

# OXFORDSHIRE PENSION FUND

## REPORT AND ACCOUNTS 2019-2020

Registered number PS049/20



OXFORDSHIRE  
COUNTY COUNCIL

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## Foreword by the Director of Finance

### Introduction

The 2019/20 Report and Accounts reflect a year where Environmental, Social and Governance issues played an increasingly important role for the Pension Fund. A lot of work was done throughout the year to develop the Fund's first ever Climate Change Policy to be included as part of the Fund's Investment Strategy Statement. The year ended with the challenges presented by the Covid-19 pandemic in terms of investment performance, whilst the staff successfully transitioned to remote working with no significant impact on service delivery.

It was also Valuation year, with the first Valuation report produced by our new Fund Actuary Hymans Robertson. Despite the many challenges in terms of the cost control mechanisms introduced nationally, the McCloud age discrimination case, and the pressure on future investment returns, many employers saw stable contributions rates based on a new risk based approach to the Valuation.

### Key Activities of 2019/20

In June 2019 as part of the annual review of the Investment Strategy Statement the Pension Committee agreed to set up a stakeholder workshop in the autumn to develop its Climate Change Policy. With an independent facilitator, and a range of expert from the investment and academic fields, a number of which proposed by Fossil Free Oxfordshire, this all-day workshop discussed the science behind climate change, the financial impact and the best ways of mitigating the detrimental impact. A small working group then took the key messages from the day and turned them into the first draft of the Climate Change Policy which was subsequently approved by the full Committee in June 2020, following a consultation exercise. Key elements of the new policy are a commitment to align all investments with the Paris Agreement and a maximum increase in global temperatures of 1.5°C.

Whilst the Policy is based on a long term view and consistent with the Paris Agreement targets of net zero carbon emissions by 2050, the Committee also took a couple of short term decisions and agreed to switch money from the current equity portfolios to

the new low carbon passive equity fund and the sustainable equity fund established by Brunel. An initial implementation plan has also been developed to support further changes and to develop relevant metrics to monitor progress.

The financial impact of non-financial global factors on investment returns was brought into sharp focus as the financial year drew towards a close with the declaration of a global pandemic related to the spread of Covid-19. Markets saw significant and very rapid falls not seen since the financial crisis of 2008. National imposed lockdowns also saw the majority of staff working remotely from home, though the advances of technology meant that across both pension investments and administration, staff quickly settled into new ways of working, with little impact on service delivery.

The 2019 Valuation was the first carried out for the Oxfordshire Fund by Hymans Robertson and introduced a new risk based approach. Rather than taking a single set of valuation assumptions, contribution rates are set based on the risk of reaching funding targets over agreed timeframes looking at 5,000 potential future economic scenarios. The high levels of investment return over recent years that had increased funding levels close to 100%, were offset by the likelihood that such levels could not be maintained going forward, resulting in contribution rates for the majority of employers remaining stable. Key differences were seen in the further education sector where Government changes had reduced the financial covenant of the colleges, which led to the Fund agreeing to take some of the risk out of the valuation results and therefore an increase in future employer contribution rates.

Other activities during 2019/20 saw a further transition of investment assets to Brunel, with just under 50% of the Funds assets placed within portfolios managed by Brunel by 31 March 2020. Work continued along the partner funds to develop the new monitoring and assurance arrangements to oversee Brunel's management of our investments, and new reports were presented to Committee including much more detailed analysis of our ESG activity and the carbon exposure of our investments.



**Foreword by  
the Director  
of Finance**

## **The Fund**

The Fund saw a further significant change in the employer base, with 25 new scheme employers and 47 leaving the Fund. The majority of these changes were in the school's sector reflecting movement between academy trusts and new outsourcing contracts for school meals and cleaning. The Fund had a total of 64,764 members as at 31 March 2020, an increase of 2% since last year, including a 1% increase in active members.

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

## **Investment Performance**

The Fund lost 5.78% of its value over the year, 0.30% more than the strategic benchmark against which performance is measured. These losses all occurred in the last 2 months of the year as the impact of Covid-19 began to be felt within the markets, and much of these losses have subsequently been regained as the markets have bounced back in 2020/21. The 5.8% loss when combined with the positive cash flow meant the fund finished the year at a value of £2.4bn.

## **The Future**

The Pension Fund Committee has set a number of objectives within its Business Plan for 2020/21. These build on the challenges within 2019/20 and the areas of growing national focus.

For the Brunel Pension Partnership the process of developing the new portfolios and transitioning funds from the current managers continues. It is expected that all the assets from all the open vehicles will have transitioned to Brunel by the end of 2020/21, leaving just the assets in the closed private market funds, which will transition to Brunel as the money is distributed back to the Fund by the Manager. Key focus will then be to ensure Brunel develops the full range of portfolios aligned with the

Paris Agreement to enable the Fund to deliver its new investment strategy.

The Implementation of the Climate Change Policy will be a major piece of work during 2020/21, with the support and challenge of Fossil Free Oxfordshire, and in conjunction with Brunel and the other funds within the partnership. Key will be identifying and collecting new metrics so that future targets can be set, and progress towards delivering the strategy can be measured.

A new area of focus will be the development of the governance arrangements of the Fund. This is an area of increased focus for the Pension Regulator, and the national Scheme Advisory Board who are sponsoring the good governance project. One of the provisional recommendations of the good governance project is a peer review of each Fund's governance arrangements and work will need to focus on the current skills and knowledge of the Committee, the performance monitoring arrangements in place, and the levels of risk management and internal controls.

The final objective for the year is the further improvement in scheme employer and scheme member engagement with the Fund. Work here will include further automation of the processes, with the completion of the implementation of iConnect to enable the automatic transfer of member data from scheme employers to the Fund, as well as increased functionality of the Member Self-Service platform. A key challenge in this area will be the retrospective collection and validation of the scheme member data to implement the Government's proposed solution to the age discrimination of the transitional arrangements to the CARE scheme put in place in 2014, as identified by the McCloud court case. This will be a challenge for both the central administration team and all scheme employers. Hopefully there are no further external surprises of the sort provided by the pandemic this year which will add further difficulties to what is already seen as a significant issue for all concern.

**Lorna Baxter**  
**Director of Finance**

**August 2020**

## Local Pension Board

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

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

Under the constitution of the Board, an annual report on the work of the Board should be produced by the Board for inclusion in the Fund's own annual report; and it should be presented to the Pension Fund Committee within 6 months following the end of the municipal year. This report meets that requirement for the 2019/20 financial year, covering the work from the July 2019 Board meeting to their meeting on 24 January 2020 (N.B. The meeting scheduled for 1 May 2020 was cancelled due to the lockdown

restrictions in place at that time as a result of the Covid-19 pandemic).

Angela Priestley-Gibbins, the Pensions Specialist at the Thera Trust joined the Board during the year to replace Cllr Sandy Lovatt as a Scheme Employer representative. Cllr Lovatt was required to step down from the Board having lost his seat in the local government elections in May 2019, and therefore no longer met the criteria to qualify as a Scheme Employer Representative. Mark Spilsbury retired from his post as Head of Pensions in Gloucestershire and therefore stepped down from his position as Chair of the Board following the January 2020 meeting. Attendance at Board meetings was as below:

All meetings were attended and chaired by Mark Spilsbury in line with his appointment as the Independent Chairman. Sean Collins, the Head of Pensions for the Oxfordshire Fund sits as Independent Chairman of the Gloucestershire Local Pension Board in a reciprocal arrangement.

Cllr Bob Johnston, Alistair Bastin and Stephen Davis regularly attended the Pension Fund

	Attended 12 July 2019 Meeting	Attended 25 October 2019 Meeting	Attended 24 January 2020 Meeting	01 May 2020 Meeting Cancelled
<b>Scheme Employer Representatives</b>				
Cllr Bob Johnston (Oxfordshire County Council)	Yes	Yes	Yes	n/a
Angela Priestly-Gibbins (The Thera Trust)	n/a	Yes	No	n/a
Lisa Hughes (River Learning Trust)	Yes	No	Yes	n/a
<b>Scheme Member Representatives</b>				
Stephen Davis (Oxford City Council & Unite)	Yes	Yes	Yes	n/a
Alistair Bastin (Oxfordshire County Council & Unison)	Yes	No	No	n/a
Sarah Pritchard (Oxford Brookes University)	Yes	Yes	No	n/a

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.

### **Work Programme**

During 2019/20 the Pension Board continued to review the progress of the Fund in delivering against the Improvement Plan, developed to address the issues in previous years of breaches of the statutory requirements to issue Annual Benefit Statements by the end of August each year. The Board received up to date reports on the latest position at both their July and October meetings and welcomed the positive improvement in performance.

At their January meeting, the Board reviewed the standard performance data presented to the Pension Fund Committee. They welcomed the data presented and asked that the minutes of the Committee meetings were added to their own agenda so that they could assure themselves that the Committee were properly challenging the performance data presented.

At each of their meetings, the Board reviewed the Risk Register papers presented to the meetings of the Pension Fund Committee and offered a number of challenges to the presentation of the data and to individual risk scores, as well as identifying areas which they did not believe were adequately covered in the risk register. The Board noted that the risk management arrangements had improved as a direct consequence of their scrutiny and advice back to the Committee and confirmed they were happy with the current level of detail and scrutiny.

The Board also considered the Committee's Annual Business Plan at each of their meetings during 2019/20. The key issue identified by the Board was the need to strengthen the governance arrangements in terms of Committee membership and training so all members attending and voting at a Committee meeting had the necessary skills and knowledge to contribute on the agenda items presented to them. The Board also advised the Committee on the benefits amending their investment strategy to switch investments to the new low carbon portfolio developed by Brunel.

In respect of the Fund's asset allocation and climate change policy, all members of the Board with the exception of the Independent Chairman and Lisa Hughes attended the full day Climate Change Workshop held in November 2019 to support the Committee in developing its first Climate Change Policy. Alistair Bastin presented to the workshop on the findings of a recent scheme member survey on their views on the subject. Alistair subsequently joined the working group which produced the draft Policy presented to the Committee at their March meeting.

During the year, the Board also received reports on the 2019 Valuation and the new Funding Strategy Statement. The Board commented favourably on the information presented by Hymans Robertson who were undertaking their first Valuation for the Oxfordshire Fund. In particular, they welcomed the presentation by the Fund Actuary at the Employer Forum in January and the employer surgery sessions which took place that same afternoon and suggested they became a regular feature of future valuation arrangements.

## Local Pension Board

Other issues looked at during the year by the Pension Board included Employer Training, Fund Manager Fees, Cyber Security and the requirements of the Pension Regulators Code of Practice 14. On this final item, they welcomed the extent to which Oxfordshire complied with the Code, whilst identifying the need to improve reporting on their own training plans, and on the monitoring of the collection of employer contributions.

### **Future Work Programme**

Two of the key issues picked up by the Board during 2019/20 have been included in the Annual Business plan of the Pension Fund Committee and therefore will continue to areas of focus for the Board during the course of 2020/21.

The first of these is the need to review the overall governance arrangements of the Fund in light of increased scrutiny and the Good Governance review commissioned by the national Scheme Advisory Board. This work will include further review of the skills and knowledge of the Committee and the Board themselves, including a report on the results of the National Knowledge Assessment undertaken by Hymans Robertson, which all members of the Board completed.

The second key issue is the continued development of the Climate Change Policy with the development of the Implementation Plan and the future monitoring arrangements. This will be a regular item at each of the Committee and Board meetings, with the Board expected to play a key role to ensure the views of scheme employers and scheme members are fed into the new arrangements.

The Board will also have the opportunity to review the new governance arrangements being developed to enable the Pension Fund Committee to hold the Brunel Company to account. This work will cover both investment performance and performance against the engagement and responsible investment policies.

The Board will also maintain its focus on the risk register to ensure that the Committee is able to meet its statutory duties.

Board Members Training 2019/20	Date	Training Course
<b>Alistair Bastin</b>	26-Jun-19	CIPFA LGPS LPB Annual Event
	03-Oct-19	LGA Fundamentals training Day 1
	14-Nov-19	LGA Fundamentals training Day 2
	18-Dec-19	LGA Fundamentals training Day 3
	08-Nov-19	Climate Change Workshop
	06-Dec-19	Pre-Committee Briefing on 2019 Valuation
	23/24-Jan-20	LGPS Annual Governance Conference
	07-Oct-19	CIPFA LPB Members Seminar
	20-Feb-20	LGPS LPB Spring Seminar
<b>Angela Priestley-Gibbins</b>	08-Nov-19	Climate Change Workshop
<b>Bob Johnston</b>	03-Oct-19	LGA Fundamentals training Day 1
	06-Nov-19	LGA Fundamentals training Day 2
	18-Dec-19	LGA Fundamentals training Day 3
	07-Oct-19	CIPFA LPB Members Seminar
	08-Nov-19	Climate Change Workshop
	06-Dec-19	Pre-Committee Briefing on 2019 Valuation
	20-Feb-20	LGPS LPB Spring Seminar
<b>Lisa Hughes</b>	26-Jun-19	CIPFA LGPS LPB Annual Event
	07-Oct-19	CIPFA LPB Members Seminar
<b>Sarah Pritchard</b>	08-Nov-19	Climate Change Workshop
<b>Stephen Davis</b>	26-Jun-19	CIPFA LGPS LPB Annual Event
	07-Oct-19	CIPFA LPB Members Seminar
	08-Nov-19	Climate Change Workshop
	06-Dec-19	Pre-Committee Briefing on 2019 Valuation
	15-Jan-20	Local Authority Responsible Investment Seminar



## Statement of Responsibilities for the Pension Fund

### **The County Council's Responsibilities**

The County Council is required to:

- make arrangements for the proper administration of the financial affairs of the Pension Fund and to ensure that one of its officers has the responsibility for the administration of those affairs. For the County Council, that officer is the Director of Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

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

### **The Responsibilities of the Director of Finance**

The Chief Finance Officer is responsible for the preparation of the Pension Fund's accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ('the Code of Practice').

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

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

The Director of Finance has also:

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

**Lorna Baxter**  
**Director of Finance**

## **Independent Auditor's Statement to the Members of Oxfordshire Pension Fund on The Pension Fund Financial Statements**

### **Opinion**

We have examined the pension fund financial statements for the year ended 31 March 2020, which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 29.

In our opinion, the pension fund financial statements are consistent with the full annual statement of accounts of Oxfordshire County Council for the year ended 31 March 2020 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We have not considered the effects of any events between the date we signed our report on the full annual statement of accounts on 30 November 2020 and the date of this statement.

### **Respective responsibilities of the Director of Finance and the auditor**

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the pension fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the

statement of accounts of Oxfordshire County Council, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists of the information within the Oxfordshire Pension Fund Report and Accounts 2019/20 other than the Pension Fund Accounts 2019-20 on pages 44 to 79 and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the administering authority's full annual statement of accounts describes the basis of our opinions on those financial statements.

**Kevin Suter (Key Audit Partner)**  
**Ernst & Young LLP (Local Auditor)**  
**Southampton**  
**03 December 2020**

**Scheme  
Management  
& Advisors**

<i>Administering Authority</i> .....	Oxfordshire County Council County Hall Oxford OX1 1ND
<i>Administrator</i> .....	Director of Finance
<i>Pension Fund Committee</i> .....	Cllr Kevin Bulmer (Chairman)
<i>County Council Members 2019/20 Membership</i>	Cllr Nicholas Field-Johnson (Deputy Chairman) Cllr Ian Corkin Cllr Roz Smith Cllr Mark Lygo Cllr Charles Mathew Cllr John Sanders Cllr Lawrie Stratford Cllr Alan Thompson
<i>Representatives of District Councils</i>	Cllr Alaa Al-Yousuf (WODC) Cllr Jo Robb (SODC)
<i>Beneficiary Observer</i> .....	Steve Moran
<i>Independent Investment Adviser</i> .....	Peter Davies MJ Hudson
<i>Fund Managers</i> .....	Adams Street Partners Brunel Pension Partnership Legal & General Investment Management Partners Group UBS Global Asset Management Wellington Management Insight Investment Management
<i>Internally Managed Funds</i> .....	Listed Private Equity
<i>Actuary</i> .....	Hymans Robertson
<i>Auditor</i> .....	Ernst & Young LLP
<i>AVC Provider</i> .....	Prudential Assurance Company Ltd
<i>Custodian</i> .....	State Street Bank and Trust Company
<i>Legal Advisers</i> .....	Oxfordshire County Council Legal Services
<i>Bankers</i> .....	Lloyds Bank Plc

## Legal Framework

The Local Government Pension Scheme is a statutory, funded defined benefit pension scheme. The operation of the Oxfordshire County Council Pension Fund is principally governed by the Local Government Pension Scheme Regulations 2013 [as amended] (effective from April 2014).<sup>1</sup> The scheme covers eligible employees and employees of other bodies eligible to be employers in the Scheme. A list of all those bodies with employees currently participating in the Scheme is shown on pages 13 to 17.

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

All active LGPS members at 31 March 2014 were transferred to the new LGPS for 1 April 2014. Their final salary benefits linked to the final pay definitions of the previous regulations continue while accrual of membership stopped at 31 March 2014.

Pension Investment and Administration is governed by Her Majesty's Customs and Revenue Office (HMRC) setting out personal maximum values of benefit and reporting structures for schemes.

## Contributions

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

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

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

Contribution rates for 2019 - 2020 were based on the completed valuation of the Scheme's financial position as at 31 March 2016 and are shown on pages 13 to 17.

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

## How the Scheme Operates

### Benefits

The benefits payable under the Scheme are laid down by the 2013 Regulations. Pension payments are guaranteed and any shortfall is met through the Pension Fund linked to employer contribution rates set by the fund valuation. The Scheme is a 'defined benefit scheme and provides a pension based on 1/49th of pensionable pay each year of membership with annual revaluation, adjusted in line with CPI. A Summary of Benefits is shown on pages 83 to 85.

### Overriding legislation

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

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

### Adjudication of Disagreements Procedure

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



## Participating Employers

Scheduled Bodies	Contribution Rate		Additional Monetary Amount	2019/20	2019/20	Scheduled Bodies	Contribution Rate		Additional Monetary Amount	2019/20	2019/20
	Payroll %						Payroll %				
Abingdon & Witney College	13.0%	£	210,000			Eynsham Parish Council	21.7%	-			
Abingdon Learning Trust	19.3%		-			Eynsham Partnership	17.6%	£	41,000		
Abingdon Town Council	21.7%		-			Faringdon Academy	15.3%	£	87,000		
AcerTrust MAT	20.4%	£	58,000			Faringdon Town Council	21.7%		-		
Activate Learning Education Trust	17.6%		-			GEMS Didcot Primary Academy	19.3%		-		
Activate Learning	13.5%	£	427,000			Gillots Academy	19.3%		-		
Adderbury Parish Council	21.7%		-			GLF – William Morris	19.5%		-		
Aspirations Academy Trust	13.9%	£	76,000			Gosford & Water Eaton Parish Council	21.7%		-		
Banbury Town Council	21.7%		-			Gosford Hill Academy School	19.3%		-		
Benson Parish Council	21.7%		-			Henley College	17.1%		-		
Berinsfield Parish Council	21.7%		-			Henley on Thames Town Council	21.7%		-		
Bernwode School Trust	16.8%	£	53,000			Heyford Park Free School	19.3%		-		
Bicester Town Council	21.7%		-			Kennington Parish Council	21.7%		-		
Bloxham Parish Council	21.7%		-			Kidlington Parish Council	21.7%		-		
Burford School	17.8%	£	63,000			Kingston Bagpuize with Southmoor Parish Council	21.7%		-		
Carterton Town Council	21.7%		-			Ladygrove Park Primary School	19.3%		-		
CfBT MAT	21.1%		-			Langtree Academy	19.3%		-		
Chalgrove Parish Council	21.7%		-			Leafield Parish Council	21.7%		-		
Cherwell District Council	14.9%		-			Long Hanborough Parish Council	21.7%		-		
Chinnor Parish Council	21.7%		-			MacIntyre Academy Trust	19.3%		-		
Chipping Norton Town Council	21.7%		-			Maiden Erlegh Trust	19.3%		-		
Cholsey Primary School (OPEN)	19.3%		-			Marcham Parish Council	21.7%		-		
Community Schools Alliance Trust	14.7%	£	86,000			North Hinksey Parish Council	21.7%		-		
CSN Resources Ltd	14.9%		-			Old Marston Parish Council	21.7%		-		
Cumnor Parish Council	21.7%		-			Oxford Brookes University	14.7%	£	5,605,667		
Didcot Town Council	21.7%		-			Oxford City Council	20.6%		-		
Dominic Barberi Multi Academy Co	15.4%	£	109,000			Oxford Diocesan Trust	19.8%		-		
Drayton Parish Council	21.7%		-			Oxford Direct Services	20.6%		-		
Europa School	19.3%		-								

List of Participating Employers continues on next page

## Participating Employers

Scheduled Bodies	Contribution Rate		Scheduled Bodies	Contribution Rate	
	Payroll %	Additional Monetary Amount		Payroll %	Additional Monetary Amount
	2019/20	2019/20		2019/20	2019/20
Oxfordshire County Council	19.9%	-	The Mill Academy Trust	17.4%	£ 51,000
Propeller Academy Trust	15.1%	£ 43,000	The Oxford Academy	14.1%	-
Radcliffe Academy Trust	19.3%	-	The Pope Francis MAC	16.9%	£ 37,000
Radley Parish Council	21.7%	-	Tyndale School	19.3%	-
Ramsden Parish Council	21.7%	-	United Learning Trust	14.3%	£ 93,000
Ridgeway Education Trust	17.4%	£ 65,000	Vale Academy Trust	16.7%	£ 104,000
River Learning Trust	17.0%	£ 191,000	Vale of the White Horse District Council	13.2%	£ 716,000
Sonning Common Parish Council	21.7%	-	Wallingford Town Council	21.7%	-
South Oxfordshire District Council	12.9%	812,000	Warriner MAT	18.0%	£ 39,000
St Johns Academy Trust	19.3%	-	West Oxfordshire District Council	15.8%	-
Stonesfield Parish Council	21.7%	-	Willowcroft Academy Trust	19.3%	-
Sutton Courtenay Parish Council	21.7%	-	Witney Town Council	21.7%	-
Thame Partnership Academy Trust	17.2%	£ 48,000	Woodstock Town Council	21.7%	-
Thame Town Council	21.7%	-			
The Gallery Trust	19.3%	-			
The Merchant Taylor's Oxfordshire Academy School Trust	15.1%	£ 45,000			

List of Participating Employers continues on next page

## Participating Employers

Admitted Bodies	Contribution Rate	
	Payroll %	Additional Monetary Amount
	2019/20	2019/20
1st Homecare – Nicholson House	19.9%	-
1st Homecare (Oxford) Ltd	19.9%	-
A2 Dominion	18.1%	-
ABM Catering Ltd – Church Cowley St James Church of England Primary School, Oxford	19.9%	-
Alliance in Partnership Limited	21.0%	-
Alliance in Partnership Limited – The Cooper School (Bicester Learning Academy) catering	20.0%	-
APCOA Parking (UK) Ltd	28.4%	-
Aspens Services Ltd – John Hampden Primary	19.9%	-
Aspens Services Ltd – The Oxford Academy	14.1%	-
Banbury Citizens Advice Bureau	-	-
Banbury Homes	18.1%	-
Banbury Museum Trust	16.8%	£ 14,000
Barnardos	25.3%	-
Busy Bee Cleaning Services	19.9%	-
Cara Services Limited	19.3%	-
Cater Link Limited	21.1%	-
Cater Link Limited – RLT (Chipping Norton)	19.7%	-
Cater Link Limited – Dominic Barberi Multi Academy Company (catering contract)	19.3%	-
Cater Link Limited – River Learning Trust (Garsington C of E Primary School) (catering contract)	19.7%	-
Cater Link Limited – River Learning Trust (New Marston Primary School) (catering contract)	19.7%	-

Admitted Bodies	Contribution Rate	
	Payroll %	Additional Monetary Amount
	2019/20	2019/20
Cater Link Limited – River Learning Trust (Tower Hill School, Witney) (catering contract)	19.7%	-
Cater Link – United Learning Trust	16.5%	-
Charter Community Housing	16.5%	-
Chartwells	-	-
Cleantec Services Ltd	21.0%	-
Direct Cleaning Services – Abingdon Learning Trust	19.3%	-
Ecoclean Service Ltd – Vale Academy Trust	19.4%	-
Edwards and Ward (Banbury Dashwood Academy)	19.3%	-
Edwards and Ward (Benson C.E. Primary School)	19.9%	-
Edwards and Ward (Fitzwaryn) - Propeller Academy Trust	19.3%	-
Edwards & Ward Ltd (Brightwell-cum-Sotwell CE Primary School)	19.9%	-
Edwards and Ward – River Learning Trust (Rose Hill Primary School) (catering contract)	19.9%	-
Edwards and Ward (South Moreton School) ODST	19.3%	-
Edwards and Ward (St Andrews C.E. Primary School)	19.9%	-
Edwards & Ward – St John's Primary School, Wallingford (OPEN)	19.3%	-
Edwards and Ward (Stockham Primary School)	19.9%	-
Edwards & Ward (Sutton Courtenay C of E Primary) catering contract	19.9%	-

List of Participating Employers continues on next page

## Participating Employers

Admitted Bodies	Contribution Rate		Admitted Bodies	Contribution Rate	
	Payroll	Additional		Payroll	Additional
	%	Monetary		%	Monetary
	2019/20	2019/20		2019/20	2019/20
Edwards & Ward – The Ridgeway C of E Primary School, Childrey (catering contract)	19.9%	-	Oxfordshire South & Vale Citizens Advice Bureau	-	-
Energy Kidz (John Hampden)	19.9%	-	Oxfordshire Youth Arts Partnership	18.1%	-
Energy Kidz (St Nicholas CoE Primary School)	19.9%	-	PAM Wellbeing Ltd	19.9%	-
Fresh Start Catering Ltd (Bure Park Primary School, Bicester) catering contract	19.9%	-	Publica	15.8%	-
Fresh Start Ltd (Bloxham School contract)	19.9%	-	Rapid Clean – Stockham Primary School	19.9%	-
Fresh Start Ltd (St Mary's Catholic Primary School)	19.9%	-	Rapid Commercial Cleaning Ltd	19.9%	-
Fusion Lifestyle	20.6%	-	Rapid Commercial Cleaning Services Ltd – Clanfield C of E Primary School (cleaning contract)	19.9%	-
Greenwich Leisure Limited	22.3%	-	Regency Cleaning Services Ltd – Caldecott Primary School, Abingdon	19.9%	-
Groundwork South	19.9%	-	Regency Cleaning Services Limited – Meadowbrook College (Radcliffe Academy Trust) cleaning contract	19.3%	-
HF Trust Ltd (Lot 5)	19.9%	-	Saba Park Services	-	-
HF Trust Ltd (Lot 8)	19.9%	-	School Lunch Company (Bishop Loveday CE Primary School)	19.9%	-
Hill End Outdoor Education Centre	25.9%	-	School Lunch Company (Chesterton CE School)	19.9%	-
Intelligent Workplace Solutions Ltd	19.3%	-	School Lunch Company (Grandpont Nursery)	19.9%	-
L C Housekeeping Services – Dominic Barberi MAC (Our Lady of Lourdes Catholic Primary School) (cleaning contract)	19.3%	-	School Lunch Company (Great Milton CofE Primary)	19.9%	-
Maid Marions Ltd – The Warriner Multi Academy	20.8%	-	School Lunch Company (Hook Norton CE Primary)	19.9%	-
NYAS (National Youth Advocacy Service)	19.9%	-	School Lunch Company (John Henry Newman)	19.8%	-
Order of St John's Care Trust (Oxford)	19.9%	-	School Lunch Company (Nettlebed Community School)	19.9%	-
Oxford Archaeological Unit	18.1%	-			
Oxford Community Work Agency	18.1%	-			
Oxford Homeless Pathways	18.1%	-			
Oxfordshire LEP	19.9%	-			

List of Participating Employers continues on next page

## Participating Employers

Admitted Bodies	Contribution Rate		Admitted Bodies	Contribution Rate	
	Payroll	Additional		Payroll	Additional
	%	Monetary		%	Monetary
	2019/20	Amount		2019/20	Amount
School Lunch Company (North Hinksey CE Primary)	19.9%	-	School Lunch Company (Tackley CofE Primary)	19.8%	-
School Lunch Company (Orchard Fields)	19.9%	-	School Lunch Company (Windmill Primary)	19.9%	-
School Lunch Company (RAF Benson)	19.9%	-	School Lunch Company (Witney Community Primary)	19.9%	-
School Lunch Company (Standlake CE Primary)	19.9%	-	School Lunch Company (Wroxton CofE Primary)	19.8%	-
School Lunch Company (The Batt CE Primary)	19.3%	-	School Lunch Company (Wychwood CE Primary)	19.9%	-
School Lunch Company (The Hendreds Primary)	19.8%	-	School Space Ltd – Heyford Park Free School	19.3%	-
School Lunch Company (St Christopher's CofE Primary)	19.8%	-	Skanska Construction UK Ltd	15.6%	-
School Lunch Company (St John the Evangelist CE Primary)	19.9%	-	Swalcliffe Park School Trust	18.1%	-
School Lunch Company (St Kenelm's CofE Primary)	19.9%	-	Thames Valley Partnership	18.1%	-
School Lunch Company (St Mary's CE Infant School)	19.3%	-	The Camden Society – Lot 1	19.9%	-
School Lunch Company (St Mary's CE Infant School) (Cleaning)	19.8%	-	The Camden Society – Lot 2	19.9%	-
School Lunch Company (St Michael's CofE Primary)	19.9%	-	The Camden Society – Lot 3	19.9%	-
School Lunch Company (St Nicolas CofE Primary)	19.9%	-	The Camden Society – Lot 6	19.9%	-
			TNS Catering Management Ltd – Lord Williams	19.3%	-
			UBICO Ltd	15.8%	-
			West Oxon Citizens Advice Bureau	18.1%	-
			Wyclean (The Mill Academy)	21.0%	-



## Governance

### Conflicts of Interest

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

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

### Pension Fund Committee

#### Committee Membership and Attendance 2019/20

Councillor	07-Jun-19	6-Sep-19	06-Dec-19	06-Mar-20
<b>County Councillors:</b>				
Councillor K Bulmer (on committee since May 2017)	✓	✓	✓	✓
Councillor I Corkin (on committee since May 2017)	Substitute (Cllr S Bartington)	✓	Substitute (Cllr J Matelot)	Substitute (Cllr J Matelot)
Councillor N Field-Johnson (on committee since May 2017)	✓	✓	✓	✓
Councillor L Stratford (on committee since June 2018)	✓	x	✓	✓
Councillor R Smith (on committee since June 2019)	✓	✓	✓	Substitute (Cllr R Webber)
Councillor C Mathew (on committee since May 2017)	Substitute (Cllr M Fox-Davies)	✓	✓	✓
Councillor M Lygo (on committee since May 2017)	✓	✓	✓	✓
Councillor J Sanders (on committee since May 2017)	✓	✓	✓	✓
Councillor A Thompson (on committee since May 2017)	✓	✓	✓	✓
<b>District Councillors:</b>				
Councillor A Al-Yousuf (on committee since June 2018)	✓	✓	✓	✓
Councillor J Robb (on committee since September 2019)	n/a	✓	✓	✓

## Committee Members Training Received 2019/20

Councillor	Date	Training Course
<b>COUNTY COUNCILLORS</b>		
<b>Councillor K Bulmer</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	13-15 May-19	PLSA Local Authority Conference
	31-Oct-19	LGA Fundamentals Day 1
	12-Dec-19	LGA Fundamentals Day 3
	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day
<b>Councillor I Corkin</b>	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day
<b>Councillor N Field-Johnson</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day
<b>Councillor L Stratford</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day
<b>Councillor R Smith</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	19-Nov-19	Brunel Investor Day
<b>Councillor C Mathew</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	02-04 July-19	LAPF Strategic Investment Forum
	03-Oct-19	LGA Fundamentals Day 1
	06-Nov-19	LGA Fundamentals Day 2
	18-Dec-19	LGA Fundamentals Day 3
	23-24 Jan-20	LGPS Annual Governance Conference
	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day

## Governance

## Committee Members Training Received 2019/20

Councillor	Date	Training Course
<b>COUNTY COUNCILLORS</b>		
<b>Councillor M Lygo</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	15-Jan-20	Local Authority Responsible Investment Seminar
	19-Nov-19	Brunel Investor Day
	17-Jan-20	Oxfordshire Pension Fund Forum
<b>Councillor J Sanders</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day
<b>Councillor A Thompson</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day
<b>DISTRICT COUNCILLORS</b>		
<b>Councillor A Al-Yousuf</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	02-04 July-19	LAPF Strategic Investment Forum
	31-Oct-19	LGA Fundamentals Day 1
	21-Nov-19	LGA Fundamentals Day 2
	12-Dec-19	LGA Fundamentals Day 3
	27-28 Feb-20	LGC Investment Seminar 2020
	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day
<b>Councillor J Robb</b>	06-Mar-20	Hymans Robertson 2019 Valuation Briefing
	17-Jan-20	Oxfordshire Pension Fund Forum
	19-Nov-19	Brunel Investor Day

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

## Internal Risk Management

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

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

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

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

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

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

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

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

Risks are analysed between:

- Financial
- Administrative
- Governance

## Risk Management

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

The table below details the highest scoring risks from the most recent version of the risk register for the Fund (a copy of the full risk register is available in the Pension Fund Committee papers for September 2020 which is on the Council's public website).

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

### Summary of Key Risks Identified on the Pension Fund Risk Register

Risk	Cause	Impact	Likelihood	Risk Score	Actions Required
<b>FINANCIAL</b>					
Underperformance of Pension Investments Due to ESG Factors, Including Climate Change.	Failure to consider long-term financial impact of ESG issues.	4	2	8	Improve performance monitoring information on ESG scores within current investment portfolios, to identify any policy breaches by fund managers.
Employer Default - LGPS.	Market forces, increased contribution rates, budget reductions.	4	2	8	Review impact of COVID-19 on major employers, particularly HE/FE sector.
<b>GOVERNANCE</b>					
Insufficient Skills and Knowledge on Committee – LGPS and FSPS.	Poor training programme.	4	2	8	Review of current governance arrangements to be proposed plus development of training plan following NKA results.
<b>RISK</b>					
Insufficient Resource and/or Data to Comply with Consequences of McCloud Judgement.	Significant requirement to retrospectively recalculate member benefits.	4	3	12	Establish project plan. Respond to consultation and work with SAB to seek guidance on mitigating key risks where data not available. Look to bring in additional resources.



## Third Party Risk Management

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

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

The following reports were received and reviewed:

Company	Report Type	Reporting Period End	Auditor
Adams Street Partners	SSAE 16	30 September 2019	KPMG
Partners Group	ISAE 3402	31 December 2019	PricewaterhouseCoopers
State Street Bank & Trust Company (Custodian)	SSAE 16	31 March 2020	Ernst & Young
Insight Investment Management	SSAE 18 / ISAE 3402	30 September 2019	KPMG
Legal & General Investment Management	AAF 01/06 / ISAE 3402	31 December 2019	KPMG
UBS	ISAE 3402	31 December 2019	Ernst & Young
Wellington	SOC 1 / ISAE 3402	31 October 2019	PricewaterhouseCoopers

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

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

## Scheme Administration

### Scheme Administration and Administration Performance

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

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

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

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

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

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

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

During 2019/2020 the following complaints have been received:

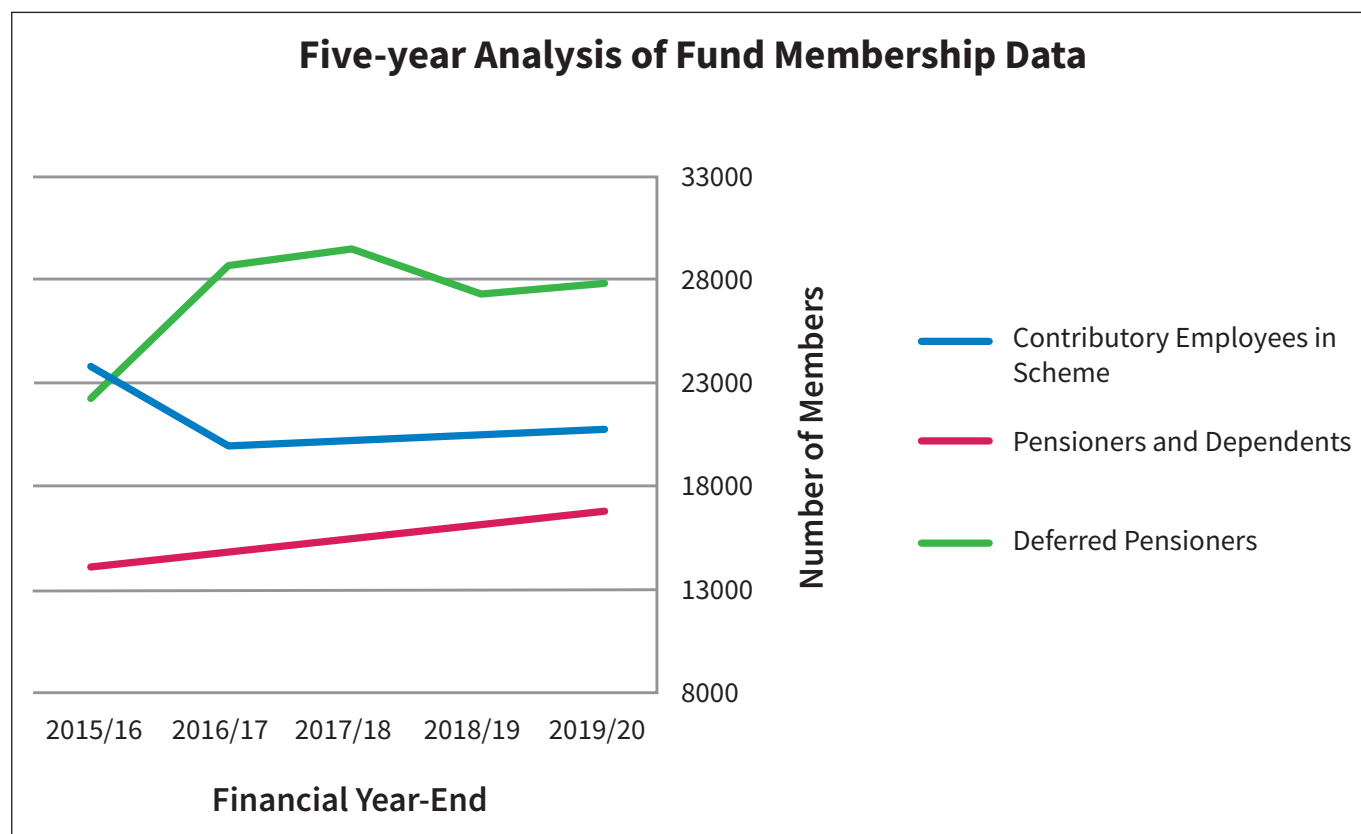
	2019/20
Number of Complaints	6
Complaints as % of Workload	0.03%

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

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

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

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



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

As at 31 March 2020 the number of staff within Pension Services is 24.78 FTE which is a small decrease against last year.

## Scheme Administration

During the year staff have dealt with 20,210 tasks, which gives an average number per member of staff as 816 tasks. The top 10 tasks are shown in the table below:

### Top 10 Case Types

Case Type	Completed 2019/20	Completed Within Target Time
General Enquiries	4,595	90%
Process Leavers	3,768	89%
Frozen Refunds	2,042	96%
Re-employments	1,436	87%
Retirements	1,387	86%
IFA In	848	53%
Deaths	829	51%
Transfers In	581	64%
IFA Out	563	89%
Transfers Out	444	88%

### Promotion of Scheme Membership

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

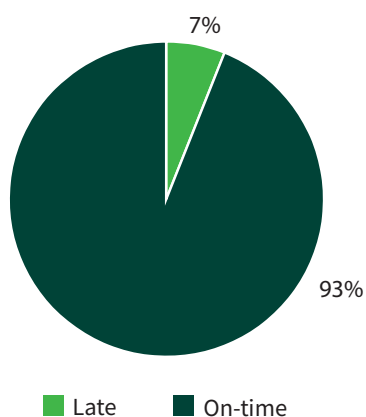
### Memberships

The Fund is a member of the National Association of Pension Funds, Local Authority Pension Fund Forum, and subscribes to the CIPFA Pensions Network.

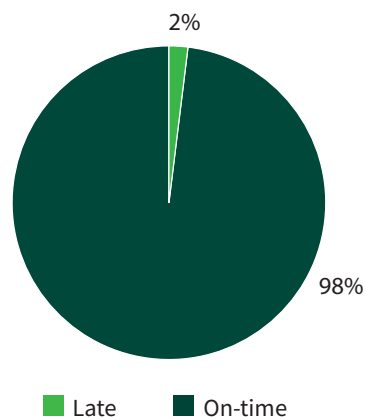
## Contributions

Payment of contributions from employers is monitored on a monthly basis as they fall due. Reconciliations are undertaken between contributions received and those expected with any discrepancies followed up with the employer. Late payments are immediately followed up with employers to request payment. If contribution payments are repeatedly late the issue is escalated and a letter is sent to employers. Fines are also issued in accordance with the Administration Strategy. The graphs below illustrate the timeliness of the receipt of contributions from employers during 2019/20.

**Timeliness of Receipt of Contributions  
by Number of Employers 2019/20**



**Timeliness of Receipt of Contributions  
by Value 2019/20**



The average number of days that payments were late by during 2019/20 was 7.



## Financial Performance

### Budget

The below table shows budget for 2019/20:

	Budget £'000	Actual £'000	Variance £'000
<b>Administrative Expenses</b>			
Administrative Employee Costs	1,576	1,186	-390
Support Services Including ICT	634	1,121	487
Printing & Stationary	72	35	-37
Advisory & Consultancy Fees	160	18	-142
Other	60	12	-48
<b>Total Administrative Expenses</b>	<b>2,502</b>	<b>2,372</b>	<b>-130</b>
<b>Investment Management Expenses</b>			
Management Fees	8,484	8,201	-283
Custody Fees	0	38	38
Brunel Contract Costs	1,043	1,164	121
<b>Total Investment Management Expenses</b>	<b>9,527</b>	<b>9,403</b>	<b>-124</b>
<b>Oversight &amp; Governance</b>			
Investment Employee Costs	254	251	-3
Support Services Including ICT	11	18	7
Actuarial Fees	160	163	3
External Audit Fees	35	19	-16
Internal Audit Fees	15	14	-1
Advisory & Consultancy Fees	95	83	-12
Committee and Board Costs	49	51	2
Subscriptions and Memberships	50	54	4
<b>Total Oversight &amp; Governance Expenses</b>	<b>669</b>	<b>653</b>	<b>-16</b>
<b>Total Pension Fund Budget</b>	<b>12,698</b>	<b>12,428</b>	<b>-270</b>

## Pension Overpayments

Financial Year	Pension Overpayments (£)
2019/20*	78,578.69
2018/19	222.97
2017/18	125.06
2016/17	29,341.58
2015/16*	78,422.63

\* Figure is higher due to results of the National Fraud Initiative data matching exercise.

The Fund participates in the National Fraud Initiative data matching exercise which takes place every two years. This process matches data between different records to identify discrepancies that should be investigated further.

## Investment Pooling – Brunel Pension Partnership

In 2015 the Department of Communities and Local Government (as it then was) issued LGPS:

Investment Reform Criteria and Guidance which set out how the government expected funds to establish asset pooling arrangements. The objective was to deliver:

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

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

## Financial Performance

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

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

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

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

## Financial Performance

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

## Investment Review 2019/20

### Economic Background

The year divided into two very contrasting periods – the first ten months pre-COVID, and February - March when the COVID pandemic was confirmed.

During 2019, the rate of GDP growth slowed in the US, China and the Eurozone by 0.5% compared with 2018. In response, the US Federal Reserve cut interest rates by ¼% three times between July and October. The US-China trade dispute rumbled on, punctuated by threats of increased tariffs from both sides. A Phase 1 trade deal was signed in December, but left several disputed areas unresolved.

In the UK, the parliamentary deadlock over the Withdrawal Agreement was broken when the new Prime Minister, Boris Johnson, called a General Election for December 12th in which the Conservatives achieved an overall majority of 80. The UK withdrew from the EU on January 31st, although negotiations about the UK-EU trade deal are continuing during the transition period.

Initially, the coronavirus appeared to be limited to the city of Wuhan and other regions of China, but during February cases were being reported in other countries and in March it was officially confirmed as a global pandemic. One country after another closed large parts of its economy, restricted cross-border travel and confined residents to their homes. To assist the ailing economies, the US and UK central banks cut interest rates to almost zero and, along with the European Central Bank, resumed Quantitative Easing programmes. Governments hastily introduced massive fiscal injections to support companies, furloughed workers, the self-

employed and small businesses. Separately, the oil market was thrown into turmoil on March 9th when Russia and Saudi Arabia failed to agree on production cuts, and the Saudis announced a sharp reduction in the oil price and an increase in daily production. The oil price fell by 60% in the first quarter of 2020.

### Market Returns

Equity markets had risen by more than 10% from April to December, but the sharp falls induced by the pandemic left the All-World Index 6.2% lower on the year. While North America and Japan were each 2-3% lower, UK was one of the weakest markets, with a decline of more than 18%. The Oil & Gas sector recorded a fall of over 40% for the year, while Technology (+11.6%) and Health Care (+4.0%) were the only sectors to gain ground.

[Source of equity market returns: FTSE All-World Total Return series (£)]

Government bond yields fell steadily during 2019, on the slowing economy and US interest rate cuts. The COVID emergency then caused yields to fall sharply, with the 10-year US bond yielding 0.7% at the end of March compared with 2.4% a year earlier, while the 10-year Gilt yield fell from 1% to 0.35% during the year. Sterling weakened relative to the other major currencies - against the dollar (5%), the euro (3%) and the yen (7%).

UK Commercial Property eked out a total return of just 0.1% for the year, comprising a return of 5.8% from Industrial Property and 3.9% from Offices, but a fall of 9.7% from the troubled Retail sector.

[Source: MSCI UK Monthly Index of Total Returns]

The Oxfordshire Pension Fund achieved a total return of -5.8% for the year, compared with a -5.5% return on its benchmark.

## Outlook

The duration and severity of the COVID pandemic, and consequently the depth of the contraction of the global economy, is impossible to predict. In some sectors of the economy – travel, leisure and non-essential retail, for example – activity may not return to 2019 levels for several years, and there may well be corporate insolvencies. For most companies, forecasts of profits in the near future are impossible to make with any certainty, so that

equity markets will continue to be volatile as the full effects of the pandemic become apparent.

Government debt will balloon as a result of the fiscal measures being taken to support economies, and increased social security payments, but sovereign bond yields should remain low as investors value their ‘safe haven’ status. Short-term interest rates will remain extremely low – or negative – as central banks play their part in stimulating their battered economies.

**Peter Davies**

**Senior Adviser – MJ Hudson Investment Advisers**

**June 2020**

**Table showing the total returns (capital plus income) in sterling terms calculated on major indices for the year to 31 March 2020.**

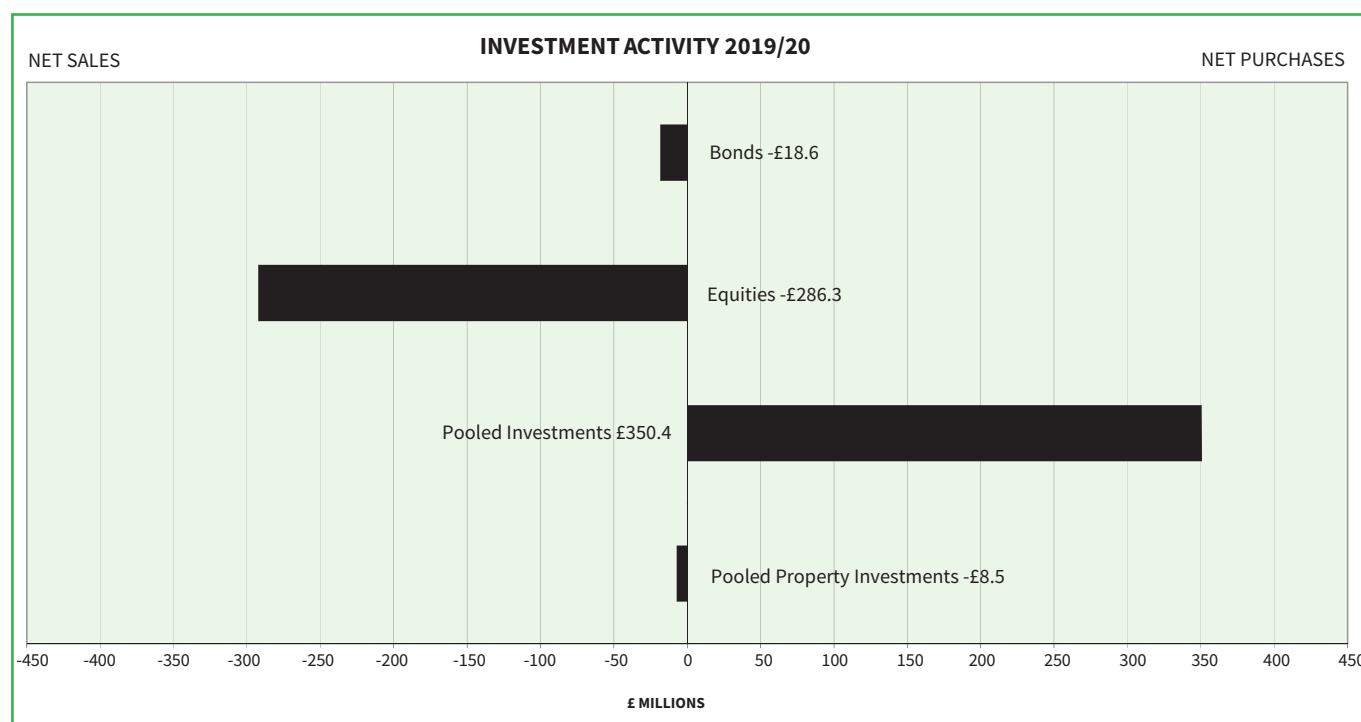
SECTOR		INDEX	% Total Returns Year to 31.3.20
<b>Equities</b>	Global	FTSE All World	-6.2
	UK	FTSE All Share	-18.5
	North America	FTSE AW - North American	-2.8
	Japan	FTSE AW - Japan	-2.1
	Europe	FTSE AW - Europe (ex UK)	-8.0
	Asia Pacific (ex Japan)	FTSE AW - Asia Pacific (ex Japan)	-11.2
	Emerging Markets	FTSE AW - Emerging	-13.0
<b>Bonds</b>	UK Government	FTSE - A Government	9.9
	UK Index-Linked	FTSE - A Index- Linked (over 5 years)	2.4
	UK Corporate Bonds	Markit iBoxx Sterling Non-Gilt All Stocks Index	2.2
	Overseas	JP Morgan Global Government (ex UK)	8.0
		Traded Bond Index (£)	
<b>Cash</b>	UK	7 DAY £ LIBID INDEX	0.4
<b>Property</b>	UK Commercial	IPD All Balanced Funds Index	0.0



## Investment Review 2019/20

### Investment Activity

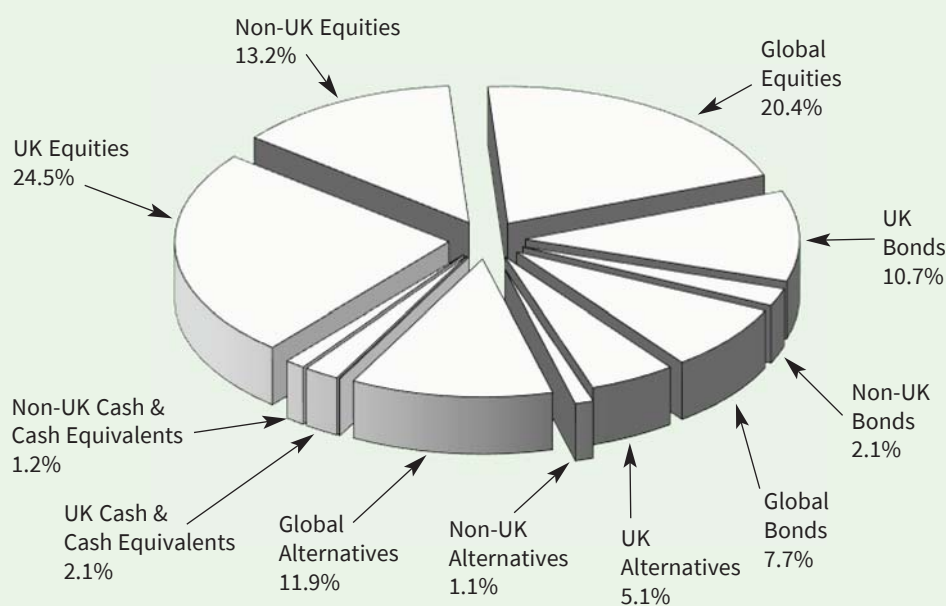
The Pension Fund invested a net £37.0 million during the year ended 31 March 2020. The amounts invested or disinvested in each principal category of asset are shown in the chart below. The large sale of equities and purchase of pooled investments is primarily a result of global equity portfolios moving from a segregated arrangement to a pooled fund structure with Brunel Pension Partnership. Derivatives are not included in the chart.



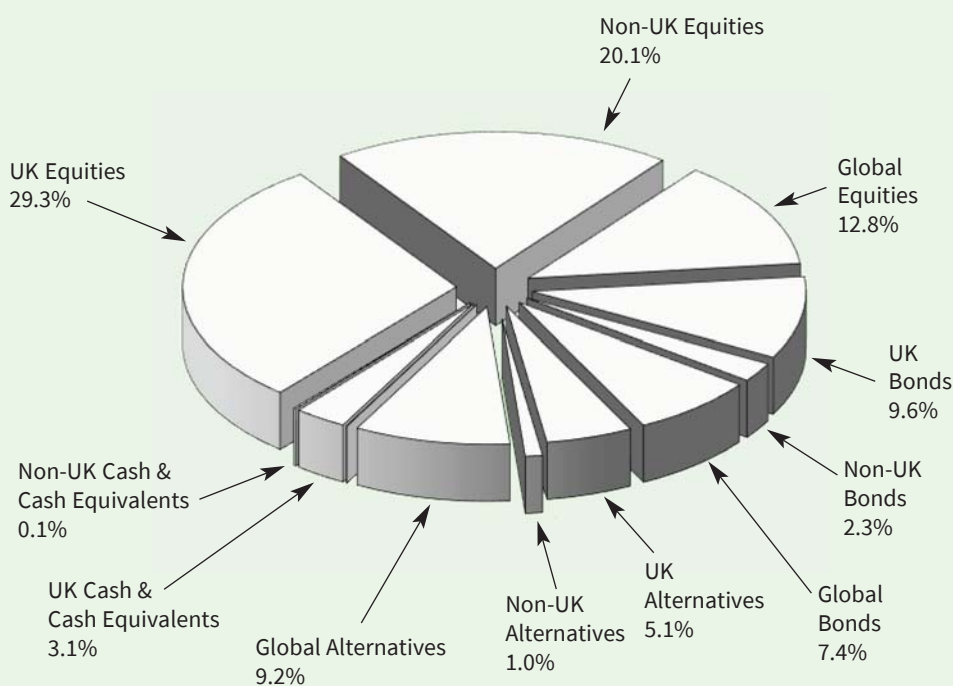
## Portfolio Distribution

The distribution of the Pension Fund amongst the principal categories of assets as at 31 March 2020 is shown in the chart below. A comparative chart of the position at 31 March 2019 is also shown. Changes in the asset weightings, from one year to another, are due to investment activity and market movements.

**Investment Portfolio Distribution at 31 March 2020**



**Investment Portfolio Distribution at 31 March 2019**

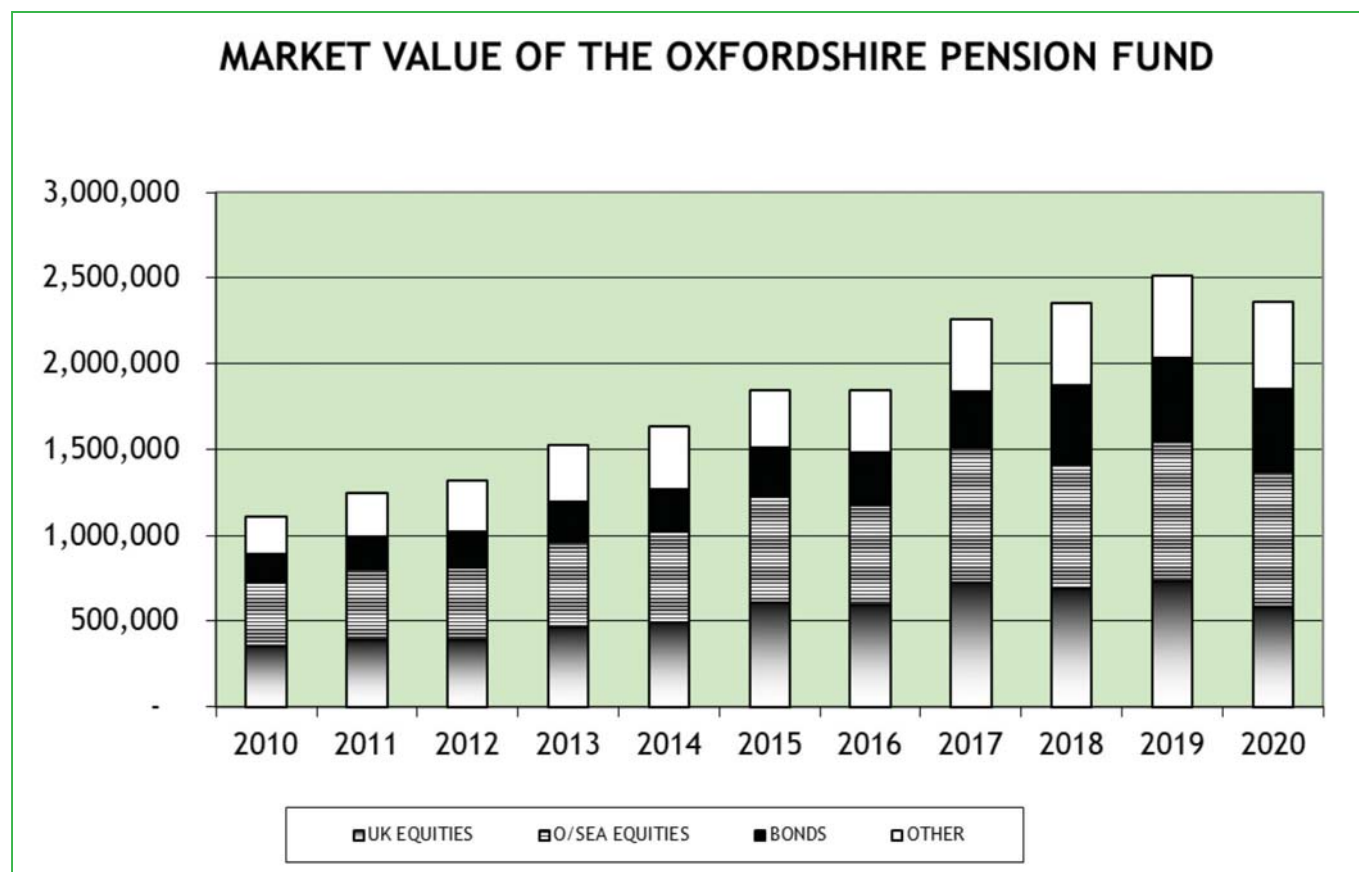


## Investment Review 2019/20

### Portfolio Asset Allocation over the Ten Years to March 2020

The total assets (including accruals) of the Pension Fund have grown from £1,112 million at end of March 2010 to £2,363 million at end of March 2020 (see chart below).

Over the period the percentage in UK equities decreased from 31.5% to 24.5% and bonds increased from 15.1% to 20.4%.



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

## Investment Benchmark and Performance

The performance of the individual Fund Managers against their benchmark is shown in the following table. Each Fund Manager is given a different target to outperform their benchmark over a rolling three-year period. The table shows that performance in 2019/20 at the total fund level was 0.3% below benchmark with an overall return of -5.8%.

Fund Manager	Target %	One Year Ended 31 March 2020		Three Years Ended 31 March 2020		Five Years Ended 31 March 2020	
		Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %
Brunel UK Equities	2.0	-18.5	-20	-	-	-	-
Wellington Global Equities	2.0	11.1	7.9	14.6	13.2	12.0	10.5
UBS Global Equities	3.0*	-6.2	-9.9	2.3	1.3	7.1	5.8
Legal & General UK Equities – Passive	n/a	-18.5	-18.5	-	-	-	-
Legal & General Global Developed Equities – Passive	n/a	-5.4	-5.4	-	-	-	-
Legal & General Fixed Income	0.6	4.8	4.0	3.4	3.2	4.6	4.6
Insight Diversified Growth Fund	3-5	4.7	-5.5	4.4	-0.1	4.0	0.2
UBS Property	1.0	0.0	1.9	4.9	5.7	5.8	6.6
In-House Property	Excess	0.0	5.4	4.9	7.8	5.8	10.6
In-House Private Equity	1.0	-19.4	3.8	-5.4	9.3	0.2	13.2
Brunel Private Equity	3.0	-6.2	17.4	-	-	-	-
In-House Infrastructure	4.0	4.7	16.3	-	-	-	-
Brunel Infrastructure	4.0	1.5	15.9	-	-	-	-
Brunel Secured Income	2.0	1.5	0.1	-	-	-	-
Cash	n/a	0.8	0.7	0.7	0.6	0.5	0.5
<b>Total Fund</b>		<b>-5.5</b>	<b>-5.8</b>	<b>1.0</b>	<b>1.5</b>	<b>4.6</b>	<b>5.0</b>

\* - Being phased in. Target was 1% above benchmark until June 2014.

Cash held by Fund Managers is included within total Fund Manager performance.

## Investment Review 2019/20

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

% Returns per annum for the financial year ended 31 March 2020				
<b>Actual Returns</b>	1 year	3 years	5 years	10 years
Oxfordshire Total Fund Return	-5.8	1.5	5.0	7.1
<b>Average Returns</b>				
PIRC LGPS Universe Median Return	-4.8	1.9	5.2	6.9
Oxfordshire Benchmark	-5.5	1.0	4.6	6.9

## Responsible Investment

Fund managers produce reports outlining their engagement and ESG related activity. All of the Fund's investment managers are signatories to the United Nations Principles for Responsible Investment Initiative. Fund managers and officers monitor ESG related developments and ad-hoc reports are produced for the Committee on topical ESG issues relevant to the Fund. In 2019/20 the Pension Fund adopted a Climate Change Policy recognising this as the single most important factor that could materially impact its long-term investment performance given its systemic nature and the effects it could have on global financial markets. A copy of the Policy is available on the Council's website: ([https://mycouncil.oxfordshire.gov.uk/documents/s50129/PF\\_MAR0620R20%20Appendix%20to%20Annex%201%20OCCPF%20Climate%20Change%20Policy%20Draft.pdf](https://mycouncil.oxfordshire.gov.uk/documents/s50129/PF_MAR0620R20%20Appendix%20to%20Annex%201%20OCCPF%20Climate%20Change%20Policy%20Draft.pdf)).

## Voting

### Introduction

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

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

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

## Employer Discretions

Pension Services can supply employers with related pension costs which would result following an employer's action on a discretionary policy. The employer's written decisions are required before pension services will take action in any circumstance which could incur additional cost, unless it is clear from an employer's current written policy statement that the decision is in accordance with that statement. For example, some employers will allow late transfers without further consideration while others need to make individual decisions.

## Specific Requirements

The following tables have been prepared to assist the LGPS scheme advisory board in the production of an annual report for the LGPS as a whole.

### Employer Bodies Summary as at 31 March 2020

	Active	Ceased	Total
Scheduled Body	88	0	93
Admitted Body	104	26	130
<b>Total</b>	<b>192</b>	<b>26</b>	<b>223</b>



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FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
<b>CONTRIBUTIONS AND BENEFITS</b>			
Contributions Receivable	6	(100,833)	(93,726)
Transfers from Other Schemes	7	(13,021)	(9,949)
Other Income	8	(149)	(465)
<b>Income Sub Total</b>		<b>(114,003)</b>	<b>(104,140)</b>
Benefits Payable	9	89,257	88,195
Payments to and on Account of Leavers	10	7,330	10,655
<b>Expenditure Sub Total</b>		<b>96,587</b>	<b>98,850</b>
<b>Net (Additions)/Withdrawals from dealings with members</b>		<b>(17,416)</b>	<b>(5,290)</b>
Management Expenses	11	12,433	11,030
<b>Net (Additions)/Withdrawals from dealings with members including Fund Management Expenses</b>		<b>(4,983)</b>	<b>5,740</b>
<b>RETURNS ON INVESTMENTS</b>			
Investment Income	12	(18,378)	(32,698)
Commission Recapture		0	0
Profits and Losses on Disposal of Investments and Changes in Market Value of Investments	16a	174,464	(132,586)
Less Taxes on Income	12	195	244
<b>Net returns on investments</b>		<b>156,281</b>	<b>(165,040)</b>
<b>Net (Increase)/Decrease in the Net Assets available for benefits during the year</b>		<b>151,298</b>	<b>(159,300)</b>
Opening Net Assets of the Scheme		2,514,650	2,355,350
<b>Closing Net Assets of the Scheme</b>		<b>2,363,352</b>	<b>2,514,650</b>

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**NET ASSETS AS AT 31 MARCH 2020**

	Notes	<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
<b>INVESTMENT ASSETS</b>			
Bonds	16b	300,087	296,805
Equities	16b	86,211	360,807
Pooled Investments	16b	1,729,191	1,581,636
Pooled Property Investments	16b	161,843	172,306
Derivative Contracts	16c	3,092	1,111
Cash Deposits	16d	28,111	3,567
Other Investment Balances	16d	12,401	7,429
Long-Term Investment Assets	16b	840	840
<b>INVESTMENT LIABILITIES</b>			
Derivative Contracts	16c	(6,166)	(384)
Other Investment Balances	16d	(13,785)	(869)
<b>Total Investments</b>		<b>2,301,825</b>	<b>2,423,248</b>
<b>ASSETS AND LIABILITIES</b>			
Current Assets	17	62,466	91,324
Current Liabilities	18	(3,189)	(4,419)
<b>Net current assets</b>		<b>59,277</b>	<b>86,905</b>
Long-term Assets	19	2,250	4,497
<b>Net Assets of the scheme available to fund benefits at year end</b>		<b>2,363,352</b>	<b>2,514,650</b>

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 26.

## Pension Fund Accounts 2019-20

### Note 1 – Description of the fund

This description of the Fund is a summary only. Further details are available in the Fund's 2019/20 Annual Report and in the underlying statutes.

#### General

The Oxfordshire County Council Pension Fund is part of the Local Government Pension Scheme which is a statutory, funded, defined benefit pension scheme. Oxfordshire County Council is the administering body for this pension fund. The scheme covers eligible employees and elected members of the County Council, District Councils within the county area and employees of other bodies eligible to join the Scheme.

The scheme is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

This defined benefit scheme provides benefits related to salary for its members. Pensions paid to retired employees, their dependants, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. The amount is determined by the Secretary of State.

#### Membership

The majority of fund employers are required to automatically enrol eligible job-holders into the LGPS under the government's auto-enrolment legislation, employees may then choose to opt-out of the scheme. Some employers will have the option of whether to auto-enrol eligible jobholders into the LGPS or another qualifying scheme.

Members are made up of three main groups. Firstly, the contributors - those who are still working and paying money into the Fund. Secondly, the pensioners - those who are in receipt of a pension and thirdly, by those who have left their employment with an entitlement to a deferred benefit on reaching pensionable age.

Organisations participating in the Oxfordshire County Council Pension Fund include:

- Scheduled Bodies – Local authorities and similar bodies, such as academies, whose staff are automatically entitled to become members of the Fund.
- Admitted Bodies – Organisations that participate in the Fund under an admission agreement between the Fund and the organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.
- Admitted Bodies can be split in to two groups:
  - Community Admission Bodies – these are typically employers that provide a public service on a not-for-profit basis and often have links to scheduled bodies already in the Fund. Housing Corporations fall under this category.

**Pension Fund  
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- Transferee Admission Bodies – these are bodies that provide a service or asset in connection with the exercise of a function of a scheme employer. Typically this will be when a service is transferred from a scheme employer and is to allow continuing

membership for staff still involved in the delivery of the service transferred.

Full definitions are contained in The Local Government Pension Scheme (Administration) Regulations 2008.

The table below details the composition of the Fund's membership:

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
<b>Number of Contributory Employees in Scheme</b>		
Oxfordshire County Council	8,290	8,529
Other Scheduled Bodies	11,675	11,156
Admitted Bodies	532	606
	<b>20,497</b>	<b>20,291</b>
<b>Number of Pensioners and Dependants</b>		
Oxfordshire County Council	9,279	9,095
Other Scheduled Bodies	6,008	5,710
Admitted Bodies	1,052	993
	<b>16,339</b>	<b>15,798</b>
<b>Deferred Pensioners</b>		
Oxfordshire County Council	16,061	16,114
Other Scheduled Bodies	10,568	9,993
Admitted Bodies	1,299	1,340
	<b>27,928</b>	<b>27,447</b>

Unprocessed leavers are included as Deferred Pensioners.

Five Resolution Bodies and twenty Admitted Bodies joined the scheme in 2019/20, with a further forty-seven Admitted Bodies having left the scheme. One Scheduled Body joined a multi-academy trust in 2019/20 with no net impact on membership numbers. In addition, a further Scheduled Body joined a neighbouring LGPS Fund. Overall the changes did not have a

significant impact on the membership of the Fund. The Admitted Body employers that joined and left the Fund were mostly small school service contracts with low membership numbers.

### **Funding**

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The contribution from employees is

## Pension Fund Accounts 2019-20

prescribed by statute, and for the year ending 31 March 2020 rates ranged from 5.5% to 12.5% of pensionable pay.

Employers' contribution rates are set following the actuarial valuation, which takes place every three years. The latest actuarial valuation took place in 2019 and determined the contribution rates to take effect from 01 April 2020. Employer

contribution rates currently range from 12.2% to 28.4% of pensionable pay.

### Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service as summarised below.

	<b>Service Pre 1 April 2008</b>	<b>Service Post 31 March 2008</b>
Pension	Each full-time year worked is worth $1/80 \times$ final pensionable salary.	Each full-time year worked is worth $1/60 \times$ final pensionable salary.
Lump Sum	Automatic lump sum of $3 \times$ pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014 the scheme became a career average scheme, where members accrue benefits based on their pensionable pay in any given year at an accrual rate of  $1/49$ th. Accrued pension is indexed annually in line with the Consumer Prices Index. The normal retirement age is linked to each individual member's State Pension Age.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. Scheme members are now also able to opt to pay 50% of the standard contributions in return for 50% of the pension benefit.

## Note 2 – Basis of Preparation

The accounts have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831) prohibits administering authorities from crediting Additional Voluntary Contributions to the Pension Fund. In consequence Additional Voluntary Contributions are excluded from the Net Assets Statement and are disclosed separately in Note 23.

The accounts summarise the transactions of the Pension Fund and detail the net assets of the Fund. The accounts do not take account of the obligation to pay future benefits which fall due after the year-end. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 26.

The accounts have been prepared on a going concern basis. The Fund does not anticipate a significant impact on the Fund's cashflow or balance sheet position over the next couple of years as a result of the Covid-19 pandemic. The fund has not received any requests from employers for a contribution deferral and continues to receive contributions from all employers in line with the rates set in the 2019 actuarial valuation. The Fund's cashflow monitoring shows that cash-flows from dealings with members continue to be positive each month and are currently running at around +£0.5m per month on average. Even if the cashflow position from dealing with members turns negative the Fund generates investment income that can also be used to pay pensions without the need to sell assets at a potentially suboptimal time. The Fund has a level of assets that would be able to cover pension payments for over a decade at current pension payment levels even if no further income was received. The Fund is subject to an actuarial valuation every three years so any deterioration in the funding position leading up to the valuation would be factored in when setting contribution rates for employers to ensure the fund is able to meet all its future obligations. The funding level of the Pension Fund as assessed by the Fund's actuary at the 2019 valuation was 99%. Therefore management are assured the pension fund remains a going concern.

## Note 3 – Summary of Significant Accounting Policies

### Investments

1. Investments are shown in the accounts at market value, which has been determined as follows:
  - (a) The majority of listed investments are stated at the bid price or where the bid price is not available, the last traded price, as at 31 March 2020.
  - (b) Unlisted securities are included at fair value, estimated by having regard to the latest dealings, professional valuations, asset values and other appropriate financial information.
  - (c) Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.
  - (d) Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2020.
  - (e) Fixed Interest stocks are valued on a 'clean' basis (i.e. the value of interest accruing from the previous interest payment date to the valuation date has been included within the amount receivable for accrued income).
  - (f) Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using market quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.
  - (g) Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.
  - (h) All gains and losses arising on derivative contracts are reported within 'Changes in Market Value of Investments'.



## Pension Fund Accounts 2019-20

### Foreign Currencies

2. Balances denominated in foreign currencies are translated at the rate ruling at the net assets statement date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

### Contributions

3. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid or on receipt if earlier than the due date.

Employers' pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

The Actuary determines the contribution rate for each employer during the triennial valuations of the Fund's assets and liabilities. Employees' contributions have been included at rates required by the Local Government Pension Scheme Regulations.

### Benefits, Refunds of Contributions and Transfer Values

4. Benefits payable and refunds of contributions have been brought into the accounts on the basis of all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities. Transfer values are those sums paid to, or received from, other pension schemes and relate to periods of previous pensionable employment. Transfer values have been included in the accounts on the basis of the date when agreements were concluded.

In the case of inter-fund adjustments provision has only been made where the amount payable or receivable was known at the year-end. Group transfers are accounted for in accordance with the terms of the transfer agreement.

### Investment Income

5. Dividends and interest have been accounted for on an accruals basis. Dividends from quoted securities are accounted for when the security is declared ex-div. Interest is accrued on a daily basis. Investment income is reported net of attributable tax credits but gross of withholding taxes. Irrecoverable withholding taxes are reported separately as a tax charge. In the majority of cases investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within 'Changes in Market Value of Investments'. Foreign income has been translated into sterling at the date of the transaction. Income due at the year-end was translated into sterling at the rate ruling at 31 March 2020.



### **Investment Management and Scheme Administration**

6. A proportion of relevant County Council officers' salaries, including salary on-costs, have been charged to the Fund on the basis of time spent on scheme administration and investment related business. The fees of the Fund's general investment managers have been accounted for on the basis contained within their management agreements. Investment management fees are accounted for on an accruals basis.

### **Expenses**

7. Expenses are accounted for on an accruals basis.

### **Cash**

8. Cash held in bank accounts and other readily accessible cash funds is classified under cash balances as it is viewed that these funds are not held for investment purposes but to allow for effective cash management. Cash that has been deposited for a fixed period and as such as an investment, has been included under cash deposits.

### **Listed Private Equity**

9. The fund holds a number of investments in listed private equity companies. These are included under equities as the investment is in a company that undertakes private equity related activities rather than an investment in a specific fund that makes private equity investments. This is consistent with the treatment of other equity investments as the fund does not split out any other categories from within equities, for example retail stocks.

### **Management Fees**

10. Management fees have been accounted for based on the latest guidance from the Chartered Institute of Public Finance & Accountancy. Fees have been accounted for where the pension fund has a direct contractual obligation to pay them. This means where fees are deducted in a pooled fund they have been accounted for, but in a fund of funds the fees for the underlying funds are not included only those the pension fund pays to the fund of funds manager.

## **Note 4 – Critical Judgements in Applying Accounting Policies**

### **Unquoted Private Equity Investments**

Determining the fair value of unquoted private equity investments is highly subjective in nature. Unquoted private equity investments are valued by the investment managers using various valuation techniques and this involves the use of significant judgements by the managers. The value of unquoted private equity and infrastructure investments at 31 March 2020 was £127.080m (£93.621m at 31 March 2019).

### **Pension Fund Liability**

The pension fund liability is calculated every three years by the Fund's actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 26. The estimate of the liability is therefore subject to significant variances based on changes to the assumptions used.

## Pension Fund Accounts 2019-20

### Note 5 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for the revenues and

expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainties that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are:-

Item	Uncertainties	Potential Impact
Actuarial Present Value of Promised Retirement Benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on fund assets. The fund engages an actuarial firm to provide expert advice on the assumptions to be applied.	<p>The actuarial present value of promised retirement benefits included in the financial statements is £3,519m. There is a risk that this figure is under, or overstated in Note 26 to the accounts.</p> <p>Sensitivities to the key assumptions are as follows:</p> <p>A 0.5% p.a. increase in the pension increase rate would result in an approximate 9% increase to liabilities (£316m).</p> <p>A 0.5% p.a. increase in the salary increase rate would result in an approximate increase to liabilities of 1% (£25m).</p> <p>A 0.5% decrease in the real discount rate would result in an approximate 10% increase to liabilities (£344m).</p> <p>A one-year increase in member life expectancy would approximately increase the liabilities by 3-5%.</p>
Unquoted Private Equity	Unquoted private equity and infrastructure investments are valued at fair value using recognised valuation techniques. Due to the assumptions involved in this process there is a degree of estimation involved in the valuation.	Unquoted private equity and infrastructure investments included in the financial statements total £127.080m. There is a risk these investments are under, or overstated in the accounts. The Pension Fund relies on specialists to perform the valuations and does not have the information (i.e. the assumptions that were used in each case) to produce sensitivity calculations.

## Note 6 – Contributions

	2019/20 £'000	2018/19 £'000
<b>Employers</b>		
Normal	(55,799)	(53,554)
Augmentation	0	0
Deficit Funding	(19,389)	(15,821)
Costs of Early Retirement	(1,488)	(1,320)
	<b>(76,676)</b>	<b>(70,695)</b>
<b>Members</b>		
Normal	(23,924)	(22,709)
Additional*	(233)	(322)
	<b>(24,157)</b>	<b>(23,031)</b>
<b>Total</b>	<b>(100,833)</b>	<b>(93,726)</b>

Deficit recovery contributions are paid by employers based on the maximum 22 year recovery period set out in the Funding Strategy Statement. Where appropriate, the Actuary has shortened the recovery period for some employers to maintain as near stable contribution rates for those employers, in line with the Regulations.

\*Local Government Scheme Additional Employees contributions are invested within the Fund, unlike AVCs which are held separately, as disclosed in Note 23.

	<b>Employer Contributions</b>		<b>Members Contributions</b>	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Oxfordshire County Council	(30,196)	(28,652)	(9,782)	(9,360)
Scheduled Bodies	(38,475)	(33,409)	(11,835)	(11,124)
Resolution Bodies	(5,133)	(4,868)	(1,613)	(1,558)
Community Admission Bodies	(1,372)	(2,034)	(372)	(385)
Transferee Admission Bodies	(1,500)	(1,732)	(555)	(604)
<b>Total</b>	<b>(76,676)</b>	<b>(70,695)</b>	<b>(24,157)</b>	<b>(23,031)</b>

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### Note 7 – Transfers in

	<b>2019/20 £'000</b>	2018/19 £'000
Individual Transfers In from other schemes	(13,021)	(7,868)
Group Transfers In from other schemes	0	(2,081)
<b>Total</b>	<b>(13,021)</b>	<b>(9,949)</b>

### Note 8 – Other Income and Expenses

Other Income for 2019/20 of £0.149m (2018/19 £0.465m) reflects the interest resulting from the unwinding of the discount for the long-term receivable recognised for transfers to Magistrates' Courts. The long-term receivable was calculated on a discounted cash flow basis. This resulted in a charge to the fund account in the year the long-term receivable was originally recognised representing the value of the discount. The discount is being written down over a ten-year period. Further information regarding the deferred asset is included in Note 19.

### Note 9 – Benefits

	<b>2019/20 £'000</b>	2018/19 £'000
Pensions Payable	75,227	71,839
Lump Sums - Retirement Grants	11,475	13,132
Lump Sums - Death Grants	2,555	3,224
<b>Total</b>	<b>89,257</b>	<b>88,195</b>

	<b>Pensions Payable</b>		<b>Lump Sums</b>	
	<b>2019/20 £'000</b>	2018/19 £'000	<b>2019/20 £'000</b>	2018/19 £'000
Oxfordshire County Council	36,945	35,222	5,822	6,980
Scheduled Bodies	32,883	31,745	5,884	7,128
Resolution Bodies	769	630	853	712
Community Admission Bodies	3,702	3,451	918	669
Transferee Admission Bodies	928	791	553	867
<b>Total</b>	<b>75,227</b>	<b>71,839</b>	<b>14,030</b>	<b>16,356</b>

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## Note 10 – Payments to and on account of leavers

	<b>2019/20 £'000</b>	2018/19 £'000
Refunds of Contributions	387	651
Payments for members joining state scheme	4	(19)
Group Transfers Out to other schemes	0	0
Individual Transfers Out to other schemes	6,939	10,023
<b>Total</b>	<b>7,330</b>	<b>10,655</b>

## Note 11 – Management Expenses

	<b>2019/20 £'000</b>	2018/19 £'000
Administrative Costs	2,712	2,242
Investment Management Expenses	7,865	7,334
Oversight & Governance Costs	1,856	1,454
<b>Total</b>	<b>12,433</b>	<b>11,030</b>

Within oversight & governance costs are fees paid to the Pension Fund's external auditors of £0.019m (2018/19 £0.030m) for the audit of the Pension Fund's Annual Report and Accounts. No other fees were paid to the external auditors in 2019/20. A further breakdown of investment management expenses is provided in Note 13.

## Note 12 – Investment Income

	<b>2019/20 £'000</b>	2018/19 £'000
Bonds	(3,647)	(3,750)
Equity Dividends	(9,620)	(25,002)
Pooled Property Investments	(4,058)	(3,331)
Pooled Investments – Unit Trusts & Other Managed Funds	(302)	(9)
Interest on Cash Deposits	(702)	(553)
Other – Securities Lending	(49)	(53)
Irrecoverable Withholding Tax – Equities	(18,378)	(32,698)
	195	244
<b>Total</b>	<b>(18,183)</b>	<b>(32,454)</b>

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### Note 13 – Investment Management Expenses

	<b>2019/20 £'000</b>	<b>2018/19 £'000</b>
Management Fees	7,827	7,332
Custody Fees	38	2
<b>Total</b>	<b>7,865</b>	<b>7,334</b>

Investment Management & Custody Fees are generally calculated on a fixed scale basis with applicable rates applied to the market value of the assets managed. See Note 3 for details of the accounting treatment of management fees.

### Note 14 – Securities Lending

The Fund operated a securities lending programme with its custodian State Street Bank and Trust Company for the duration of the financial year. Collateralised lending generated income of £0.049m in 2019/20 (2018/19 £0.053m). This is included within investment income in the Pension Fund Accounts. At 31 March 2020 £8.892m (31 March 2019 £5.344m) of stock was on loan, for which the fund held £10.028m (31 March 2019 £6.006m) worth of collateral. Collateral consists of acceptable securities and government and supranational debt.

### Note 15 – Related Party Transactions

The Pension Fund is required to disclose material transactions with related parties, and bodies or individuals that have the potential to control or influence the Pension Fund, or to be controlled or influenced by the Pension Fund. Disclosure of these transactions allows readers to assess the extent to which the Pension Fund might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Pension Fund.

Members of the Pension Fund Committee and the post of Service Manager (Pensions) are the key management personnel involved with the Pension Fund. During 2019/20, the Committee consisted of nine County Councillors, two District Councillors and a beneficiary observer. Members of the Pension Fund Committee are disclosed in the Pension Fund Report and Accounts. An amount of £0.113m was

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paid to Oxfordshire County Council in respect of key management compensation during the financial year as follows:

	<b>2019/20 £'000</b>	2018/19 £'000
Short Term Benefits*	98	95
Long Term/Post Retirement Benefits	16	16
<b>Total</b>	<b>114</b>	<b>111</b>

\*Includes allowances paid to the Chairman of the Pension Fund Committee

These figures represent the relevant proportion of the salary and employer pension contributions for the key Council staff, reflecting their work for the Pension Fund.

As the County Council is the designated statutory body responsible for administering the Oxfordshire Pension Fund, it is a related party.

For the 12 months ended 31 March 2020, employer contributions to the Pension Fund from the County Council were £30.196m (2018/19 £28.652m). At 31 March 2020 there were receivables in respect of contributions due from the County Council of £3.466m (2018/19 £3.344m) and payables due to the County Council of £0.760m (2018/19 £0.025m) for support services.

The County Council was reimbursed £1.445m (2018/19 £1.441m) by the Pension Fund for administration costs incurred by the County Council on behalf of the Pension Fund.

## **Brunel Pension Partnership Ltd (Company Number 10429110)**

Brunel Pension Partnership Ltd (BPP Ltd) was formed on the 14th October 2016 and oversees the investment of pension fund assets for the following LGPS funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire.

Each of the 9 Administering Authorities, including Oxfordshire County Council, and the Environment Agency own 10% of BPP Ltd. Pension Fund transactions with BPP Ltd are as follows:

	<b>2019/20 £'000</b>	2018/19 £'000
Income	0	0
Expenditure	1,164	685
Receivables	237	263
Payables	0	0



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### Note 16 – Investments

	Value at 31.3.2020 £'000	Value at 31.3.2019 £'000
<b><u>Investment Assets</u></b>		
Bonds	300,087	296,805
Equities	86,211	360,807
Pooled Investments	1,729,191	1,581,636
Pooled Property Investments	161,843	172,306
Derivatives:		
– Forward Currency Contracts	3,092	1,111
Cash Deposits	28,111	3,567
Long-Term Investments	840	840
Investment Income Due	2,805	3,966
Amounts Receivable for Sales	9,596	3,463
<b>Total Investment Assets</b>	<b>2,321,776</b>	<b>2,424,501</b>
<b><u>Investment Liabilities</u></b>		
Derivatives:		
– Forward Currency Contracts	(6,166)	(384)
Investment Expenses Due	(13,785)	(869)
Amounts Payable for Purchases	0	0
<b>Total Investment Liabilities</b>	<b>(19,951)</b>	<b>(1,253)</b>
<b>Net Investment Assets</b>	<b>2,301,825</b>	<b>2,423,248</b>

## Note 16a – Reconciliation of Movements in Investments and Derivatives

	Value at 1.4.2019	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables / (Payables)	Value at 31.3.2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Bonds</b>	296,805	666,392	(685,059)	21,949			300,087
<b>Equities</b>	360,807	66,247	(352,573)	11,730			86,211
<b>Pooled Investments</b>	1,581,636	416,347	(65,953)	(202,839)			1,729,191
<b>Pooled Property Investments</b>	172,306	11,338	(19,827)	(1,974)			161,843
<b>Long-Term Investments</b>	840						840
<b><u>Derivative Contracts</u></b>							
<b>FX</b>	727	10,863	(10,955)	(3,709)			(3,074)
<b><u>Other Investment Balances</u></b>							
<b>Cash Deposits</b>	3,567	241,897	(228,813)	339	11,121		28,111
<b>Amounts Receivable for Sales of Investments</b>	3,463					6,133	9,596
<b>Investment Income Due</b>	3,966			40		(1,201)	2,805
<b>Amounts Payable for Purchases of Investments</b>	(869)					(12,916)	(13,785)
	<b>2,423,248</b>	<b>1,413,084</b>	<b>(1,363,180)</b>	<b>(174,464)</b>	<b>11,121</b>	<b>(7,984)</b>	<b>2,301,825</b>

Included within the above purchases and sales figures are transaction costs of £0.068m. Costs are also borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

There have been no employer-related investments at any time during the year.

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Purchases and sales relating to derivative contracts consist of forward foreign exchange contracts that are used for the purpose of currency hedging. Further details are contained in note 16c.

	Value at 1.4.2018	Purchases at Cost & Derivative Payments	Sales Proceeds & Derivative Receipts	Change in Market Value	Cash Movement	Increase in Receivables / (Payables)	Value at 31.3.2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Bonds</b>	279,802	273,511	(267,925)	11,417			296,805
<b>Equities</b>	713,313	162,046	(517,135)	2,583			360,807
<b>Pooled Investments</b>	1,069,635	867,562	(467,669)	112,108			1,581,636
<b>Pooled Property Investments</b>	161,441	13,687	(8,571)	5,749			172,306
<b>Long-Term Investments</b>	840						840
<b><u>Derivative Contracts</u></b>							
<b>FX</b>	(272)	849,609	(849,108)	498			727
<b><u>Other Investment Balances</u></b>							
<b>Cash Deposits</b>	9,698	83,301	(90,322)	231	659		3,567
<b>Amounts Receivable for Sales of Investments</b>	8,153					(4,690)	3,463
<b>Investment Income Due</b>	5,076					(1,110)	3,966
<b>Amounts Payable for Purchases of Investments</b>	(5,821)					4,952	(869)
	<b>2,241,865</b>	<b>2,249,716</b>	<b>(2,200,730)</b>	<b>132,586</b>	<b>659</b>	<b>(848)</b>	<b>2,423,248</b>

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**Note 16b – Analysis of Investments (Excluding Derivative Contracts,  
Cash Deposits and Other Investment Balances)**

**Long-Term Investments Assets**

	<b>2019/20 £'000</b>	2018/19 £'000
Brunel Pension Partnership Ltd	840	840
	<b>840</b>	<b>840</b>

**Bonds**

	<b>2019/20 £'000</b>	2018/19 £'000
UK Public Sector	88,160	90,463
UK Other	611	0
Overseas Public Sector	42,602	56,335
UK Public Sector Index Linked	162,526	150,007
Overseas Public Sector Index Linked	6,188	0
	<b>300,087</b>	<b>296,805</b>

**Equity Investments**

	<b>2019/20 £'000</b>	2018/19 £'000
UK Listed Equities	81,488	112,286
Overseas Listed Equities:		
North America	4,168	166,787
Japan	0	9,947
Europe	555	49,621
Pacific Basin	0	0
Emerging Markets	0	22,166
	<b>86,211</b>	<b>360,807</b>

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## Pooled Investment Vehicles

	<b>2019/20 £'000</b>	2018/19 £'000
UK Registered Managed Funds – Property	31,152	36,649
Non UK Registered Managed Funds – Property	16,603	19,522
UK Registered Managed Funds – Other	1,218,613	1,053,116
Non UK Registered Managed Funds – Other	263,771	209,540
UK Registered Property Unit Trusts	88,599	90,716
Non UK Registered Property Unit Trusts	25,490	25,418
Non UK Registered Unit Linked Insurance Fund	246,806	318,981
	<b>1,891,034</b>	<b>1,753,942</b>

## Total Investments (excluding derivative contracts)

	<b>2019/20 £'000</b>	2018/19 £'000
	<b>2,278,172</b>	<b>2,412,394</b>

## Note 16c – Derivative Contracts

### Objectives and policies

The Pension Fund Committee have authorised the use of derivatives by some of their Investment Managers as part of the investment strategy for the pension scheme.

The main objectives and policies followed during the year are summarised as follows:

Forward Foreign Exchange – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

### Forward Foreign Exchange (FX)

The scheme had open FX contracts at the year-end as follows:

Contract	Settlement Date	Currency Bought £'000	Currency Sold £'000	Asset value At year end £'000	Liability value At year end £'000	Net Forward Currency Contracts £'000
Forward OTC	3 months	62,531 GBP	71,004 EUR	760	(1,118)	
Forward OTC	1 month	32,800 USD	25,960 GBP	860	(378)	
Forward OTC	1 month	1,800 CAD	1,051 GBP		(31)	
Forward OTC	1 month	2,384,000 JPY	17,068 GBP	750		
Forward OTC	1 month	19,700 EUR	17,127 GBP	481	(170)	
Forward OTC	1 month	1,386 EUR	1,500 USD	89	(71)	
Forward OTC	1 month	28,674 GBP	4,113,400 JPY		(2,071)	
Forward OTC	1 month	47,423 GBP	61,692 USD		(2,310)	
Forward OTC	1 month	931 GBP	1,750 AUD	67		
Forward OTC	1 month	2,233 GBP	3,792 CAD	85		
Forward OTC	1 month	9,781 GBP	120,373 SEK		(17)	
Forward Currency Contracts at 31 March 2020				<b>3,092</b>	<b>(6,166)</b>	<b>(3,074)</b>
Prior Year Comparative						
Forward Currency contracts at 31 March 2019				<b>1,111</b>	<b>(384)</b>	<b>727</b>

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### Note 16d Other Investment Balances

	2019/20 £'000	2018/19 £'000
<u>Receivables</u>		
Sale of Investments	9,596	3,463
Dividend & Interest Accrued	2,492	3,742
Inland Revenue	313	224
Other	0	0
	<b>12,401</b>	<b>7,429</b>
<u>Payables</u>		
Purchase of Investments	(12,879)	0
Management Fees	(906)	(850)
Custodian Fees	0	(19)
	(13,785)	(869)
<b>Total</b>	<b>(1,384)</b>	<b>6,560</b>

### Cash Deposits

	2019/20 £'000	2018/19 £'000
Non-Sterling Cash Deposits	28,111	3,567
	<b>28,111</b>	<b>3,567</b>

The following investments represent more than 5% of the net assets of the scheme

	2019/20 £'000	% of Total Fund	2018/19 £'000	% of Total Fund
UBS Life Global Equities All Countries Fund	246,806	10.44	318,980	12.68
Brunel HG ALP GLB EQ	234,652	9.93	0	0.00
L&G World Developed Equity Index Fund	238,828	10.11	252,406	10.04
L&G UK FTSE All-Share Equity Index	145,866	6.17	179,064	7.12
L&G Core Plus Bond Fund	181,708	7.69	183,473	7.30
Brunel UK Equity Fund	351,250	14.86	438,172	17.42
Insight Broad Opportunities Fund	136,692	5.78	115,919	4.61



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## Note 17 – Current Assets

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Receivables:		
Employer Contributions	7,857	7,922
Employee Contributions	1,910	1,930
Rechargeable Benefits	1,152	1,113
Transferred Benefits	1,260	1,832
Cost of Early Retirement	527	724
Inland Revenue	104	78
Other	534	566
Cash Balances	49,122	77,159
<b>Total</b>	<b>62,466</b>	<b>91,324</b>

## Note 18 – Current Liabilities

	<b>2019/20</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>
Transferred Benefits	(290)	(1,351)
Benefits Payable	(405)	(1,100)
Inland Revenue	(920)	(987)
Costs of Early Retirement	(740)	(808)
Employer Contributions	(598)	0
Staff Costs	(109)	(2)
Consultancy	(66)	(94)
Other	(61)	(77)
<b>Total</b>	<b>(3,189)</b>	<b>(4,419)</b>

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### Note 19 – Long-Term Assets

	2019/20	2018/19
	£'000	£'000
Employer Contributions	2,130	4,189
Costs of Early Retirement	120	308
<b>Total</b>	<b>2,250</b>	<b>4,497</b>

Long-Term assets for 2019/20 include deferred receivables in relation to the transfer of staff to Magistrates' Courts for which a payment of £21.860m is due to be received in ten equal annual instalments, in line with the national agreement reached between Actuaries on behalf of Pension Funds, and the Government Actuary Department on behalf of the Government.

### Note 20 – Assets under External Management

The market value of assets under external fund management amounted to £2,221.493m as at 31 March 2020. The table below gives a breakdown of this sum and shows the market value of assets under management with each external manager:

	31/03/2020		31/03/2019	
	Market Value £'000	%	Market Value £'000	%
<b>Fund Manager</b>				
Brunel Pension Partnership	1,073,335	48.59	877,323	37.98
Legal & General	513,946	23.27	493,564	21.36
UBS	386,615	17.50	458,305	19.84
Wellington	1,692	0.08	267,194	11.57
Insight	136,692	6.19	115,919	5.02
Adams Street Partners	51,667	2.34	49,697	2.15
Partners Group	44,764	2.03	48,099	2.08
	<b>2,208,711</b>	<b>100.00</b>	<b>2,310,101</b>	<b>100.00</b>

## Note 21 – Top 5 Holdings

<b>Value of the Fund's Top Five Holdings at 31 March 2020</b>	<b>£'000</b>	<b>% of Fund</b>
HG Capital Trust Plc	42,935	1.81
BMO Private Equity Trust Plc	11,898	0.50
UK Index Linked Gilt 0.125 2044	11,503	0.49
Standard Life European Private Equity Trust	11,414	0.48
3i Group Plc	9,072	0.38

## Note 22 – Taxation

The scheme is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such the Fund is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. However, the Fund cannot reclaim certain amounts of withholding taxes relating to overseas investment income which are suffered in the country of origin.

## Note 23 – Additional Voluntary Contributions

	<b>Market Value 31 March 2020 £'000</b>	<b>Market Value 31 March 2019 £'000</b>
Prudential	13,196	13,575

AVC contributions of £1.316m were paid directly to Prudential during the year. (2018/19 - £1.639m).

The AVC provider to the Fund is the Prudential. The assets of these investments are held separately from the Fund. The AVC provider secures additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year. The Administering Authority does not handle these monies. Instead, if employees decide to pay AVCs their employer (the member body) sends them to Prudential.

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### Note 24 – Contingent Liabilities and Capital Commitments

As at 31 March 2020 the fund had outstanding capital commitments (investments) totalling £172.000m (31 March 2019 - £92.894m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the pooled investments and pooled property fund elements of the investment portfolio. The amounts 'called' by these funds are irregular in both size and timing from the date of the original commitment due to the nature of the investments.

### Note 25 – Investment Strategy Statement

Oxfordshire County Council Pension Fund has an Investment Strategy Statement. This is published in the Pension Fund Annual Report and Accounts which is circulated to all scheme employers and is also available on the Council's webpage.

### Note 26 – Actuarial Present Value of Promised Retirement Benefits

	<b>2020 £'000</b>	2019 £'000
Present Value of Funded Obligation	3,519	4,134

The movement from March 2019 can in part be explained by the normal changes over the year as new benefits are accrued and previous benefits paid out. This explains a decrease in the present value of the Funded Obligation of £204m (2019 - £153m increase).

There has been a decrease in the present value of the Funded Obligation of £411m (2019 - £305m increase) reflecting changes in the financial assumptions used by the actuary as a consequence of changes in the financial markets. The key changes in financial assumptions were:

- A decrease in the assumed level of CPI, and therefore pension increase, to 1.9% from 2.5% (net effect a decrease in Present Value of Funded Obligation)
- A decrease in the assumed level of salary increases to 1.9% from 3.7% (net effect a decrease in Present Value of Funded Obligation)
- A reduction in the discount rate to 2.3% from 2.4% (net effect an increase in Present Value of Funded Obligation).

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an ‘underpin’ which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme, by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling (“McCloud/Sargeant”) that similar transitional protections in the Judges’ and Firefighters’ Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK Government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase to members’ benefits, which in turn will give rise to a past service cost for the Fund employers.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members’ future salary increases, length of service and retirement age, and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary’s Department (GAD) has estimated that the impact for the LGPS as a whole could be to increase active member liabilities by 3.2%, based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD’s paper, dated 10 June 2019.

The Fund’s actuary has adjusted GAD’s estimate to better reflect the Oxfordshire County Council Pension Fund’s local assumptions, particularly salary increases and withdrawal rates. The revised estimate is that total liabilities (i.e. the increase in active members’ liabilities expressed in terms of the employer’s total membership) could be 0.5% higher as at 31 March 2020, an increase of approximately £6m.

These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

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### Note 27 – Financial Instruments

#### Note 27a – Classification of Financial Instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	2019/20			2018/19		
	Fair Value Through Profit & Loss £'000	Financial Assets at Amortised Cost £'000	Financial Liabilities at Amortised Cost £'000	Fair Value Through Profit & Loss £'000	Financial Assets at Amortised Cost £'000	Financial Liabilities at Amortised Cost £'000
<b>Financial Assets</b>						
Bonds	300,087			296,805		
Equities	86,211			360,807		
Pooled Investments	1,729,191			1,581,636		
Pooled Property Investments	161,843			172,306		
Derivatives	3,092			1,111		
Cash		77,232			80,727	
Long-Term Investments	840			840		
Other Investment Balances	12,088			7,205		
Receivables		487			520	
	<b>2,293,352</b>	<b>77,719</b>	<b>0</b>	<b>2,420,710</b>	<b>81,247</b>	<b>0</b>
<b>Financial Liabilities</b>						
Derivatives	(6,166)			(384)		
Other Investment Balances	(13,786)			(869)		
Payables			(390)			(109)
	<b>(19,952)</b>	<b>0</b>	<b>(390)</b>	<b>(1,253)</b>	<b>0</b>	<b>(109)</b>
<b>Total</b>	<b>2,273,400</b>	<b>77,719</b>	<b>(390)</b>	<b>2,419,457</b>	<b>81,247</b>	<b>(109)</b>

## Note 27b – Net Gains and Losses on Financial Instruments

	<b>31 March 2020 £'000</b>	<b>31 March 2019 £'000</b>
<u>Financial Assets</u>		
Fair Value through Profit and Loss	(174,803)	132,355
Loans and Receivables	0	0
Financial Assets at Amortised Cost	339	231
<u>Financial Liabilities</u>		
Fair Value through Profit and Loss	0	0
Financial Liabilities Measured at Amortised Cost	0	0
<b>Total</b>	<b>(174,464)</b>	<b>132,586</b>

## Note 27c – Valuation of Financial Instruments Carried at Fair Value

Financial instruments have been classified in to one of the following three categories to reflect the level of uncertainty in estimating their fair values:

### Level 1

Fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

### Level 2

Fair value is based on inputs other than quoted prices included within Level 1 that are observable either directly (i.e., from prices) or indirectly (i.e., derived from prices).

### Level 3

Fair value is determined by reference to valuation techniques using inputs that are not observable in the market.

Level 2 includes pooled funds where the valuation is based on the bid price, where bid and offer prices are published, or the net asset value provided by the issuing fund. Within Level 2 there are also listed private equity investments where the market for the security is not deemed active; for these investments the valuation is based on the most recently available bid price in the market.

Included within Level 3 are pooled private equity investments made in Limited Liability Partnerships where fair value is determined using valuation techniques which involve significant judgements by fund managers due to the unquoted nature of the underlying fund investments. The valuations are obtained from the audited financial statements of the issuing funds and are normally adjusted for cashflows where data does not cover the full financial year for the Pension Fund. Between December 2019 and March 2020 there were significant market movements, primarily resulting from the impact of



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the COVID-19 pandemic. As such the Fund's normal approach of taking 31 December valuations and adjusting for cashflows is unlikely to be an appropriate approximation of valuations for these funds for 2019/20. Where finalised 31 March 2020 valuations were not yet available the Fund has sought estimated valuations from fund managers.

Some listed private equity investments have been included within Level 3 of the hierarchy where it has been determined that the market for the fund is inactive. These listed private equity investments are valued using the most recently available bid price in the market.

Categorisation of financial instruments within the levels is based on the lowest level input that is significant to the fair value measurement of the instrument.

The following table presents the Fund's financial assets and liabilities within the fair value hierarchy.

Values at 31 March 2020	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<u>Financial Assets</u>				
Financial Assets at Fair Value through Profit and Loss	325,414	1,677,025	290,913	2,293,352
Loans and Receivables	77,719	0	0	77,719
<b>Total Financial Assets</b>	<b>403,133</b>	<b>1,677,025</b>	<b>290,913</b>	<b>2,371,071</b>
<u>Financial Liabilities</u>				
Financial Liabilities at Fair Value through Profit and Loss	(13,786)	(6,166)	0	(19,952)
Financial Liabilities at Amortised Cost	(390)	0	0	(390)
<b>Total Financial Liabilities</b>	<b>(14,176)</b>	<b>(6,166)</b>	<b>0</b>	<b>(20,342)</b>
<b>Net Financial Assets</b>	<b>388,957</b>	<b>1,670,859</b>	<b>290,913</b>	<b>2,350,729</b>

Values at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<u>Financial Assets</u>				
Financial Assets at Fair Value through Profit and Loss	582,547	1,708,127	130,036	2,420,710
Financial Assets at Amortised Cost	81,247	0	0	81,247
<b>Total Financial Assets</b>	<b>663,794</b>	<b>1,708,127</b>	<b>130,036</b>	<b>2,501,957</b>
<u>Financial Liabilities</u>				
Financial Liabilities at Fair Value through Profit and Loss	(869)	(384)	0	(1,253)
Financial Liabilities at Amortised Cost	(109)	0	0	(109)
<b>Total Financial Liabilities</b>	<b>(978)</b>	<b>(384)</b>	<b>0</b>	<b>(1,362)</b>
<b>Net Financial Assets</b>	<b>662,816</b>	<b>1,707,743</b>	<b>130,036</b>	<b>2,500,595</b>

## Reconciliation of Movement in Level 3 Financial Instruments

Level 3 Investments	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Long-Term Investments £'000
<b>Market Value 31 March 2019</b>	<b>1,458</b>	<b>80,563</b>	<b>34,117</b>	<b>13,058</b>	<b>840</b>
Transfers In	0	0	132,678	0	0
Transfers Out	0	0	0	0	0
Purchases	0	24,216	540	19,223	0
Sales	0	(10,346)	(7,483)	(1,821)	0
Unrealised Gains/(Losses)	(401)	(3,612)	1,296	838	0
Realised Gains/(Losses)	93	4,961	695	0	0
<b>Market Value 31 March 2020</b>	<b>1,150</b>	<b>95,782</b>	<b>161,843</b>	<b>31,298</b>	<b>840</b>

Level 3 Investments	UK Equities £'000	Pooled Private Equity Funds £'000	Pooled Property Funds £'000	Pooled Infrastructure Funds £'000	Long-Term Investments £'000
<b>Market Value 31 March 2018</b>	<b>1,804</b>	<b>71,797</b>	<b>32,377</b>	<b>3,646</b>	<b>840</b>
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Purchases	0	11,693	4,933	9,363	0
Sales	(523)	(12,946)	(5,525)	0	0
Unrealised Gains/(Losses)	(16)	3,692	2,316	49	0
Realised Gains/(Losses)	193	6,327	16	0	0
<b>Market Value 31 March 2019</b>	<b>1,458</b>	<b>80,563</b>	<b>34,117</b>	<b>13,058</b>	<b>840</b>

Transfers in are included at the 31 March 2020 market value. For 2019/20 the Pension Fund has included all pooled property funds that were held in Level 2 as at 31 March 2019 in level 3. The decision was made as all of the property funds had a material uncertainty clause included in their valuations. The clause was included as a result of the significantly reduced property market activity stemming from the COVID-19 pandemic.

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### Level 3 Sensitivities

Level 3 Investments	Valuation Range +/-	Value at 31 March 2020 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	1,150	1,265	1,035
Pooled Private Equity Funds	10%	95,782	105,360	86,203
Pooled Property Funds	3%	161,843	166,698	156,988
Pooled Infrastructure Funds	5%	31,298	32,863	29,733
Long-Term Investments	0%	840	840	840

Level 3 Investments	Valuation Range +/-	Value at 31 March 2019 £'000	Valuation on Increase £'000	Valuation on Decrease £'000
UK Equities	10%	1,458	1,604	1,312
Pooled Private Equity Funds	10%	80,563	88,619	72,507
Pooled Property Funds	3%	34,117	35,141	33,093
Pooled Infrastructure Funds	5%	13,058	13,711	12,405
Long-Term Investments	0%	840	840	840

## Note 28 – Risk

The Pension Fund is subject to risk in terms of its key responsibility to meet the pension liabilities of the scheme members as they become due. These risks relate to the value of both the assets and the liabilities of the Fund and the timing of when the payment of the liabilities becomes due.

At a strategic level, the main tools used by the Pension Fund to manage risk are:

- The triennial Fund Valuation which reviews the assets and liabilities of the Fund, and resets employer contribution rates to target a 100% Funding Level. The 2019 Valuation estimated that the current Funding Level is 99%.
- The Investment Strategy Statement which sets out the Fund's approach to the investment of funds, and specifically sets out the approach to the mitigation of investment risk.
- The review of the Strategic Asset Allocation to ensure compliance with the Investment Strategy Statement.
- The regular review of the performance of all Fund Managers.

Key elements of the approach to managing the investment risk as set out in the Investment Strategy Statement include:

- Maintaining an element of the asset allocation in fixed income securities, the behaviour of which most closely mirrors that of the Fund liabilities. The allocation to fixed income securities is constantly reviewed with the proposal that the allocation will increase as the maturity of the fund increases, as was the case following the 2016 valuation. Whilst the Fund maintains a high proportion of active members where the payment of liabilities is not due for many decades, the Fund can afford to seek the higher investment returns associated with the more volatile asset classes.
- Maintaining an element of the asset allocation in passive equity funds which remove the risk associated with poor manager performance (though retaining the market risk).
- Ensuring a diversification amongst asset classes, and in particular an allocation to alternative asset classes for which performance has historically not correlated to equity performance.
- Ensuring a diversification of Fund Managers and investment styles (e.g. some with a growth philosophy, some with a value philosophy) to mitigate the risk of poor manager performance impacting on asset values.
- The Fund's policy on ensuring ESG factors are taken into account in investment decisions. During 2019/20 the Fund has developed a Climate Change Policy dealing with how it will manage climate change related risks and opportunities. The policy was developed as the Fund sees climate change as single most significant risk to long-term investment performance given its systemic nature.

The key risks associated with the level of liabilities stem from the level of initial pension benefit payable, the indexation of this benefit and the time the benefit is in payment for. These risks largely lie outside the control of the Pension Fund. Changes to the scheme were made in 2014 with the aim of

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making the scheme more sustainable including; linking the normal retirement age to future estimates of life expectancy to bring stability to the length of time benefits are in payment, a change in the calculation of benefits to career average revalued earnings to avoid the sudden hike possible in final benefits possible under a final salary scheme, and a switch in the basis of indexation to CPI which is generally lower than the RPI alternative.

The Actuary, when completing the 2019 Valuation, undertook sensitivity analysis calculations to look at the impact on potential liabilities and the funding level. A variation of 0.1% per annum in the discount rate would move the calculated funding level from 99% down to 98% or up to 100%. A change in the CPI assumption of 0.1% per annum would lead to a reduction in the funding level to 98% or an increase to 100%. A change to the rate of mortality improvement of 0.25% would move the funding level down to 98% or up to 100%.

In terms of the investment in the various Financial Instruments open to the Pension Fund, the Fund is exposed to the following risks:

- Credit risk – the possibility of financial loss stemming from other parties no longer being able to make payments or meet contractual obligations to the Pension Fund.
- Liquidity Risk – the possibility that the Pension Fund might not have the funds available to meet its payment commitments as they fall due.
- Market Risk – the possibility that the Pension Fund may suffer financial loss as a consequence of changes in such measures as interest rates, market prices, and foreign currency exchange rates.

The Pension Fund's credit risk is largely associated with the Fund's investments in Fixed Interest and Index Linked Securities, Cash Deposits and Short Term Loans, where there is a risk that the other parties may fail to meet the interest or dividend payments due, or fail to return the Fund's investment at the end of the investment period.

At 31 March 2020 the Fund's exposure to credit risk predominantly related to the following investments:

<b>Investment Category</b>	<b>31 March 2020 £'000</b>	<b>31 March 2019 £'000</b>
UK Government Gilts	88,160	90,463
UK Corporate Bonds	181,708	183,473
UK Index Linked Gilts	163,137	150,007
Overseas Government Bonds	48,789	56,335
Non-Sterling Cash Deposits	28,111	3,567
Cash Balances	49,122	77,159
<b>Total</b>	<b>559,027</b>	<b>561,004</b>

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The Pension Fund manages the credit risk by ensuring a diversification of investments both in terms of product and in terms of redemption dates, whilst limiting investments made to sub-investment grade bonds to those made through pooled funds. Corporate Bonds are held through a pooled fund vehicle and up to 15% of holdings can be invested in sub-investment grade bonds. Cash held in sterling at 31 March 2019 was deposited in short-term notice cash accounts and money market funds as shown in the table below:

	<b>Rating</b>	<b>Balance as at 31 March 2020 £'000</b>	<b>Rating</b>	<b>Balance as at 31 March 2019 £'000</b>
<u>Money Market Funds</u>				
Aberdeen Standard	AAA	20,000	AAA	21,000
State Street Global Advisors	AAA	45,162	AAA	57,644
<u>Bank Current Accounts</u>				
Lloyds Bank Plc	A+	1,547	A+	1,950
State Street Bank & Trust Co	AA+	10,524	AA+	132
<b>Total</b>		<b>77,233</b>		<b>80,726</b>

The Pension fund has no experience of default against which to quantify the credit risk against the current investments.

### Liquidity Risk

Liquidity risk represents the risk that the Fund will be unable to meet its financial obligations as they fall due. At the present time, the liquidity risk is seen, relatively, as the greatest threat to the Pension Fund, although the absolute risk itself is still seen to be very low, particularly in the short term.

During 2019/20 the Pension Fund received/accrued income related to dealings with members of £114.0m (2018/19- £104.1m) and incurred expenditure related to dealings with members of £109.0m (2018/19 - £109.9m). There were further receipts/accruals of £18.4m (2018/19 - £32.7m) in respect of investment income, against which need to be set taxes of £0.2m (2018/19 - £0.2m). The net inflow was therefore £23.2m (2018/19 - £26.6m).

The figures show that the Fund is still cashflow positive at the whole fund level. A cash flow forecast is maintained for the Fund to understand and manage the timing of the Fund's cash flows. On a daily basis, the Fund holds a minimum of £40m of cash in call accounts and money market funds to meet benefit payments due, drawdowns from fund managers, and other payments due from the Fund. The Fund has also looked at longer-term cashflow forecasts to gain a greater understanding of when the balance of pension payments and contributions may become negative so as to consider how this may affect the Fund's investment strategy in the future. The Fund has already taken some steps in this regard including allocating to the Secured Income portfolio offered by Brunel Pension Partnership.

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The Fund would need to experience a significant change in either the levels of contributions received, and/or the levels of benefits payable, as well as the loss of all current investment income, before it might be required to liquidate assets at financial loss.

There are risks in this area going forward as a result of continuing reductions in public expenditure, and the resulting impact on active scheme membership. The reductions in public sector expenditure will impact on the liquidity of the Pension Fund both in terms of a reduction in contributions receivable as the workforce shrinks, as well as an increase in benefits payable as staff above the age of 55 are made redundant and become entitled to early payment of their pension. There are changes to the Scheme being consulted on that could impact on scheme membership levels although these changes would be expected to impact gradually over time. In addition, some employers are adopting models that have the potential to reduce scheme membership.

However, as noted above, for the Fund to reach a position where it is forced to sell assets and therefore face a potential financial loss, (as well as to forego future investment returns which have been assumed to meet pension liabilities in the future), the net movement in cash would need to be of a scale deemed unlikely in the medium-term. The Pension Fund will seek to mitigate these risks through working with employers to understand the potential for any significant membership changes and by monitoring the fund's cash-flows. The fund will also provide advice to the Government on the impact of any proposals for change, as well providing clear communication to current scheme members of the on-going benefits of scheme membership and the personal risks to their future financial prospects of opting out at this time.

### **Market Risk**

The whole of the Pension Fund's investment asset base is subject to financial loss through market risk, which includes the impact of changes in interest rates, movements in market prices and movements in foreign currency rates. However, as noted above under the liquidity risk, these financial losses are not automatically realised, as all assets held by the Pension Fund are done so on a long-term basis. Subject to the liquidity risk above, it is likely to be many years into the future before any assets will be required to be realised, during which time market risk will have the opportunity to even itself out.

Market risk is generally managed through diversification of investments within the portfolio in terms of asset types, geographical and industry sectors, and individual securities.

Whilst widespread recession will drive down the value of the Fund's assets and therefore funding level in the short term, this will have no direct bearing on the long-term position of the Fund, nor the contribution rates for individual employers. Under the LGPS Regulations, the Fund Actuary is required to maintain as near stable contribution rate as possible, and as such the Valuation is based on long term assumptions about asset values, with all short-term movements smoothed to reflect the long-term trends.



### Interest Rate Risk

The direct exposure of the fund to interest rate risk and the impact of a 100 basis point movement in interest rates are presented in the table below. This analysis assumes that all other variables remain constant:

Asset Type	Carrying Amount as at 31 March 2020 £'000	Change in Year in the Net Assets Available to Pay Benefits	
		+1% £'000	-1% £'000
Cash and Cash Equivalents	28,111	281	(281)
Cash Balances	49,122	491	(491)
Bonds	481,794	4,818	(4,818)
<b>Total Change in Assets Available</b>	<b>559,027</b>	<b>5,590</b>	<b>(5,590)</b>

Asset Type	Carrying Amount as at 31 March 2019 £'000	Change in Year in the Net Assets Available to Pay Benefits	
		+1% £'000	-1% £'000
Cash and Cash Equivalents	3,567	36	(36)
Cash Balances	77,159	772	(772)
Bonds	480,278	4,803	(4,803)
<b>Total Change in Assets Available</b>	<b>561,004</b>	<b>5,611</b>	<b>(5,611)</b>

In the short term, interest rate risk is difficult to quantify in that it impacts directly on both the price of fixed interest and index linked securities as well as the discount factor used to value liabilities. Increases in interest rates which will drive down security prices and asset values will also reduce the future pension liabilities and therefore improve funding levels rather than worsen them.

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### Currency Risk

Currency risk concerns the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is exposed to foreign exchange risk on financial instruments that are denominated in currencies other than the Fund's functional currency (£GBP). Risks around foreign currency rates are mitigated in part by allowing the Fund Managers to put in place currency hedging arrangements up to the value of the stock held in a foreign currency (also see note 16c).

The table below shows the impact a 10.0% weakening/strengthening of the pound against the various currencies would have on the assets available to pay benefits.

This analysis assumes that all other variables remain constant.

Currency Exposure – Asset Type	Asset Values as at 31 March 2020 £'000	Change in Year in the Net Assets Available to Pay Benefits	
		+10.0% £'000	-10.0% £'000
Overseas Equities	4,723	472	(472)
Pooled Global Equities	786,596	78,660	(78,660)
Pooled Private Equity (LLPs)	81,755	8,176	(8,176)
Pooled Property	42,092	4,209	(4,209)
Infrastructure	19,915	1,991	(1,991)
Cash	28,111	2,811	(2,811)
<b>Total Change in Assets Available</b>	<b>963,192</b>	<b>96,319</b>	<b>(96,319)</b>

Currency Exposure – Asset Type	Asset Values as at 31 March 2019 £'000	Change in Year in the Net Assets Available to Pay Benefits	
		+10.0% £'000	-10.0% £'000
Overseas Equities	248,521	24,852	(24,852)
Pooled Global Equities	571,387	57,139	(57,139)
Pooled Private Equity (LLPs)	69,957	6,996	(6,996)
Pooled Property	44,940	4,494	(4,494)
Infrastructure	13,058	1,306	(1,306)
Cash	3,567	357	(357)
<b>Total Change in Assets Available</b>	<b>951,430</b>	<b>95,144</b>	<b>(95,144)</b>

## Other Price Risk

Other price risk represents the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or foreign exchange risk.

All investments in securities present a risk of loss of capital. The maximum risk is the fair value of the financial instrument.

The effect of various movements in market price are presented in the table below along with the effect on total assets available to pay benefits assuming all other factors remain constant:

<b>Asset Type</b>	<b>Value as at 31 March 2020 £'000</b>	<b>Percentage Change %</b>	<b>Value Increase £'000</b>	<b>Value Decrease £'000</b>
UK Equities	81,489	10.0	89,638	73,340
Pooled UK Equities	497,115	10.0	546,827	447,404
Global Equities	4,723	10.0	5,195	4,251
Diversified Growth Fund	136,692	3.0	140,792	132,591
Pooled Global Equities	786,596	10.0	865,256	707,937
UK Bonds	88,160	5.0	92,568	83,752
Overseas Bonds	48,789	5.0	51,229	46,350
UK Index Linked Bonds	163,137	5.0	171,294	154,980
Pooled Corporate Bonds	181,708	5.0	190,794	172,623
Infrastructure	31,298	5.0	32,863	29,733
Pooled Private Equity (LLPs)	95,782	10.0	105,360	86,204
Pooled Property	161,843	3.0	166,699	156,988
Long-Term Investments	840	0.0	840	840
Cash	77,233	0.0	77,233	77,233
<b>Total Assets Available to Pay Benefits</b>	<b>2,355,405</b>		<b>2,536,588</b>	<b>2,174,226</b>

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<b>Asset Type</b>	<b>Value as at 31 March 2019 £'000</b>	<b>Percentage Change  %</b>	<b>Value on Increase  £'000</b>	<b>Value on Decrease  £'000</b>
UK Equities	112,286	10.0	123,514	101,057
Pooled UK Equities	617,237	10.0	678,960	555,513
Global Equities	248,521	10.0	273,373	223,669
Diversified Growth Fund	115,920	3.0	119,397	112,442
Pooled Global Equities	571,387	10.0	628,526	514,248
UK Bonds	90,463	5.0	94,986	85,940
Overseas Bonds	56,335	5.0	59,152	53,518
UK Index Linked Bonds	150,007	5.0	157,508	142,507
Pooled Corporate Bonds	183,473	5.0	192,646	174,299
Infrastructure	13,057	5.0	13,711	12,405
Pooled Private Equity (LLPs)	80,562	10.0	88,619	72,507
Pooled Property	172,306	3.0	177,475	167,136
Long-Term Investments	840	0.0	840	840
Cash	80,726	0.0	80,726	80,726
<b>Total Assets Available to Pay Benefits</b>	<b>2,493,120</b>		<b>2,689,433</b>	<b>2,296,807</b>

## Note 29 – Actuarial Valuation

The contribution rates within the 2019/20 Pension Fund Accounts were determined at the actuarial valuation carried out as at 31 March 2016.

This valuation showed that the required level of contributions to be paid to the Fund by the County Council for the year ended 31 March 2020 was 19.9% of Pensionable Pay. The corresponding rates of contribution that are required from the major participating employers for this period are:

	<b>% Pay</b>	<b>Additional Monetary Amounts £'000</b>
South Oxfordshire District Council	12.9	812
West Oxfordshire District Council	15.8	-
Cherwell District Council	14.9	-
Oxford City Council	20.6	-
Vale of White Horse District Council	13.2	716
Oxford Brookes University	14.4	606

The funding policy of the scheme is set out in the Funding Strategy Statement and can be summarised as follows:-

- To enable Employer contribution rates to be kept as stable as possible and affordable for the Fund's Employers.
- To make sure the Fund is always able to meet all its liabilities as they fall due.
- To manage Employers' liabilities effectively.
- To enable the income from investments to be maximised within reasonable risk parameters.

The actuarial method used to calculate the future service contribution rate for most Employers was the Projected Unit Method with a one year control period. The Attained Age Method has been used for some Employers who do not permit new employees to join the fund. These calculations draw on the same assumptions used for the funding target.

The market value of the Fund's assets at the valuation date was £1,842m. The smoothed market value<sup>1</sup> of the Fund's assets at the valuation date was £1,825m representing 90% of the Fund's accrued liabilities, allowing for future pay increases. The Actuary has certified contribution rates for all Fund employers from 1 April 2017, which subject to the financial assumptions contained in the valuation, would result in the deficit being recovered over a period of no more than 22 years.

## Pension Fund Accounts 2019-20

The contribution rates have been calculated using assets at their smoothed market value and financial assumptions which are consistent with the assets being taken at their smoothed market value. The main financial assumptions were as follows:

<b>Assumptions for the 2016 Valuation</b>	<b>Annual Rate %</b>
Pension Increases	2.4
Short-Term Pay Increases*	2.4
Long-Term Pay Increases	3.9
Discount Rate	5.4

\*Short-term pay increases are for the period to 31 March 2020.

Assumptions are also made on the number of leavers, retirements and deaths. One of the important assumptions is the mortality of existing and future pensioners. Mortality rates have been based on up to date national standard tables adjusted for the recent experience of the Oxfordshire County Council Pension Fund and make allowance for an expectation of further improvements in mortality rates in the future.

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<sup>1</sup> The smoothed market value is the six month average of the market value straddling the valuation date.

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

### **Description of Funding Policy**

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated June 2017. In summary, the key funding principles are broadly as follows:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 20 years.

### **Funding Position as at the last formal funding valuation**

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2019. This valuation revealed that the Fund's assets, which at 31 March 2019 were valued at £2,515 million, were sufficient to meet 99% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting deficit at the 2019 valuation was £31 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and liability measure as per the FSS. Individual employers' contributions for the period 1 April 2020 to 31 March 2023 were set in accordance with the Fund's funding policy as set out in its FSS.

## Actuarial Statement

### Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2019 valuation report

#### Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date, and makes an allowance for expected

future salary growth to retirement or expected earlier date of leaving pensionable membership.

#### Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2019 valuation were as follows:

Financial assumptions	31 March 2019
Discount rate	4.3%
Salary increase assumption	2.3%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of

recent mortality experience and a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	22.2 years	24.3 years
Future Pensioners*	22.9 years	25.6 years

\*Aged 45 at the 2019 Valuation.

Copies of the 2019 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

#### Experience over the period since 31 March 2019

Markets were disrupted by COVID 19 which resulted in difficult market conditions towards the end of the financial year. As a result, the funding level of the Fund as at 31 March 2020 has

reduced versus that reported in the previous formal valuation.

The next actuarial valuation will be carried out as at 31 March 2022. The Funding Strategy Statement will also be reviewed at that time.

**Robert McInroy FFA**

**For and on behalf of Hymans Robertson LLP**

**22 May 2020**



## Summary of Benefits at March 2020

### Introduction

Membership of the Local Government Pension Scheme (LGPS) secures entitlement to benefits that are determined by statute, contained within the LGPS Regulations. The regulations current for this year's report were effective from April 2014. A summary of the main benefit structure follows. There is further specific information in the sections, making up an Employee Guide currently held on the pension pages of the County public website.

[www.oxfordshire.gov.uk/lgpsmembersguide](http://www.oxfordshire.gov.uk/lgpsmembersguide)

### Employers' Discretion

The regulations require each employer within the Oxfordshire Fund to determine their own local policy in specific areas. These policy statements have to be published and kept under review.

The specific areas include how employers will exercise discretionary powers to, award additional pension for a member, agreement to flexible retirement on request of the member, setting up a shared cost AVC scheme, and waiving the reduction to a pension which is being paid early.

### Retirement

The 2014 scheme reintroduced the 2 year vesting period to qualify for any benefit other than that following a death in service. The scheme retirement age is linked to State Pension Age (SPA) for men and women, membership of the scheme continues when employment continues after SPA. All pensions contributions must cease before the 75th birthday.

Scheme benefits can be taken voluntarily after leaving employment from age 55, but the benefit payable will be reduced. Alternatively when retirement is deferred until after SPA, the benefit will be increased.

The regulations confirm 'normal retirement age' to be the personal state retirement age but not before age 65, but protection is offered to those members who previously had the entitlement for earlier retirement with an unreduced benefit. The protections offered are limited according to the age of the member and may not apply on the whole of their membership.

The earliest age for payment of pensions is age 55 and from April 2014 employer's approval is no longer required.

Flexible retirement options, from age 55 were introduced from April 2006. A person could reduce their hours or grade and request a payment of pension while continuing in employment. Employers have to agree to the whole arrangement.

Ill health retirement – the Regulations provide 3 tiers of benefit depending upon the likelihood of the member being able to obtain gainful employment in the future. An employer's assessment for ill health pension is based upon capability to carry out duties of the member's current job and must be supported by appropriate independent medical certification.

From age 55, unreduced benefits are payable immediately when an employer terminates employment due to a redundancy or efficiency dismissal

## Summary of Benefits at March 2020

### Benefits

A retirement benefit, whether payable immediately or deferred, consists of an annual retirement pension and lump sum retirement grant for membership to 31 March 2008 and an annual retirement pension on membership from April 2008 (see below). However there is an option for members to convert pension to lump sum retirement grant. The minimum period of membership to qualify for retirement benefits is 2 years. The standard pension calculation, for membership to 31 March 2008, is 1/80 of final years' pensionable pay for each year of membership and the retirement grant is 3/80 of final year's pensionable pay for each year of membership. From 1 April 2008 to 31 March 2014 the standard calculation is 1/60 of final years' pensionable pay for each year of membership. From April 2014 the standard calculation is pay x 1/49 for the year with annual pension revaluation. NB Where members choose to pay into the 50/50 section of the scheme their accrual for that period will be pay x 1/98 and not 1/49 as shown.

#### Example – retirement in 2020

25 years membership to 31 March 2014 and then six years in the 'new scheme', 'final pay' and career average pay £15,000 as at 31 March 2020

#### Annual Pension

20 years x 1/80 x £15,000 = **£3,750**

5 years x 1/60 x £15,000 = **£1,250**

£15,000 x 6/49 = **£1,836.73**

#### Retirement Grant

20 years x 3/80 x £15,000 = **£11,250**

Members can choose at retirement to exchange pension for a larger retirement grant lump sum. AVC funds can also be used to provide a larger tax free lump sum. This combined lump sum can be up to 25 percent of the member's individual total pension fund value.

There are differences for elected members: Final pay is derived from career average pay and the benefit calculation remains for the time being as 1/80 for annual pension and 3/80 retirement grant. Elected members can only remain in the LGPS for their current period of office, and is not available for newly elected councillors.

### Liability to pay future benefits

The Pension Fund financial statements provide information about the financial position, performance and financial arrangements of the Fund. They are intended to show the results of the stewardship and management, that is the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end. The only items that are required to be excluded by regulations are liabilities to pay pensions and other benefits in the future, which are reported upon in the actuary's statement.

## Summary of Benefits at March 2020

### Increasing Benefits

Scheme members have several options as to how they increase their benefits, additional contributions to the LGPS or by contributing to the group AVC scheme arranged with the Prudential.

**Additional Regular contributions (ARC's)** to the LGPS to buy additional pension and set up before 1 April 2014 may continue but opening a new ARC is not possible.

**Additional Pension Contributions (APC)** gives members the opportunity to buy additional pension of up to £6,675. Payment can be made by a one off, or regular monthly payments.

Prudential AVCs. A member's additional contributions are invested by the Prudential to enable an annuity to be bought at retirement either from the Prudential, on the open market or as a top up pension with the LGPS. In certain protected circumstances the AVC value may also be used to buy additional LGPS membership.

Members may also make their own arrangements using a stakeholder pension or an FSAVC.

### Death

Following a death in service a death grant of up to three times pensionable pay is payable. There are no minimum service requirements to qualify, but there are limits to the total of death grant payable if the member also has pensions on payment or in deferment. Scheme members are recommended to keep their 'expression of wish' nominations current.

- Pensions are due to the eligible survivors: partners and /or children. The pension due to survivors reflects the changing regulations and the partnership status. Whilst the regulations no longer require prior nomination of co-habitees, eligibility must be determined before making payment. Widows' and Widowers' Pension; Civil Partners' Pension; Nominated co-habiting partners' Pension

The formula for pensions for surviving partners is 1/160 of the members' final year's pensionable pay for the allowable membership to 31 March 2014 with enhancements assessed under the CARE scheme from 1 April 2014 until the members state retirement age.

For a widow or widower married before the member left employment all of membership can be used.

For civil partners and cohabiting partners only membership from 6 April 1988 is allowable for pension calculations.

## Investment Strategy Statement

### Introduction

The Pension Fund Committee has drawn up this Investment Strategy Statement (ISS) to comply with the requirements of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the accompanying Guidance on Preparing and Maintaining an Investment Strategy Statement. The Authority has consulted its Actuary and Independent Financial Adviser in preparing this statement.

The ISS is subject to periodic review at least every three years and more frequently if there are any developments that impact significantly on the suitability of the ISS currently in place. Investment performance is monitored by the Committee on a quarterly basis and may be used to check whether actual results are in-line with those expected under the ISS.

The Committee will invest any Fund money not immediately required to make payments from the Fund in accordance with the ISS. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

### Governance Overview

Oxfordshire County Council is the designated statutory body responsible for administering the Oxfordshire Pension Fund. The Pension Fund Committee acts on the delegated authority of the Administering Authority and is responsible for setting investment policy, appointing suitable persons to implement that policy and carrying out regular reviews and monitoring of investments.

The Director of Finance has delegated powers for investing the Oxfordshire Pension Fund in accordance with the policies determined by the Pension Fund Committee. The Committee is comprised of nine County Councillors plus two District Council representatives. A beneficiaries'

representative attends Committee meetings as a non-voting member.

The Committee meets quarterly and is advised by the Director of Finance and the Fund's Independent Financial Adviser. The Committee members are not trustees, although they have similar responsibilities.

### Investment Objectives

The Fund's primary objective is to ensure that over the life of the Fund it has sufficient funds to meet all pension liabilities as they fall due. In seeking to achieve this aim, the investment objectives of the Fund are:

1. to achieve and maintain a 100% funding level;
2. to ensure there are sufficient liquid resources available to meet the Fund's current liabilities and investment commitments;
3. for the overall Fund to outperform the benchmark, set out in the next section, by 1.0% per annum over a rolling three-year period (N/B The Secured Income, Diversified Growth Fund and Infrastructure portfolios do not have a benchmark as such, but target cash returns plus a given percentage. They do not therefore contribute to the outperformance target).

### Asset allocation

The decision on asset allocation determines the allocation of the Fund's assets between different asset classes. The Committee believes that this is the single most important factor in the determination of the Fund's investment outcomes. In setting the asset allocation the Fund has considered advice from its Independent Financial Adviser and a report from advisers MJ Hudson on investment scenarios

## Investment Strategy Statement

against the efficient frontier and the investment implications of the latest cash flow forecasts produced by the Fund Actuary.

Every three years, following the actuarial valuation, there is a fundamental review of how the assets are managed. This review considers the most appropriate asset allocation for the Fund in order to achieve its investment objectives and considers advice from the Fund's Independent Financial Adviser. A balance is sought between risk, return and liquidity. The most recent review was undertaken in February 2020.

Diversification is the Fund's primary tool for managing investment risk. Diversification can improve returns and reduce portfolio volatility by ensuring that investment risk is not concentrated in a particular asset class or investment style and by reducing exposure to losses through poor performance of an individual asset class. In considering asset class correlations it is acknowledged that these vary over time and as such, are not indicators of how assets will behave relative to each other in the future. Taking this into account, the Committee believes that spreading investments over a wide range of asset classes is the most appropriate way to benefit from diversification having considered the factors that may cause values for various asset classes to move in the future.

The Committee has developed the following guidelines to assist in ensuring appropriate diversification is maintained:

1. Exposure to a single security will be limited to 10% of the total portfolio.
2. No single investment shall exceed 35% of the Fund's total portfolio.
3. Not more than 10% of the Fund may be held as a deposit in any single bank, institution or person.

In considering the asset classes used to build the Fund's overall portfolio, consideration has been given to the suitability of those investments given the Fund's investment objectives and advice has been taken from the Fund's Independent Financial Adviser. The fund broadly defines assets as either return-seeking or liability-matching assets and seeks to develop an appropriate balance between these categories. Each asset class should be understood by the Committee, be consistent with the Fund's risk/return objectives, and provide the most effective solution for delivering a target outcome.

The Fund currently constructs its investment portfolio using eleven distinct asset classes. A target allocation and range is set for each asset class as shown in the following table.

## Investment Strategy Statement

Asset Class	Target Allocation %	Range %
UK Equities	21	19 – 23
Developed World (excl. UK) Equities	26	24 – 28
Emerging Market Equities	4	3 – 5
<b>Total Equities</b>	<b>51</b>	<b>46 – 56</b>
UK Gilts	3	
Corporate Bonds	6	
Index Linked Bonds	5	
Overseas Bonds	2	
<b>Total Bonds</b>	<b>16</b>	<b>14 – 18</b>
Property	8	6 – 10
Private Equity	9	7 – 11
Private Debt	3	2 – 4
Multi-Asset	5	4 – 6
Infrastructure	3	2 – 4
Secured Income	5	4 – 6
Cash	0	0 – 5
<b>Total Other Assets</b>	<b>33</b>	<b>26 – 40</b>

### Investment Implementation

It is the Fund's Policy to implement its asset allocation through the portfolios offered by Brunel. Where Brunel do not offer a current portfolio, a request will be made under the agreed Brunel policy for the creation of new portfolios. New investments will only be made outside the pool where Brunel are unable to offer a requested portfolio, normally as a result of the current FCA permissions, or as an interim measure whilst waiting for a Brunel Portfolio to be established, or commitments to the private markets to be called.

When overseeing the selection processes of the Brunel Pension Partnership, the Pension Fund will look at the most cost-effective way of delivering the required investment outperformance rather than have a narrow focus on cost. Ultimately, it is

the investment performance net of costs achieved by the Fund Managers which determines the success of the Fund in meeting its objectives.

When making asset allocation decisions for some asset classes there is a choice available between active and passive management. The Fund believes that active management can provide benefits above passive management in some situations. Active management gives the potential for outperformance relative to the passive benchmark through the selection of holdings expected to outperform the general market and through the use of cash to protect against downside risk. In considering the most appropriate type of mandate the Fund will consider the potential for outperformance, fees and risk. For some investment classes there are not passive



## Investment Strategy Statement

investment solutions currently available but the Fund will work with Brunel to monitor the market to identify any new products that are developed in the passive arena.

Where directly appointed, the individual managers' performance, current activity and transactions are monitored quarterly by the Pension Fund Committee. Where the portfolios are now managed by the Brunel Company, it is

their responsibility to monitor individual Fund Manager performance, with the Pension Fund Committee responsible for monitoring the performance of the Brunel Company, and getting assurance that they are monitoring the underlying Fund Managers appropriately.

The assets are currently managed as set out in the following table.

Asset Class	Investment Manager	Benchmark	Annual Target
UK Equities	Brunel Brunel	FTSE All-Share FTSE All-Share	+2.0% Passive
Developed World Equities	Brunel Brunel	FTSE Developed MSCI World	Passive +2-3%
Global Equities	UBS	MSCI All Countries World Index	+3.0%
Emerging Market Equities	Brunel	MSCI Emerging Market	+2.0-3.0%
Low Carbon	Brunel	MSCI World	Passive
Bonds & Index Linked - UK Gilts - Index Linked - Corporate bonds - Overseas bonds	Legal & General	FTSE A All Gilts Stocks FTSE A Over 5 year IBOxx Sterling Non-Gilts JPMorgan Global Govt (ex UK) traded bond	+ 0.6%
Property	UBS Global Asset Management	IPD UK All Balanced Funds Index	+1.0%
Private Equity - Quoted Inv. Trusts - Limited Partnerships	Director of Finance Adams Street Partners Group Brunel	FTSE smaller companies (including investment trusts)  MSCI ACWI	+ 1.0%  +3.0%
Diversified Growth Fund	Insight	3 month Libid	+4.0%
Infrastructure	Brunel	CPI	+4.0%
Secured Income	Brunel	CPI	+2.0%
Cash	Internal	3 month Libor	-

Target performance is based on rolling 3-year periods

## Investment Strategy Statement

### Rebalancing

The primary goal of the rebalancing strategy is to minimize risk relative to a target asset allocation, rather than to maximize returns. Asset allocation is the major determinant of the portfolio's risk-and-return characteristics. Over time, asset classes produce different returns, so the portfolio's asset allocation changes. Therefore, to recapture the portfolio's original risk-and-return characteristics, the portfolio needs to be rebalanced.

The Fund has set ranges for the different assets included in the asset allocation, these are not hard limits but there would need to be a clear rationale for maintaining an allocation outside the ranges for any significant length of time. The fund takes a pragmatic approach to rebalancing and is cognisant that rebalancing latitude is important and can significantly affect the performance of the portfolio. Blind adherence to narrow ranges increases transaction costs without a documented increase in performance. While a rebalancing range that is too wide may cause undesired changes in the asset allocation fundamentally altering its risk/return characteristics.

Rebalancing meetings take place on a quarterly basis where the most recent asset allocation is reviewed against the target allocations and the ranges in place. A number of factors are taken into account in the decision on whether to rebalance which includes, but is not limited to; current and forecast market dynamics, and known future investment activity at the Fund level.

Where a decision is made to undertake rebalancing the Fund aims to use cash to rebalance as far as possible, as this will minimise transaction costs and keep the cash holding closer to target avoiding the need for future transactions with associated costs. The rebalancing action will not necessarily take place immediately after a decision has been made as consideration is given to market opportunities and transaction costs.

### Restrictions on Investments

The Regulations have removed the previous restrictions that applied under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. These restrictions set limits for types of investment vehicles but not for asset classes. The Committee's approach to setting its investment strategy and assessing the suitability of different types of investment takes into account the various risks involved and rebalancing is undertaken as described above to ensure asset allocations are kept at appropriate levels. When making investment decisions the suitability of the proposed investment structure is considered to ensure that it is the most efficient in meeting the Fund's objectives. Therefore, it is not felt necessary to set any additional restrictions on investments.

In accordance with the regulations the Fund is not permitted to invest more than 5% of the total value of all investments of fund money in entities which are connected with the Administering Authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007(d).



## **Risk**

The overall risk for the Fund is that its assets will be insufficient to meet its liabilities. The Funding Strategy Statement, which is drawn up following the triennial actuarial valuation of the Fund, sets out how any deficit in assets compared with liabilities is to be addressed.

Underlying the overall risk, the Fund is exposed to demographic risks, regulatory risks, governance risks and financial risks (including investment risk). The measures taken by the Fund to control these risks are included in the Funding Strategy Statement and are reviewed periodically by the Committee via the Fund's risk register. Further details on the risk management process and risks faced by the Pension Fund are also included in the Annual Report and Accounts document produced by the Fund. The primary investment risk is that the Fund fails to deliver the returns anticipated in the actuarial valuation over the long term. The Committee anticipates expected market returns on a prudent basis to reduce the risk of underperforming expectations.

It is important to note that the Fund is exposed to external, market driven, fluctuations in asset prices which affect the liabilities (liabilities are estimated with reference to government bond yields) as well as the valuation of the Fund's assets. Holding a proportion of the assets in government bonds helps to mitigate the effect of falling bond yields on the liabilities to a certain extent. Further measures taken to control/mitigate investment risks are set out in more detail below:

### **Concentration**

The Committee manages the risk of exposure to a single asset class by holding different

categories of investments (e.g. equities, bonds, property, alternatives and cash) and by holding a diversified portfolio spread by geography, currency, investment style and market sectors. Each asset class is managed within an agreed permitted range to ensure that the Fund does not deviate too far away from the Benchmark, which has been designed to meet the required level of return with an appropriate level of exposure to risk, taking into consideration the level of correlation between the asset classes.

### **Volatility**

The Benchmark contains a high proportion of equities with a commensurate high degree of volatility. The strong covenant of the major employing bodies and the current forecast cashflow position enables the Committee to take a long term perspective and to access the forecast inflation plus returns from equities.

### **Performance**

Investment managers are expected to outperform the individual asset class benchmarks detailed in the overall Strategic Asset Allocation Benchmark. The Committee takes a long term approach to the evaluation of investment performance but will take steps to address persistent underperformance. Investment managers are required to implement appropriate risk management measures and to operate in such a way that the possibility of undershooting the performance target is kept within acceptable limits. The Fund Managers report on portfolio risk each quarter and are required to provide internal control reports to the Fund for review on an annual basis. A proportion of assets are invested passively to reduce the risks from manager underperformance.

## Investment Strategy Statement

Where Brunel are responsible for the management of a portfolio, it is their responsibility to monitor the performance of the underlying investment managers and take any action necessary to address any performance issues. The Committee will receive reports from Brunel on the performance of their portfolios and can challenge them at Committee meetings. Brunel will also provide assurance reports to the Client Group and Oversight Board detailing the results of their monitoring processes, including setting out actions they are taking to address performance.

### **Illiquidity**

Close attention is paid to the Fund's projected cash flows; the Fund is currently cash flow positive, in that annually there is an excess of cash paid into the Fund from contributions and investment income after pension benefits are paid out. The Fund expects to be cash flow positive for the short to medium term. Despite the significant proportion of illiquid investments in the Fund, a large proportion of the assets are held in liquid assets and can be realised quickly, in normal circumstances, in order for the Fund to pay its immediate liabilities.

### **Currency**

The Fund's liabilities are denominated in sterling which means that investing in overseas assets exposes the Fund to a degree of currency risk. The Committee regards the currency exposure associated with investing in overseas equities as part of the return on the overseas equities; the currency exposure on overseas bonds is hedged back to sterling.

### **Custody**

The risk of losing economic rights to the Fund's assets is managed by the use of a global custodian for custody of the assets. Custodian services are provided by State Street. In accordance with normal practice, the Scheme's share certificates are registered in the name of the custodian's own nominee company with designation for the Scheme. Officers receive and review internal control reports produced by the custodian. The custodian regularly reconciles their records with the investment manager records, providing a regular report to officers which they in turn review.

### **Stock Lending**

The Council allows the Custodian to lend stock and share the proceeds with the Council. This is done to generate income for the Fund and to minimise the cost of custody. To minimise risk of loss the counterparty is required to provide suitable collateral to the Custodian. The levels of collateral and the list of eligible counterparties have been agreed by the Fund. The Committee will ensure that robust controls are in place to protect the security of the Fund's assets before entering into any stock lending arrangements.

### **Pooling**

The Oxfordshire Pension Fund is working with nine other administering authorities to pool investment assets through the Brunel Pension Partnership Ltd. (BPP Ltd).

The Oxfordshire Pension Fund, through the Pension Committee, retains the responsibility for setting the detailed Strategic Asset Allocation for the Fund and allocating investment assets to the portfolios provided by BPP Ltd.

## Investment Strategy Statement

The Brunel Pension Partnership Ltd was established in 2017 and became operational in 2018 after receiving authorisation from the Financial Conduct Authority (FCA) to act as the operator of an unregulated Collective Investment Scheme. It is owned jointly by the 10 Administering Authorities. It is responsible for implementing the detailed Strategic Asset Allocations of the participating funds by investing Funds' assets within defined outcome focused investment portfolios. In particular, it will research and select the Fund Managers needed to meet the requirements of the detailed Strategic Asset Allocations. The Oxfordshire Pension Fund is a client of BPP Ltd and as a client will have the right to expect certain standards and quality of service. A detailed service agreement has been agreed which sets out the duties and responsibilities of BPP Ltd, and the rights of the Oxfordshire Pension Fund as a client. It includes a duty of care of BPP to act in its clients' interests.

An Oversight Board has been established, which comprises of representatives from each of the Administering Authorities. It was set up by them according to an agreed constitution and terms of reference. Acting for the Administering Authorities, it has ultimate responsibility for ensuring that BPP Ltd delivers the services required to achieve investment pooling. It will therefore have a monitoring and oversight function. Subject to its terms of reference it will be able to consider relevant matters on behalf of the Administering Authorities, but will not have delegated powers to take decisions requiring shareholder approval. These will be remitted back to each Administering Authority individually.

The Oversight Board is supported by the Client Group, comprised primarily of pension investment officers drawn from each of the Administering Authorities but will also draw on Administering Authorities finance and legal officers from time to time. It will have a primary role in reviewing the implementation of pooling by BPP Ltd, and provide a forum for discussing technical and practical matters, confirming priorities, and resolving differences. It will be responsible for providing practical support to enable the Oversight Board to fulfil its monitoring and oversight function.

The proposed arrangements for asset pooling for the Brunel pool have been formulated to meet the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and Government guidance.

Oxfordshire County Council approved the full business case for the Brunel Pension Partnership. Currently investment assets are being transitioned across from the Oxfordshire Pension Fund's existing investment managers to the portfolios managed by BPP Ltd with the final transition due by August 2021 in accordance with a timetable agreed by all parties. Until transitions take place, the Oxfordshire Pension Fund will continue to maintain the relationship with its current investment managers and oversee their investment performance, working in partnership with BPP Ltd. where appropriate.

Following the completion of the transition plan outlined above, it is envisaged that all of the Oxfordshire Pension Fund's assets will be invested through BPP Ltd. However, the Fund has certain commitments to long term illiquid

## Investment Strategy Statement

investment funds which will take longer to transition across to the new portfolios to be set up by BPP Ltd. These assets will be managed in partnership with BPP Ltd. until such time as they are liquidated, and capital is returned.

### ESG Policy

The Committee recognises that environmental, social and corporate governance (ESG) issues, including climate change, can have materially significant investment implications. The Fund therefore seeks to be a responsible investor and to consider ESG risks as part of the investment process across all investments. The objective of responsible investment is to decrease investor risk and improve risk-adjusted returns. Responsible investment principles are at the foundation of the Fund's approach to stewardship and underpin the Fund's fulfilment of its fiduciary duty to scheme beneficiaries.

Given the systemic nature of climate change risk to the Fund's investments the Pension Fund has produced a separate Climate Change Policy covering its approach on this topic. The Policy was developed following a Climate Change Workshop held by the Fund in November 2019 with participants including a range of stakeholders and expert speakers. Following the Workshop, a smaller working group was formed to develop a draft Climate Change Policy based on the outcomes of the Workshop. This Policy is contained as Annex 1 to the Statement.

The Committee's principal concern is to invest in the best financial interests of the Fund's employing bodies and beneficiaries. Its Investment Managers are given performance objectives accordingly. The Council requires its

Investment Managers to monitor and assess the environmental, social and governance considerations, which may impact on financial performance when selecting and retaining investments, and to engage with companies on these issues where appropriate. The Council believes that the operation of such a policy will ensure the sustainability of a company's earnings and hence its merits as an investment.

The Investment Managers report at quarterly intervals on the selection, retention and realisation of investments on the Council's behalf and on any engagement activities undertaken. These Reports/Review Meetings provide an opportunity for the Council to influence the Investment Manager's choice of investments and to review/challenge their stewardship activities but the Council is careful to preserve the Investment Manager's autonomy in pursuit of their given performance.

Just because concerns have been registered about a company's performance on ESG issues, doesn't mean our fund managers will be instructed not to invest in that company. It is then through active ownership we aim to drive change. Where engagement is not seen to be resulting in sufficient progress, and so the risk associated with a holding is increasing or not reducing sufficiently, the Fund will consider divesting.

As a passive investor, the Fund accepts that it will hold companies of varying ESG quality due to the requirement to hold all securities in the target index. The committee believes that passive investing offers a number of benefits that need to be weighed against this and requires passive managers to demonstrate effective engagement,

## Investment Strategy Statement

as is the case for active managers. It is important to note that ownership of a security in a company does not signify that the Oxfordshire Pension Fund approves of all of the company's practices or its products.

The Committee is open to investing in Social Investments; investments where social impact is delivered alongside financial return. The Committee further believes that the goal of social impact is inherently compatible with generating sustainable financial returns by meeting societal needs. The Fund has made investments in this area and will continue to review whether further opportunities are available that offer an appropriate risk/return profile. Stakeholders' views are taken into account through the representation of different parties on the Pension Fund Committee, which includes a beneficiaries' representative, and the Local Pension Board, which consists of equal numbers of employer and member representatives.

The Fund will not use pension policies to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.

One of the principal benefits, outlined in the Brunel Pension Partnership business case, achieved through the enhanced scale and resources as a result of pooling is the improved implementation of responsible investment and stewardship. Once established and fully operational the Brunel Company will deliver best practice standards in responsible investment and stewardship as outlined in the BPP

Investment Principles. Every portfolio under the Brunel Pension Partnership explicitly includes responsible investment and an assessment of how social, environment and corporate governance considerations may present financial risks to the delivery of the portfolio objectives. These considerations will therefore be taken into account in the selection, non-selection, retention and realisation of assets. The approach undertaken will vary in order to be the most effective in mitigating risks and enhancing investor value in relation to each portfolio and its objectives.

In January 2020 Brunel released its Climate Change Policy setting out how it will deal with climate related risks and opportunities in its investment approach.

### **Policy on Exercise of Rights**

As an investor with a very long-term investment horizon and expected life, the success of the Oxfordshire Pension Fund is linked to long term global economic growth and prosperity. Actions and activities that detract from the likelihood and potential of global growth are not in the long-term interests of the Fund. Since the Fund is a long-term investor, short-term gains at the expense of long-term gains are not in the best interest of the Fund. Sustainable returns over long periods are in the economic interest of the Fund.

The Fund recognises that encouraging the highest standards of corporate governance and promoting corporate responsibility by investee companies protects the financial interests of pension fund members over the long term. Stewardship activities include monitoring and



## Investment Strategy Statement

engaging with companies on matters such as strategy, performance, risk, capital structure and corporate governance, including culture and remuneration.

The Fund's commitment to actively exercising the ownership rights attached to its investments reflects the Fund's conviction that responsible asset owners should maintain oversight of the way in which the enterprises they invest in are managed and how their activities impact upon customers, clients, employees, stakeholders, and wider society.

The routes for exercising ownership influence vary across asset types and a range of activities are undertaken on the Fund's behalf by Fund Managers including engagement with senior management of companies, voting of shares, direct representation on company boards, presence on investor & advisory committees and participation in partnerships and collaborations with other investors. Where the Pension Fund invests in pooled vehicles it will seek to gain representation on investor committees if considered appropriate.

Brunel are responsible for the exercise of voting rights in respect of the Council's holdings in the pool portfolios. The Fund expects Brunel to exercise its voting rights in all markets and its investment managers are required to vote at all company meetings where practicable. Market conventions in some countries may mean voting shares is not in the best interests of the Fund, for example where share-blocking is in operation.

The Fund will look to sign up to the new Stewardship Code during the course of 2020/21. Similarly, Brunel has developed a Stewardship Policy consistent with the requirements of the UK Stewardship Code and publishes an annual report covering their voting practices and their engagement work. Brunel has entered partnerships with a number of other like-minded investors to strengthen their voice in all stewardship activities.

## Introduction

1. This is the Governance Policy Statement of the Oxfordshire Local Government Pension Scheme (LGPS) Pension Fund, as required under Section 55 of the Local Government Pension Scheme Regulations 2013.

2. As required by the Regulations, the Statement covers:

Whether the Administering Authority delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the Authority;

The frequency of any committee/sub-committee meetings;

The terms of reference, structure and operational procedures in relation to the use of the delegated powers; and

Whether the Committee includes representatives of scheme employers, and scheme members, and if so, whether they have voting rights.

### Governance of the Oxfordshire Pension Fund

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

### Oxfordshire Pension Fund Committee – Terms of Reference

5. Under the terms of the County Council's constitution, the terms of reference for the Pension Fund Committee are:

The functions relating to local government pensions etc specified in Paragraph 1 in Schedule H of Schedule 1 to the Functions Regulations, together with functions under Section 21 of the Oxfordshire Act 1985 (division of county superannuation fund).

The functions under the Fireman's Pension Scheme specified in Paragraph 2 in Section H of Schedule 1 to the Functions Regulations.

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

## Governance Policy Statement

- k) approve an annual budget and business plan for the investment and administration of the fund
- l) consider, and if appropriate, approve applications of employers to become admitted bodies to the fund
- m) consider all other relevant matters to the investment and administration of the fund.

### Membership of the Committee

7. The Committee's members shall be appointed by full Council and shall comprise  
9 County Councillors

2 Representatives of the City and District Councils of Oxfordshire.

These 11 members of the Committee shall have full voting rights. The County Councillors will be appointed such that the majority party on the Council has a majority of seats on the Committee before taking into account the political party of the City/District representatives.

8. The beneficiaries of the Fund will also have the right to be represented by an observer to the Committee. As employees of the County Council are prohibited from having voting rights on Council Committees, and as active employees of the County Council are the single largest group of stakeholders within the Fund, providing voting rights to the Observer could prejudice the appointment against the largest stakeholder group. Therefore the Observer will not have any voting rights, but has the right to speak on any issue, subject to the approval of the Chairman of the Committee. The Beneficiaries Observer will be appointed through the appropriate trade union(s).

### Operational Procedures

9. The Committee will operate under the terms of conduct set out for all Committees of the County Council. The Committee will meet quarterly, with formal agendas published in advance according to the requirements on all County Council Committees. The Committee will meet in public, unless required to go into exempt session in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.
10. At each meeting, the Committee will receive reports on the investment performance of the Fund. Fund Managers will be invited to attend to present information on the performance of their own portfolio, and to answer all appropriate questions from the Committee. The Committee shall determine the frequency by which each fund manager will be required to attend its meetings.
11. Each meeting of the Committee will be attended by the appointed independent financial advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's attention, all appropriate matters associated with the performance of the individual fund managers
12. Any member of the public has the right to seek to address the Committee by making a formal request in advance of the meeting.
13. The Committee will consult formally with all employers on issues where it has a statutory duty to do so, before it undertakes the responsibilities set out above. This includes the formal consultation with all employers before agreeing the Statement of Investment Principles, and the Funding Strategy Statement, and any significant subsequent changes.



### **Local Pension Board**

14. Under the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, the Committee have established a Local Pension Board. The role of the Board is to assist the Pension Committee (in its role as Scheme Manager), to secure compliance with the Regulations and all associated legislation, and to ensure the efficient and effective governance and administration of the scheme.
15. The Board has been established with 3 employer representatives, 3 scheme member representatives and a non-voting independent chairman.
16. The Board will meet on a quarterly basis, or more frequently as required. The full constitution of the Board is available on the Pension Fund's website.

### **Informal Governance Arrangements**

17. As well as the formal governance arrangements as set out above, the Pension Fund Committee will hold an Annual Forum to which all scheme employers are invited. This Forum will cover a review of investment performance, as well as any other items relevant at that time.
18. The Committee will also hold ad hoc communication and consultation meetings to which all employers will be invited, and issue ad hoc communication and consultation documents to all employers, where it is deemed appropriate to obtain the views of all employers, before undertaking the responsibilities as set out above.

## Funding Strategy Statement

The Pension Fund's Funding Strategy Statement in effect at 31 March 2020 is available at the following link (draft version approved by the Pension Fund Committee at their meeting on 06 December 2019):

[https://mycouncil.oxfordshire.gov.uk/documents/s49079/PF\\_DEC0619R13%20-%20Valuation%20Report%20-%20Annex%202.pdf](https://mycouncil.oxfordshire.gov.uk/documents/s49079/PF_DEC0619R13%20-%20Valuation%20Report%20-%20Annex%202.pdf)

## Introduction

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

## Purpose

2. This policy sets out the Oxfordshire Pension Fund's strategy for its communications with members and employing authorities.
3. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations and, in turn, by section 124(1) of the Pensions Act 1995 to include:
  - Active members
  - Deferred members, and
  - Pensioner members
  - Pensioner credit members
4. Employing authorities, as defined within the regulations, and including Teckal companies:
  - Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
  - Designating Bodies being the Town and Parish Councils
  - Admission Bodies, where the Pension Fund Committee have granted scheme admission within the terms of Part 3 Schedule 2 of the Regulations
5. The Regulations require the policy statement is prepared, written and published, and for these purposes publish means being accessible on the publically available pensions website.

## Aim

6. To assist all individual employers to fulfil their statutory role in the Oxfordshire Fund by providing regular current information and access to alternative sources.
7. To ensure that scheme members have access to scheme information, notice about proposed and actual changes and are made aware of the process to lodge questions and appeals.
8. To enable the Scheme Manager/ Administering Authority to discharge their respective responsibilities in accordance with the Local Government Pension Scheme Regulations 2013 (as amended); The Occupational and Personal Pension Schemes (Disclosure of Information Regulations 2013 (as amended) and The Pension Regulator Guidance.

## Communication Policy

9. The development and introduction of the 2013 scheme was supported nationally by websites and guidance for both employers and scheme members. Our Fund communications will continue to reference these central resources as well as reference material provided by the Fund's advisors.
10. Local communication will focus on specific administration for employers and members of the Fund. The key local communications, intended audience, publication media and frequency are detailed in the annex to this policy.
11. This emphasis does not materially alter this policy but will affect the content of local communications. The continuing encouragement to use the national websites will avoid duplication of development. Oxfordshire Pension Fund supports those national developments financially and by

## Communications Policy Statement

active engagement with the working group, which concentrates on member communications. This fund will continue to support collaboration and development of communication media with other administering authorities.

12. The Fund maintains a website which provides access to member guides, forms and information. The fund requests that employers provide a copy of the member Brief Guide or the link to the website to all new employees on commencing employment, helping to ensure that scheme information is available within disclosure timetable to members and prospective members.
13. The Fund maintains a dedicated area of the website to provide resources and information for employers.
14. The Fund has not created a profile on any social media such as Twitter or Facebook; no requests for such access have been received and there is currently no perceived benefit for these to be created.
15. This policy reflects the introduction of Member Self Service (My Oxfordshire Pension) using a secure online web portal hosted by Aquila Heywood. (This will allow all members a) to look at generic scheme information and b) to view Page 3 Communications Policy May 2018 and make some changes to their personal pension accounts. Access was made available to Pensioner Members from April 2017 with Deferred and Active Members to follow at a later date. This allows registered members a) to look at generic scheme information and b) to view and make some changes to their personal pension accounts. Access was made available to

- Pensioner Members from April 2017
- Deferred Members from April 2018
- Active Members from May / June 2018
- All new starters joining the scheme from 1 April 2018

16. Once My Oxfordshire Pension (MOP) is in place across the entire scheme membership, we will conduct a further review of the Communications Policy to reflect format and delivery of communications material. Once My Oxfordshire Pension is established across the entire scheme membership, we will introduce greater functionality, such as benefit projection facilities. We will continue to encourage registration whenever member status changes.

### **Review of This Policy**

17. This policy was reviewed in January 2017 following feedback from members and employers, a Fund-wide consultation and with reference to the disclosure regulations. We will undertake annual reviews of the Communications Policy seeking feedback from members and employers to reflect format and delivery of material in this changing environment, once the concentration on the on line portal is fully established.

The Pension Fund Committee approved a Communication Strategy, which sets out the fund's communication policy with all employing bodies, contributors and pensioners. The following initiatives are currently in place:-

- **Annual Report and Accounts** – The investment team circulate this document to all Oxfordshire County Council Directors and all employing bodies. It is also available on line from the website page. Copies are available for public inspection in the main Oxfordshire public libraries.
- **Summary of Report and Accounts Leaflet** – The Pension Fund Investment Manager selects sections from the main document to incorporate into an issue of Reporting Pensions for all current members. Pensioners receive the fund information with their annual newsletter.
- **Annual Pension Fund Forum** – An annual event for all employers in the fund, with an open invitation to submit topics for discussion and to send representatives. The forum is to keep employing bodies informed of topical issues and events that have occurred in the last year and also to give them the opportunity to raise any questions in relation to the Pension Fund.
- **Pensions Employer/User Group** – This is a meeting held quarterly for all employing bodies within the Oxfordshire Fund. The purpose of the group is to inform, consult and discuss LGPS matters such as changes in legislation, the results of the actuarial valuation and other policy changes. We will continue with the recently revised format of presenting on specific subjects at these meetings.
- **Employee Guide to LGPS** – presents aspects of the scheme to all members as a series of short subject leaflets. Taken together they provide a full guide for members, but individually offer broad information on specific subjects. The leaflets are available from the Oxfordshire County Council Pension Fund website or on request from Pension Services.
- **Brief Guide to the LGPS** - a reduced version of the scheme guide, with main points available for all from the website. We encourage all employers to link their starting information for new employees to this guide.
- **Reports by Beneficiaries Representative** – The beneficiaries' representative attends all Pension Fund Committee meetings as an observer. He has no voting rights but is allowed to speak with the permission of the Chairman. The Representative's report after each meeting is circulated to all employers for their staff, and is also on the pensions website pages.
- **Reporting Pensions** – a quarterly newsletter distributed, with the assistance of fund employers to scheme members and those eligible to join the fund. These pick up major changes to the LGPS and ensure that Oxfordshire County Council Pension Fund complies with the Disclosure of Information Regulations.

### Communication

- **Website** – Pages for the Oxfordshire County Council Pension Fund are located on the County’s public website. They offer access to administration and investment information, including Pension Fund Committee reports and minutes. Fund Employers can find detailed Administration information as an online toolkit to support their role in the fund. All members; current, pensioners, and deferred, have dedicated sections, with links to newsletters, guides, and national websites.
- **Intranet** - is not maintained by Pension Services as it reflects the decisions and policies of the County Council as a fund employer. Their pages also provide links and access to the Pension Fund website. Other fund employers also provide information on their intranet sites for employees.
- **Talking Pensions** – This is an informal monthly newssheet for all employers in the Oxfordshire Fund distributed to all Human Resources and Payroll contacts.
- **Annual Benefit Statements** - Pension Services issue statements to current members and to members who have left the scheme with an entitlement to pension but not to an immediate payment. Additional information to the Statement is available from the website.
- **Administration principles** - we encourage all new employers to attend a meeting to help acquaint themselves to our requirements and importantly, their responsibilities within the scheme.

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## **BENEFIT ADMINISTRATION**

Pension Services  
Oxfordshire County Council  
4640 Kingsgate  
Oxford Business Park South  
Oxford, OX4 2SU  
Telephone: 0330 024 1359  
email: [pension.services@oxfordshire.gov.uk](mailto:pension.services@oxfordshire.gov.uk)

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## **ACCOUNTS AND INVESTMENTS**

Financial Manager – Pension Fund  
Investments  
Corporate Services  
Oxfordshire County Council  
County Hall  
Oxford, OX1 1ND  
email:  
[pension.investments@oxfordshire.gov.uk](mailto:pension.investments@oxfordshire.gov.uk)

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## **BENEFICIARIES REPRESENTATIVE**

c/o Pension Services  
Oxfordshire County Council  
4640 Kingsgate  
Oxford Business Park South  
Oxford, OX4 2SU

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## **SPECIFIED PERSON FOR ADJUDICATION OF DISPUTES PROCEDURE**

### **Disputes to be sent to:**

Pensions Services Manager  
Oxfordshire County Council  
4640 Kingsgate  
Oxford Business Park South  
Oxford, OX4 2SU  
Telephone: 01865 323854  
Email: [sally.fox@oxfordshire.gov.uk](mailto:sally.fox@oxfordshire.gov.uk)

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## **The Pensions Regulator**

Napier House  
Trafalgar Place  
Brighton  
BN1 4DW  
Telephone: 0345 600 1011  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

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## **The Pension Tracing Service**

The Pension Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU  
Telephone: 0800 731 0193  
[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

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## **The Pensions Advisory Service (TPAS)**

11 Belgrave Road  
London  
SW1V 1RB  
Telephone: 0800 011 3797  
[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

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## **Pensions Ombudsman**

10 South Colonnade  
Canary Wharf  
London  
E14 4PU  
Telephone: 0207 630 2200  
[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

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