented throughout the year on the Climate Change Working Group by Alistair Bastin. Alistair has also served as a member of the Brunel Oversight Board as one of two representatives of all scheme members on that Board following an election process across the ten Funds within the Brunel Pension Partnership.

### **Work Programme**

The work programme for the Board continued as a mix of a regular review of a set of standard reports as presented to the previous meeting of the Pension Fund Committee, ad-hoc review of reports to the Pension Fund Committee and new items brought direct by the Fund's officers or made at the request of Board members.

The standard reports reviewed at each of the Board meetings in that last year were:

- Review of the Annual Business Plan and Budget
- Risk Register
- Administration Report

The main issues identified by the Board and referred back to the Committee for further consideration from these reports included concerns about staffing levels, and in particular the resource requirements of dealing with the McCloud remedy, and cyber risks. They also offered advice to the Committee on the increased use of graphs and trend analysis within the performance reports received by the Committee.

During the year, the Board reviewed the following Committee reports:

- July 2022 – the report on the key assumptions to be adopted in the forthcoming Fund Valuation, and the confidential report on potential changes to the Fund's AVC provider. In both cases the Board was happy with the approach adopted by the Committee
- October 2022 – the further report on the Fund Valuation including the draft Funding Strategy Statement, the initial report on Cyber Security and the Funds latest climate report issued in line with the Taskforce for Climate-related Financial Disclosures (TCFD) report. The Board expressed concerns on the absence of an over-arching cyber risk policy as well as the need to ensure robust arrangements were in place for monitoring how the Fund's third-party suppliers managed cyber risk.
- January 2023 – the Board reviewed a follow up report on cyber risk as well as a report on the review of the Fund's current software provider. The Board endorsed the approach taken by the Committee on both items, noting that their previous comments on cyber risk had been incorporated into the future arrangements
- May 2023 – the Board reviewed the final report on cyber risk, as well as the report on the proposed changes to the Strategic Asset Allocation for the Fund. In respect of the latter, the Board recommended the Committee to add consideration of the fee levels paid and value for money into their final decision.

The new items considered by the Board which had not previously been presented to the Pension Fund Committee were:

- The Boards own Annual Report for the 2021/22 financial year considered at the July 2022 meeting
- The annual report on investment management fees and portfolio performance presented to the Board at its meeting in July 2022. The Board noted the limitations of the report given the lack of long-term data resulting from the significant transition in investments as a consequence of the Government's pooling agenda.
- Two reports on scheme member engagement as presented to the January and May 2023 meetings, where the Board took the lead in

shaping the initial proposals and the subsequent implementation plan for further consideration by the Pension Fund Committee.

### **Future Work Programme**

A key area for the Board to consider during 2023/24 will be the monitoring arrangements associated with the new General Code of Practice to be issued by the Pension Regulator. This is consistent with one of the primary objectives of the Board to ensure that the Pension Fund Committee is meeting its regulatory duties and included within this ensuring all material breaches are reported to the Pension Regulator.

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 include the key targets set last year to review the long awaiting Government consultation on the future of the LGPS initially expected last year covering 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 Governance and Communications Manager 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.

The Board will also oversee the effectiveness of the new approach to scheme member engagement, including developing their own role in ensuring the work of the Board is appropriately communicated to scheme members and scheme employers.

Finally, the Board will continue to be involved in the implementation of the Fund's Climate Policy and wider Responsible Investment duties.

## Board Members Training 2022/23

## Appendix

Alistair Bastin	CIPFA's Annual Conference for Pension Board Members	18th May 2022
Alistair Bastin	Local Authority Conference 2022	13th to 15th June 2022
Alistair Bastin	Barnett Waddingham's Pension Board event	22nd June 2022
Alistair Bastin	Unison South East LGPS Forum AGM	03rd May 2022
Alistair Bastin	CIPFA Annual Pension Board Conference	18th May 2022
Alistair Bastin	Unison South East LGPS Forum	26th May 2022
Alistair Bastin	Brunel Oversight Board	09th June 2022
Alistair Bastin	PLSA Conference	13-15th June 2022
Alistair Bastin	Barnett Waddingham LPB Seminar	22nd June 2022
Alistair Bastin	Brunel Investor Day	28th September 2022
Alistair Bastin	LAPFF Conference	7-9th December 2022
Angela Priestley-Gibbins	Barnett Waddingham's Pension Board event	22nd June 2022
Angela Priestley-Gibbins	Brunel Investor Day	28th September 2022
Marcia Slater	Brunel Investor Day	28th September 2022
Stephen Davis	Local Authority Conference 2022	13th to 15th June 2022
Stephen Davis	Brunel Investor Day	28th September 2022

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Division(s): n/a
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## **PENSION FUND COMMITTEE – 9 JUNE 2023**

### **REVIEW OF THE BUSINESS PLAN 2023/24**

**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 2023/24 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 2023/24 remain consistent with those agreed for previous years. These are summarised as:
  - To fulfil our fiduciary duty to all key stakeholders
  - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
  - To achieve a 100% funding level
  - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
  - To maintain as near stable and affordable employer contribution rates as possible.
3. The service priorities for the year do not include the business as usual activity which will continue alongside the activities included in the service priorities. Business as usual activities are monitored as part of the Administration Report and the report on Investment Performance.

#### **Key Service Priorities – Progress to Date**

4. There were 4 service priorities included in the 2023/24 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. Delivery the Regulatory Changes as set out by the Government The position against the 3 agreed measures of success are set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
No regulatory breaches that require reporting to the Pension Regulator. GREEN	Revised Breaches Policy presented to the Committee.	Production of Escalation Policy in respect of Contribution Breaches Review of Information presented to quarterly meetings of the Committee.
All Pension Benefit Calculations and Annual Benefit Statements issued with required information on the McCloud remedy. AMBER	Resourcing plan reviewed and progress made on recruiting sufficient staff to complete work.	Final Regulations setting out information requirements still awaited. System changes to automate any new requirements to be implemented and tested.
Scheme Member records available via the Pension Dashboard. GREEN	Work continues on data quality improvement.	Awaiting revised Government timescales.

6. The main challenge under this priority is receiving timely regulations and guidance from the Government. In the absence of such information, it is difficult to assess the work required to delivery against this objective in full.
7. The Government have already announced delays to the timetable for the implementation of the Pensions Dashboard, and we are currently awaiting a revised timeline. In the meantime, we continue to review the quality of our data to ensure we are fully prepared to meet any requirements in respect of the Dashboard.
8. In respect of the McCloud remedy, the Government published its response to their initial consultation on 6 April 2023. Whilst this set out confirmation of much of the required approach, we are still awaiting final regulations, and there are a number of issues on which the Government plans further consultation. These include clarification on eligibility to qualify for the underpin, where the individual was not an active member of 31 March 2012 but re-joins the LGPS without a

disqualifying gap in service, compensation, interest payments, tax treatments, the treatment of excess teacher's service, flexible retirement and aggregations.

9. Until we receive final regulations and guidance which covers all these issues, it will not be possible to confirm we have sufficient resources to meet the requirements re member benefit calculations. The Priority therefore is scored Amber at this stage. The good news from the Government's response was that any changes to the Annual Benefit Statement will not be required until those issued in respect of the 2024/25 financial year, which provides 2 years to develop the system and member communications to ensure an effective implementation.
10. Deliver further improvements to the governance arrangements of the Fund. There were 6 specific measures of success set out in the 2023/24 Business Plan in respect of this priority. The progress against these is set out in the table below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Governance Officer in post. AMBER	Re-grading agreed for post. Recruitment process initiated.	Appointment made.
Annual Report on Compliance with the Code of Practice presented to the Committee and no significant shortfalls identified. GREEN	Breaches Policy Reviewed. Training Session on General Code of Practice Delivered. Initial Discussions with Hymans Robertson on Compliance Template	Finalise reporting template. Complete analysis of compliance.
Revised Administration Strategy agreed by Committee with clear Service Level Agreement established with all scheme employers. GREEN		Proposed to present to Committee in September 2023
Revised Breaches Policy agreed by Committee and Committee signed off quarterly key performance indicator provides all information they require to gain assurance on compliance with Code of Practice and Regulatory Requirements. GREEN	Revised Breaches Policy for agreement at today's Committee, plus request to identify further information requirements	New Quarterly governance report to be implemented from September Committee.

Full workforce Strategy agreed by Committee. AMBER		Awaiting Good Government Guidance from Government
Increase in average scores for the National Knowledge Assessment. GREEN	Training Session on lowest scoring areas from last assessment arranged.	New Assessment tool to be completed.

11. Progress has been made on a number of issues under this priority, including the report today on the breaches policy with further reports scheduled for the September meeting to cover the Administration Strategy, a new Governance report including the Breaches Log, and a new approach to contributions monitoring.
12. We have also successfully appealed the grade for the new Governance Officer position, although this remains at an amber score until we have tested the market through the recruitment process. A successful appointment though will allow us to further strengthen the work in this area.
13. The other area currently scored amber relates to the workforce strategy where we are waiting for the Government to publish the Good Governance Guidance which will hopefully set out more clearly their requirements.
14. Enhanced Delivery of Responsible Investment responsibilities. There were 4 measures of success set for this service priority within the Business Plan, and progress against these measures is set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Improved quarterly reporting in place to both Committee and on the Fund's webpages, including wider ESG targets, and performance measures, reflected in positive feedback from all stakeholders. AMBER	New Carbon Metrics report produced by Brunel includes additional data on Green Revenues and TPI Management Quality scores. Webpages amended to include underlying company holdings and all key policy documents.	Extend climate scores to the private market portfolios. Review additional ESG scores to be included in future reports.
Successful Application in respect of the Stewardship Code. AMBER	Stewardship Policy developed	Committee to review Brunel's Responsible Investment and Stewardship Outcomes report at their September meeting.
Benchmark position established on investments in climate	Discussions within Brunel Pension Partnership re climate	Benchmark position established and new target set.

solutions/mitigations and target set for increased investment (with action plan to deliver). GREEN	solutions local impact portfolio. On-going development of Green Revenues report with Brunel	
Continue to meet decarbonisation target, within a balance suite of metrics to include % of Fund invested in Paris Aligned portfolios. AMBER	Carbon Metrics Report as at 31 December 2022 presented at today's meeting.	Detailed review of the Carbon Metrics Report as part of the TCFD report to the September Committee. Develop measures on % of Fund invested in Paris Aligned portfolios

15. The appointment of the new Responsible Investment Officer has helped to deliver progress across a number of headings under this priority including the development of our first Stewardship Policy. At the time of writing this report, it was intended to complete the first draft of our Policy and submit it to the Financial Reporting Council (FRC) as our application to be accepted as a signatory to the Stewardship Code, by the deadline of 31 May 2023.
16. It is unfortunate that the deadline for submission has precluded the Committee from reviewing the document prior to submission. However, the Officers felt that the benefits of making a submission this year outweighed the advantages of delay. In particular, in the event that the application is not successful, we should receive detailed feedback from the FRC to enable the draft Policy to be updated during the remainder of this year, ready for a new application in 2024.
17. There is no published timeline for when we may hear back from the FRC, but last year, they published details of successful applications in early September. We therefore hope to be able to report the outcome to the September Committee alongside the latest version of the Policy. It is also intended to present the Brunel Responsible Investment and Engagement Outcomes Report to that meeting, to enable the Committee to review the engagement activity carried out on its behalf, in line with the requirements under the Stewardship Code.
18. Improvements have been made to the Fund's webpages to ensure our Policies are readily available and there is increased transparency on how these policies translate into the underlying companies held within the various portfolios. This is further supported by the latest Carbon Metrics report produced by Brunel for our Fund which is contained within the Annex to this report.
19. The improved reports enabled the Climate Change Working Group to have a detailed discussion on the performance of our portfolios from a Climate perspective. Whilst welcoming the level of data contained within the reports, the working group expressed strong concerns regarding the holding of two companies involved in the tar sands industry within the Global High Alpha portfolio. Whilst accepting neither the Brunel nor our own Climate Policies contain exclusion clauses, the concern was how these companies were

demonstrating alignment to the Paris Agreement, and the Group asked the Officers to work with Brunel to provide further explanation.

20. It is intended to include a more detailed analysis of the latest Carbon Metrics report to the September meeting of this Committee as part of the latest TCFD report. Feedback from the discussions with Brunel will be included within that report, plus any further advice from the Climate Change Working Group.
21. The Climate Change Working Group also discussed the climate implications associated with the Strategic Asset Allocation discussion at the last meeting of this Committee which directly impacts of the delivery of this priority. In particular the considered the impact of reducing the allocation to the UK active equity portfolio, which due to the size of the current allocation and the overweight to the major energy companies, contributes a significant element of the Fund's current carbon footprint.
22. The Working Group considered a report which set out some of the key metrics associated with the current Brunel portfolios as summarised in the table below.

	WACI	Benchmark	Reserves Exposure	Benchmark	Green Revenues
UK Active Equity	220	306	12.0%	17.2%	3.4%
Global High Alpha	180	285	3.7%	5.1%	9.1%
Paris Aligned Passive	179	286	0.0%	4.9%	12.2%
Sustainable Equities	264	317	0.0%	5.1%	13.1%

23. The Working Group noted the higher WACI score for the Sustainable Equities portfolio, which reflected the higher carbon intensity associated with some of the major climate mitigation/solutions companies held within the portfolio. The zero reserves exposure and the higher allocation to green revenues demonstrated the dangers of over-reliance on a single indicator to assess climate credentials of a portfolio.
24. The Group noted the that the WACI score for the Paris Aligned Benchmark passive portfolio had not reduced in line with the 7.6% assumption. This has subsequently been clarified as a result of the different approaches to measuring the WACI score as measured within the Carbon Metrics report and against which the Fund sets its targets, and the EU definition used within the specification of the portfolio. This does again highlight one of the limitations of using a passive portfolio to deliver against the Fund's Climate Policy. Performance is dependent on the ability to tightly define the benchmark in line with policy and allows no flexibility for fund manager judgement or assessment of the actions and future plans of individual companies.

25. From a climate perspective therefore, switching allocation from the UK active portfolio to the Sustainable Equities portfolio would appear to offer the best long-term chance to meet the Fund's objectives.
26. The Climate Change Working Group also looked at an analysis of the underlying holdings of the current Brunel Climate Transition Benchmark (CTB) passive Fund compared to those within the current active UK equity portfolio. As the CTB portfolio using the FTSE All Share index as its core benchmark, it was noted that the portfolio still retained a high weight to the energy, utilities and raw material sectors, and as such, the Working Group concluded from a climate policy perspective, a new portfolio benchmarked against the FTSE 250 would be a more suitable option to invest the retained allocation to the UK markets.
27. Finally in this area, the Client Funds within the Brunel Pension Partnership have been looking at a potential local impact fund focussed on the deliver of climate solutions and mitigations. Sufficient interest has been expressed across the Funds to support further work on the proposal, and the drawing up of a detailed portfolio specification. At present, the portfolio is focused entirely on infrastructure opportunities, but across a range of climate opportunities including solar, hydrogen, battery storage etc.
28. At the present time, the Fund has fully committed the private market allocations included within the Strategic Asset Allocation. If it wishes to make an additional allocation to the local impact climate solutions portfolio being developed, it needs to make an additional allocation to the Infrastructure portfolio, or ask officers and the Independent Investment Adviser to review cashflows to determine the extent the Fund can over-commit to the Infrastructure portfolio in the expectation that future distributions will be received before the full commitments are made.
29. Deliver further improvements in efficiency and effectiveness of scheme operations through enhancements to technology. Progress against the 5 measures of success for this service priority are set out below.

Measure of Success	Key Progress Achieved	Outstanding Actions
Increased operational effectiveness as measured through improved SLA performance scores. AMBER	Work programme of technology enhancements agreed with system supplier.	
Improved scheme member/employer satisfaction measured via positive assessment or a reduction in complaints. AMBER	Revised member satisfaction survey piloted.	
Increased Take Up of Member Self Service. GREEN		

Action Plan in place with targets to collection email address and/or mobile phone number for scheme members. AMBER		Action Plan to be developed and priority groups identified.
Reduction in postage costs reflecting greater use of electronic communications. AMBER	Decision to delay on-line payslips.	

30. We are now having monthly meetings with Heywood who supplier the pension system software to manage a series of developments which aim to maximise our effective use of the system. Developments include improved reporting, greater use of electronic communications including the ability of scheme members and employers to upload documents direct to the system, and automatic verification of bank account details
31. At this stage of the year, it is too early to review the impact of any changes on performance, stakeholder satisfaction and cost and therefore these scores have been held at Amber. It was decided as a result of workload pressures around the year end to delay the implementation of on-line payslips. The majority of pensioners only receive a single payslip in April to reflect the changes in their pension for the new financial year, so this delay does mean we have missed the opportunity to deliver significant savings on postage until next year.
32. Part C of the Business Plan sets out the Fund's budget for 2023/24 which totals £17,662,000. It is too early into the financial year to identify and significant variations to the approved budget
33. Part D of the Business Plan sets out the Training Plan for Committee and Pension Board Members. The training session on the General Code of Practice was scheduled to be held prior to the start of this Committee Meeting and a further session on the Accounting and Audit Requirements and Investment Performance has been scheduled for the morning of 27 June 2023.

Lorna Baxter  
Director of Finance

Contact Officer  
Sean Collins  
Email: [sean.collins@oxfordshire.gov.uk](mailto:sean.collins@oxfordshire.gov.uk)

May 2023

Holdings as at 31<sup>st</sup> December 2022

Key Info:      AUM in mGBP: 1,740      Coverage: 98%      03/04/2023

## The Oxfordshire Aggregate Portfolio

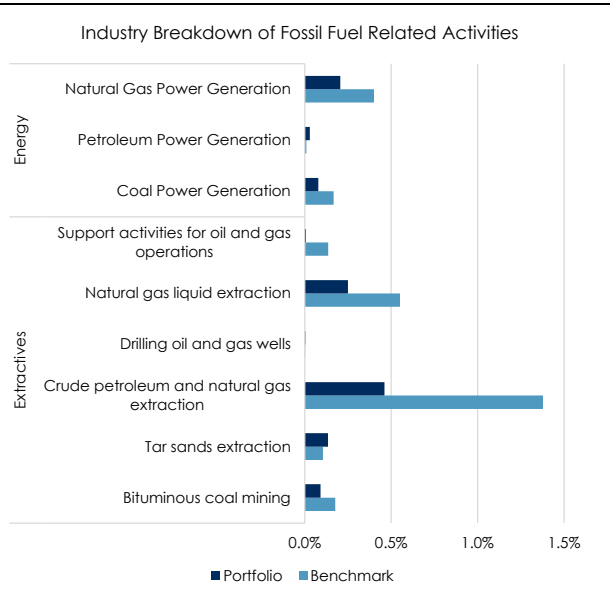
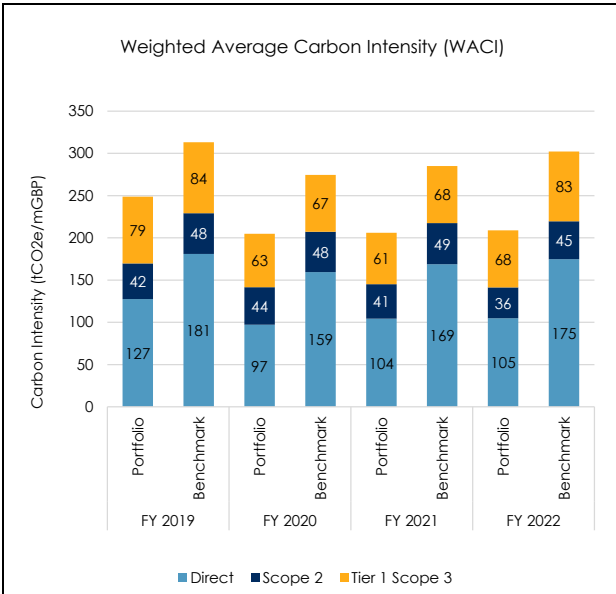
- This report illustrates key Carbon Metrics for the Oxfordshire Aggregate Portfolio, the associated underlying Brunel Portfolios, as well as a legacy portfolios.
- The Oxfordshire Aggregate Portfolio is made up of Oxfordshire's share of Brunel Portfolios plus a legacy portfolio, weighted by investments as of 31 December 2022.
- A custom Strategic Benchmark has been used so that the Oxfordshire Aggregate Portfolio can be measured against a meaningful comparator. This is made up of the individual benchmarks from the underlying Portfolios and weighted accordingly, as of 31 December.

## Performance Summary

- The Weighted Average Carbon Intensity (WACI) of the Oxfordshire Aggregate Portfolio is below its Strategic Benchmark, with a relative efficiency of +31%.
- Of the underlying Portfolios within the Aggregate, the highest intensity was the Brunel Emerging Markets Equities Portfolio (315 tCO<sub>2</sub>e/mGBP), while the lowest one was the LGIM Core Fund Plus Portfolio (111 tCO<sub>2</sub>e/mGBP).
- All Portfolios have lower levels of carbon intensity compared to their respective benchmarks.
- The Carbon to Value (C/V) Intensity metric is a new metric we have included in this year's carbon metrics report. The (C/V) metric is an aggregation of apportioned carbon emissions of constituents per 1 million invested. The Carbon to Value (C/V) Intensity of the Oxfordshire Aggregate Portfolio is below its Strategic Benchmark, with a relative efficiency of +31%.
- The Oxfordshire Aggregate Portfolio is less exposed to both fossil fuel revenues (1.26% vs 2.92%) and future emissions from reserves (2.53 MtCO<sub>2</sub> vs 4.23 MtCO<sub>2</sub>) than its Strategic Benchmark.
- All Portfolios have lower emissions from reserves and reserves exposures than their respective benchmarks, with the exception of 'Petroleum Power Generation', 'Tar sands extraction' and 'Drilling oil and gas wells'.
- The company disclosures rates are based on Scope 1 emissions, where the rate of companies in the Oxfordshire Aggregate Portfolio for which fully disclosed carbon data was available is 36% (carbon weighted method) and 41% (investment weighted method), indicating scope for improved reporting among investees.
- The aggregate rate of 'full disclosure' for the investment weighted method is highest in the Brunel PAB Passive Global Equities (52%) and lowest in the Brunel Sterling Corporate Bonds (17%).

## Oxfordshire Aggregate vs. Oxfordshire Custom BM

2022 Q4



### Current Year Top Contributors to WACI

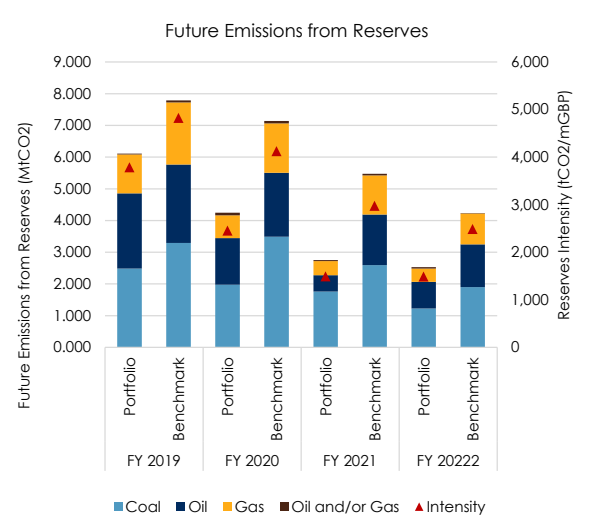
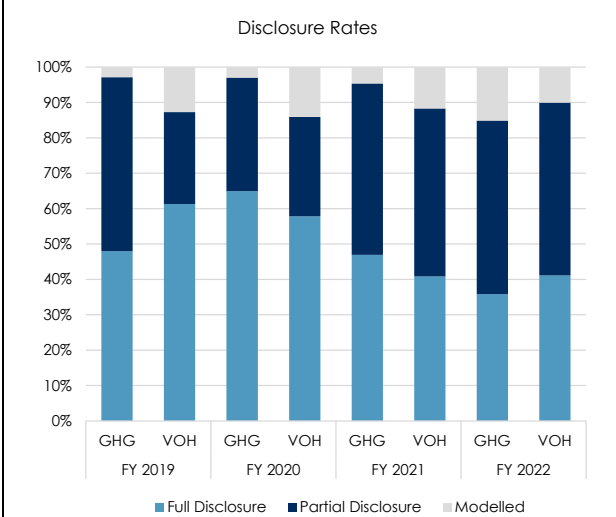
Name	Carbon-to-Revenue intensity (tCO <sub>2</sub> e/mGBP)	Weight (%)	Contr. (%)
Shell plc	834	1.24%	-3.77%
Rio Tinto Group	874	0.80%	-2.57%
BP p.l.c.	745	0.97%	-2.52%
Breedon Group plc	6,139	0.09%	-2.50%
Republic Services, Inc.	2,554	0.21%	-2.41%

### Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
Shell plc	1.24%	0.30%
BP p.l.c.	0.97%	0.29%
Suncor Energy Inc.	0.17%	0.08%
MEG Energy Corp.	0.07%	0.07%
EnQuest PLC	0.05%	0.06%

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



### Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	36%	41%
Partial Disclosure	49%	49%
Modelled	15%	10%

### Future Emissions from Reserves by Type (MICO<sub>2</sub>)

Source	FY 2021 Port.	FY 2021 Ben.	FY 2022 Port.	FY 2022 Ben.
Coal	1.76	2.60	1.22	1.90
Oil	0.52	1.60	0.84	1.35
Gas	0.44	1.23	0.41	0.97
Oil and/or Gas	0.03	0.06	0.05	0.01

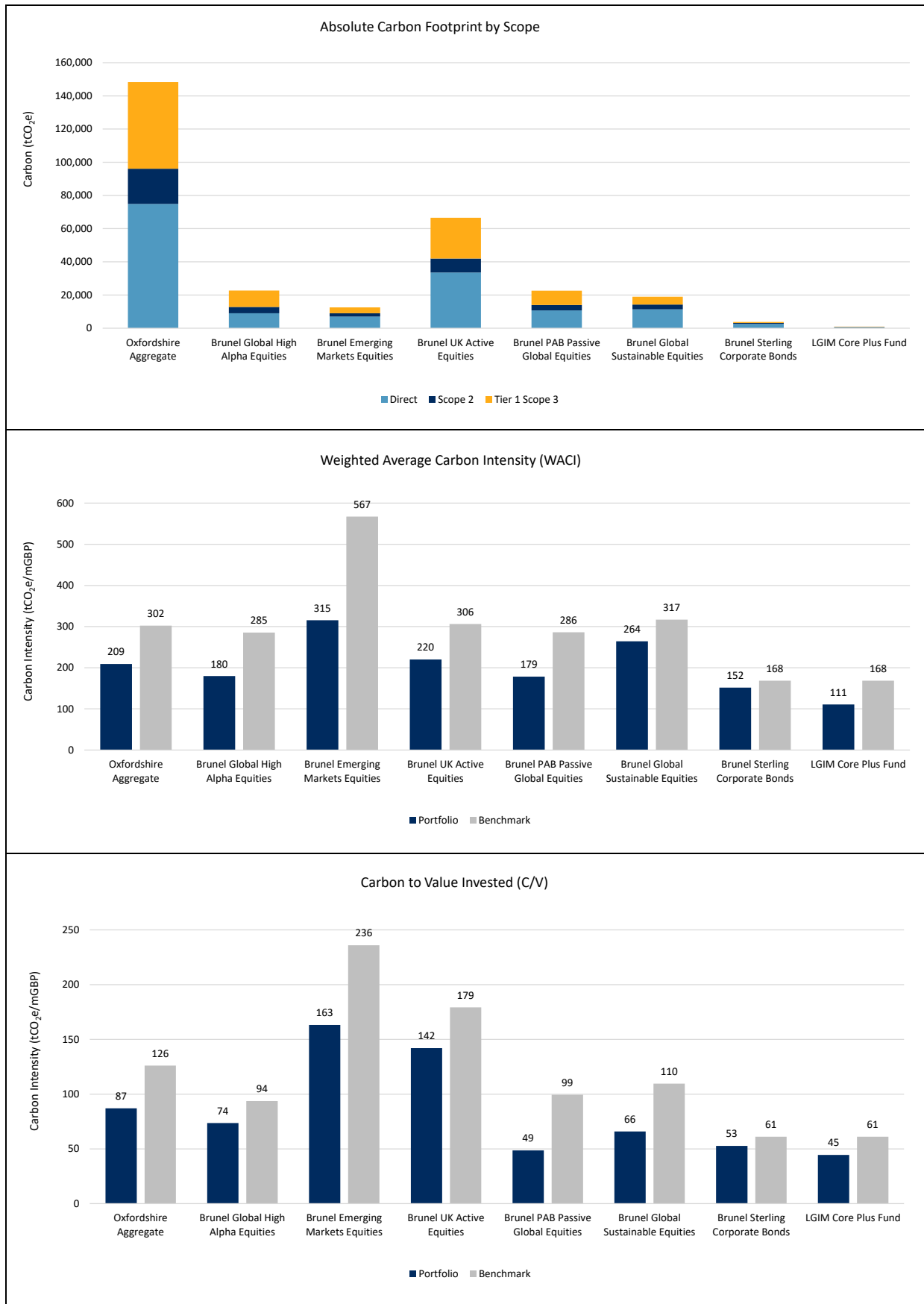
**Full Disclosure** - Data disclosed by a company in an un-edited form.  
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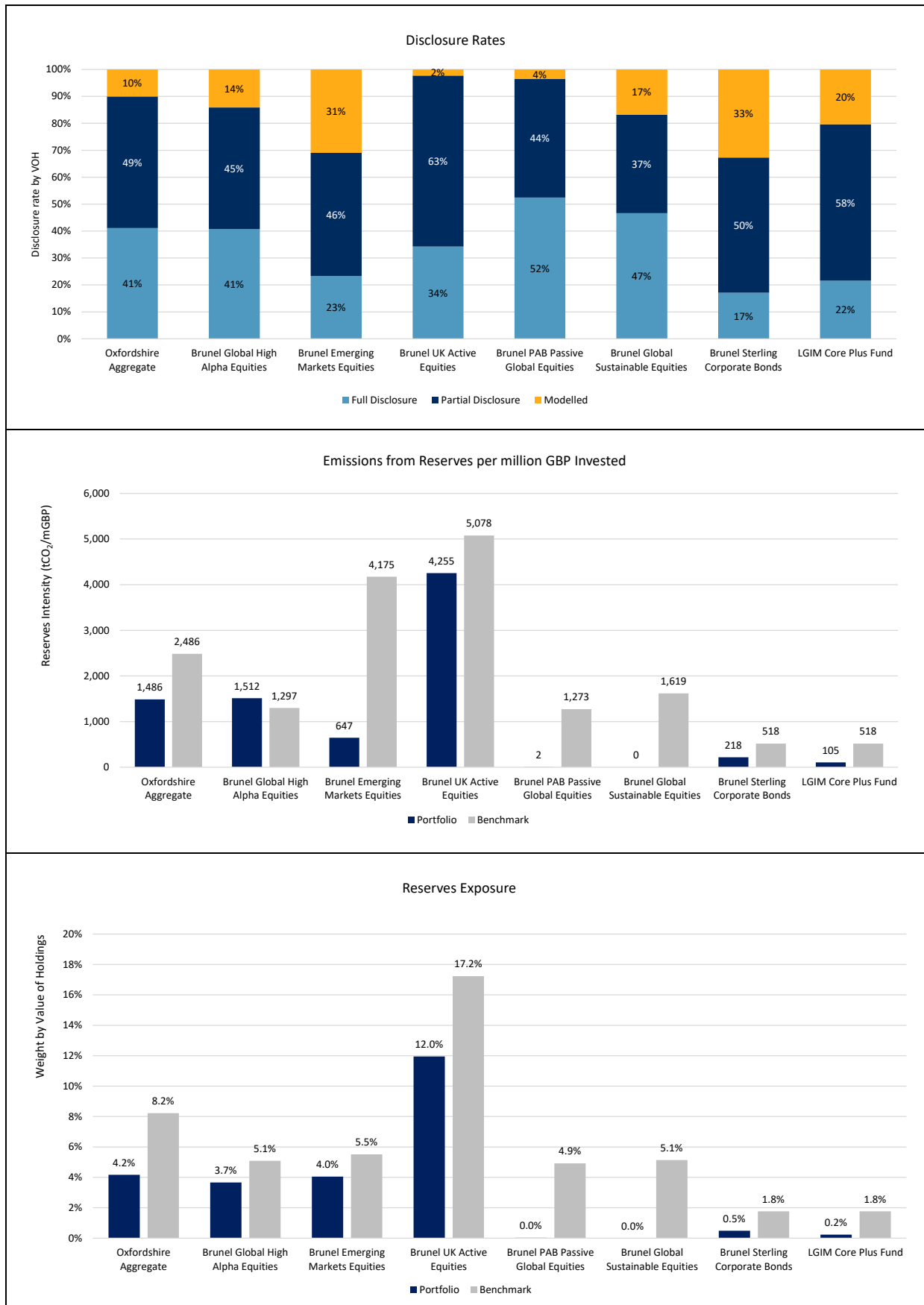
## Summary Sheet

2022 Q4



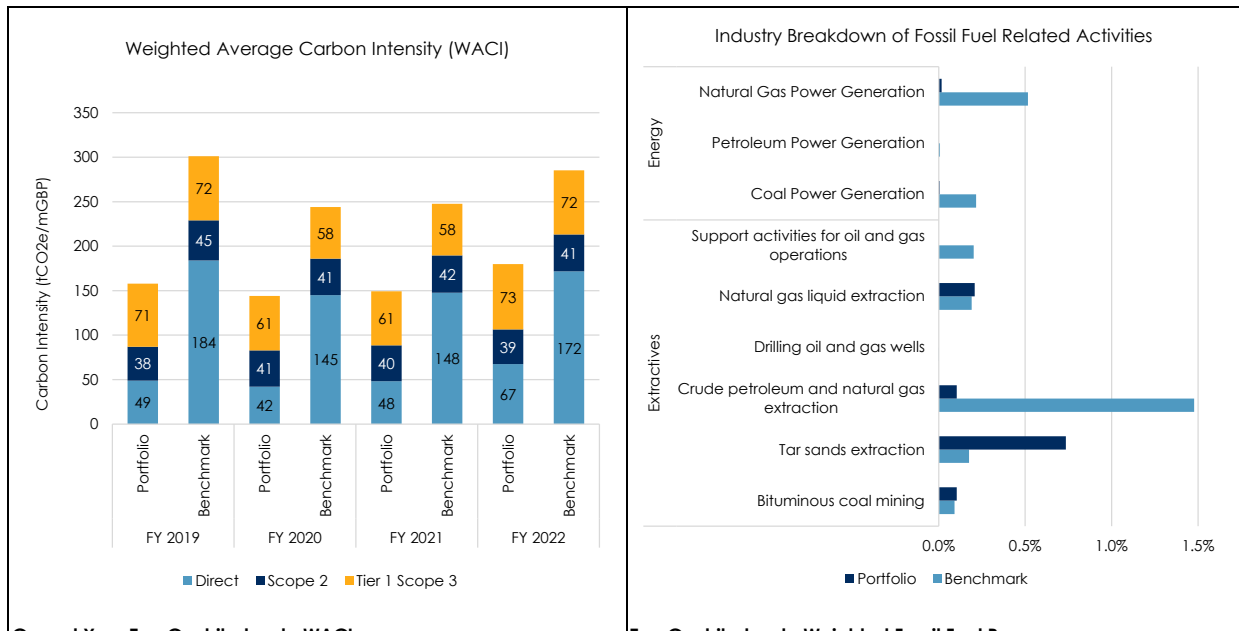
## Summary Sheet

2022 Q4



## Brunei Global High Alpha Equities vs. MSCI World

2022 Q4



### Current Year Top Contributors to WACI

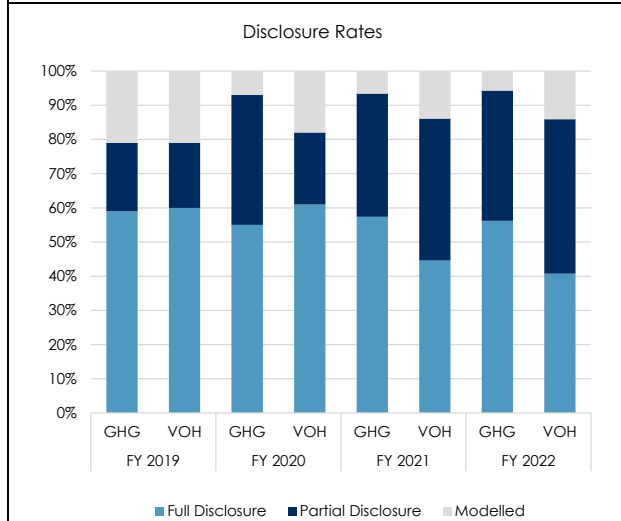
Name	Carbon-to-Revenue intensity (tCO <sub>2</sub> e/mGBP)	Weight (%)	Contr. (%)
Holcim Ltd	7,035	0.26%	-9.89%
Steel Dynamics, Inc.	1,323	1.27%	-8.16%
UPM-Kymmene Oyj	1,981	0.68%	-6.91%
Suncor Energy Inc.	1,367	0.94%	-6.23%
Nestle SA	538	1.94%	-3.94%

### Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
Suncor Energy Inc.	0.94%	0.42%
MEG Energy Corp.	0.39%	0.40%
Shell plc	1.04%	0.25%
Anglo American Plc	1.07%	0.09%
Glencore Plc	0.23%	0.01%

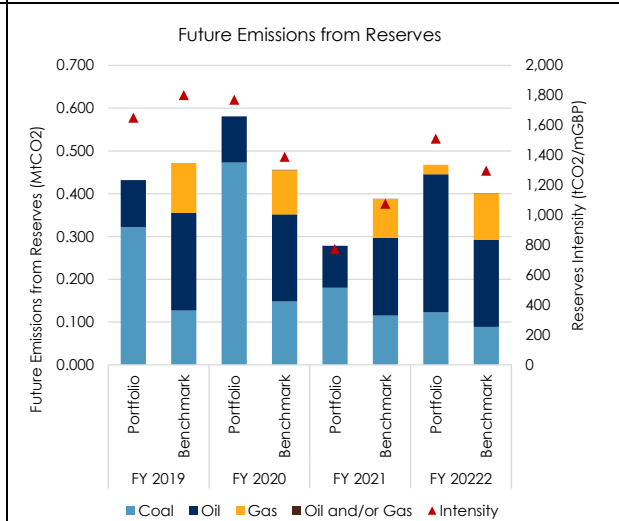
The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



### Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	56%	41%
Partial Disclosure	38%	45%
Modelled	6%	14%



### Future Emissions from Reserves by Type (MICO<sub>2</sub>)

Source	FY 2021 Port.	FY 2021 Ben.	FY 2022 Port.	FY 2022 Ben.
Coal	0.18	0.12	0.12	0.09
Oil	0.10	0.18	0.32	0.20
Gas	0.00	0.09	0.02	0.11
Oil and/or Gas	0.00	0.00	0.00	0.00

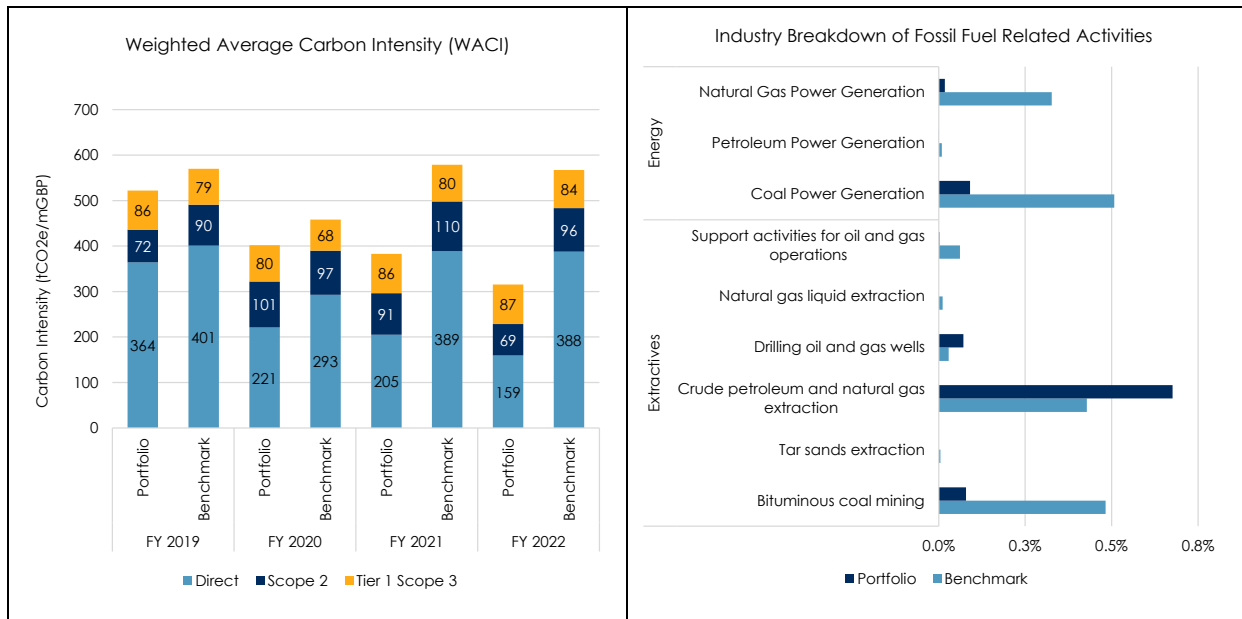
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## Brunei Emerging Markets Equities vs. MSCI Emerging Markets

2022 Q4



### Current Year Top Contributors to WACI

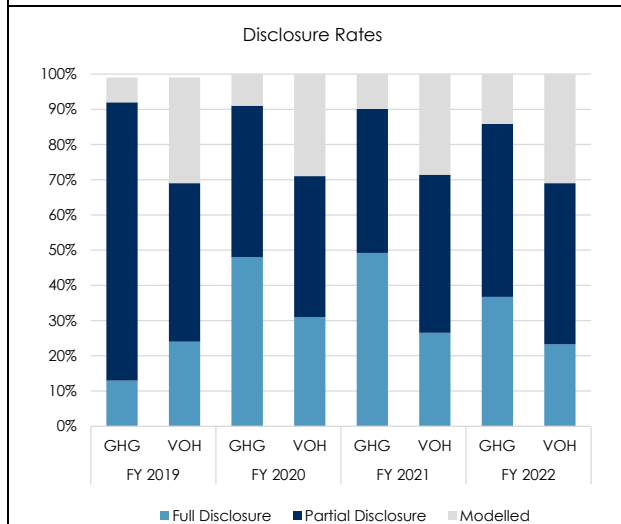
Name	Carbon-to-Revenue intensity (tCO <sub>2</sub> e/mGBP)	Weight (%)	Contr. (%)
China Longyuan Power Group Corp	2,887	0.76%	-6.21%
Anhui Conch Cement Company Limite	11,560	0.16%	-5.69%
Reliance Industries Limited	1,297	1.66%	-5.25%
China National Building Material Comp	9,064	0.17%	-4.84%
OCI N.V.	3,955	0.31%	-3.57%

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

### Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
PTT Exploration and Productic	0.40%	0.40%
Parex Resources Inc.	0.26%	0.27%
China Longyuan Power Grou	0.76%	0.09%
Anglo American Plc	0.82%	0.07%
China Oilfield Services Limitec	0.09%	0.07%

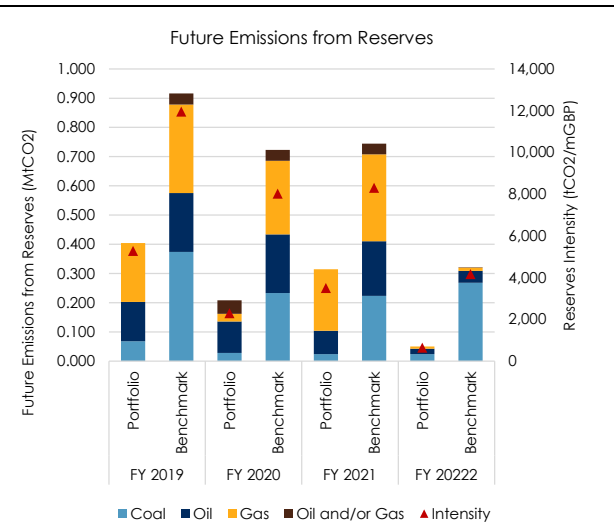
The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



### Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	37%	23%
Partial Disclosure	49%	46%
Modelled	14%	31%

**Full Disclosure** - Data disclosed by a company in an un-edited form.  
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**Modelled** - In the absence of usable disclosures, the data has been modelled using Trucost's EE-IO model.



### Future Emissions from Reserves by Type (MICO<sub>2</sub>)

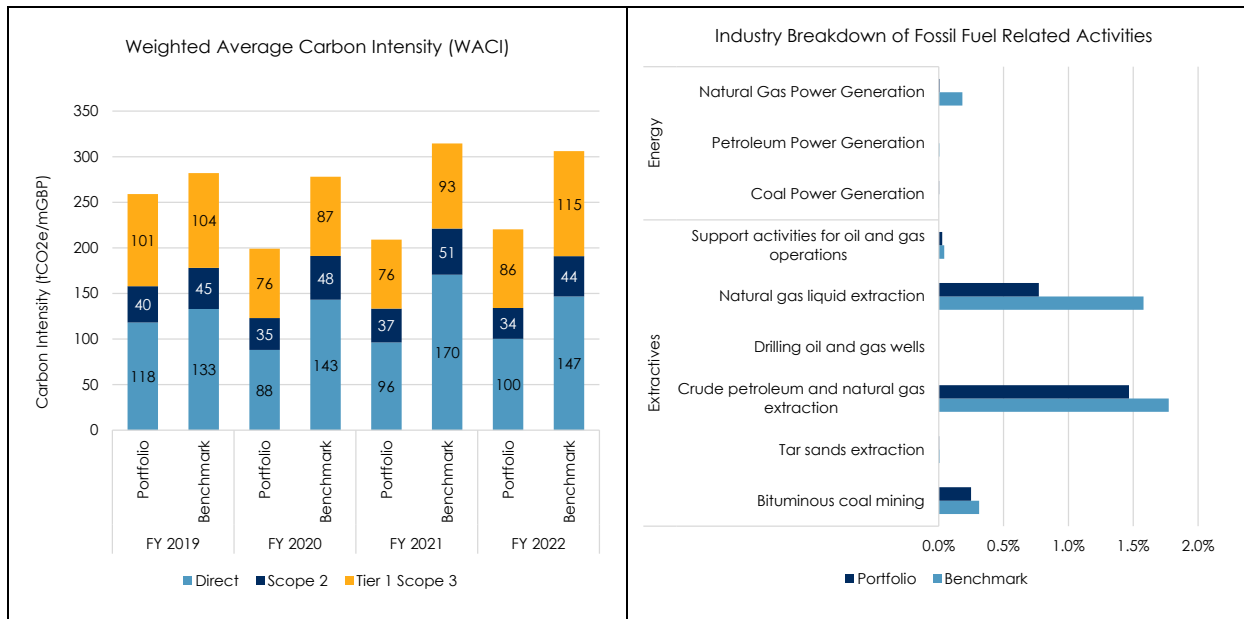
Source	FY 2021		FY 2022	
	Port.	Ben.	Port.	Ben.
Coal	0.02	0.22	0.02	0.27
Oil	0.08	0.19	0.02	0.04
Gas	0.21	0.30	0.01	0.01
Oil and/or Gas	0.00	0.04	0.00	0.00

Companies may disclose both 1P and 2P reserves (1P refers to those held with 90% confidence, 2P are those held with 50% confidence). Both 1P and 2P are used when assigning embedded emissions to a company.

The chart above shows the total tonnes of apportioned CO<sub>2</sub> from reserves, broken down by reserve type. It also shows the reserves 'intensity' by normalizing the apportioned embedded emissions by the VOH.

## Brunei UK Active Equities vs. FTSE Allshare ex IT

2022 Q4



### Current Year Top Contributors to WACI

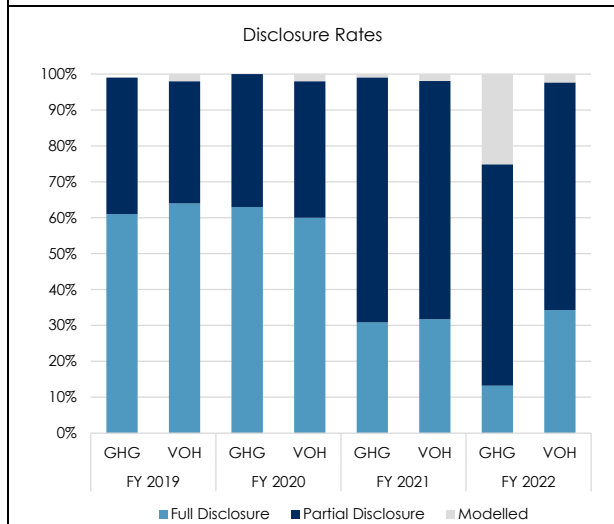
Name	Carbon-to-Revenue intensity (tCO <sub>2</sub> e/mGBP)	Weight (%)	Contr. (%)
Shell plc	834	3.83%	-11.12%
Rio Tinto Group	874	2.91%	-8.90%
Breedon Group plc	6,139	0.32%	-8.61%
BP p.l.c.	745	3.45%	-8.51%
Mondi PLC	3,191	0.35%	-4.68%

### Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
BP p.l.c.	3.45%	1.03%
Shell plc	3.83%	0.91%
EnQuest PLC	0.20%	0.20%
Glencore Plc	3.33%	0.16%
Anglo American Plc	1.09%	0.10%

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

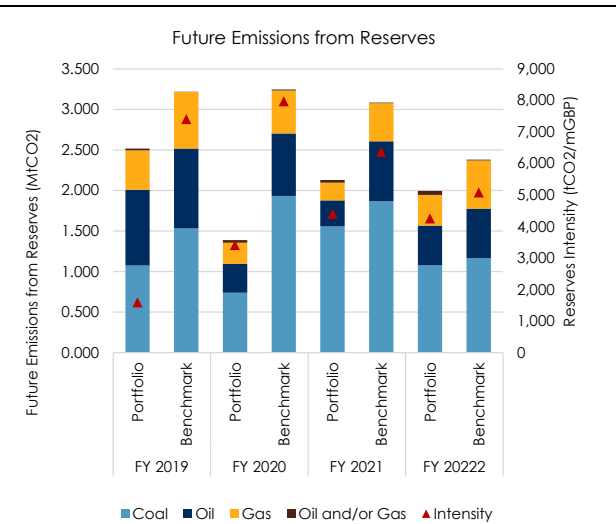
The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



### Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	13%	34%
Partial Disclosure	62%	63%
Modelled	25%	2%

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### Future Emissions from Reserves by Type (MCO<sub>2</sub>)

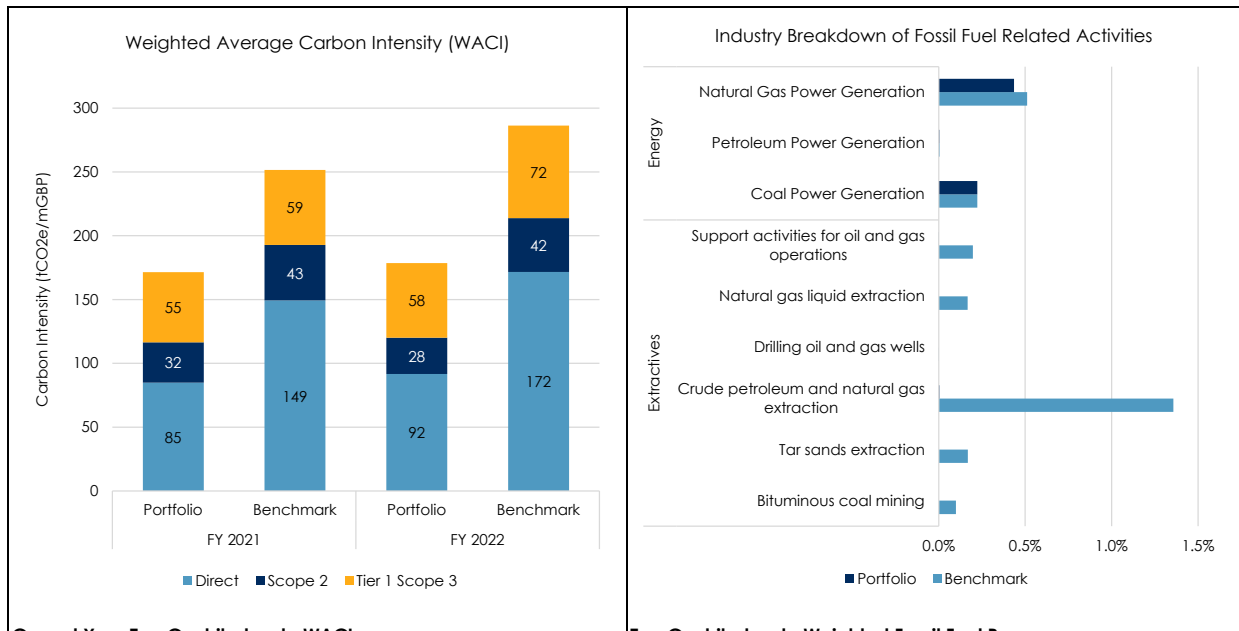
Source	FY 2021 Port.	FY 2021 Ben.	FY 2022 Port.	FY 2022 Ben.
Coal	1.56	1.87	1.08	1.17
Oil	0.32	0.74	0.49	0.61
Gas	0.22	0.47	0.38	0.59
Oil and/or Gas	0.03	0.01	0.05	0.01

Companies may disclose both 1P and 2P reserves (1P refers to those held with 90% confidence, 2P are those held with 50% confidence). Both 1P and 2P are used when assigning embedded emissions to a company.

The chart above shows the total tonnes of apportioned CO<sub>2</sub> from reserves, broken down by reserve type. It also shows the reserves 'intensity' by normalizing the apportioned embedded emissions by the VOH.

## Brunei PAB Passive Global Equities vs. FTSE Developed World

2022 Q4



### Current Year Top Contributors to WACI

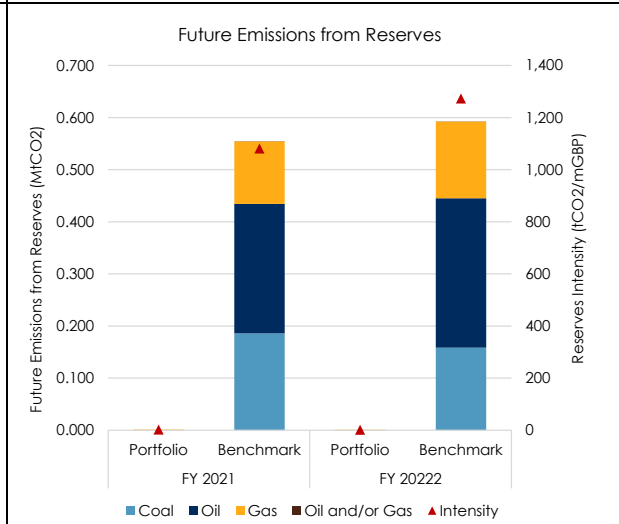
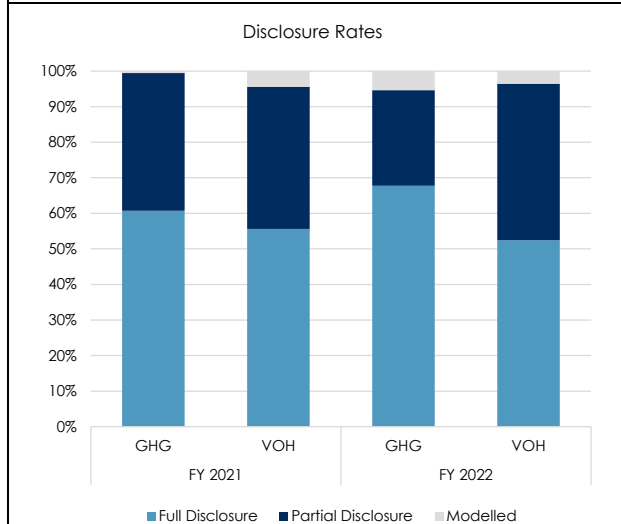
Name	Carbon-to-Revenue intensity (tCO <sub>2</sub> e/mGBP)	Weight (%)	Contr. (%)
Duke Energy Corporation	4,668	0.39%	-9.93%
Xcel Energy Inc.	4,377	0.26%	-6.08%
American Electric Power Company, Inc	4,852	0.20%	-5.22%
Ameren Corporation	6,847	0.09%	-3.46%
Nestle SA	538	1.40%	-2.86%

### Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
Duke Energy Corporation	0.39%	0.19%
Consolidated Edison, Inc.	0.58%	0.11%
Xcel Energy Inc.	0.26%	0.07%
American Electric Power Con	0.20%	0.06%
ENGIE SA	0.51%	0.04%

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



### Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	68%	52%
Partial Disclosure	27%	44%
Modelled	5%	4%

### Future Emissions from Reserves by Type (MICO<sub>2</sub>)

Source	FY 2021 Port.	FY 2021 Ben.	FY 2022 Port.	FY 2022 Ben.
Coal	0.00	0.19	0.00	0.16
Oil	0.00	0.25	0.00	0.29
Gas	0.00	0.12	0.00	0.15
Oil and/or Gas	0.00	0.00	0.00	0.00

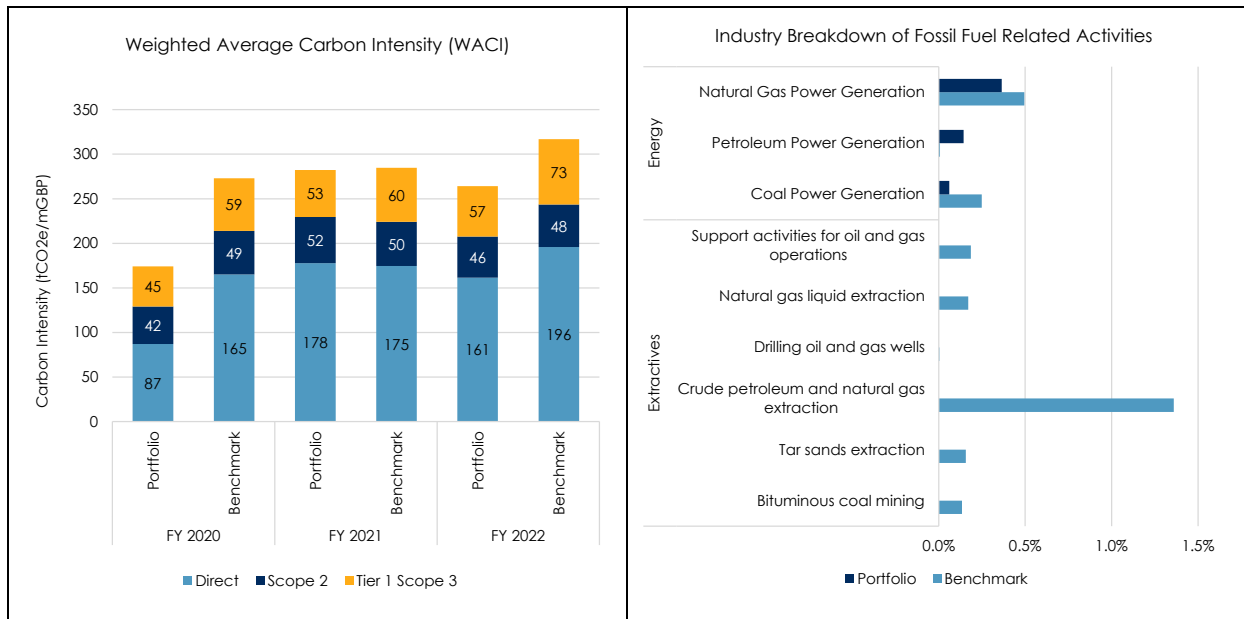
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## Brunei Global Sustainable Equities vs. MSCI ACWI

2022 Q4



### Current Year Top Contributors to WACI

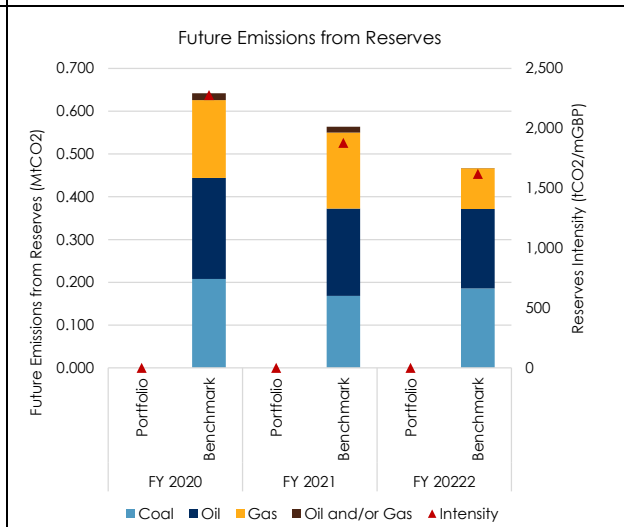
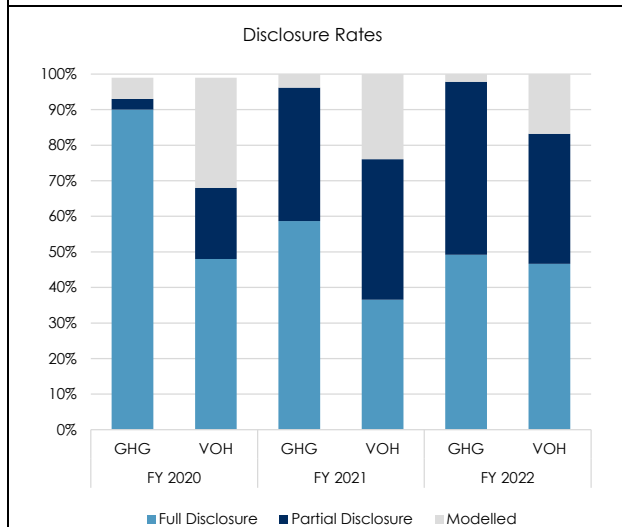
Name	Carbon-to-Revenue intensity (tCO <sub>2</sub> e/mGBP)	Weight (%)	Contr. (%)
Republic Services, Inc.	2,554	1.23%	-10.80%
Waste Management, Inc.	2,717	1.04%	-9.73%
NextEra Energy, Inc.	3,621	0.53%	-6.81%
Linde plc	1,814	0.98%	-5.83%
L'Air Liquide S.A.	1,479	0.88%	-4.08%

### Top Contributors to Weighted Fossil Fuel Revenues

Name	Weight (%)	Weighted FF Revenue (mGBP)
NextEra Energy, Inc.	0.53%	0.25%
Hawaiian Electric Industries, Inc.	0.35%	0.14%
Fortis Inc.	0.60%	0.10%
Iberdrola, S.A.	0.67%	0.04%
L'Air Liquide S.A.	0.88%	0.03%

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



### Portfolio Disclosure Rates by Method

Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure
Full Disclosure	49%	47%
Partial Disclosure	49%	37%
Modelled	2%	17%

### Future Emissions from Reserves by Type (MICO<sub>2</sub>)

Source	FY 2021 Port.	FY 2021 Ben.	FY 2022 Port.	FY 2022 Ben.
Coal	0.00	0.17	0.00	0.19
Oil	0.00	0.20	0.00	0.19
Gas	0.00	0.18	0.00	0.10
Oil and/or Gas	0.00	0.01	0.00	0.00

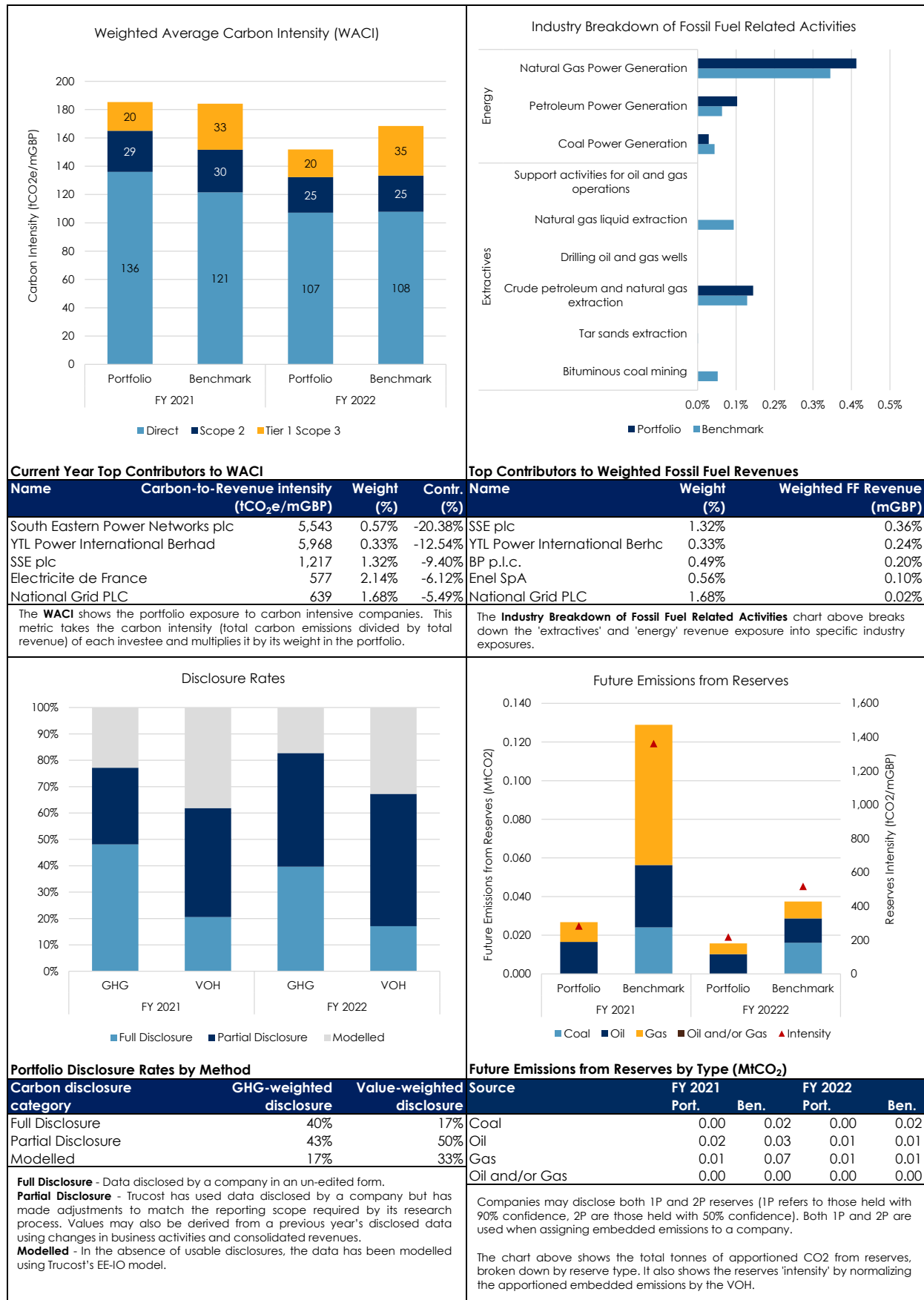
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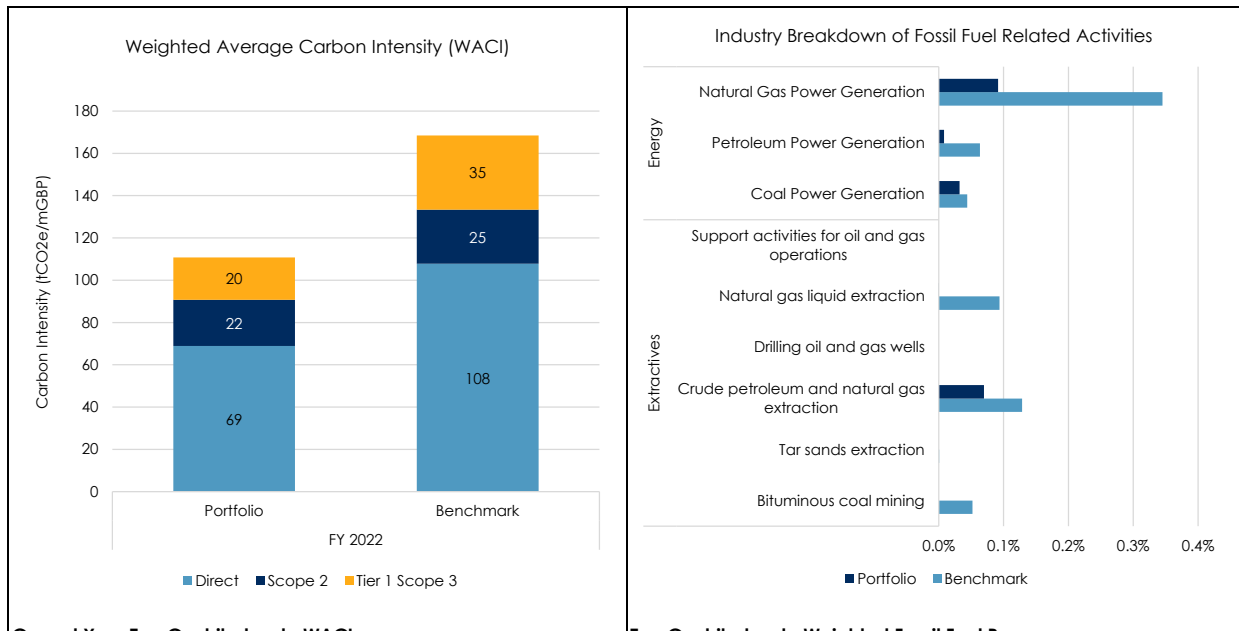
## Brunei Sterling Corporate Bonds vs. Markit iBoxx GBP Non-Gilts (All Stocks) Index

2022 Q4



## LGIM Core Plus Fund vs. Markit iBoxx GBP Non-Gilts (All Stocks) Index

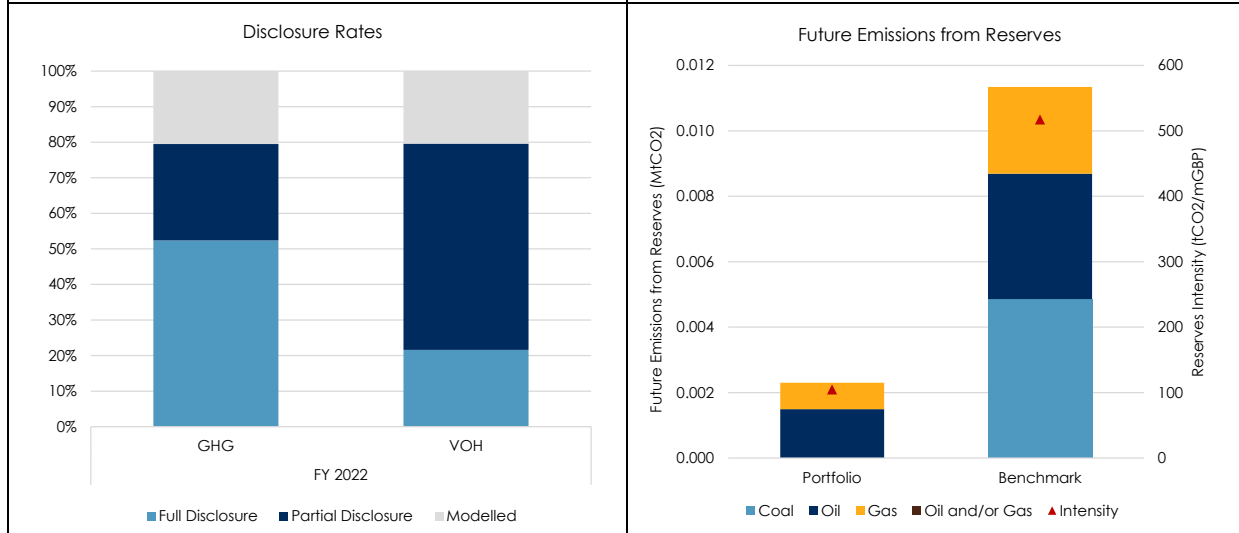
2022 Q4



Current Year Top Contributors to WACI				Top Contributors to Weighted Fossil Fuel Revenues		
Name	Carbon-to-Revenue intensity (tCO <sub>2</sub> e/mGBP)	Weight (%)	Contr. (%)	Name	Weight (%)	Weighted FF Revenue (mGBP)
South Eastern Power Networks plc	5,543	0.44%	-21.54%	Enel SpA	0.63%	0.10%
National Grid PLC	639	1.29%	-6.25%	BP p.l.c.	0.24%	0.08%
Orsted	949	0.73%	-5.55%	Orsted	0.73%	0.02%
Vattenfall AB (publ)	1,096	0.51%	-4.60%	National Grid PLC	1.29%	0.01%
Enel SpA	873	0.63%	-4.34%	Berkshire Hathaway Inc.	0.34%	0.01%

The **WACI** shows the portfolio exposure to carbon intensive companies. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

The **Industry Breakdown of Fossil Fuel Related Activities** chart above breaks down the 'extractives' and 'energy' revenue exposure into specific industry exposures.



Portfolio Disclosure Rates by Method			Future Emissions from Reserves by Type (MICO <sub>2</sub> )				
Carbon disclosure category	GHG-weighted disclosure	Value-weighted disclosure	Source	FY 2021 Port.	FY 2021 Ben.	FY 2022 Port.	FY 2022 Ben.
Full Disclosure	52%	22%	Coal	NA	NA	0.00	0.00
Partial Disclosure	27%	58%	Oil	NA	NA	0.00	0.00
Modelled	21%	20%	Gas	NA	NA	0.00	0.00
			Oil and/or Gas	NA	NA	0.00	0.00

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# Brunel Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile



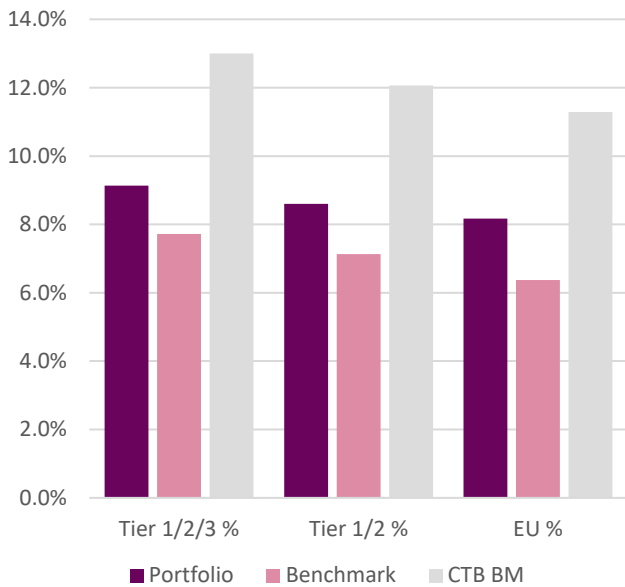
**Portfolio name:** Brunel Global High Alpha Portfolio  
**Index name:** FTSE All World Developed (awdc) Ex-POL-KOR  
**CTB comparison:** FTSE Developed Climate Transition (CTB) Index (awdectbc) Ex-POL-KOR (AWDXKPC)  
**Date of holdings:** 31/12/2022 (benchmarks as of 30/12)

03/04/2023

## Green Revenues

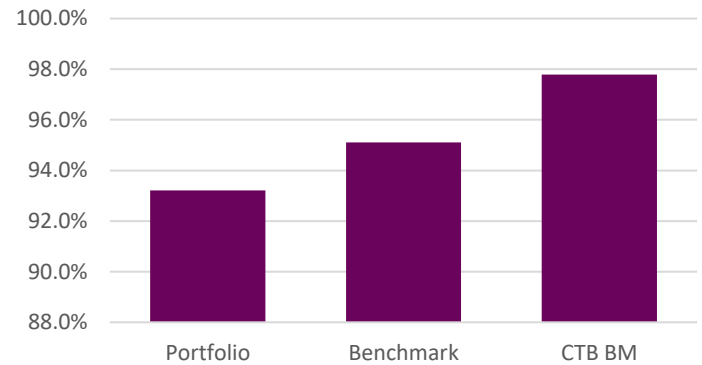
### Weighted average of green revenues (GR)

% of GR in total revenues



### Coverage rate

% of available data in weights



### Data

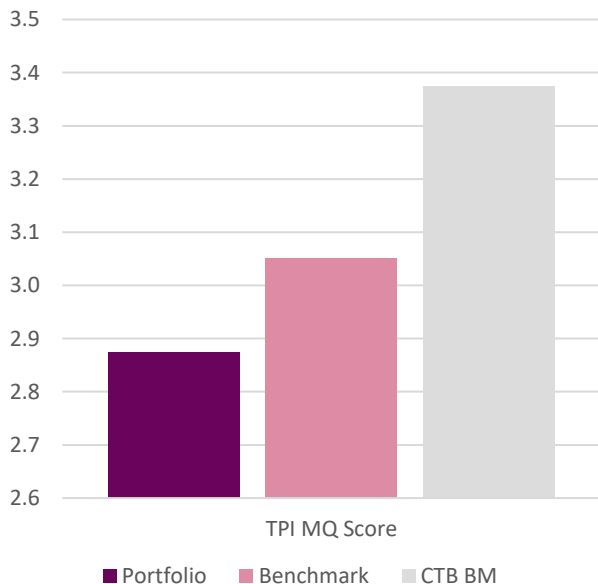
% of GR in total revenues (2021)

	Tier 1/2/3 %	Tier 1/2 %	EU %
Portfolio	9.1%	8.6%	8.2%
Benchmark	7.7%	7.1%	6.4%
CTB BM	13.0%	12.1%	11.3%

## TPI Management Quality

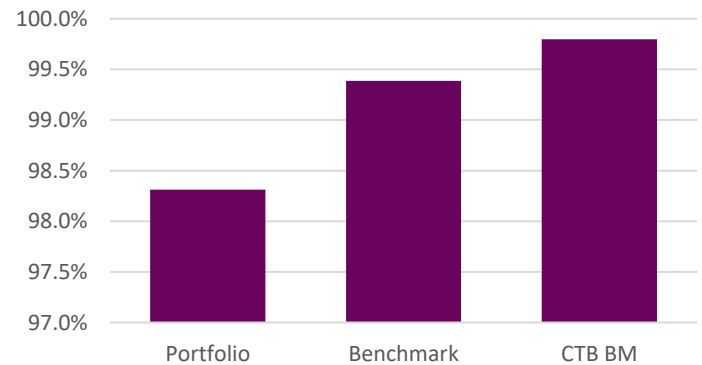
### Weighted average of TPI MQ scores

0-5 scores



### Coverage rate

% of available data in weights



### Data

0-5 scores (latest data available between 2020-2022)

	TPI MQ Score
Portfolio	2.9
Benchmark	3.1
CTB BM	3.4

# Brunel Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile

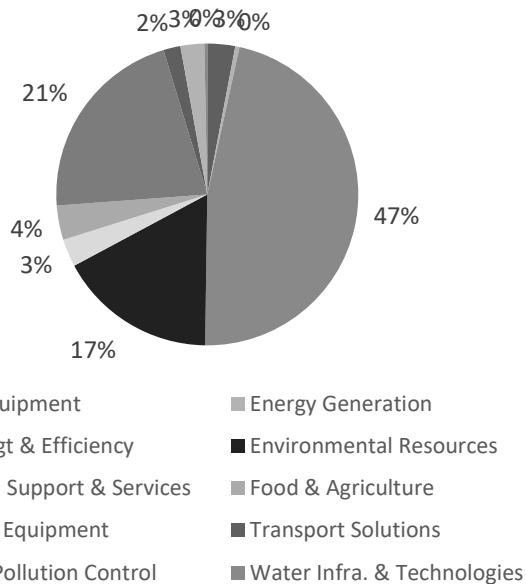


03/04/2023

## Green Revenues - Segment breakdown

### GR portfolio breakdown by GRCS sector

% of GR in tier 1/2 revenues: split by sector



### Data

% of GR in tier 1/2 revenues: split by sector

Sector	WA contrib.	GR breakdown
Energy Equipment	0.3%	3.0%
Energy Generation	0.0%	0.5%
Energy Mgt & Efficiency	4.0%	46.8%
Environmental Resources	1.5%	16.9%
Environm. Support & Services	0.3%	3.0%
Food & Agriculture	0.3%	3.7%
Transport Equipment	1.8%	21.5%
Transport Solutions	0.2%	1.8%
Waste & Pollution Control	0.2%	2.5%
Water Infra. & Technologies	0.0%	0.3%
<b>Total</b>	<b>8.6%</b>	<b>100.0%</b>

## Green Revenues - Top 10 portfolio contributors

### Green revenues - Top portfolio contributors

Top 10 contributors to the weighted average

Rank	Company	Rebased Wt	Tier 1/2 %	WA Contrib.
1	MICROSOFT CORP	5.1%	26.6%	1.4%
2	STEEL DYNAMICS INC	1.4%	83.6%	1.1%
3	TAIWAN SEMICONDUCTOR MANUFACTURING CO	1.6%	64.0%	1.0%
4	ALSTOM SA	0.8%	82.2%	0.7%
5	EATON CORP PLC	0.8%	58.2%	0.5%
6	AMAZON.COM INC	3.3%	14.3%	0.5%
7	TESLA INC	0.4%	100.0%	0.4%
8	LEGRAND SA	0.6%	69.8%	0.4%
9	CONTEMPORARY AMPEREX TECHNOLOGY CO LTD	0.3%	92.5%	0.3%
10	RELIANCE STEEL & ALUMINUM CO	1.4%	18.2%	0.3%

Note: based on portfolio rows (no further aggregation)

# Brunel Pension Partnership

## Green Revenues and TPI Management Quality Portfolio Profile



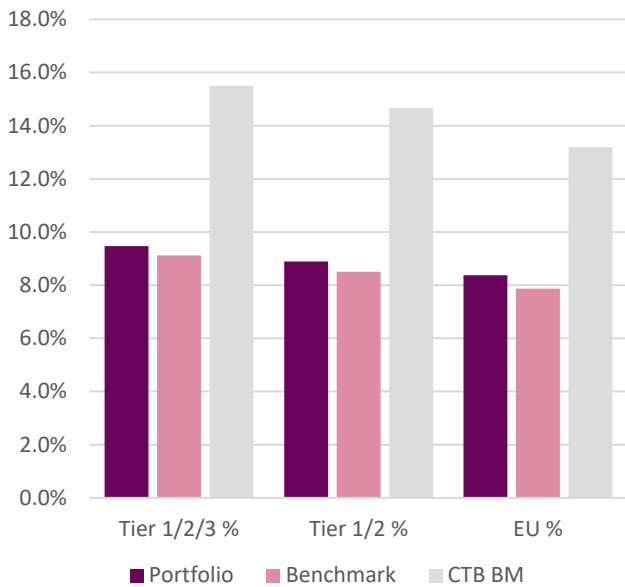
**Portfolio name:** Brunel Emerging Markets Portfolio  
**Index name:** FTSE Emerging Index (ymbic) Incl-POL-KOR  
**CTB comparison:** FTSE Emerging with Korea and Poland Climate Transition (CTB) Index (aweipkcc)  
**Date of holdings:** 31/12/2022 (benchmarks as of 30/12)

03/04/2023

### Green Revenues

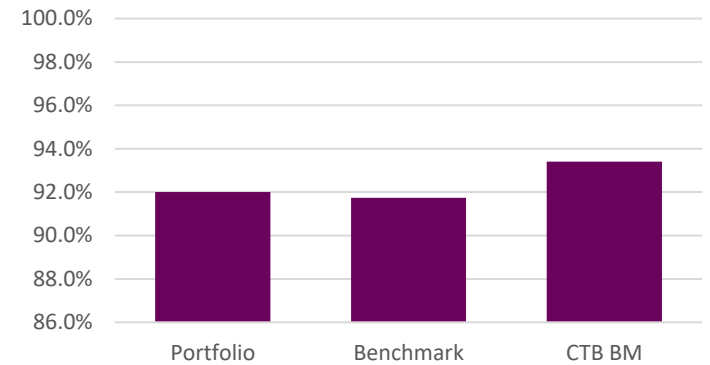
#### Weighted average of green revenues (GR)

% of GR in total revenues



#### Coverage rate

% of available data in weights



#### Data

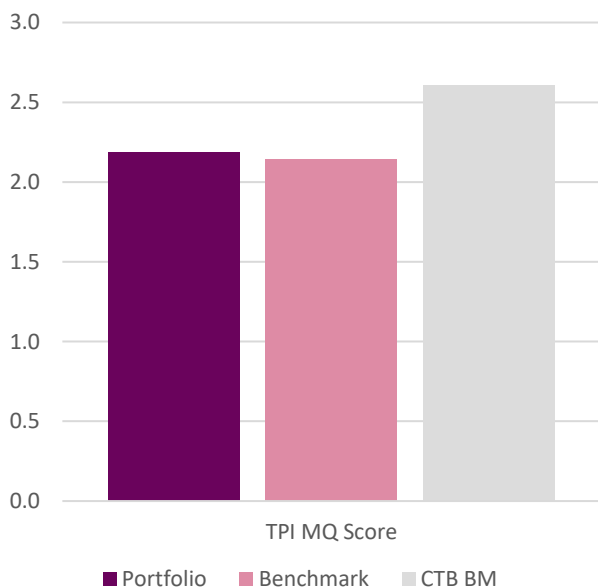
% of GR in total revenues (2021)

	Tier 1/2/3 %	Tier 1/2 %	EU %
Portfolio	9.5%	8.9%	8.4%
Benchmark	9.1%	8.5%	7.9%
CTB BM	15.5%	14.7%	13.2%

### TPI Management Quality

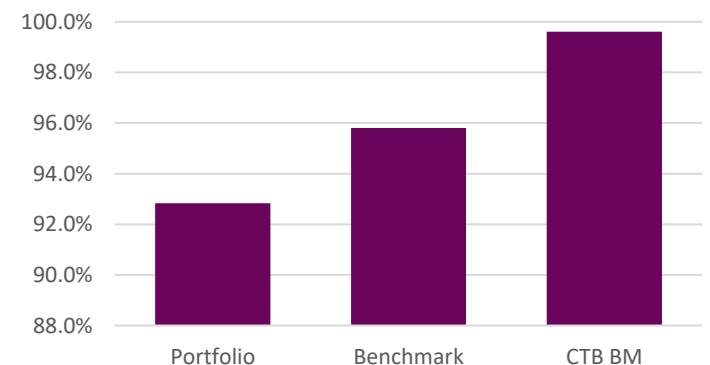
#### Weighted average of TPI MQ scores

0-5 scores



#### Coverage rate

% of available data in weights



#### Data

0-5 scores (latest data available between 2020-2022)

	TPI MQ Score
Portfolio	2.2
Benchmark	2.1
CTB BM	2.6

# Brunel Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile

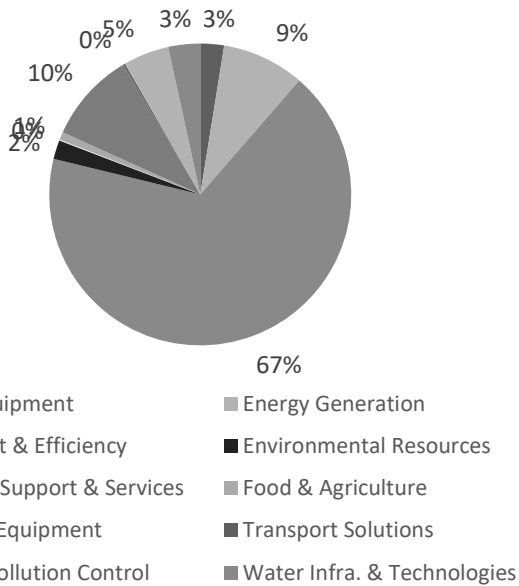


03/04/2023

## Green Revenues - Segment breakdown

### GR portfolio breakdown by GRCS sector

% of GR in tier 1/2 revenues: split by sector



### Data

% of GR in tier 1/2 revenues: split by sector

Sector	WA contrib.	GR breakdown
Energy Equipment	0.2%	2.5%
Energy Generation	0.8%	8.8%
Energy Mgt & Efficiency	6.0%	67.4%
Environmental Resources	0.2%	2.0%
Environm. Support & Services	0.0%	0.1%
Food & Agriculture	0.1%	0.8%
Transport Equipment	0.9%	9.7%
Transport Solutions	0.0%	0.2%
Waste & Pollution Control	0.4%	4.9%
Water Infra. & Technologies	0.3%	3.4%
<b>Total</b>	<b>8.9%</b>	<b>100.0%</b>

## Green Revenues - Top 10 portfolio contributors

### Green revenues - Top portfolio contributors

Top 10 contributors to the weighted average

Rank	Company	Rebased Wt	Tier 1/2 %	WA Contrib.
1	TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	7.3%	64.0%	4.7%
2	CONTEMPORARY AMPEREX TECHNOLOGY CO LTD	0.9%	92.5%	0.8%
3	CHINA LONGYUAN POWER GROUP CORP LTD	0.8%	66.2%	0.5%
4	ENN ENERGY HOLDINGS LTD	0.8%	48.5%	0.4%
5	E INK HOLDINGS INC	0.3%	100.0%	0.3%
6	CIA DE SANEAMENTO BASICO DO ESTADO DE SAO PAULO	0.3%	88.4%	0.3%
7	SK HYNIX INC	0.7%	32.0%	0.2%
8	GUANGZHOU TINCI MATERIALS TECHNOLOGY CO LTD	0.2%	87.8%	0.2%
9	YUNNAN ENERGY NEW MATERIAL CO LTD	0.2%	72.3%	0.1%
10	CHINA YANGTZE POWER CO LTD	0.1%	88.6%	0.1%

Note: based on portfolio rows (no further aggregation)

# Brunel Pension Partnership

## Green Revenues and TPI Management Quality Portfolio Profile



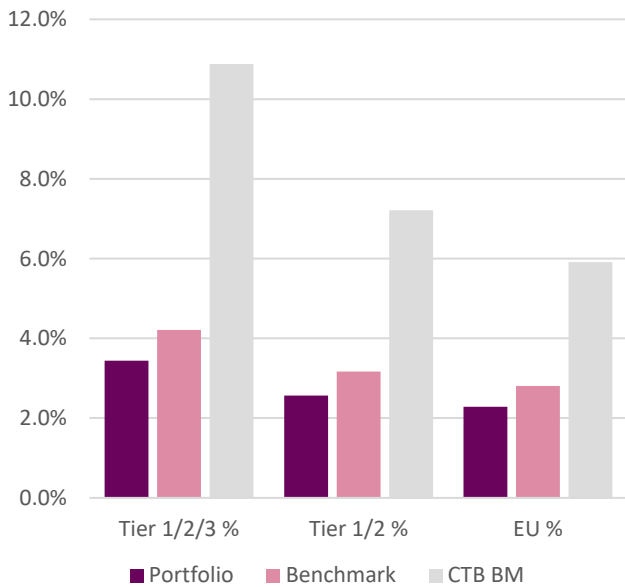
**Portfolio name:** Brunel UK Active Portfolio  
**Index name:** FTSE All Share (alla) Ex-CEI  
**CTB comparison:** FTSE All-Share Climate Transition (CTB) Index (asxctbc)  
**Date of holdings:** 31/12/2022 (benchmarks as of 30/12)

03/04/2023

### Green Revenues

#### Weighted average of green revenues (GR)

% of GR in total revenues



#### Coverage rate

% of available data in weights



#### Data

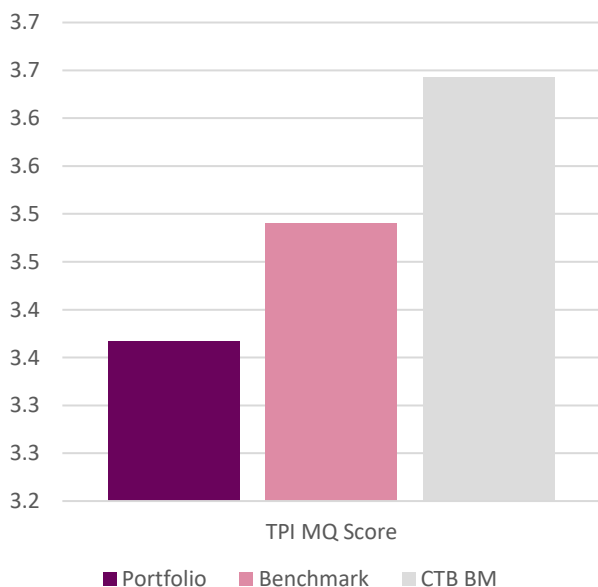
% of GR in total revenues (2021)

	Tier 1/2/3 %	Tier 1/2 %	EU %
Portfolio	3.4%	2.6%	2.3%
Benchmark	4.2%	3.2%	2.8%
CTB BM	10.9%	7.2%	5.9%

### TPI Management Quality

#### Weighted average of TPI MQ scores

0-5 scores



#### Coverage rate

% of available data in weights



#### Data

0-5 scores (latest data available between 2020-2022)

	TPI MQ Score
Portfolio	3.4
Benchmark	3.5
CTB BM	3.6

# Brunel Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile

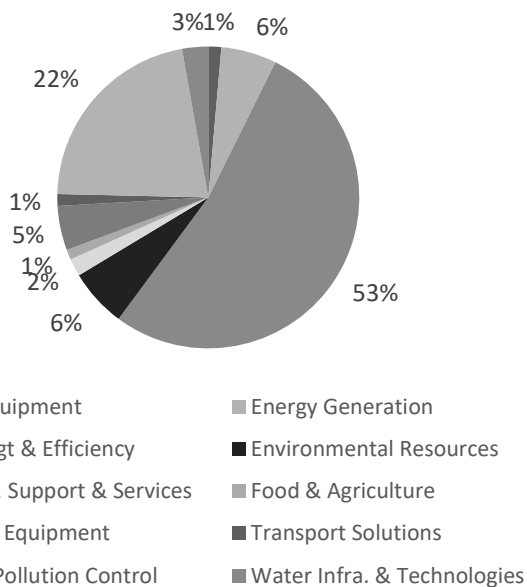


03/04/2023

## Green Revenues - Segment breakdown

### GR portfolio breakdown by GRCS sector

% of GR in tier 1/2 revenues: split by sector



### Data

% of GR in tier 1/2 revenues: split by sector

Sector	WA contrib.	GR breakdown
Energy Equipment	0.0%	1.4%
Energy Generation	0.2%	5.9%
Energy Mgt & Efficiency	1.4%	52.8%
Environmental Resources	0.2%	6.3%
Environm. Support & Services	0.0%	1.9%
Food & Agriculture	0.0%	1.1%
Transport Equipment	0.1%	4.8%
Transport Solutions	0.0%	1.3%
Waste & Pollution Control	0.6%	21.8%
Water Infra. & Technologies	0.1%	2.8%
<b>Total</b>	<b>2.6%</b>	<b>100.0%</b>

## Green Revenues - Top 10 portfolio contributors

### Green revenues - Top portfolio contributors

Top 10 contributors to the weighted average

Rank	Company	Rebased Wt	Tier 1/2 %	WA Contrib.
1	PERSIMMON PLC	0.9%	95.5%	0.9%
2	VOLUTION GROUP PLC	0.5%	62.1%	0.3%
3	DS SMITH PLC	0.5%	55.0%	0.3%
4	SHELL PLC	4.2%	4.0%	0.2%
5	DRAX GROUP PLC	0.3%	51.0%	0.2%
6	VICTREX PLC	0.4%	29.8%	0.1%
7	HALMA PLC	0.4%	20.0%	0.1%
8	GLENCORE PLC	3.6%	2.1%	0.1%
9	JOHNSON MATTHEY PLC	0.4%	18.5%	0.1%
10	BALFOUR BEATTY PLC	0.2%	25.1%	0.1%

Note: based on portfolio rows (no further aggregation)

# Brunei Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile



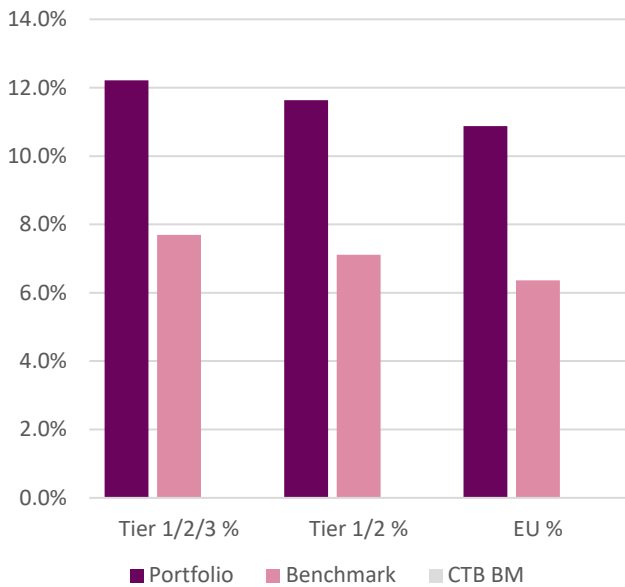
**Portfolio name:** Brunel - FTSE Paris Aligned World Developed Equity Index Fund (OFC)  
**Index name:** FTSE All World Developed (awdc)  
**CTB comparison:**  
**Date of holdings:** 31/12/2022 (benchmarks as of 30/12)

03/04/2023

## Green Revenues

### Weighted average of green revenues (GR)

% of GR in total revenues



### Coverage rate

% of available data in weights



### Data

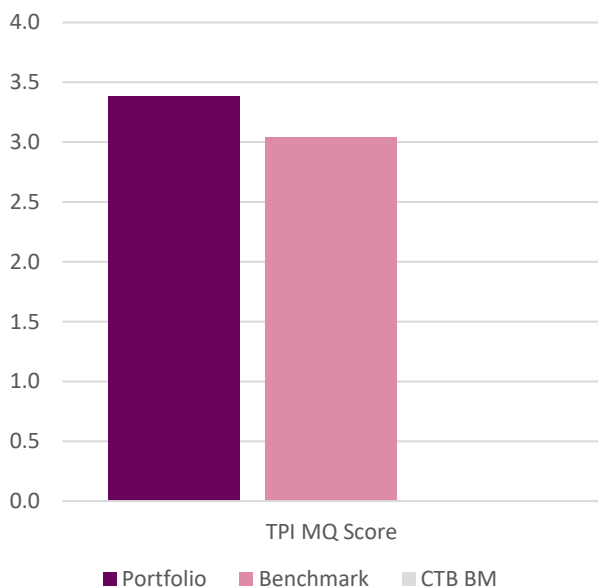
% of GR in total revenues (2021)

	Tier 1/2/3 %	Tier 1/2 %	EU %
Portfolio	12.2%	11.6%	10.9%
Benchmark	7.7%	7.1%	6.4%
CTB BM	na	na	na

## TPI Management Quality

### Weighted average of TPI MQ scores

0-5 scores



### Coverage rate

% of available data in weights



### Data

0-5 scores (latest data available between 2020-2022)

	TPI MQ Score
Portfolio	3.4
Benchmark	3.0
CTB BM	na

# Brunel Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile

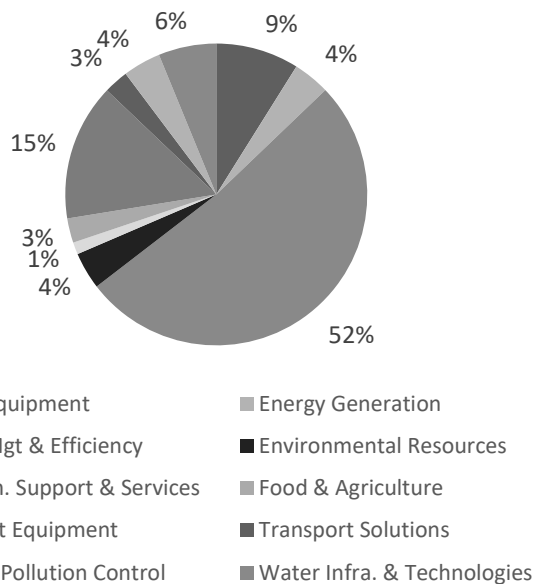


03/04/2023

## Green Revenues - Segment breakdown

### GR portfolio breakdown by GRCS sector

% of GR in tier 1/2 revenues: split by sector



### Data

% of GR in tier 1/2 revenues: split by sector

Sector	WA contrib.	GR breakdown
Energy Equipment	1.0%	8.9%
Energy Generation	0.5%	3.9%
Energy Mgt & Efficiency	6.0%	51.7%
Environmental Resources	0.5%	4.0%
Environm. Support & Services	0.2%	1.3%
Food & Agriculture	0.3%	2.6%
Transport Equipment	1.7%	14.7%
Transport Solutions	0.3%	2.6%
Waste & Pollution Control	0.5%	4.1%
Water Infra. & Technologies	0.7%	6.2%
<b>Total</b>	<b>11.6%</b>	<b>100.0%</b>

## Green Revenues - Top 10 portfolio contributors

### Green revenues - Top portfolio contributors

Top 10 contributors to the weighted average

Rank	Company	Rebased Wt	Tier 1/2 %	WA Contrib.
1	MICROSOFT CORP	5.0%	26.6%	1.3%
2	SCHNEIDER ELECTRIC SE	1.5%	67.3%	1.0%
3	TESLA INC	0.8%	100.0%	0.8%
4	AMAZON.COM INC	3.0%	14.3%	0.4%
5	INTERNATIONAL BUSINESS MACHINES CORP	0.9%	33.4%	0.3%
6	VESTAS WIND SYSTEMS A/S	0.3%	100.0%	0.3%
7	TOKYO ELECTRON LTD	0.3%	91.2%	0.3%
8	HONEYWELL INTERNATIONAL INC	2.8%	9.3%	0.3%
9	AMERICAN WATER WORKS CO INC	0.3%	97.0%	0.3%
10	SIEMENS AG	0.8%	30.7%	0.2%

Note: based on portfolio rows (no further aggregation)

# Brunel Pension Partnership

## Green Revenues and TPI Management Quality Portfolio Profile



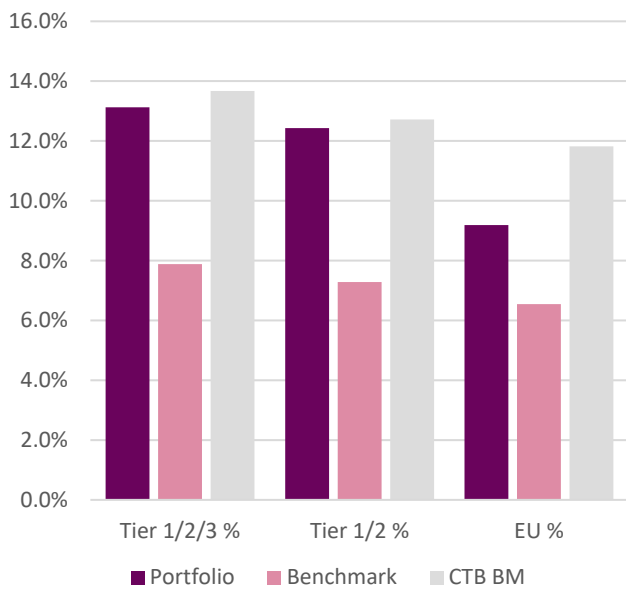
**Portfolio name:** Brunel Global Sustainable Portfolio  
**Index name:** FTSE All World (awic)  
**CTB comparison:** FTSE All-World Climate Transition (CTB) Index (awectbc)  
**Date of holdings:** 31/12/2022 (benchmarks as of 30/12)

03/04/2023

### Green Revenues

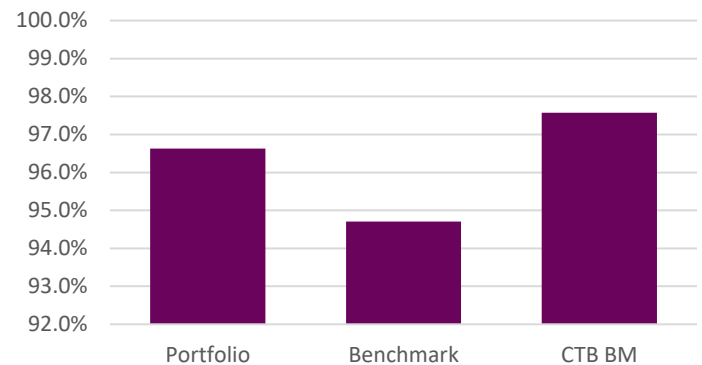
#### Weighted average of green revenues (GR)

% of GR in total revenues



#### Coverage rate

% of available data in weights



#### Data

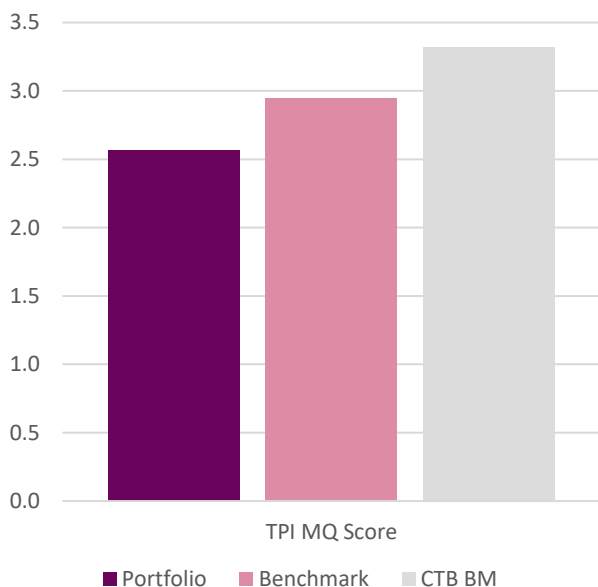
% of GR in total revenues (2021)

	Tier 1/2/3 %	Tier 1/2 %	EU %
Portfolio	13.1%	12.4%	9.2%
Benchmark	7.9%	7.3%	6.5%
CTB BM	13.7%	12.7%	11.8%

### TPI Management Quality

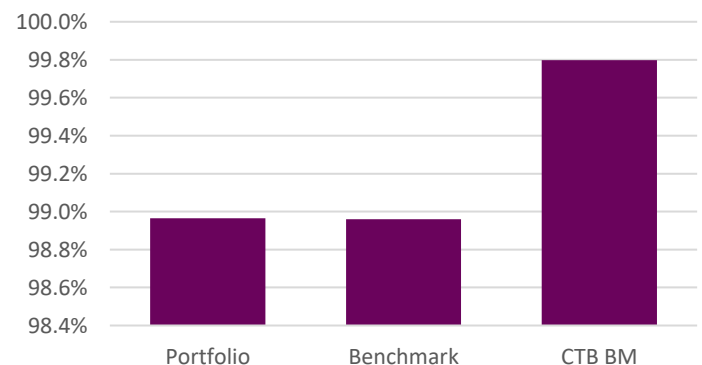
#### Weighted average of TPI MQ scores

0-5 scores



#### Coverage rate

% of available data in weights



#### Data

0-5 scores (latest data available between 2020-2022)

	TPI MQ Score
Portfolio	2.6
Benchmark	2.9
CTB BM	3.3

# Brunel Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile

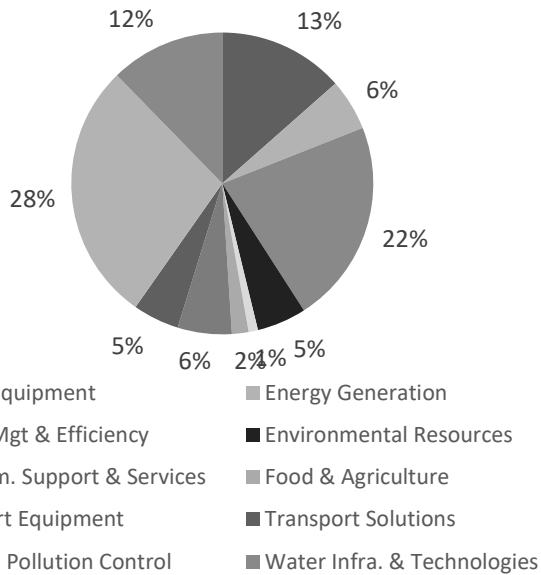


03/04/2023

## Green Revenues - Segment breakdown

### GR portfolio breakdown by GRCS sector

% of GR in tier 1/2 revenues: split by sector



### Data

% of GR in tier 1/2 revenues: split by sector

Sector	WA contrib.	GR breakdown
Energy Equipment	1.7%	13.5%
Energy Generation	0.7%	5.5%
Energy Mgt & Efficiency	2.7%	21.9%
Environmental Resources	0.7%	5.3%
Environm. Support & Services	0.1%	1.0%
Food & Agriculture	0.2%	1.8%
Transport Equipment	0.7%	5.8%
Transport Solutions	0.6%	5.0%
Waste & Pollution Control	3.5%	28.0%
Water Infra. & Technologies	1.5%	12.3%
<b>Total</b>	<b>12.4%</b>	<b>100.0%</b>

## Green Revenues - Top 10 portfolio contributors

### Green revenues - Top portfolio contributors

Top 10 contributors to the weighted average

Rank	Company	Rebased Wt	Tier 1/2 %	WA Contrib.
1	REPUBLIC SERVICES INC	1.3%	99.7%	1.3%
2	WASTE MANAGEMENT INC	1.1%	100.0%	1.1%
3	VESTAS WIND SYSTEMS A/S	1.0%	100.0%	1.0%
4	TAIWAN SEMICONDUCTOR MANUFACTURING CO	1.5%	64.0%	1.0%
5	MICROSOFT CORP	2.4%	26.6%	0.6%
6	DANAHER CORP	1.9%	33.9%	0.6%
7	AMERICAN WATER WORKS CO INC	0.5%	97.0%	0.5%
8	ORSTED AS	0.7%	60.1%	0.4%
9	GFL ENVIRONMENTAL INC	0.4%	90.6%	0.4%
10	CENTRAL JAPAN RAILWAY CO	0.6%	60.0%	0.3%

Note: based on portfolio rows (no further aggregation)

# Brunel Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile



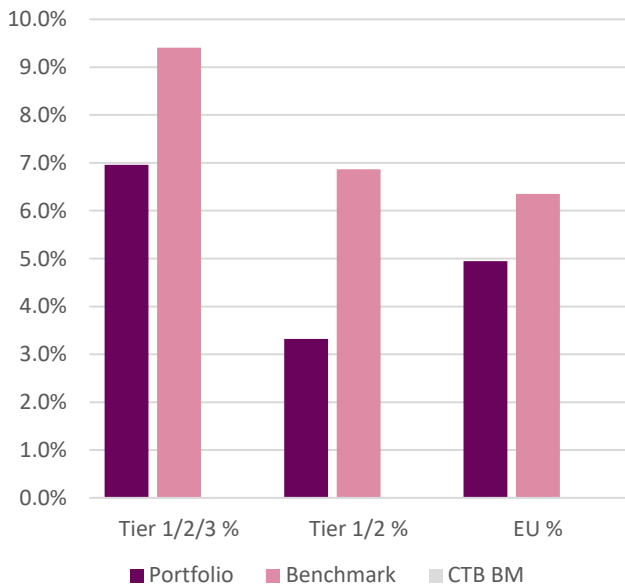
**Portfolio name:** Brunel Sterling Corporate Bond Fund  
**Index name:** WorldBIG Corporate Index - GBP  
**CTB comparison:**  
**Date of holdings:** 31/12/2022 (benchmarks as of 30/12)

03/04/2023

## Green Revenues

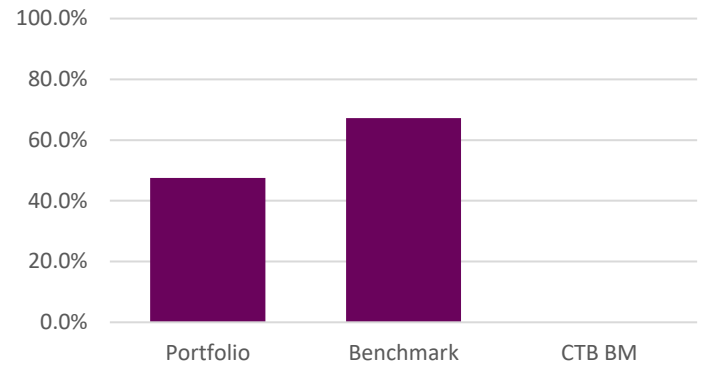
### Weighted average of green revenues (GR)

% of GR in total revenues



### Coverage rate

% of available data in weights



### Data

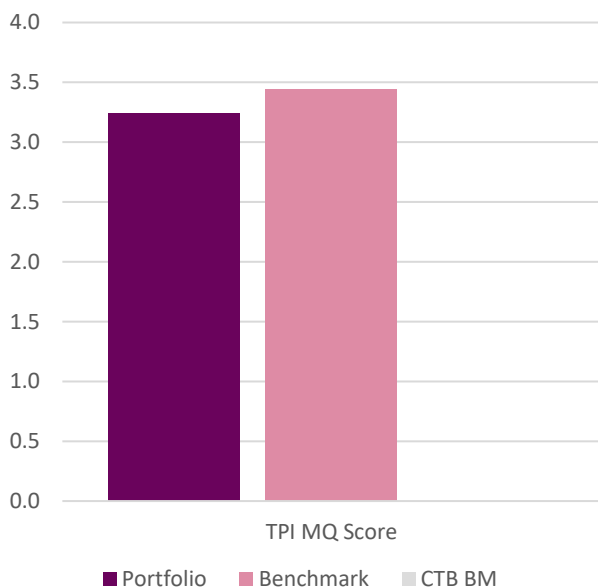
% of GR in total revenues (2021)

	Tier 1/2/3 %	Tier 1/2 %	EU %
Portfolio	7.0%	3.3%	4.9%
Benchmark	9.4%	6.9%	6.3%
CTB BM	na	na	na

## TPI Management Quality

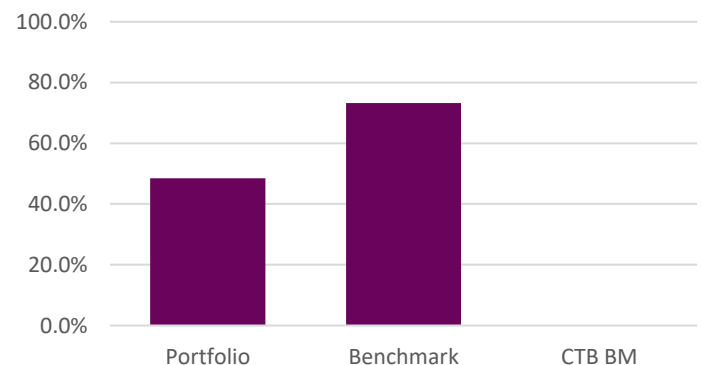
### Weighted average of TPI MQ scores

0-5 scores



### Coverage rate

% of available data in weights



### Data

0-5 scores (latest data available between 2020-2022)

	TPI MQ Score
Portfolio	3.2
Benchmark	3.4
CTB BM	na

# Brunel Pension Partnership

Green Revenues and TPI Management Quality Portfolio Profile

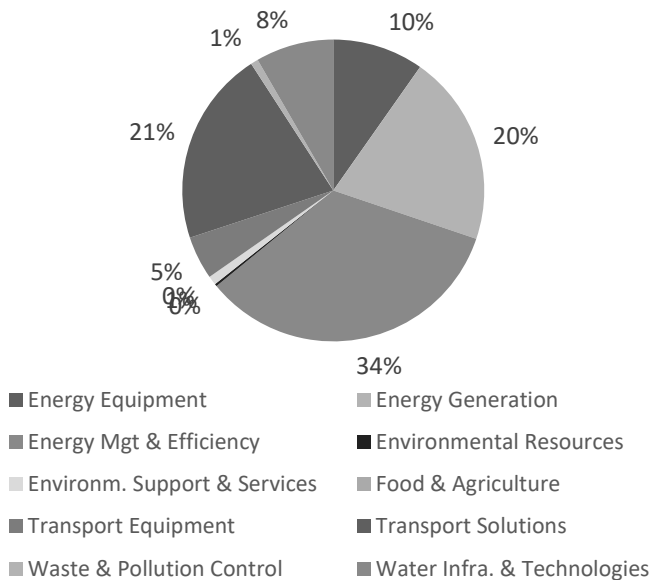


03/04/2023

## Green Revenues - Segment breakdown

### GR portfolio breakdown by GRCS sector

% of GR in tier 1/2 revenues: split by sector



### Data

% of GR in tier 1/2 revenues: split by sector

Sector	WA contrib.	GR breakdown
Energy Equipment	0.3%	9.8%
Energy Generation	0.7%	20.4%
Energy Mgt & Efficiency	1.1%	33.9%
Environmental Resources	0.0%	0.3%
Environm. Support & Services	0.0%	1.0%
Food & Agriculture	0.0%	0.0%
Transport Equipment	0.2%	4.6%
Transport Solutions	0.7%	20.9%
Waste & Pollution Control	0.0%	0.8%
Water Infra. & Technologies	0.3%	8.4%
<b>Total</b>	<b>3.3%</b>	<b>100.0%</b>

## Green Revenues - Top 10 portfolio contributors

### Green revenues - Top portfolio contributors

Top 10 contributors to the weighted average

Rank	Company	Rebased Wt	Tier 1/2 %	WA Contrib.
1	GO-AHEAD GROUP PLC	0.8%	73.2%	0.6%
2	BRITLD-BEARER BD	1.2%	28.2%	0.4%
3	ORSTED A/S	0.5%	60.1%	0.3%
4	CONNECT M77/GSO PLC	0.8%	25.1%	0.2%
5	BRITISH LAND INT'L	0.6%	28.2%	0.2%
6	E.ON INTL FINANCE BV	0.6%	27.7%	0.2%
7	ELECTRICITE DE FRANCE SA	1.5%	10.2%	0.2%
8	GENERAL ELECTRIC CO	0.7%	21.8%	0.2%
9	SOUTH WEST WATER FIN PLC	0.2%	73.9%	0.1%
10	ELECTRICITE DE FRANCE SA	1.2%	10.2%	0.1%

Note: based on portfolio rows (no further aggregation)

## Green Revenues definitions

The Green Revenues methodology distinguishes between 3 tiers based on the following characteristics.

Impact in tiers		
Tier 1	Tier 2	Tier 3
<b>Clear &amp; significant</b> <b>Micro sector examples</b> <ul style="list-style-type: none"> <li>— Solar</li> <li>— Recyclable products &amp; Materials</li> <li>— Waste management</li> </ul>	<b>Net positive</b> <b>Micro sector examples</b> <ul style="list-style-type: none"> <li>— Flood control</li> <li>— Cloud computing</li> <li>— Smart city design &amp; Engineering</li> </ul>	<b>Limited</b> <b>Micro sector examples</b> <ul style="list-style-type: none"> <li>— Nuclear</li> <li>— Bio fuels</li> <li>— Key raw materials and minerals</li> </ul>

### Tier 1 micro sectors\*

Advanced & Light Materials (General)  
 Advanced Irrigation Systems & Devices (General)  
 Advanced Vehicle Batteries  
 Air Decontamination Services & Devices  
 Aquaculture (Sustainable)  
 Bike Sharing  
 Bikes and Bicycles  
 Buildings & Property (Integrated) (General)  
 Bus and Coach Manufacturers  
 Carbon Capture & Storage  
 Clean Fossil Fuels  
 Cogeneration (Biomass)  
 Cogeneration (Renewable)  
 Decontamination Services & Devices (General)  
 Desalination (General)  
 Efficient IT  
 Electrified Railways  
 Electrified Road Vehicles & Devices (inc Hydrogen powered)  
 Energy Use Reduction Devices  
 Food Safety, Efficient Processing & Sustainable Packaging (no single use plastic)  
 Geothermal  
 Hazardous Waste Management  
 Industrial Pollution Reduction  
 Industrial Processes (General)  
 Land & Soil Decontamination Services & Devices  
 Land Erosion (General)  
 Lighting (General)  
 Logistics (General)  
 Machinery  
 Meat & Dairy Alternatives  
 Meteorological Solutions (General)  
 Ocean & Tidal (General)  
 Organic & Low-Impact Farming  
 Organic Waste Process  
 Particles & Emission Reduction Devices (General)  
 Power Storage (Battery)  
 Power Storage (General)  
 Power Storage (Pumped Hydro)  
 Railway (Infrastructure)  
 Recyclable & Reusable Products  
 Recyclable Materials  
 Recyclable Products & Materials (General)  
 Recycling Equipment (General)  
 Recycling Services (General)  
 Road Vehicles (General)  
 Sea & Water Decontamination Services & Devices  
 Small Hydro  
 Smart & Efficient Grids (General)  
 Solar (General)  
 Trains (Electric / Magnetic)  
 Transport Pollution Reduction  
 Waste to Energy (General)  
 Water Infrastructure (General)  
 Water Treatment Equipment  
 Wind (General)

### Tier 2 micro sectors\*

Aviation (General)  
 Bio Gas  
 Bio Mass (Waste)  
 Car Clubs  
 Carbon Credits trading  
 Cleaner Power (General)  
 Cloud Computing  
 Cogeneration (Gas)  
 Cogeneration (General)  
 Cogeneration Equipment (General)  
 Controls (General)  
 Energy Management Logistics & Support (General)  
 Environmental Consultancies (General)  
 Environmental Testing & Gas Sensing (General)  
 Finance & Investment (General)  
 Flood Control (General)  
 Fuel Cells  
 General Railways  
 General Waste Management  
 Hydro (General)  
 IT Processes (General)  
 Large Hydro  
 Natural Disaster Response (General)  
 Non GM Advanced Seeds  
 Railways (General)  
 Railways Operator (General)  
 Ride Hailing  
 Shipping (General)  
 Smart City Design & Engineering (General)  
 Sustainable Forestry  
 Sustainable Investment Funds  
 Sustainable Palm Oil  
 Sustainable Plantations (General)  
 Sustainable Property Operator (General)  
 Trains (General)  
 Video Conferencing (General)  
 Waste Management (General)  
 Water Treatment (General)  
 Water Treatment Chemicals  
 Water Utilities (General)

### Tier 3 micro sectors\*

Agriculture (General)  
 Aquaculture (Conventional)  
 Aquaculture (General)  
 Bio Fuel (1st & 2nd Generation)  
 Bio Fuel (3rd Generation)  
 Bio Fuels (General)  
 Bio Mass (grown)  
 Bus and Coach operators  
 Cobalt  
 Food Safety, Efficient Processing & Sustainable Packaging (General)  
 Food Safety, Efficient Processing & Sustainable Packaging (with single use plastic)  
 GM Agriculture  
 Key Raw Minerals & Metals (General)  
 Lithium  
 Nuclear (General)  
 Platinum & Platinum-Group Metals (PGM)  
 Rare Earths  
 Uranium

\* Based on the most usual classification. There can be exceptions to the above tier definitions as the exact categorisation of green revenues by tier is based on the combination of micro sectors with sector and subsector categories.

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## **PENSION FUND COMMITTEE – 9 JUNE 2023**

### **REVIEW OF GOVERNANCE POLICY & GOVERNANCE COMPLIANCE STATEMENT**

**Report by the Director of Finance**

#### **RECOMMENDATION**

- 1. The Committee is RECOMMENDED to approve the revised draft Governance Policy and Governance Compliance Statement attached at Appendix 1 and 2 respectively.**

#### **Introduction**

2. Under regulation 55 of the LGPS Regulations 2013, all Funds within the Local Government Pension Scheme (LGPS) in England and Wales are required to publish a Governance Compliance Statement.
3. The regulations prescribe the content of the Governance Compliance Statement/Policy which must also be included in the annual report. The Statement/Policy should outline the overall governance structures and arrangements in place including:
  - the respective roles and responsibilities of the pensions or investments committee, local pensions board and any related sub-committees or advisory panels;
  - membership of each panel, board, committee or sub-committee with details of each member's voting rights, record of attendance at meetings and details of training received;
  - how the CIPFA Knowledge and Skills Framework, and other training requirements, (e.g. for MIFID II and The Pensions Regulator) have been applied;
  - how oversight and governance of the regional asset pool takes place;
  - other key elements of the governance structure (e.g. key officers, risk management arrangements and systems of internal controls);
  - policies and processes for managing conflicts of interest (e.g. Codes of Conduct, Register of Interests).
4. The main updates to Governance Policy which was last reviewed in 2019 includes:
  - Membership of the Pension Fund Committee to reflect the changes to the constitution which were presented to the Committee in March 2021 as a result of the Independent Governance Review carried out by Hymans Robertson. This includes the appointment process for the non-voting representatives;

- Inclusion of a new section on 'Knowledge & Skills', including the Mandatory Training Policy and rules on substitute members.
  - A few additional points within the 'Operational Procedures' section covering:
    - (1) Overview of risk register, internal controls, policies and processes for managing conflicts of interests;
    - (2) Governance arrangements for the Brunel Pension Partnership;
    - (3) Reference to the newly established 'Governance Team' within the 'Informal Governance Arrangements'.
5. As a consequence of the changes to the Governance Policy, the Fund is now fully compliant across all headings and criteria as set out in the Governance Compliance Statement included as Appendix 2 to this report.

Lorna Baxter  
Director of Finance

Contact Officer: Mukhtar Master  
Tel: 07732 826419

June 2023

# **Oxfordshire Pension Fund**

## **Governance Policy Statement**

### **Introduction**

1. This is the Governance Policy Statement of the Oxfordshire Local Government Pension Scheme (LGPS) Pension Fund, as required under Section 55 of the Local Government Pension Scheme Regulations 2013.
2. As required by the Regulations, the Statement covers:
  - Whether the Administering Authority delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the Authority;
  - The frequency of any committee/sub-committee meetings;
  - The terms of reference, structure and operational procedures in relation to the use of the delegated powers; and
  - Whether the Committee includes representatives of scheme employers, and scheme members, and if so, whether they have voting rights.

### **Governance of the Oxfordshire Pension Fund**

3. Under the Government requirements for a Cabinet structure in local government, the management of the pension fund is seen as a non-executive function i.e. the Cabinet or equivalent body should not carry it out.
4. Oxfordshire County Council, acting as Administering Authority for the Fund, has determined to delegate all functions relating to the maintenance of a pension fund to the Pension Fund Committee.

### **Oxfordshire Pension Fund Committee – Terms of Reference**

5. Under the terms of the County Council's constitution, the terms of reference for the Pension Fund Committee are:
  - The functions relating to local government pensions etc specified in Paragraph 1 in Schedule H of Schedule 1 to the Functions Regulations, together with functions under Section 21 of the Oxfordshire Act 1985 (division of county superannuation fund).
  - The functions under the Firefighter's Pension Schemes specified in Paragraph 2 in Section H of Schedule 1 to the Functions Regulations.

6. A more detailed interpretation of these terms of reference includes the following:
- a) respond as appropriate to the Government on all proposed changes to the Local Government Pension Scheme
  - b) regularly review and approve the asset allocation for the pension fund's investment
  - c) approve and maintain the fund's Investment Strategy Statement
  - d) approve and maintain the fund's Funding Strategy Statement
  - e) approve and maintain the fund's Governance Policy Statement
  - f) approve and maintain the fund's Communications Policy Statement
  - g) review the performance of the fund,
  - h) appoint an actuary, and independent financial advisor(s), for the fund
  - i) approve an annual report and statement of accounts for the fund
  - j) approve an annual budget and business plan for the investment and administration of the fund
  - k) consider, and if appropriate, approve applications of employers to become admitted bodies to the fund
  - l) consider all other relevant matters to the investment and administration of the fund.

### **Membership of the Committee**

7. The Committee's members shall be appointed by full Council and shall comprise
- 5 County Councillors
  - 1 Representative of the City and District Councils of Oxfordshire
  - 2 Academy sector representatives
  - 1 Oxford Brookes University representative
  - 1 Pension Scheme Member representative.
8. The 5 County Councillor members of the Committee shall have full voting rights. The other 5 representatives are all non-voting members of the Committee.
9. No person can substitute for an appointed member of the Committee unless they have completed the necessary training as set out in the Skills and Knowledge section below.
10. The County Councillors will be appointed to reflect the political composition of the County Council. Councillors will normally serve a 4-year term in line with the County Council elections, subject to any changes agreed by the full Council.
11. The non-voting representatives will also normally serve a minimum of a 4-year term, to be reviewed following the County Council elections and the appointment of the new voting members. The City and District Council representatives will be chosen by Leaders of the respective Councils. The representatives of the Academy sector will be selected

by the proprietor bodies of the Oxfordshire academies. The Oxford Brookes University representative will be selected by the Governing Body of the University. The scheme member representative will be selected by the local branch of Unison.

12. In 2021 changes were made to the constitution of the Pension Fund Committee as a result of an Independent Review of the Pension Fund carried out by Hymans Robertson. The main driver for the recommended changes were to ensure the representation of the key Scheme Employers on the Fund. The changes were consistent with best practice guidance from the LGPS Scheme Advisory Board. The changes resulted in a reduction of the membership of the Committee by two and changes to the representation of Scheme Employers as outlined above. However, only the County Council representatives have voting rights to protect the Administering Authority's ultimate legal responsibility for the administration of the Fund through the County Council.

### **Knowledge & Skills**

13. All members appointed to the Committee must participate in a training programme to ensure that the Committee as a whole has the appropriate skills and knowledge to fully undertake its statutory responsibilities. In summary all Committee Members would be required to
  - a. attend:
    - In their 1<sup>st</sup> year – an induction session on the Oxfordshire Pension Funds Policies, and either
      - ◆ The 3-day LGA Fundamentals Course or
      - ◆ The 5 Core and 4 DB on-line modules of the Pension Regulators Trustee Toolkit
    - In each subsequent year – all pre-Committee training, and a minimum of 2 days additional training.
  - b. complete the annual Knowledge Assessment exercise run by Hymans Robertson; and
  - c. maintain a score on the Knowledge and Assessment exercise consistent with their responsibilities as a serving member of the Pension Fund Committee or Pension Board as appropriate.
14. The Fund will produce an Annual Training Plan based on a training needs assessment for the Committee and Board. It is a mandatory requirement for Committee and Board members to undertake the required training.
15. The Fund will produce an Annual Report which includes details of Committee and Board member training records and attendance.

## Operational Procedures

16. 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.
17. At each meeting, the Committee will receive reports on the investment performance of the Fund. The Brunel Company will be invited to attend meetings as appropriate, and answer questions from the Committee on the performance of the various portfolios relative to their specifications, and on the underlying performance of the Fund Managers.
18. Each meeting of the Committee will be attended by the appointed independent investment advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's attention, all appropriate matters associated with the performance of the Brunel company.
19. Any member of the public has the right to seek to address the Committee by making a formal request in advance of the meeting.
20. The Committee will consult formally with all employers on issues where it has a statutory duty to do so, before it undertakes the responsibilities set out above. This includes the formal consultation with all employers before agreeing the Investment Strategy Statement, and the Funding Strategy Statement, and any significant subsequent changes.
21. The Committee oversee and review various other aspects of the fund including the risk register, internal controls, policies and processes for managing conflicts of interest (e.g. Codes of Conduct, Register of Interests).
22. The governance arrangements for the Brunel Pension Partnership investment pool are set out in the Shareholders Agreement and supported by the Service Agreement signed by the Brunel company and the 10 partnership LGPS funds. Oversight of the performance of the Brunel company is undertaken by the Brunel Oversight Board which consists of one member representing each Fund. Oxfordshire's representative is selected following the establishment of the new Committee after the full Council elections and is currently the Deputy Chairman of the Committee. The Shareholders Agreement sets out those matters which can only be taken forward following a vote of the 10 shareholders – Oxfordshire have delegated the responsibility for exercising their vote to the Section 151 Officer.
23. As listed in the Council's schemes of delegation, some additional responsibilities for functions specifically related to pension fund activities

have been delegated to officers by the Pension Fund Committee.

### **Local Pension Board**

24. Under the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, the Committee have established a Local Pension Board. The role of the Board is to assist the Pension Committee (in its role as Scheme Manager), to secure compliance with the Regulations and all associated legislation, and to ensure the efficient and effective governance and administration of the scheme.
25. The Board has been established with 3 employer representatives, 3 scheme member representatives and a non-voting independent chairman.
26. 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**

27. 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.
28. 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.
29. The Fund have established a new Governance Team with a Governance & Communications Manager and an Officer. The team is tasked with supporting the Committee and Board on all governance matters, including:
  - The General Code of Practice;
  - The Risk Register;
  - The Breaches Register;
  - The Training Plan.

June 2023

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# Oxfordshire Pension Fund

## Governance Compliance Statement

### Principle A – Structure

a.	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	Compliant
b.	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	Compliant
c.	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not Applicable
d.	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Not Applicable

Please use this space to explain reasons for non-compliance

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

Oxfordshire County Council acting as Administering Authority has determined to delegate all functions relating to the management of the Pension Fund to the Pension Fund Committee.

## Principle B – Representation

a.	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include: <ul style="list-style-type: none"><li>• Employing authorities (including non-scheme employers e.g. admitted bodies)</li><li>• Scheme members (including deferred and pensioner scheme members)</li><li>• Where appropriate, Independent professional observers, and</li><li>• Expert advisors (on an ad hoc basis)</li></ul>	Compliant
b.	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights.	Compliant

Please use this space to explain reasons for non-compliance

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

The Governance Policy makes provision for the largest employers to be represented on the Committee.

**Principle C – Selection and Role of Lay Members**

a.	That committee or panel members are made fully aware of the status role and function they are required to perform on either a main or secondary committee.	Compliant
b.	That at the start of any meeting, Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	Compliant

Please use this space to explain reasons for non-compliance

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

**Principle D – Voting**

a.	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant
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Please use this space to explain reasons for non-compliance

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

Only the County Councillor members of the Committee have a vote to ensure that the interests of the County Council as Administering Authority are appropriately protected, and to avoid the need for unwieldy numbers to protect the majority voting position for the majority party on the Council as required under the Local Government Act. This position is set out in full in the Governance Policy.

## Principle E – Training/Facility Time/Expenses

a.	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Compliant
b.	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	Compliant
c.	That the Administering Authority considers the adoption of annual training plans for Committee members and maintains a log of all such training undertaken.	Compliant

Please use this space to explain reasons for non-compliance

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

The Committee approve a training budget each year as a specific part of the business planning purpose. Training sessions are arranged to take place before all Committee meetings. External training courses are brought to the attention of Committee members. Training is provided free of charge, with all legitimate expenses reimbursed.

**Principle F – Meetings (frequency/quorum)**

a.	That an administering authority's main committee or committee meet at least quarterly	Compliant
b.	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Non Applicable
c.	That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Compliant

Please use this space to explain reasons for non-compliance

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

In addition to the quarterly meetings of the main Pension Fund Committee, the Fund arranges an annual Pension Fund Forum, attended by Committee Members, to which all employers are invited.

**Principle G – Access**

a.	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Compliant
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Please use this space to explain reasons for non-compliance

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

All information on which decisions at the main Committee are based is equally available to all Members. A monthly briefing is provided to the Chair and the Deputy Chair.

## Principle H – Scope

a.	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant
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Please use this space to explain reasons for non-compliance

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

The Pension Fund Committee is responsible for all aspects of managing the pension fund, and receives reports on both investment and scheme administration issues. The terms of reference include the wide power to consider all relevant investment and administration issues.

## Principle I – Publicity

a.	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Compliant
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Please use this space to explain reasons for non-compliance

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

Division(s): n/a

## **PENSION FUND COMMITTEE – 9 JUNE 2023**

### **REVIEW OF BREACHES POLICY**

**Report by the Director of Finance**

#### **RECOMMENDATION**

1. **The Committee is RECOMMENDED to**
  - a) **approve the revised draft Breaches Policy attached at Appendix 1.**
  - b) **Determine what further information they wish to receive on a quarterly basis to enable them to meet their statutory duties in respect of actual breaches, and mitigate the risks of potential breaches.**

#### **Introduction**

1. There are various legislative and regulatory requirements for Pension Funds regarding breaches:
  - i) Under the Pensions Act 2004, the Fund must report breaches of the law relating to the administration of the Pension Fund to the Pension Regulator and where data breaches occur to the Information Commissioner;
  - ii) The UK General Data Protection Regulation (UK GDPR) apply to the processing of personal data;
  - iii) The Pension Regulator's Code of Practice 14 provides practical guidance in relation to this legal requirement to Pension Funds. (N.B. This will shortly be superseded by the new General Code of Practice).
3. The Pension Regulator's Code of Practice 14 covers the following areas:
  - Implementing adequate procedures;
  - Judging whether a breach must be reported;
  - Submitting a report to The Pensions Regulator;
  - Whistleblowing protection and confidentiality;
4. The breaches policy was last reviewed at the June 2019 Pension Fund Committee Meeting.
5. The main updates to Breaches Policy includes:
  - Inclusion of the requirements of the UK General Data Protection Regulation (UK GDPR);

- Inclusion of a new section on 'Types of Breaches' which outlines the two types of breaches which can occur, namely data breaches and code of practice breaches;
  - A new section on 'Internal Procedures' which provides a step by step procedures which need to be followed once a breach has been identified;
  - A new section on 'Reporting a Data Breach to the Information Commission (ICO)'.
5. The Policy includes a section on reporting requirements which includes a quarterly report to this Committee which sets out the details of any breaches incurred, including the number and type of breaches, plus the action taken. The Policy also outlines the need for an escalation policy on breaches of regulations in respect of the payment of contributions, which is currently being developed.
  6. The Committee should note that when we previously reported a material breach of regulations to the Pension Regulator in respect of the failure to issue Annual Benefit Statements, the Pension Regulator focused on the role of the Committee. In particular, they wanted to know what information the Committee had received both in advance of the breach and in respect of the breach itself, and what actions the Committee had taken. It was clear that the Pension Regulator saw the Committee as the responsible body.
  7. The Committee should therefore consider whether they are currently getting sufficient information which highlights the risk of a potential breach of regulations in sufficient for them to take remedial action, and whether they are getting sufficient information on actual breaches and the impact of the actions being taken to mitigate the risk in future.

Lorna Baxter  
Director of Finance

Contact Officer: Mukhtar Master  
Tel: 07732 826419

June 2023

# **A Procedure for Reporting Breaches of the Law to the Pensions Regulator**

## **Oxfordshire Pension Fund**

## Introduction

- 1 In April 2015 the Pensions Regulator (the Regulator) published its Code of Practice no 14 (the Code) *Governance and administration of public service pension schemes*. This is not a statement of law of itself, but nonetheless it carries great weight. In some respects it is like the Highway Code, in that some of its contents refer to statutory items, whilst others are advisory. The Courts may however also rely on the latter. In the same way, if determining whether any pensions related legal requirements have been met, a court or tribunal must take into account the Code. This code will shortly be sub-sumed into a new General Code of Practice.
- 2 Subject to the legislative and regulatory requirements of the Code of Practice, the Pensions Act 2004 and the UK General Data Protection Regulation (UK GDPR), there is a statutory duty to report material breaches of the law to the Regulator or the Information Commissioner (ICO). To assist, the Code states that a procedure should be established to ensure that those with a responsibility to make reports are able to meet their legal obligations. This document is that procedure, which relates to all of the Fund's areas of operation.
- 3 Much of the text herein is drawn from the Code itself. Where it has been, the Regulator's copyright applies.
- 4 If you have any questions about this procedure and:
  - You are a member of the Pension Fund Committee, Local Pension Board or you are an external adviser, please contact the Head of Pensions by emailing [pension.services@oxfordshire.gov.uk](mailto:pension.services@oxfordshire.gov.uk);
  - You are an actuary, auditor or other external agent; please contact the Head of Pensions
  - You represent an employer; please contact the Pensions Services Manager by emailing [pension.employers@oxfordshire.gov.uk](mailto:pension.employers@oxfordshire.gov.uk);
  - You are an officer of the Fund, and you work in Administration, please contact Pension Services Manager or Head of Pensions

## Legal requirements

- 5 Stakeholders are required to report breaches of the law to the Regulator where they have reasonable cause to believe that:
  - A legal duty which is relevant to the administration of the scheme has not been, or is not being, complied with;
  - The failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions.
- 6 Stakeholders who are subject to the reporting requirement ('reporters') for public service pension schemes are:
  - Scheme managers (meaning, in the case of the OPF the Pension Fund Committee)

- Members of the pension board - any person who is otherwise involved in the administration of the Fund (all of the Fund's officers);
- Employers, and any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach relates to, or affects, members who are its employees or those of other employers;
- Professional advisers including auditors, actuaries, legal advisers and fund managers; and
- Any person who is otherwise involved in advising the managers of the scheme in relation to the scheme (and thus the Fund's External advisers).

### **Reasonable cause**

- 7 Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated.
- 8 Reporters should ensure that where a breach is suspected, they carry out checks to establish whether or not a breach has in fact occurred. For example, a member of a funded pension scheme may allege that there has been a misappropriation of scheme assets where they have seen in the annual accounts that the scheme's assets have fallen. However, the real reason for the apparent loss in value of scheme assets may be due to the behaviour of the stock market over the period. This would mean that there is not reasonable cause to believe that a breach has occurred.
- 9 Where the reporter does not know the facts or events around the suspected breach, it will usually be appropriate to consult the Head of Pensions or Pension Services Manager, regarding what has happened. It would not be appropriate to check in cases of theft, suspected fraud or other serious offences where discussions might alert those implicated or impede the actions of the police or a regulatory authority. Under these circumstances the reporter should alert the Regulator without delay.
- 10 If the reporter is unclear about the relevant legal provision, they should clarify their understanding of the law to the extent necessary to form a view.
- 11 In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the Regulator may require before taking legal action. A delay in reporting may exacerbate or increase the risk of the breach.

### **Material significance**

- 12 In deciding whether a breach is likely to be of material significance to the Regulator, it would be advisable for the reporter to consider the:
  - Cause of the breach;
  - Effect of the breach;

- Reaction to the breach; and
  - The wider implications of the breach.
- 13 When deciding whether to report, those responsible should consider these points together. Reporters should take into account expert or professional advice, where appropriate, when deciding whether the breach is likely to be of material significance to the Regulator.
- 14 The breach is likely to be of material significance to the Regulator where it was caused by:
- Dishonesty;
  - Poor governance or administration;
  - Slow or inappropriate decision making practices;
  - Incomplete or inaccurate advice; or
  - Acting (or failing to act) in deliberate contravention of the law.
- 15 When deciding whether a breach is of material significance, those responsible should consider other reported and unreported breaches of which they are aware. However, historical information should be considered with care, particularly if changes have been made to address previously identified problems.
- 16 A breach will not normally be materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances. But in such a situation, it is also important to consider other aspects of the breach such as the effect it has had and to be aware that persistent isolated breaches could be indicative of wider scheme issues.

### **Effect of the breach**

- 17 Reporters need to consider the effects of any breach, but with the Regulator's role in relation to public service pension schemes and its statutory objectives in mind, the following matters in particular should be considered likely to be of material significance to the Regulator:
- Local Board and Pension Fund Committee members not having the appropriate degree of knowledge and understanding, which may result in the Board not fulfilling its role, the Fund not being properly governed and administered and/or the Pension Fund Committee breaching other legal requirements;
  - Local Board and Pension Fund Committee members having a conflict of interest, which may result in them, being prejudiced in the way that they carry out their role, ineffective governance and administration of the scheme and/or the Pension Fund Management Panel breaching legal requirements;

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

18 Reporters need to take care to consider the effects of the breach, including any other breaches occurring as a result of the initial breach and the effects of those resulting breaches.

### **Reaction to the breach**

- 19 Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, the Regulator will not normally consider this to be materially significant.
- 20 A breach is likely to be of concern and material significance to the Regulator where a breach has been identified and those involved:
- Do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence;
  - Are not pursuing corrective action to a proper conclusion;
  - Fail to notify affected scheme members where it would have been appropriate to do so.

### **Wider implications of the breach**

- 21 Reporters should consider the wider implications of a breach when they assess which breaches are likely to be materially significant to the Regulator. For example, a breach is likely to be of material significance where the fact that the breach has occurred makes it appear more likely that other breaches will emerge in the future. This may be due to the scheme manager or pension board members having a lack of appropriate knowledge and understanding to fulfil their responsibilities or where other pension schemes may be affected. For instance, public service pension schemes administered by the same organisation may be detrimentally affected where a system failure has caused the breach to occur.

## Types of Breaches

### Data Breaches;

22. Where a breach of security leads to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental or deliberate causes. It also means that a breach is more than just about losing personal data.
23. A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data.

### TPR Code of Practice Breaches:

24. These can occur for a wide variety of tasks normally associated with the administrative function of the scheme including but not limited to: -
25. **Scheme Record keeping** - Failure of employers to provide timely and accurate data for the scheme manager to fulfil their legal obligations such as when an employee joins or leaves the scheme, changes their circumstances or transfers employment between scheme employers;
26. **Maintaining contributions** - Contribution breaches occur when an employer fails to make a timely payment or consistently pays an incorrect amount. The fund are currently developing and implementing an 'Employer Contribution Escalation Policy'. The policy will clearly outline the employer responsibility for payment and the fund steps for escalation which would ultimately lead to a contribution breach;
27. **Provision of information to members** - Failure to disclose information about benefits and scheme administration to relevant parties including provision of annual benefit statements to scheme members or other information as outlined under the Disclosure of Information Regulations 2013.

## Examples of Code of Practice breaches

### Example 1

28. An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is contacted by officers from the administering authority, it immediately pays the moneys that are overdue, and it improves its procedures so that in future contributions are paid over on time. In this instance there has been a breach but members have not been adversely affected and the employer has put its house in order regarding future payments. The breach is therefore not material to the Regulator and need not be reported.

## Example 2

29. An employer is late in paying over employee and employer contributions, and so late that it is in breach of the statutory period for making such payments. It is also late in paying AVCs to the Prudential. It is contacted by officers from the administering authority, and it eventually pays the moneys that are overdue, including AVCs to the Prudential. This has happened before, with there being no evidence that the employer is putting its house in order. In this instance there has been a breach that **is** relevant to the Regulator, in part because of the employer's repeated failures, and also because those members paying AVCs will typically be adversely affected by the delay in the investing of their AVCs.

## Example 3

30. An employer is late in submitting its statutory year-end return of pay and contributions in respect of each of its active members and as such it is in breach. Despite repeated reminders it still does not supply its year-end return. Because the administering authority does not have the year-end data it is unable to supply, by 31 August, annual benefit statements to the employer's members. In this instance there has been a breach which **is** relevant to the Regulator, in part because of the employer's failures, in part because of the enforced breach by the administering authority, and also because members are being denied their annual benefits statements.

## Example 4

31. A member of the Pension Fund Committee, who is also on the Property Working Group, owns a property. A report is made to the Property Working Group about a possible investment by the Fund, in the same area in which the member's property is situated. The member supports the investment but does not declare an interest and is later found to have materially benefitted when the Fund's investment proceeds. In this case a material breach **has** arisen, not because of the conflict of interest, but rather because the conflict was not reported.

## Example 5

32. A pension overpayment is discovered and thus the administering authority has failed to pay the right amounts to the right person at the right time. A breach **has** therefore occurred. The overpayment is however for a modest amount and the pensioner could not have known that (s) he was being overpaid. The overpayment is therefore waived. In this case there is no need to report the breach as it is not material.

## Example of a Data Breach

33. Common examples of data breaches would be when the pensions administration inadvertently send information containing personal member

data, such as pension estimates, annual statements or other information to a wrong address or email. If the breach is for only one member, then that would not be a material breach. However, if the data breach involved many members, then the breach would be material.

## **Internal Procedure**

34. Steps to follow once a breach has been identified:

- a. Record/Report breach on the internal breaches log (Excel) and on SASHA (<https://sasha.oxfordshire.gov.uk/support/home>). The internal breaches log can be found in the following location:
- b. Report breach to the Governance & Communications Team. At this point a determination and assessment of whether the breach is material is made in consultation with the Head of Fund. (See Paragraph 35 for how a material breach is reported to the Regulator). At this point, at the discretion of the Head of Fund, the Chair of the Pension Fund Committee may be informed and consulted;
- c. Quarterly Reporting of breaches to the Pension Fund Committee and the Local Pension Board. Each quarter Committee and Board will receive a report providing the following information on breaches:
  - Number of breaches;
  - Types of breaches (Data or Code of Practice);
  - Action taken.

## **Reporting a Code of Practice Breach to the Regulator**

35. Before you submit a report you should obtain clarification of the law around the suspected breach. If:
- You are a member of the Pension Fund Management Panel, Advisory Panel, Local Board or you are an external adviser, please contact the Head of Pensions
  - You are an actuary, auditor or other external agent; please contact the Head of Pensions
  - You represent an employer; please contact the Pensions Services Manager;
  - You are an officer of the Fund and you work in Administration, please contact your Pension Services Manager or Head of Pensions.
36. The person you contact will consider in the round whether the Regulator would regard the breach as being material. They will also clarify any facts, if required. If the case is a difficult one they will seek advice, as required.
37. Some matters could be urgent, if for example a fraud is imminent, whilst others will be less so. Non-urgent but material breaches should be reported to the

Regulator within 30 working days of them being confirmed, and in the same time breaches that are not material should be recorded.

38. Some breaches could be so serious that they must always be reported, for example a theft of funds by anyone involved with the administration or management of the Fund. It is difficult to be definitive about what constitutes a breach that must always be reported, but one test is: might it reasonably lead to a criminal prosecution or a serious loss in public confidence?
39. Any report that is made (which must be in writing and made as soon as reasonably practicable) should be dated and include as a minimum:
  - Full name of the Fund;
  - Description of the breach or breaches;
  - Any relevant dates;
  - Name of the employer or scheme manager (where known);
  - Name, position and contact details of the reporter; and
  - Role of the reporter in relation to the Fund.
40. Additional information that would help the Regulator includes:
  - The reason the breach is thought to be of material significance to the Regulator;
  - The address of the Fund;
  - The pension scheme's registry number (if available); and
  - Whether the concern has been reported before.
41. Reporters should mark urgent reports as such and draw attention to matters they consider particularly serious. They can precede a written report with a telephone call, if appropriate.
42. Reporters should ensure they receive an acknowledgement for any report they send to the Regulator. Only when they receive an acknowledgement can the reporter be confident that the Regulator has received their report.
43. The Regulator will acknowledge all reports within five working days of receipt, however it will not generally keep a reporter informed of the steps taken in response to a report of a breach as there are restrictions on the information it can disclose.
44. The reporter should provide further information or reports of further breaches if this may help the Regulator to exercise its functions. The Regulator may make contact to request further information.
45. Breaches should be reported as soon as reasonably practicable, which will depend on the circumstances. In particular, the time taken should reflect the seriousness of the suspected breach.

46. In cases of immediate risk to the Fund, for instance, where there is any indication of dishonesty, the Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary. The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty, the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

### **Reporting a Data Breach to the Information Commission (ICO)**

47. You do not need to report every breach to the Information Commissioner and should consider the likelihood and severity of the risk to people's rights and freedoms, following the breach. If a risk is likely, you must notify the Information Commissioner; if a risk is unlikely, you don't have to report it. However, if you decide you don't need to report the breach, you need to be able to justify this decision, and document it.
48. A personal data breach should be reported to the Information Commissioner without undue delay (if it meets the threshold for reporting) and within 72 hours. Reports can be made by calling the Information Commissioner helpline on 0303 123 1113 or by completing the online form on the ICO website.

### **Whistleblowing protection and confidentiality**

49. The Pensions Act 2004 makes clear that the statutory duty to report overrides any other duties a reporter may have such as confidentiality and that any such duty is not breached by making a report. The Regulator understands the potential impact of a report on relationships, for example, between an employee and their employer.
50. The statutory duty to report does not, however, override 'legal privilege. This means that oral and written communications between a professional legal adviser and their client, or a person representing that client, while obtaining legal advice, do not have to be disclosed. Where appropriate a legal adviser will be able to provide further information on this.
51. The Regulator will do its best to protect a reporter's identity (if desired) and will not disclose the information except where lawfully required to do so. It will take all reasonable steps to maintain confidentiality, but it cannot give any categorical assurances as the circumstances may mean that disclosure of the reporter's identity becomes unavoidable in law. This includes circumstances where the regulator is ordered by a court to disclose it.
52. The Employment Rights Act 1996 (ERA) provides protection for employees making a whistleblowing disclosure to the regulator. Consequently, where individuals employed by firms or another organisation having a statutory duty to report disagree with a decision not to report to the regulator, they may have



protection under the ERA if they make an individual report in good faith. The Regulator expects such individual reports to be rare and confined to the most serious cases.

### **Oxfordshire County Council whistleblowing procedure**

53. The Council has its own whistleblowing procedure. The person contacted about the potential breach, eg, the Solicitor to the Fund, will take this into account when assessing the case.

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Division(s): n/a

## **PENSION FUND COMMITTEE – 9 JUNE 2023**

### **RISK REGISTER**

**Report by the Director of Finance**

#### **RECOMMENDATION**

1. **The Committee is RECOMMENDED to:**
  - i) **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.**
  - ii) **Endorse the request from the Fire Service for additional resource to support with work of the remedy workload and the ‘second options’ exercise for all on call fire fighters**

#### **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 5 May 2023, the Pension Board considered the latest risk register and there were no comments to feedback.

#### **New Emerging Risk**

6. A new emerging risk is Risk 24 - Lack of administrative resources and knowledge to administer the Fire Fighters Pension Schemes, specifically with additional remedy workload and second options exercise for on call fire fighters.

There is also a key person risk within the current administration arrangements for the Fire Fighters Pension Schemes.

7. The risk is both to the Fire Service in respect of the effective management of their workforce, and to Pension Services who provide the administration services under a service level agreement with the Fire Service. Without mitigation, the potential impact of this risk has led to it being rated a Red.
8. Following discussions with the Fire Service, it is proposed to mitigate this risk through the recruitment of an additional administrator who would initially work within the Fire Service to collate the information requirements associated with remedy and the second options exercise, and then work alongside the Pension Services Team to support the completion of this work. The new post would be funded by the Fire Service.

### **Increasing Risk**

9. 'Risk 19 – Failure of Pooled Vehicles to meet local objectives' has increased from a Green to an Amber. There have been recent difficulties in recruitment and retention within Brunel compounded by delays in the partner funds agreeing changes to the Remuneration Policy. Whilst there is now agreement on the Remuneration Policy there will be further delaying in recruiting to the vacant positions and reviewing the business model to ensure future resilience.

### **Reducing Risk**

10. Risk 15 is in relation to Fund officers having sufficient skills and knowledge to carry out their roles effectively has been reduced in risk rating. Progress has been made in relation to this risk through the recruitment of the new RI Officer and the regrading of the Governance & Communications Officer/Manager posts. The industry-wide issue of recruitment and retention still continues to be a problem and as such will require Funds to produce a Workforce Strategy as part of the 'Good Governance' Project, sometime during 2023. However, due to the progress the risk has reduced from a Red to an Amber.
11. Risk 17 in respect of data breaches has been reduced from an Amber to Green following the completion of the cyber security review, and the review of the Breaches Policy to ensure it including data breaches as well as breaches of the pension scheme regulations.

### **Same Risk**

12. Two of the remaining five Amber risks relate to the skills and knowledge of the Pension Fund Committee and the Local Pension Board. The new Training Plan 23/24 was agreed at the last Committee meeting. A new version of Hyman's Online Academy has gone live and circulated to all Committee and Board Members. Additionally, a training event has been organised for the 27<sup>th</sup> June to cover the two areas highlighted from last year's National Knowledge Assessment results.

13. The final Amber risks relates to the resources and data requirements associated with implementation of the McCloud remedy. This remains Amber until we receive the final regulations from the Government and can complete the assessment of the data and resources necessary to complete the work required.

Lorna Baxter  
Director of Finance

Contact Officer: Mukhtar Master  
*Tel: 07732 826419*

*June 2023*

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## Risk Register

### Identification of Risks:

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

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

### Key to Scoring

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

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### Likelihood

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

### RAG Status/Direction of Travel

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

Ref	Risk	Scheme	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	LGPS	Investment	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	June 2023	At Target
2	Investment Strategy not aligned with Pension Liability Profile	LGPS	Investment	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	June 2023	At Target
3	Investment Strategy not aligned with Pension Liability Profile	LGPS	Investment	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	June 2023	At Target
4	Under performance of asset managers or asset classes	LGPS	Investment	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	June 2023	At Target
5	Actual results vary to key financial assumptions in Valuation	LGPS	Funding	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	June 2023	At Target
6	Under performance of pension investments due to ESG factors, including climate change.	LGPS	Investment	Failure to consider long term financial impact of ESG issues	Long Term - Pension deficit not closed.	Financial Manager	ESG Policy within Investment Strategy Statement requiring ESG factors to be considered in all investment decisions. The Fund have a Climate Change Policy and implementation plan.	4	1	4	↔			4	1	4	June 2023	At Target.

Ref	Risk	Scheme	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.	LGPS	Investment	Poor Control Processes within Fund Managers and/or Custodian	Long Term - Pension deficit not closed	Financial Manager	Review of Annual Internal Controls Report from each Fund Manager. Clear separation of duties.	3	1	3	↔			3	1	3	June 2023	At Target
8	Employer Default – LGPS	LGPS	Funding	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	June 2023	At Target
9	Inaccurate or out of date pension liability data	LGPS	Funding	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	June 2023	At Target
10	Inaccurate or out of date pension liability data from Employer	LGPS	Operational	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	June 2023	At Target
11	Inaccurate or out of date pension liability data from Employer	LGPS	Operational	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	June 2023	At Target
12	Insufficient resources from Committee to deliver responsibilities-	LGPS	Operational	Budget Reductions	Breach of Regulation	Service Manager	Annual Budget Review as part of Business Plan.	4	1	4	↔			4	1	4	June 2023	At Target
13	Insufficient Skills and Knowledge on Committee	LGPS	Operational	Poor Training Programme	Breach of Regulation.  Loss of Professional Investor Status under MIFID II	Service Manager	Training Review	4	2	8	↔	Implement new training plan 23/24	December 2023	4	1	4	June 2023	Review in light of latest National Knowledge Assessment scores at December 2023 Committee.
14	Insufficient Skills and Knowledge amongst Board Members	LGPS	Operational	Turnover of Board membership	Insufficient Scrutiny of work of Pension Fund Committee leading to Breach of Regulations	Service Manager	Training Policy	4	2	8	↔	Implement new training plan 23/24	December 2023	4	1	4	June 2023	Review in light of latest National Knowledge Assessment scores at December 2023 Committee.

Ref	Risk	Scheme	Risk Category	Cause	Impact	Risk Owner	Controls in Place to Mitigate Risk	Current Risk Rating			RAG Status and Direction of Travel	Further Actions Required	Date for completion of Action	Target Risk Rating			Date of Review	Comment
								Impact	Likelihood	Score				Impact	Likelihood	Score		
15	Insufficient Skills and Knowledge amongst officers.	LGPS	Operational	Poor Training Programme and/or high staff turnover.  Pay grades not reflecting market rates and affecting recruitment and retention.	Breach of Regulation, Errors in Payments and ineffective scheme member engagement.  Inability to effectively meet RI and Climate related objectives.	Service Manager	Training Plan. Control checklists. Use of staff from 3 <sup>rd</sup> party agencies	3	2	6	↓	Complete recruitment/procurement of additional staff. Urgent piece of work with HR to support payment of Market Supplements and ensuring appropriate pay grades for new posts – pending the Workforce Strategy required next year as part of the 'Good Governance' Project from Central Government.	Sept 2023	3	1	3	June 2023	Awaiting publication of the Good Governance Project proposals.
16	Key System Failure	LGPS	Operational	Technical failure	Inability to process pension payments	Pension Services Manager	Disaster Recovery Programme, and Cyber Security Policy	4	1	4	↔			4	1	4	June 2023	At Target
17	Breach of Data Security	LGPS / FPS	Operational	Poor Controls	Breach of Regulation, including GDPR	Pension Services Manager	Security Controls, passwords etc. GDPR Privacy Policy and Cyber Security Policy.	4	1	4	↓			4	1	4	June 2023	At Target
18	Failure to Meet Government Requirements on Pooling	LGPS	Governance	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	June 2023	At Target
19	Failure of Pooled Vehicle to meet local objectives	LGPS	Investment	Sub-Funds agreed not consistent with our liability profile.	Long Term - Pension deficit not closed	Service Manager	Full engagement within Brunel Partnership	4	2	8	↑	Agree changes to Remuneration Policy and review arrangements to ensure resilience of business model.	On-going	4	1	4	June 2023	Above Target

Ref	Risk	Scheme	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		
20	Significant change in liability profile or cash flow as a consequence of Structural Changes	LGPS	Funding	Significant Transfers Out from the Oxfordshire Fund, leading to loss of current contributions income.	In sufficient cash to pay pensions requiring a change to investment strategy and an increase in employer contributions	Service Manager	Engagement with key projects to ensure impacts fully understood	4	1	4	↔	Need to Review in light of current Government consultation to switch HE and FE employers to Designating Bodies, and potential reclassification and introduction of a Government guarantee.	TBC	4	1	4	June 2023	At Target
21	Insufficient Resource and/or Data to comply with consequences of McCloud Judgement & Sergeant.	LGPS / FPS	Operational	Significant requirement to retrospectively re-calculate member benefits	Breach of Regulation and Errors in Payments	Pension Services Manager	Engagement through SAB/LGA to understand potential implications and regular communications with scheme employers about potential retrospective data requirements.	4	3	12	↔	Signed up with the LGPS Framework. Now in procurement process to get additional resource to support the McCloud Project. Review resources for FPS	On-Going	2	2	4	June 2023	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 - Sergeant	FPS	Governance (FPS)	Pressure from Fire Brigades Union to act in advance of new Regulations	Court Order to deliver remedy	Deputy Chief Fire Officer	Seeking to follow consistent approach in line with Scheme Advisory Board guidance.	4	1	4	↔			4	1	4	June 2023	At Target.
23	Loss of strategic direction	LGPS / FPS	Governance	Loss of key person	Short term lack of direction on key strategic issues	Director of Finance	Governance & Communications Manager has started and as a consequence provides resilience to the team.	2	1	2	↔			2	1	2	June 2023	At Target.
24	<b>NEW RISK:</b> Lack of administrative resources and knowledge for FPS, specifically with additional remedy workload and second options exercise for on call fire fighters.	FPS	Operational (FPS)	Court judgements have created additional work. Also, concern that there is a key person risk.	Breach of Regulation, Errors in Payments, and ineffective scheme member engagement. Reputational damage to OCC	Deputy Chief Fire Officer / Pension Services Manager	Initial discussions have taken place – options 1. appoint new FPS administrator. 2. outsource administrative function, which was discounted.	4	3	12	↑	Seek PFC agreement for FRS to appoint additional administrator to collate data required for remedy and second options exercise and then to work in tandem with Pension Administrators to complete work required. This is at cost to FRS.	TBC	2	2	4	June 2023	Seek PFC agreement that this is the best option to mitigate the risk of being unable to deliver remedy or second options exercise.

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## **PENSION FUND COMMITTEE – 09 JUNE 2023**

### **ADMINISTRATION REPORT**

#### **Report by the Director of Finance**

#### **RECOMMENDATION**

The Committee is **RECOMMENDED** to

- a) Note the progress against the Administration objectives for the year; and
- b) Decide what additional information they require to be included in this report.

#### **Executive Summary**

1. 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.

#### **Staffing**

2. Two administrators have been appointed to the permanent posts in the employer team. Team leaders are also looking to appoint two temporary administrators for the McCloud project from this round of interviews.
3. It should also be noted that there are some continuing individual issues of under performance in the team which are being actively managed. However, this along with team member sickness absence and using up leave in the last quarter is impacting on the team performance, particularly benefit administration.
4. Officers are now looking at other options to secure additional resources for project / one off pieces of work.

#### **Performance Statistics**

5. This committee has asked for information to be presented using graphs rather than charts as this is still being developed in the reporting software this report does not contain either but sets out main points for review.

#### **Incoming data and end of year**

6. At the point of writing this report there is 1 end of year return outstanding a month after submission deadline. This (new) employer has been in discussion with the team to resolve a system issue.



7. Of the returns that have been received, there are 84 scheme employers where team needs to complete vetting of monthly returns before the end of year can be processed. The number of returns still to be processed equals 213.
8. There are 601 tasks to be cleared down, which is done as part of vetting process.
9. There has been little activity on new scheme employers / admission agreements.

### **Administration Statistics**

10. Work relating to divorce, transfers in, interfunds in, transfers out and interfunds out is currently being stockpiled whilst waiting for new factors for the calculation. This amounts to 263 cases to date.
11. Of the work completed during April, amounting to 1,352 cases:
  - 7 subjects, including deaths and retirements are above SLA targets
  - 2 subjects, member estimates and member enquiries were just below SLA target, and
  - 5 subjects, trivial commutation; additional pension contributions; refunds; leavers and concurrent merges are out of SLA specification.
12. This leaves the team with 2,131 open cases. Of these 656 are on hold waiting for further information to be provided either by the scheme employer, or scheme member. Overall, these cases are 73% within SLA specification.

13. Suspended Pensions – as of 21 April 389 pension payments were in suspense. The majority of these (208 cases) are linked to the project closing old death cases. Other reasons for suspending these payments are returned payments, often where member has died but no notification of death has been received; change of address where a trace is then required.
14. Statutory returns have all been completed and made on time in respect of:
  - HMRC Accounting for Tax
  - HMRC Event Reporting
  - Pension Increase applied to all pensions in payment
  - P60's issued to all pensioners

### **Fire Service Administration**

15. During last period 33 cases were completed, all within SLA specification.
16. This leaves the team with 32 open cases, which the team is reviewing to identify any outstanding information / what action needs to be taken to complete this work.

### **Complaints**

17. In the year to May there have been six informal complaints received. The formal complaints dealt with this financial year are:

Reference	Complaint	Stage 1 Decision	Stage 2 Decision	tPO
23/001	Transfer / refund	Not Found	Found	
23/002	Transfer	Not Found	In progress	
23/003	3 months' notice to take pension	Not Found		
23/004	Linking of records	Not Found	Not Found	
23/005	Ill-health retirement	In progress		
23/006	Ill-health retirement	Not Found	Not Found	
23/007	Ill-health retirement	Not Found	Referred back to employer	

18. Actions from complaints:

1. In case of 23/001 the member left fund in 2002 and at that time was, incorrectly, told that they were entitled to either a refund or a transfer of benefits. This incorrect information has been compounded in later correspondence. This case was reviewed at stage 2 confirming to the member that the only option available from the point of leaving was a refund of contributions. The contributions and interest have been paid to the member along with a compensatory payment of £1,000 for the distress and inconvenience.

### **Data Quality**

19. No issues to report – data is continuing to be reviewed as part of end of year process.

### **Contribution monitoring**

20. The Pension Regulator's draft code of practice sets out contribution monitoring as an area of focus for administration. This guidance, along with recent events has resulted in a review of our monitoring and reporting arrangements in this area and a new process is currently being drafted. This will include process to link to breach reporting, which is a separate item on this agenda.
21. This new process will streamline current reporting arrangements to make it easier to identify and respond where contributions are overdue.
22. That the current process is not as robust as it should be is highlighted by a recent case which was escalated due to non-payment of contributions and then a further outstanding amount of unpaid contributions.
23. The most recent unpaid monthly contribution issue has been escalated to Head of Pensions who is in correspondence with company regarding this outstanding amount.
24. The issue around the long-standing outstanding amount is more complicated since it now seems that part of the company became insolvent and has continued to provide the service and remain in LGPS after a restructure. This was only recently notified to Pension Services as a change of name so legal advice will now need to be sought. The original admission agreement was a pass-through arrangement; therefore, the fund will be protected from any loss.

### **Projects**

25. The work that has, so far been identified as project work is detailed below.
26. Work has started on reviewing the death process which will include the review of the historic death cases where there is outstanding information which is needed to enable files to be finalised. Target date for completion was initially 31 May 2023. Given staffing issues this is being reviewed

27. AVC – a review of data held by Fund vs data held by Prudential is currently being undertaken.
28. A2P – a revised project plan has been set out which will initially review the work already done on transfer out; interfund out and refunds. Existing workflow processes will then be amended so that the new process can be implemented by end of November 2022.
29. This leaves three subjects - retirements, deaths and recalculations – to be reviewed and new workflow processes implemented. Work has started on death process which will be completed by May 2023. Other dates have yet to be finalised.
30. I-connect – the first OCC live return has been received this month, which means all scheme employers are now using i-connect.
31. There have been some changes to i-connect the first of which is to enable scheme employer to explain any variations between contributions due and the amounts paid over – this will help with contribution monitoring and reduce number of queries needing to be raised.
32. Scheme employers will also now be able to upload documents via i-connect to support the information on their returns in cases of members opting in / out of the scheme; retirement information and where the employer is requesting an estimate of costs.

#### Debt Management

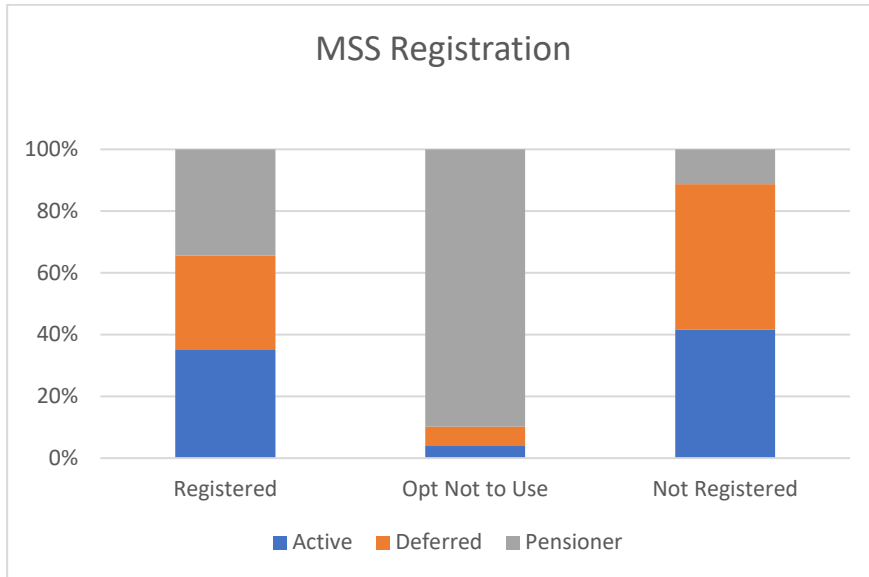
33. Final discussions on the process are taking place and a review of the outstanding invoices is being carried out.
34. As of 01 January, the total value of outstanding invoices amounted to £93,843.76, of which £92,381.90 is overdue. An update on this information will be provided at the meeting since work is in progress to review the information held.
35. £55.31 was written off in last quarter. This related to eight deaths.

#### Breaches

36. In the last quarter 4 breaches have been recorded. Three of these relate to the late payment of pension contributions – in two cases this was followed up and payments were made two days after due date.
37. The third contribution amount outstanding is discussed under contribution monitoring above.
38. There was also one data breach where two letters (to different members) were sent out in same envelope. This has been resolved and closed.

Member Self - Service

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



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## OXFORDSHIRE LOCAL PENSION BOARD – 7 JULY 2023

### 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 sixth 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.
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 led to a loss of 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.

- g. Fees paid in respect of a number of the private market portfolios are paid on the basis of resources committed rather than actual money invested, and even where invested, performance often follows the J-curve with a dip in value before stronger investment performance later in the life of the asset/company (as a result of construction costs, investing in start up companies etc)
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 2022/23 amounted to £14.3m including the fees payable to Brunel to cover the operating costs of the company. This equates to 45bps when taken as a percentage of a simple average of the assets invested over the course of 2022/23. The equivalent figures for the previous financial year were £13.7m and 44bps. Further details are included in the annex to this report.
6. Over the course of 2022/23, the investments reduced in value by 3.9%, which was 3.1% below the benchmark return or -0.8%. Over the longer periods of 3, 5 and 10 years the Fund under-performed its benchmark by 1.3%, 0.6% and 0.2% per annum respectively.
7. Last year, all the equivalent figures indicated out-performance against the benchmark, indicating the impact on the long-term position of one poor year. It is equally true that another good year in 2023/24 would restore all the long-term figures to indicate outperformance against the benchmark. This volatility makes it very difficult to draw any clear conclusions in respect of the value for money paid to the active managers.
8. As noted above, it is difficult to draw any firm conclusions from the data. Looking at the individual average fees paid for each asset class shows that whilst the total average fee has risen from 44bps to 45bps, many of the fees for individual asset classes has fallen. However, as the Fund has increased its commitments into the private markets, there is now a higher weighting to the more expensive asset classes.
9. The figures indicate that the most expensive asset class is infrastructure at 205bps. This though is down from a figure of 263bps in 2021/22 largely as more of the commitments have now been called without a corresponding increase in fees. Whilst the figures show it is the most expensive asset class in 2022/23, the performance figures also indicate it was one of the best performing within the Fund, outperforming the benchmark by over 4.0% (three-year

outperformance is 3.4%). This suggests that the Fund is receiving value for money for the higher fees paid.

10. The other high-cost asset classes are private equity and private debt. Private equity too has seen long-term outperformance against the benchmark of more than 3% so again justifying the higher fee level. Private debt does not yet have a long-term record within the Oxfordshire Fund so it is difficult to draw any conclusions at this stage. The fee level on private debt should also fall going forward as more of the commitments are called without a corresponding increase in fees paid (the same issue which explains the movement in average fees from 460bps to 98bps over the last year).
11. The challenges of interpreting the data for the private debt portfolio are replicated across the majority of the private market asset classes where the majority of the allocations to Brunel have not yet reached their third year, so distorting fee levels when expressed relative to assets invested, and where we have no long-term performance records to demonstrate the extent to which these portfolios are delivering value for money for the Fund.

Lorna Baxter  
Director of Finance

June 2023

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## Annex 1

Asset Class	Fees Paid 2021/22 £000	Fees Paid 2022/23 £000	Average Investment 2021/22 £m	Average Investment 2022/23 £m	Average Fees 2021/22 bps	Average Fees 2022/23 bps
Equity	4,624	4,289	1,713	1,720	27	25
Fixed Income	628	459	489	379	13	12
Diversified Growth Fund	650	561	159	139	41	40
Private Equity	3,134	4,255	305	360	103	118
Property	2,226	1,890	202	233	110	81
Infrastructure	1,261	1,609	48	79	263	205
Multi-Asset Credit	543	461	70	137	78	34
Secured Income	355	512	78	98	46	53
Private Debt	276	254	6	26	460	98
Cash	n/a	n/a	42	39	n/a	n/a
<b>Total</b>	<b>13,697</b>	<b>14,290</b>	<b>3,112</b>	<b>3,210</b>	<b>44</b>	<b>45</b>