

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 3 June 2011 at 10.15 am

County Hall, New Road, Oxford



Peter G. Clark
County Solicitor

May 2011

Contact Officer: **Julie Dean**
Tel: (01865) 815322; E-Mail: julie.dean@oxfordshire.gov.uk

Membership

Councillors

David Harvey
Bill Service
Jean Fooks
Bill Service

Roy Darke
Stewart Lilly
Don Seale

C.H. Shouler

Co-optees

Councillor Richard Langridge
Councillor Matthew Barber

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 2 September 2011***
- ***Daniel Blass of Legal & General will give a training session on Managing Transition prior to the meeting, starting at 9.30 am in the meeting room***

Declarations of Interest

This note briefly summarises the position on interests which you must declare at the meeting. Please refer to the Members' Code of Conduct in Part 9.1 of the Constitution for a fuller description.

The duty to declare ...

You must always declare any "personal interest" in a matter under consideration, ie where the matter affects (either positively or negatively):

- (i) any of the financial and other interests which you are required to notify for inclusion in the statutory Register of Members' Interests; or
- (ii) your own well-being or financial position or that of any member of your family or any person with whom you have a close association more than it would affect other people in the County.

Whose interests are included ...

"Member of your family" in (ii) above includes spouses and partners and other relatives' spouses and partners, and extends to the employment and investment interests of relatives and friends and their involvement in other bodies of various descriptions. For a full list of what "relative" covers, please see the Code of Conduct.

When and what to declare ...

The best time to make any declaration is under the agenda item "Declarations of Interest". Under the Code you must declare not later than at the start of the item concerned or (if different) as soon as the interest "becomes apparent".

In making a declaration you must state the nature of the interest.

Taking part if you have an interest ...

Having made a declaration you may still take part in the debate and vote on the matter unless your personal interest is also a "prejudicial" interest.

"Prejudicial" interests ...

A prejudicial interest is one which a member of the public knowing the relevant facts would think so significant as to be likely to affect your judgment of the public interest.

What to do if your interest is prejudicial ...

If you have a prejudicial interest in any matter under consideration, you may remain in the room but only for the purpose of making representations, answering questions or giving evidence relating to the matter under consideration, provided that the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Exceptions ...

There are a few circumstances where you may regard yourself as not having a prejudicial interest or may participate even though you may have one. These, together with other rules about participation in the case of a prejudicial interest, are set out in paragraphs 10 – 12 of the Code.

Seeking Advice ...

It is your responsibility to decide whether any of these provisions apply to you in particular circumstances, but you may wish to seek the advice of the Monitoring Officer before the meeting.

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

AGENDA

1. **Appointment of Chairman and Deputy Chairman for the Ensuing Year**
2. **Apologies for Absence and Temporary Appointments**
3. **Declarations of Interest - see guidance note**
4. **Minutes (Pages 1 - 6)**

To approve the minutes of the meeting held on 18 March 2011 (PF4) and to receive for information any matters arising on them.

5. **Petitions and Public Address**
6. **Overview of Past and Current Investment Position (Pages 7 - 36)**

10:30

Tables 1 to 10 are compiled from the custodian's records. The custodian is the Pension Fund's prime record keeper. He accrues for dividends and recoverable overseas tax within his valuation figures and may also use different exchange rates and pricing sources compared with the fund managers. The custodian also treats dividend scrip issues as purchases which the fund managers may not do. This may mean that there are minor differences between the tabled figures and those supplied by the managers.

The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 31 March 2011 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2011
Tables 2 to 7	provide details of the individual manager's asset allocations and compare these against their benchmark allocations
Table 8	shows net investments/disinvestments during the quarter
Tables 9 to 10	provide details on the Pension Fund's Private Equity
Tables 11 to 19	provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 31 March 2011

In addition to the above tables, the performance of the Fund Managers over the past 18 months has been produced graphically as follows:

Graph 1 – Value of Assets
Graph 2 - Alliance Bernstein
Graph 3 - Baillie Gifford
Graph 4 – Legal & General
Graphs 5 and 6 – UBS

The Committee is RECOMMENDED to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they relate to items 9, 10 and 11 on the agenda.

7. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 8, 9, 10, 11 and 12 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

THE REPORTS RELATING TO THE EXEMPT ITEMS HAVE NOT BEEN MADE PUBLIC AND SHOULD BE REGARDED AS STRICTLY PRIVATE TO MEMBERS AND OFFICERS ENTITLED TO RECEIVE THEM.

NOTE: In the case of items 11 and 12, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

8. Overview and Outlook for Investment Markets (Pages 37 - 44)

10:40

Report of the Independent Financial Adviser (**PF8**).

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

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

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such

disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

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

9. Legal & General

10:55

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Alliance Bernstein drawing on the tables at Agenda Items 6 and 8.
- (2) The representatives (Mr J Cloke and Mr D Blass) of the Fund Manager will:
 - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 March 2011;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2011.

At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.

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

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

The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.

10. UBS

11:30

- (1) The Independent Financial Adviser will report orally on the performance and

strategy of UBS drawing on the tables at Agenda Items 6 and 8.

- (2) The representatives (Mr S Lee together with a representative from the Hedge Funds) of the Fund Manager will:
 - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 March 2011;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2011.

At the end of the presentation, members are invited to question and comment and the Fund Managers to respond.

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

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

The Committee is RECOMMENDED to note the main issues arising from the presentation and to take any necessary action, if required.

11. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting

12:05

The Independent Financial Adviser will report orally on the main issues arising from the Officer meetings with the Fund Managers not represented at the Committee in conjunction with information contained in the tables (Agenda Item 6).

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

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

The Committee is RECOMMENDED to note the main issues arising from the reports and to take any necessary action, if required.

12. Summary by the Independent Financial Adviser

12:10

The Independent Financial Adviser will, if necessary, any other issues arising from the monitoring of our Fund Managers, including any update in respect of the change in Fund Manager as agreed at the 18 March Committee.

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

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

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

13. Consultation on the Fair Deal Policy (Pages 45 - 54)

12:15

This report (PF13) identifies the key issues arising from HM Treasury's consultation document on the future of the Fair Deal Policy and sets out a draft response to Government for agreement by this Committee.

The Committee are RECOMMENDED to consider the report and the draft response as set out at Annex 1; and agree any amendments so that the response can be submitted to HM Treasury by their deadline of 15 June 2011.

14. Re-Branding of the Pension Fund (Pages 55 - 58)

12:30

This report (PF14) informs the Committee of the project to re-brand the Oxfordshire Pension Fund and seeks Member approval for the way forward.

The Committee is RECOMMENDED to:

- (a) ***decide whether the project is to proceed;***
- (b) ***if it is to proceed, to decide the process for consultation with***

- (c) ***Members in relation to the proposed logo designs; and determine maximum budget provision for this project.***

15. Guaranteed Minimum Pensions (Pages 59 - 62)

12:40

The report (**PF15**) informs the Committee of issues in respect of over payment of pensions arising from incorrect information held by Pension Services regarding guaranteed minimum pensions; and seeks Member approval to the way forward.

The Committee is RECOMMENDED to determine whether these over payments should be recovered from pensioners.

16. Annual Review of Communications Policy (Pages 63 - 70)

12:50

As required under its provisions, the Communications Policy is before the Committee for its annual review (**PF16**). Copies of the Community Policy Statement and the Policy are attached at PF16 Annexes 1 and 2.

The Committee is RECOMMENDED to endorse the officer recommendation of no change to the current policy.

17. Write Off's (Pages 71 - 72)

12:55

The report (**PF17**) informs the Committee of the amounts approved for write off under the Fund's Scheme of Financial Delegation.

The Pension Fund Committee is RECOMMENDED to note this report

18. Corporate Governance and Socially Responsible Investment

13:00

The Assistant Chief Executive & Chief Finance Officer has no other issues to report for this quarter but it should be noted that all the managers have included pages within their valuation reports which provide details on their voting at company AGMs, engagement with companies and their involvement with other socially responsible initiatives.

LUNCH

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on Tuesday 31 May 2011 at 3:00pm in Meeting Room 1 for the Chairman, Deputy Chairman and Opposition Group Spokesman.

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PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 18 March 2011 commencing at 9.45 am and finishing at 2.30 pm

Present:

Voting Members: Councillor David Harvey – in the Chair

Councillor Bill Service (Deputy Chairman)
Councillor Jean Fooks
Councillor Roy Darke
Councillor Stewart Lilly
Councillor Don Seale
Councillor C.H. Shouler

District Council Representatives: District Councillor Richard Langridge
District Councillor Jerry Patterson

Independent Financial Adviser Mr P. Davies

By Invitation: Mr T. Wheeler (Consultant); Mr. P. Fryer (UNISON)

Officers:

Whole of meeting Mr P. Gerrish (Interim Deputy Director, Oxfordshire Customer Services); Mr S. Collins (Oxfordshire Customer Services); Mrs D. Ross (Corporate Finance) and Ms J. Dean (Law & Governance)

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

1/11 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda No. 2)

Councillors Darke, Fooks, Harvey, Lilly, Patterson (co-opted member), Service and Tanner declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government & Housing Act 1989.

2/11 MINUTES
(Agenda No. 3)

The Minutes of the meeting of the Committee held on 3 December 2010 were approved and signed as a correct record.

3/11 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION
(Agenda No. 5)

The Committee was advised that Tables 1 to 10 had been compiled from the custodian's records. The custodian was the Pension Fund's prime record keeper. He had accrued for dividends and recoverable overseas tax within his valuation figures and might also have used different exchange rates and pricing sources compared with the fund managers. The custodian had also treated dividend scrip issues as purchases which the fund managers might not have done. This might mean that there were minor differences between the tabled figures and those supplied by the managers.

Mr Davies reported that the Pension Fund had had a strong quarter, adding that the £64m equities gain had been given back by the fall in the markets. However, equities were slightly above the benchmark. He also reported that UBS had invested the remaining part of the £10m allocated to them in the last quarter into a property mandate. The Fund was currently ahead of the benchmark by 0.6%, and over 3 years, lagged by almost 2%. Overall, 2010 saw a good alignment of performance with the benchmark.

The Committee **RESOLVED** to note the comments of the Independent Financial Adviser and to receive the tables and graphs and that the information contained in them be borne in mind, insofar as they related to Agenda Items 8,9 and 10 on the Agenda.

4/11 EXEMPT ITEMS
(Agenda No. 6)

RESOLVED that the public be excluded for the duration of items 7, 8, 9, 10, 11, 12 and 13 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

5/11 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS
(Agenda No. 7)

The Committee considered a report (PF7) which set out an overview of the current and future investment scene and market developments across various regions and sectors. Members asked questions and the Independent Financial Adviser responded to them.

The Committee **RESOLVED** to receive the report, tables and graphs, to receive the oral report of the Independent Financial Adviser and to bear these comments in mind when considering the reports of the Fund Managers.

6/11 BAILLIE GIFFORD

(Agenda No. 8)

The representatives (Mr L. Robb and Mr I. McCombie) reported and reviewed the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 December 2010. The representatives responded to members' questions.

The Committee **RESOLVED** to note the main issues arising from the reports.

7/11 ALLIANCE BERNSTEIN

(Agenda No. 9)

The representatives (Mr N. Davidson and Mr D. Stewart) reported and reviewed the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 December 2010. The representative's responded to members' questions.

The Committee **RESOLVED** to note the main issues arising from the reports.

8/11 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 10)

The Independent Financial Adviser reported that UBS's recent performance had been satisfactory and Legal & General had performed well.

The Committee **RESOLVED** to note the Independent Financial manager's oral report.

9/11 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 11)

The Independent Financial Adviser reported that he had nothing further to report.

10/11 FUNDAMENTAL REVIEW OF INVESTMENT STRATEGY AND MANAGEMENT

(Agenda No. 12)

The Committee had agreed to undertake a fundamental review of its Investment Management arrangements once every three years, following the Valuation of the Fund. The Independent Financial Adviser and Independent Consultant had undertaken the review and their report included a review of the Investment Strategy, Investment Structure and Investment Manager Performance (PF12E)

The Committee requested that a report looking into the possibilities of investment in social housing be brought to a future meeting of this Committee.

The Committee **RESOLVED** to agree the recommendations put forward by the Independent Financial Advisor and the Independent Consultant, as set out in report PF12E, subject to a minor amendment.

11/11 ANNUAL REVIEW OF THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 13)

The Committee considered a report (PF13E) which reviewed the activity of Mr P. Davies, the Independent Financial Adviser, over the past year.

The Committee thanked Mr Davies for all his hard work over the past year and noted the variation to Mr Davies' contract, as set out in report PF13E.

ITEMS CONSIDERED FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

12/11 INDEPENDENT PUBLIC SERVICE PENSIONS COMMISSION - FINAL REPORT

(Agenda No. 14)

On 10 March 2011, Lord Hutton, the Chairman of the Independent Public Service Pensions Commission, had issued his final report on public services pensions. Sean Collins gave an oral report on its key aspects whilst referring to a published handout, which he circulated around the meeting, that set out the major recommendations.

The Committee noted the oral report.

13/11 OXFORDSHIRE PENSION FUND BUSINESS PLAN AND BUDGET FOR 2011/2012

(Agenda No. 15)

The Committee had before them for approval the Business Plan which summarised the functions undertaken in managing the Fund; identified and prioritised key tasks for the coming year; and outlined the significant risks associated with the Fund. The budget for 2011/12 was also presented for approval (PF15).

The Committee **RESOLVED** to approve the Pension Fund Business Plan and Budget for 2011/2012, subject to any proposal for the rebranding of the Oxfordshire Pension Fund documentation to be the subject of a report to a future Committee.

14/11 PENSION FUND CASH MANAGEMENT 2011-12

(Agenda No. 16)

The Committee were advised that from April 2011, the Fund's resources would be kept totally separate from County Council resources, including cash balances. Previously these cash balances had been managed with the County Council's cash balances in accordance with the Council's Treasury Management Strategy. Separating resources meant it was necessary for the Pension Fund to agree its own Cash Management Strategy.

The Committee **RESOLVED** to:

- a) approve the Pension Fund Cash Management Strategy for 2011/12;
- b) delegate authority to the Assistant Chief Executive and Chief Finance Officer to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;
- c) delegate authority to the Assistant Chief Executive and Chief Finance Officer to open separate pension fund bank, deposit and investment accounts as appropriate; and
- d) delegate authority to the Assistant Chief Executive and Chief Finance Officer to borrow money for the pension fund in accordance with the regulations.

15/11 CUSTODY OF ASSETS

(Agenda No. 17)

At the meeting on 3 September 2010, the Committee had delegated decision making related to custody of assets to the Head of Finance & Procurement and the County Solicitor, after consultation with the Chairman and Deputy Chairman of the Committee. As a consequence of the Council's Business Strategy, the post of Head of Finance & Procurement no longer exists. To avoid authorisation problems with banks and legal representatives of third parties, the Committee was asked to formally change the delegation to the Chief Finance Officer and Monitoring Officer. These roles are defined in the Council's Constitution.

The Committee **RESOLVED** to delegate decision making related to custody of assets to the Chief Finance Officer and Monitoring Officer, following consultation with the Chairman of the Committee.

16/11 WRITE OFF'S

(Agenda No. 18)

The Committee considered a report (PF18) which gave an update on the 2010 valuation process.

The Committee **RESOLVED** to note the report.

17/11 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 19)

The Committee was advised that the Assistant Chief Executive & Chief Finance Officer had no other issues to report for this quarter but it should be noted that all the managers had included pages within their valuation reports which provided details on their voting at company AGMs, engagement with companies and their involvement with other socially responsible initiatives.

The Committee **RESOLVED** to note the report.

..... in the Chair

Date of signing

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st MARCH 2011**

Investment	COMBINED PORTFOLIO 1.01.11		Alliance Bernstein Global Equities		Baillie Gifford UK Equities		Legal & General UK Equity Passive		Legal & General Fixed Interest		Overseas Equities and Property		Other Investments		COMBINED PORTFOLIO 31.03.11	
	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value
EQUITIES																
UK Equities	383,827	9.2%	23,590	9.2%	237,098	98.8%	129,291	100.0%	0	0.0%	0	0.0%	0	0.0%	389,979	31.5%
US Equities	102,394	42.7%	109,356	42.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	109,356.0	8.8%
European Equities	42,686	18.5%	47,332	18.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	47,332.0	3.8%
Japanese Equities	20,403	8.2%	21,073	8.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	21,073.0	1.7%
Pacific Basin Equities	3,635	1.5%	3,692	1.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3,692.0	0.3%
Emerging Markets Equities	69,849	17.6%	45,009	17.6%	0	0.0%	0	0.0%	0	0.0%	14,864	5.7%	0	0.0%	59,873.0	4.8%
UBS Global Pooled Fund	169,411	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	171,167	66.1%	0	0.0%	171,167.0	13.8%
Total Overseas Equities	408,378	88.5%	226,462	88.5%	0	0.0%	0	0.0%	0	0.0%	186,031	71.8%	0	0.0%	412,493.0	33.3%
BONDS																
UK Gilts	29,547	0.0%	0	0.0%	0	0.0%	0	0.0%	36,345	18.7%	0	0.0%	0	0.0%	36,345.0	2.9%
Corporate Bonds	63,674	0.0%	0	0.0%	0	0.0%	0	0.0%	68,585	35.4%	0	0.0%	0	0.0%	68,585.0	5.5%
Overseas Bonds	23,178	0.0%	0	0.0%	0	0.0%	0	0.0%	22,218	11.5%	0	0.0%	0	0.0%	22,218.0	1.8%
Index-Linked	61,541	0.0%	0	0.0%	0	0.0%	0	0.0%	62,860	32.4%	0	0.0%	0	0.0%	62,860.0	5.1%
Total Bonds	177,940	0%	0	0%	0	0%	0	0.0%	190,008	98.0%	0	0.0%	0	0.0%	190,008.0	15.3%
ALTERNATIVE INVESTMENTS																
Property	72,506	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	71,692	27.7%	3,548	2.2%	75,240.0	6.1%
Private Equity	104,134	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	110,405	68.7%	110,405.0	8.9%
Hedge Funds	31,292	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	32,050	19.9%	32,050.0	2.6%
Total Alternative Investments	207,932	0%	0	0%	0	0%	0	0.0%	0	0.0%	71,692	27.7%	146,003	90.8%	217,695.0	17.6%
CASH	32,581	2.3%	5,944	2.3%	2,924	1.2%	0	0.0%	3,837	2.0%	1,191	0.5%	14,787	9.2%	28,683.0	2.3%
TOTAL ASSETS	1,210,658	100.0%	255,996	100.0%	240,022	100.0%	129,291	100.0%	193,845	100.0%	258,914	100.0%	160,790	100.0%	1,238,858	100.0%

% of total Fund

20.66%

19.37%

10.44%

15.65%

20.90%

12.98%

100%

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2011

ALLIANCE BERNSTEIN

GLOBAL EQUITIES PORTFOLIO						
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index	
	%	%	%	%		
UK Equities		8.1%	9.2%	+1.1%	FTSE All World	
Overseas Equities Comprising		91.9%	88.5%	-3.4%		
North America		45.6%	42.7%	-2.9%		
Europe (ex UK)		17.1%	18.5%	+1.4%		
Japan		8.2%	8.2%	+0.0%		
Asia Pacific (ex Japan)		8.1%	1.5%	-6.6%		
Emerging Markets		12.9%	17.6%	+4.7%		
Total Global Equities		100.0%	97.7%	-2.3%		
Cash			2.3%	+2.3%		
Total			100.0%			

Target Objective - To outperform the Benchmark by 3.0% per annum over rolling 3 year periods (gross of management fees)Market Value - at 31st March 2011 £255,996,000

TABLE 3

ASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2011 **ALTERNATIVE ASSETS**

PRIVATE EQUITY AND HEDGE FUNDS						
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index	
Private Equity Hedge Funds	6-10 Nil	10.0% 3.0%	8.9% 2.6%	-1.1% -0.4%	FTSE Smaller Companies (inc investment trusts) 3 month LIBOR + 3%	
Total		13.0%	11.5%	-1.5%		

Target Objective for Private Equity - To seek to outperform the Benchmark by 1% over rolling 3 year periods.

Target Objective for Hedge Funds - To seek to outperform the 3 month LIBOR + 3% over rolling 3 year periods

Market Value - at 31st March 2011

£110,405,000 Private Equity
£32,050,000 Hedge Funds

TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2011

UK EQUITIES						
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index	
UK Equities Cash	N/A Nil	100.0% 0.0%	98.8% 1.2%	-1.2% +1.2%	FTSE Actuaries All-Share	
Total		100.0%	100.0%			

Target Objective - To seek to outperform the Benchmark by 1.25% per annum over rolling 3 year periods (gross of management fees).

Market Value - at 31st March 2011

£240,022,000

TABLE 5

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2011LEGAL and GENERAL

UK EQUITIES - PASSIVE						
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index	
	%	%	%	%		
UK Equities	N/A	100.0%	100.0%	+0.0%	FTSE 100	
Cash	Nil	0.0%	0.0%	+0.0%		
Total		100.0%	100.0%			

Target Objective - To track the FTSE 100 Index

Market Value - at 31st March 2011 £129,291,000

TABLE 6

FIXED INCOME						
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index	
	%	%	%	%		
UK Gilts	0 - 36	18.75%	18.7%	-0.1%	FTSE A All Gilts Stocks	
Corporate Bonds	20 - 55	37.50%	35.4%	-2.1%	IBOxx Sterling Non-Gilt All Stocks Index	
Index-Linked	15 - 46	31.25%	32.4%	+1.2%	FTSE A Over 5 Year Index-linked Gilts	
Overseas Bonds	0 - 24	12.50%	11.5%	-1.0%	JP Morgan Global Gov't (ex UK) Traded Bond	
Cash	0 - 10	0.00%	2.0%	+2.0%		
Total		100.0%	100.0%			

Target Objective - To outperform the Benchmark by 0.4% per annum over rolling 3 year periods (gross of management fees)

Market Value - at 31st March 2011 £193,845,000

TABLE 7

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2011UBS GLOBAL ASSET MANAGEMENT

OVERSEAS EQUITY PORTFOLIO						
Asset	Control Range %	Benchmark Allocation %	Actual Allocation %	+ or - Benchmark %	Index	
Overseas Equities <i>Comprising</i> Global Pooled Fund Emerging Markets	85 - 100 0 - 10	93.6% 6.4%	92.0% 8.0%	-1.6% +1.6%	See Split below * FTSE AW Emerging Markets	
Cash	0 - 10	0.0%	0.0%			
Total		100.0%	100.0%			
* Global Pooled Fund Split:-						
North America		31.2%			FTSE North American Developed	
Europe (ex UK)		31.2%			FTSE Europe (ex UK) Developed	
Asia Pacific (inc. Japan)		31.2%			FTSE Asia-Pacific (inc Japan) Developed	
Total Global Pooled		93.6%	92.0%	-1.6%		

Target Objective - To seek to outperform the Benchmark by 1% per annum over rolling 3-year periods (gross of management fees).

Market Value - at 31st March 2011

£186,031,000

TABLE 8

PROPERTY PORTFOLIO						
Asset	Control Range %	Benchmark Allocation %	Actual Allocation %	+ or - Benchmark %	Index	
Property	90 - 100	100.0%	98.4%	-1.6%	IPD UK All Balanced Funds Index Weighted Average	
Cash	0 - 10	0.0%	1.6%	+1.6%		
Total		100.0%	100.0%			

Target Objective - To seek to outperform the Benchmark by 1% per annum over rolling 3-year periods (net of costs and fees).

Market Value - at 31st March 2011

£72,883,000

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TOTAL PORTFOLIO PROGRESS REPORT - 1 JANUARY 2011 to 31 MARCH 2011

Asset	Market Value 1.01.11	%	Net Purchases and Sales					Changes in Market Value					Market Value 31.03.11	%		
			UBS £000	Alliance Bernstein £000	Baillie Gifford £000	Legat & General £000	Other £000	UBS £000	Alliance Bernstein £000	Baillie Gifford £000	Legat & General £000	Other £000				
EQUITIES																
UK Equities	383,827.0	32	0	(3,212)	2,636	0	0	0	0	0	213	4,839	1,676	0	389,979	31
US Equities	102,394.0	8	0	3,384	0	0	0	0	0	0	3,578	0	0	0	109,356	9
European Equities	42,686.0	4	0	2,626	0	0	0	0	0	0	2,020	0	0	0	47,332	4
Japanese Equities	20,403.0	2	0	2,469	0	0	0	0	0	0	(1,799)	0	0	0	21,073	2
Pacific Basin Equities	3,635.0	0	0	0	0	0	0	0	0	0	57	0	0	0	3,692	0
Emerging Market Equities	69,849.0	6	(1,500)	(7,521)	0	0	0	0	0	(650)	(305)	0	0	0	59,873	5
Global Pooled Fund	169,411.0	14	1,500	0	0	0	0	0	0	256	0	0	0	0	171,167	14
Total Overseas Equities	408,378.0	34	0	958	0	0	0	0	0	(394)	3,551	0	0	0	412,493	33
BONDS																
UK Gilts	29,547.0	2	0	0	0	0	7,286	0	0	0	0	0	(488)	0	36,345	3
Corporate Bonds	63,674.0	5	0	0	0	0	5,057	0	0	0	0	0	(146)	0	68,585	6
Overseas Bonds	23,178.0	2	0	0	0	0	(491)	0	0	0	0	0	(469)	0	22,218	2
Index-Linked Bonds	61,541.0	5	0	0	0	0	1,937	0	0	0	0	0	(618)	0	62,860	5
ALTERNATIVE INVESTMENTS																
Property	72,506.0	6	(38)	0	0	0	0	0	1,274	1,143	0	0	0	355	75,240	6
Private Equity	104,134.0	9	0	0	0	0	0	0	495	0	0	0	0	5,776	110,405	9
Hedge Funds	31,292.0	3	0	0	0	0	0	0	0	0	0	0	0	758	32,050	3
SUB TOTAL	1,178,077.0	97	(38)	(2,254)	2,636	0	13,789	0	1,769	749	3,764	4,839	(45)	6,889	1,210,175	98
CASH *	32,581.0	3	143	3,419	(643)	(1,229)	0	(5,588)	0	0	0	0	0	0	28,683	2
GRAND TOTAL	1,210,658.0	100	105	1,165	1,993	12,560	(3,819)	(3,819)	749	3,764	4,839	(45)	6,889	1,238,858	100	

* Movement in cash is not confined to investment transactions but also includes dividend income and the payment of fees. Further details of cash movements can be found in the Managers' individual valuations.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**VALUATION OF OTHER INVESTMENTS AS AT 31st MARCH 2011**

	HOLDING	COST	AVERAGE	MARKET	MARKET	UNREALISED
		£	COST	PRICE	VALUE	GAIN/LOSS
			£	£	£	£
PRIVATE EQUITY						
Managed by Mr P Davies, IFA						
Quoted Investment Trusts						
3i Group	1,846,507	5,231,407	2.833	2.988000	5,517,363	285,956
Candover Investments	236,060	1,687,945	7.150	6.055000	1,429,343	(258,602)
Electra Private Equity	1,016,179	13,886,422	13.665	16.630000	16,899,057	3,012,635
F&C Private Equity Trust	4,160,000	7,339,178	1.764	1.452500	6,042,400	(1,296,778)
Graphite Enterprise Trust	852,512	2,420,093	2.839	3.492500	2,977,398	557,305
HarbourVest European Senior Loans	1,010,000	1,010,000	1.000	0.957500	967,075	(42,925)
Henderson Private Equity	1,200,000	2,122,781	1.769	2.677500	3,213,000	1,090,219
HG Capital Trust	1,782,500	9,319,756	5.228	10.740000	19,144,050	9,824,294
HG Capital Trust Sub Shs	356,500	0	0.000	1.225000	436,713	436,713
KKR & CO LP	220,000	1,874,232	8.519	10.256090	2,256,340	382,108
Northern Investors	520,000	516,217	0.993	2.097500	1,090,700	574,483
Oxford Technology 3 Venture Capital Trust	593,612	582,797	0.982	0.480000	284,934	(297,864)
Oxford Technology 4 Venture Capital Trust	1,021,820	995,164	0.974	0.350000	357,637	(637,527)
Schroder Private Equity	3,071,254	1,988,466	0.647	1.640045	5,036,997	3,048,530
Standard Life European Private Equity Trust	4,390,510	5,117,589	1.166	1.557500	6,838,219	1,720,630
SVG Capital	1,800,000	6,127,530	3.404	2.488000	4,478,400	(1,649,130)
		60,219,577			76,969,625	16,750,048
Other Fixed Interest						
Electra Private Equity 5.000% 12/29/2017 DD 12/29/10	2,870	2,870,000	1,000	1,090	3,128,300	258,300
Unlisted Private Funds						
Midlands Growth Fund	2,509	306,254	122	3.500000	8,782	(297,472)
Limited Partnerships Fund of Funds						
Partners Group Secondary 2006 L.P.		3,401,504			4,843,688	1,442,184
Partners Group Secondary 2008 L.P.		7,553,178			9,006,263	1,453,085
Partners Group Asia-Pacific 2007 L.P.		4,223,109			4,523,630	300,521
Adams Street 2007 Non US Fund		2,678,050			2,891,557	213,507
Adams Street 2008 Global Fund						
Adams Street 2008 Direct Fund		761,722			836,895	75,173
Adams Street 2008 Non US Fund		1,519,248			1,528,345	9,097
Adams Street 2008 US Fund		2,436,150			3,430,069	993,919
Adams Street 2009 Global Fund						
Adams Street 2009 Direct Fund		330,084			362,829	32,745
Adams Street 2009 Non US Developed Mkts Fund		247,392			216,218	(31,175)
Adams Street 2009 Non US Emerging Mkts Fund		97,349			82,055	(15,294)
Adams Street 2009 US Fund		942,122			1,051,126	109,005
Oxford Technology ECF Limited Partner AC		1,500,000			1,525,740	25,740
		25,689,908			30,298,415	4,608,507
Cash Held by Custodian for Private Equity		1,844,178			1,844,178	
CASH HELD IN HOUSE		13,305,294			12,942,596	
TOTAL OF ALL INVESTMENTS		104,235,210			125,191,896	21,319,383

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PRIVATE EQUITY TRANSACTIONS DURING QUARTER ENDED 31st MARCH 2011**

<u>DATE</u>	<u>HOLDING</u>	<u>TRANSACTION</u>	<u>BOOK COST</u> £	<u>SALE PROCEEDS</u> £	<u>REALISED GAIN/LOSS</u> £
		LIMITED PARTNERSHIP FUND OF FUNDS			
		DRAWDOWNS			
13/01/2011		Partners Group Asia - Pacific 2007 L.P.	280,078		
22/02/2011		Adams Street 2009 US Fund	60,684		
24/02/2011		Adams Street 2007 Non US Fund	171,247		
28/02/2011		Partners Group Secondary 2008 L.P.	986,814		
11/03/2011		Partners Group Asia - Pacific 2007 L.P.	448,235		
30/03/2011		Partners Group Secondary 2006 L.P.	170,977		
30/03/2011		Adams Street 2008 Non US Fund	147,463		
			2,265,499		
		SALES			
18/01/2011	250,000	SVG Capital	851,046	602,542	- 248,504
		CAPITAL DISTRIBUTIONS			
17/01/2011	215,922	Schroder Private Equity	139,798	334,132	194,334
		LIMITED PARTNERSHIP FUND OF FUNDS			
		CAPITAL DISTRIBUTIONS			
28/02/2011		Partners Group Secondary 2008 L.P.	363,410	363,410	
11/03/2011		Partners Group Asia - Pacific 2007 L.P.	126,930	126,930	
30/03/2011		Partners Group Secondary 2006 L.P.	342,887	342,887	
			833,227	833,227	-

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDPERFORMANCE TO 31st MARCH 2011COMBINED PORTFOLIO (BY ASSET CLASS)

ASSET	% weighting of fund as at 31st March 2011	QUARTER ENDED 31st March 2011			12 MONTHS ENDED 31st March 2011			THREE YEARS ENDED 31st March 2011			FIVE YEARS ENDED 31st March 2011		
		BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
GLOBAL EQUITIES	18.3%	2.0	1.9	-0.1	8.4	5.2	-3.2	8.6	1.1	-7.5	5.4	0.2	-5.3
UK EQUITIES	31.5%	1.0	2.4	1.3	8.7	14.3	5.6	5.4	7.1	1.7	3.7	3.7	0.0
OVERSEAS EQUITIES	15.0%	2.1	1.1	-1.0	8.5	5.6	-2.9	8.5	9.6	1.1	5.4	4.8	-0.6
UK GOVERNMENT BONDS	2.9%	-0.8	-0.7	0.1	5.1	3.5	-1.6	5.3	5.5	0.2	4.8	5.1	0.3
UK CORPORATE BONDS	5.5%	0.9	1.1	0.2	5.2	6.5	1.3	6.1	7.4	1.3	3.7	4.4	0.7
OVERSEAS BONDS*	1.8%	-0.5	0.1	0.6	2.5	3.7	1.2	4.4	5.8	1.4	-	-	-
UK INDEX LINKED GILTS	5.1%	-0.2	0.1	0.3	6.7	8.6	1.9	4.6	5.7	1.1	5.9	6.6	0.7
TOTAL PRIVATE EQUITY	8.9%	0.2	5.8	5.5	14.5	23.7	9.2	2.2	-1.5	-3.8	-2.7	3.4	6.0
HEDGE FUNDS	2.6%	0.9	2.4	1.5	3.7	6.1	2.4	5.1	-1.1	-6.2	6.5	2.1	-4.4
PROPERTY ASSETS	6.1%	1.9	2.6	0.7	9.1	8.9	-0.2	-3.9	-8.9	-5.0	-1.7	-5.6	-3.9
TOTAL CASH	2.3%	-	1.8	-	-	0.8	-	-	1.8	-	n/a	2.2	-
TOTAL FUND	100.0%	1.2	2.0	0.8	8.9	9.5	0.6	6.1	4.1	-1.9	4.2	2.8	-1.4

* This includes L&G Currency Hedging for Overseas bonds

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND
PERFORMANCE TO 31st MARCH 2011**

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	% Weighting of Fund as at 31st March 2011	QUARTER ENDED 31st March 2011			12 MONTHS ENDED 31st March 2011			THREE YEARS ENDED 31st March 2011			FIVE YEARS ENDED 31st March 2011		
		BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
ALLIANCE BERNSTEIN GLOBAL EQUITIES	20.7%	2.1	2.0	-0.1	8.4	4.9	-3.5	8.6	1.1	-7.5	5.4	0.1	-5.3
BAILLIE GIFFORD UK EQUITIES	19.4%	1.0	3.0	2.0	8.7	18.1	9.4	5.4	8.0	2.6	3.7	4.6	0.9
LEGAL & GENERAL EQUITIES - PASSIVE	10.4%	1.1	1.2	0.1	7.4	7.6	0.2	-	-	-	-	-	-
LEGAL & GENERAL FIXED INCOME	15.6%	0.1	0.4	0.3	5.4	6.3	0.9	5.4	6.5	1.1	5.1	5.8	0.7
PARTNERS GROUP SICAR	0.3%	1.9	13.5	11.6	9.1	7.1	-2.0	-	-	-	-	-	-
PRIVATE EQUITY	8.9%	0.2	5.8	5.6	14.5	23.7	9.2	2.2	-1.5	-3.7	-2.7	3.4	6.1
UBS OVERSEAS EQUITIES	15.0%	1.9	1.1	-0.8	7.7	5.6	-2.1	8.1	9.6	1.5	5.1	4.7	-0.4
UBS PROPERTY	5.9%	1.9	1.6	-0.3	9.1	8.4	-0.7	-3.9	-9.7	-5.8	-1.7	-6.1	-4.4
UBS HEDGE FUNDS	2.6%	0.9	2.4	1.5	3.7	6.1	2.4	5.1	-1.2	-6.3	6.5	2.4	-4.1
IN-HOUSE CASH	1.2%	0.1	1.0	0.9	0.4	1.8	1.4	1.5	2.7	1.2	3.0	2.9	-0.1
TOTAL FUND	100.0%	1.2	2.0	0.8	8.9	9.5	0.6	6.1	4.1	-1.9	4.2	2.8	-1.4

* This includes L&G Currency Hedging for Overseas bonds

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDPERFORMANCE TO 31st MARCH 2011ALLIANCE BERNSTEIN - GLOBAL EQUITIES

ASSET	QUARTER ENDED 31st March 2011			12 MONTHS ENDED 31st March 2011			THREE YEARS ENDED 31st March 2011			FIVE YEARS ENDED 31st March 2011		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
UK EQUITIES	1.2	2.1	0.9	7.1	8.3	1.2	5.1	-5.6	-10.7	3.6	-2.6	-6.2
OVERSEAS EQUITIES	2.1	1.9	-0.2	8.6	4.3	-4.3	8.9	3.7	-5.2	5.6	1.4	-4.2
North American Equities	3.5	3.8	0.3	9.6	6.7	-2.9	10.5	3.0	-7.5	5.0	-1.9	-6.9
European Equities	5.7	4.6	-1.1	7.5	0.6	-6.9	3.3	-1.3	-4.6	5.0	1.0	-4.0
Japanese Equities	-6.9	-7.3	-0.4	-4.0	-3.4	0.6	3.6	2.8	-0.8	-3.3	-1.6	1.7
Pacific Basin (excl. Japan)	1.5	2.9	1.4	14.2	-20.7	-34.9	14.7	1.7	-13.0	14.6	5.1	-9.5
Emerging Market Units	-1.2	0.0	1.2	11.9	10.0	-1.9	12.9	12.7	-0.2	13.3	11.9	-1.4
CASH/ALTERNATIVES	n/a	6.8		n/a	-22.9		n/a	-7.1		n/a	-13.5	
TOTAL ASSETS	2.1	2.0	-0.1	8.4	4.9	-3.5	8.6	1.1	-7.5	5.4	0.1	-5.3

Target Objective - To outperform the Benchmark by 3.0% per annum over rolling 3 year periods (gross of management fees)

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 31st MARCH 2011

BAILLIE GIFFORD - UK EQUITIES ACTIVE MANDATE

TABLE 15

ASSET	QUARTER ENDED 31st March 2011			12 MONTHS ENDED 31st March 2011			THREE YEARS ENDED 31st March 2011			FIVE YEARS ENDED 31st March 2011		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
UK EQUITIES	1.0	3.0	2.0	8.7	18.3	9.6	5.4	7.9	2.5	3.7	4.5	0.8
TOTAL CASH	-	0.2		-	0.6		-	2.1		-	3.4	
TOTAL ASSETS	1.0	3.0	2.0	8.7	18.1	9.4	5.4	8.0	2.6	3.7	4.6	0.9

Target Objective - To seek to outperform the Benchmark by 1.25% per annum over rolling 3 year periods (gross of management

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 31st MARCH 2011

LEGAL & GENERAL - UK EQUITIES PASSIVE MANDATE

TABLE 16

ASSET	QUARTER ENDED 31st March 2011			12 MONTHS ENDED 31st March 2011			THREE YEARS ENDED 31st March 2011			FIVE YEARS ENDED 31st March 2011		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
UK EQUITIES	1.1	1.2	0.1	7.4	7.6	0.2	-	-	-	-	-	-
CASH/ALTERNATIVES	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	1.1	1.2	0.1	7.4	7.6	0.2	-	-	-	-	-	-

Target Objective - To track the FTSE 100 Index

LEGAL & GENERAL - BONDS

TABLE 17

ASSET	QUARTER ENDED 31st March 2011			12 MONTHS ENDED 31st March 2011			THREE YEARS ENDED 31st March 2011			FIVE YEARS ENDED 31st March 2011		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
UK GILTS	-0.8	-0.7	0.1	5.1	5.0	-0.1	5.3	6.0	0.7	4.8	5.3	0.5
UK CORPORATE BONDS	0.9	1.1	0.2	5.2	6.5	1.3	6.1	7.4	1.3	3.7	4.7	1.0
OVERSEAS BONDS*	-0.5	0.1	0.6	2.5	3.7	1.2	4.4	5.7	1.3	-	-	-
UK INDEX LINKED	-0.2	0.1	0.3	6.7	7.9	1.2	4.6	5.5	0.9	5.9	6.5	0.6
CASH/ALTERNATIVES*	-	n/a	-	-	n/a	-	-	n/a	-	-	n/a	-
TOTAL ASSETS	0.1	0.4	0.3	5.4	6.3	0.9	5.4	6.5	1.1	5.1	5.8	0.7

* Cash held by L&G is used for hedging the Overseas Bond position. This is therefore included in the Overseas Bond category in order to produce a hedged return.

Target Objective - To outperform the Benchmark by 0.4% per annum over rolling 3 year periods (gross of management fees)

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 31st MARCH 2011

INDEPENDENT ADVISOR - PRIVATE EQUITY

TABLE 18

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
PRIVATE EQUITY	0.2	4.8	4.6	14.5	24.3	9.8	2.2	-1.8	-4.0	-2.7	3.0	5.7
LIMITED LIABILITY PARTNERSHIPS	0.2	8.6	8.4	14.5	22.6	8.1	2.2	4.0	1.8	-2.7	0.0	-
TOTAL ASSETS	0.2	5.8	5.6	14.5	23.7	9.2	2.2	-1.5	-3.7	-2.7	3.4	6.1

Target Objective - To seek to outperform the Benchmark by 1% over rolling 3 year periods.

PARTNERS GROUP REAL ESTATE SICAR - PROPERTY

TABLE 19

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
PROPERTY	1.9	13.5	11.6	9.1	7.1	-2.0	-	-	-	-	-	-
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS*	1.9	13.5	11.6	9.1	7.1	-2.0	-	-	-	-	-	-

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 31st MARCH 2011

UBS GLOBAL ASSET MANAGEMENT- OVERSEAS EQUITIES

TABLE 20

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
OVERSEAS EQUITIES	1.9	1.1	-0.8	7.7	5.6	-2.1	8.1	9.6	1.5	5.1	4.8	-0.3
TOTAL CASH	-	0.0		-			-			-	n/a	
TOTAL ASSETS	1.9	1.1	-0.8	7.7	5.6	-2.1	8.1	9.6	1.5	5.1	4.7	-0.4

Target Objective - To seek to outperform the Benchmark by 1% per annum over rolling 3-year periods (gross of management fees).

UBS GLOBAL ASSET MANAGEMENT - PROPERTY

TABLE 21

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
PROPERTY	1.9	2.2	0.3	9.1	9.3	0.2	-3.9	-8.7	-4.8	-1.7	-5.5	-3.8
TOTAL CASH*	-	-2.0		-	-0.6		-	-		-	-	
TOTAL ASSETS**	1.9	1.6	-0.3	9.1	8.4	-0.7	-3.9	-9.7	-5.8	-1.7	-6.1	-4.4

* Historic returns for this category refer to the portfolio whilst both Overseas Equities and Property were held within one portfolio. Property cash shown from June 2009
 ** Total Assets for this mandate reflect Cash from June 2009 only.

Target Objective - To seek to outperform the Benchmark by 1% per annum over rolling 3-year periods (gross of management fees).

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR PERIODS ENDED 31st MARCH 2011

UBS GLOBAL ASSET MANAGEMENT - HEDGE FUNDS

TABLE 22

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
HEDGE FUNDS	0.9	2.4	1.5	3.7	6.1	2.4	5.1	-1.1	-6.2	6.5	2.1	-4.4
TOTAL CASH	-	0.0		-	0.5		-	1.4		-	-2.2	
TOTAL ASSETS	0.9	2.4	1.5	3.7	6.1	2.4	5.1	-1.2	-6.3	6.5	2.4	-4.1

Target Objective - To seek to outperform the 3 month LIBOR + 3% over rolling 3 year periods

INTERNALLY MANAGED CASH

TABLE 23

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
INTERNALLY MANAGED CASH*	0.1	1.0	0.9	0.4	1.8	1.4	1.5	2.7	1.2	3.0	2.9	-0.1
TOTAL ASSETS	0.1	1.0	0.9	0.4	1.8	1.4	1.5	2.7	1.2	3.0	2.9	-0.1

* this portfolio includes cash held at BoNY

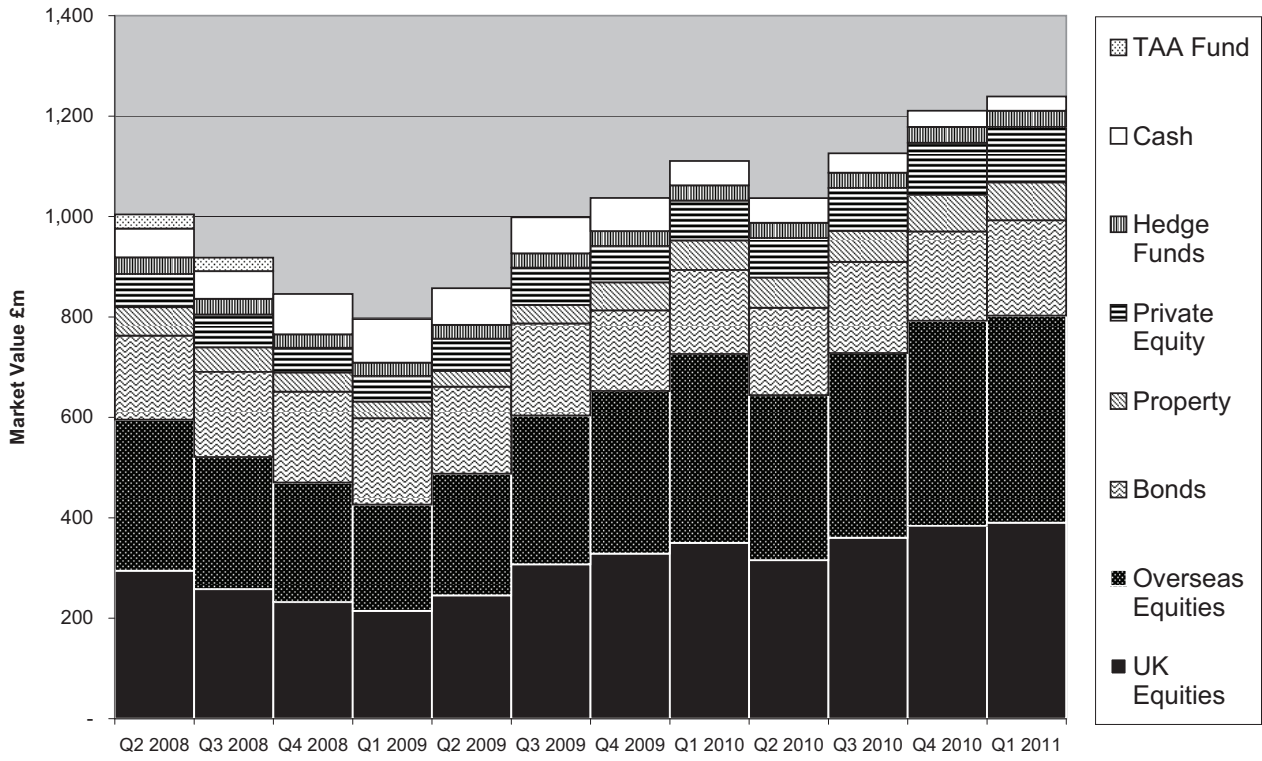
OXFORDSHIRE COUNTY COUNCIL PENSION FUND**TOP 20 HOLDINGS AT 31/03/2011**

ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
<u>DIRECT HOLDINGS</u>		
1 HG CAPITAL TRUST ORD GBP0.25	19,144,050	1.55
2 ELECTRA INVESTMENT TR ORD 25P	16,899,057	1.36
3 BG GROUP PLC ORD GBP0.10	14,676,260	1.18
4 RIO TINTO ORD GBP0.10	12,062,768	0.97
5 HSBC HLDGS ORD USD0.50 (UK)	10,604,331	0.86
6 BHP BILLITON PLC USD0.50	10,183,314	0.82
7 ROYAL DUTCH SHELL 'B' SHS	9,651,929	0.78
8 BRITISH AMERICAN TOBACCO ORD	9,580,745	0.77
9 IMPERIAL TOBACCO GROUP ORD 10P	8,458,992	0.68
10 ROYAL DUTCH SHELL 'A'SHS	8,202,924	0.66
11 VODAFONE GROUP	7,984,112	0.64
12 TREASURY GILT 2.750% 01/22/2015 DD 11/04/09	7,913,473	0.64
13 BLACKROCK UK PROPERTY FUND	7,551,843	0.61
14 TREASURY INDEX-LINKED 2.500% 17-JUL-2024	7,382,385	0.60
15 UK GOVT IDX-LKD STK 1.250% 22-NOV-2027 GBP100	7,160,449	0.58
16 STANDARD LIFE EURO ORD	6,838,219	0.55
17 UK GOVT OF IDX-LKD STK 1.250% 22-NOV-2055	6,587,918	0.53
18 TESCO ORD 5P	6,387,008	0.52
19 F & C PRIVATE EQUITY TRUST	6,042,400	0.49
20 STANDARD CHARTERED ORD USD0.50	5,896,556	0.48
TOP 20 HOLDINGS MARKET VALUE *	189,208,730	15.27
* Excludes investments held within Pooled Funds		
<u>POOLED FUNDS AT 31/03/2011</u>		
1 UBS GLOBAL ASSET MANAGEMENT LIFE GLOBAL OPTIMAL THIRDS A	171,166,901	13.82
2 HP UK FTSE 100 EQUITY INDEX	129,290,553	10.44
3 ALLIANCE BERNSTEIN VAL INV EMG VALUE PORTF S CAP	28,814,826	2.33
4 UBS GBL ASSET MGT GBL EMG MKTS EQTY CL B	14,863,594	1.20
5 BAILLIE GIFFORD BRITISH SMALL COS C NAV ACC	13,660,879	1.10
TOTAL POOLED FUNDS MARKET VALUE	357,796,754	28.88
TOTAL FUND MARKET VALUE	1,238,858,000	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

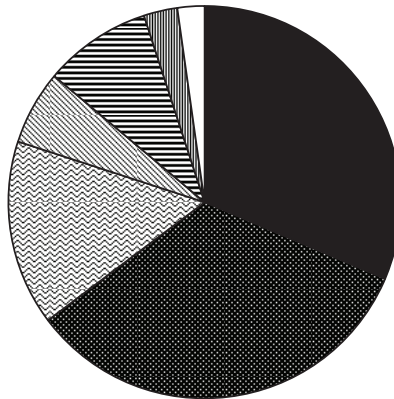
MARKET VALUE OF TOTAL FUND

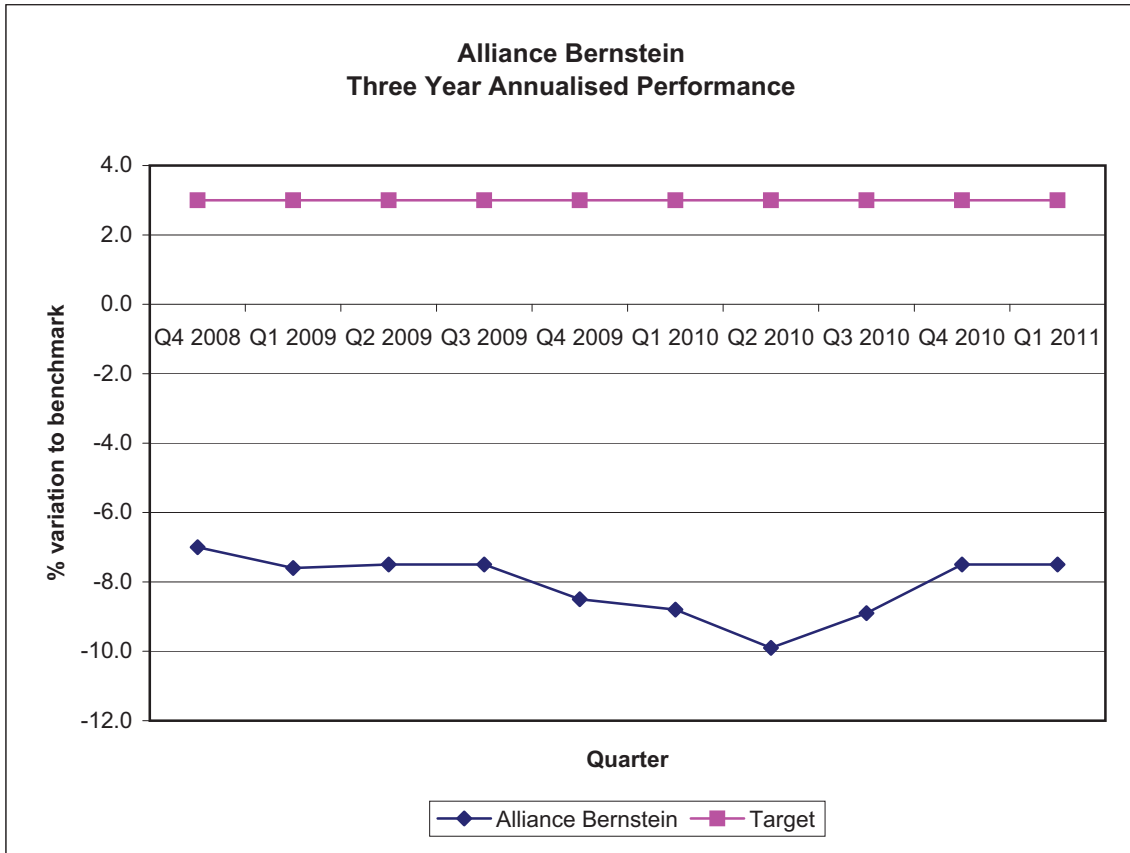
TOTAL FUND MARKET VALUE BY ASSET CLASS



Asset Allocation Latest Quarter

<u>Quarter</u>	<u>Market Value</u> <u>£m</u>
Q2 2008	1,004.2
Q3 2008	918.2
Q4 2008	845.9
Q1 2009	795.8
Q2 2009	857.4
Q3 2009	998.4
Q4 2009	1,037.0
Q1 2010	1,111.0
Q2 2010	1,037.0
Q3 2010	1,126.0
Q4 2010	1,210.7
Q1 2011	1,239.0



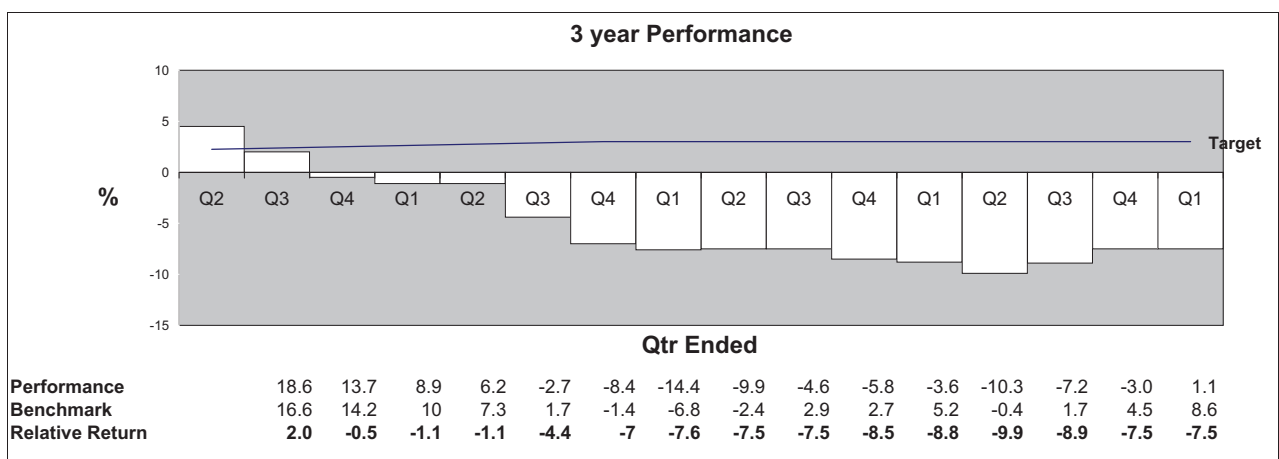
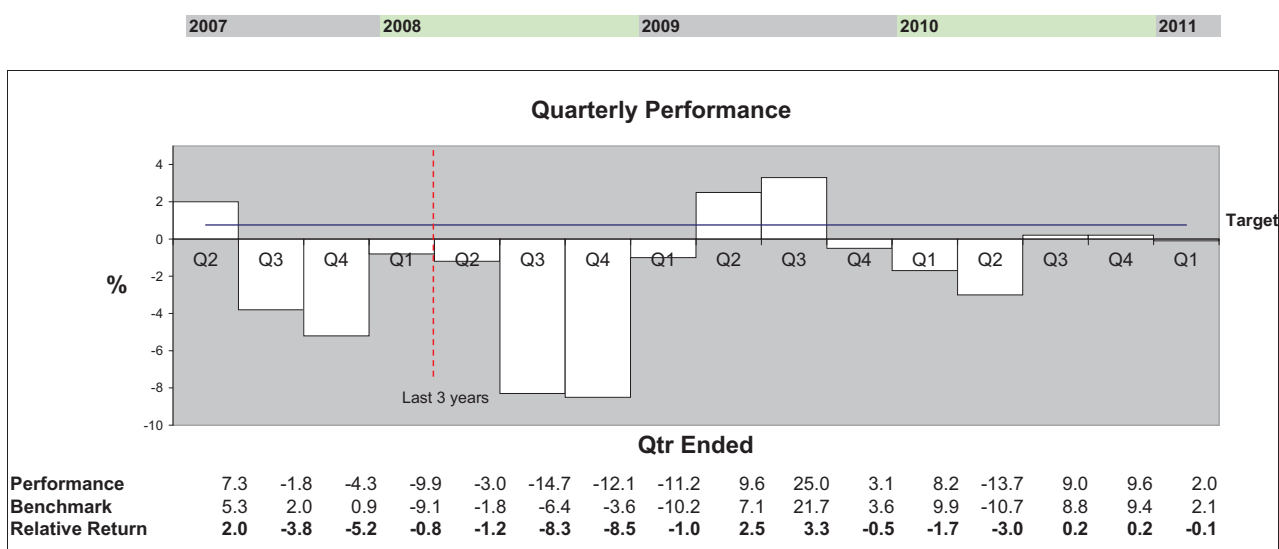


Alliance Bernstein Three Year Annualised Performance

	Alliance Bernstein	Target
Q4 2008	-7.0	3.0
Q1 2009	-7.6	3.0
Q2 2009	-7.5	3.0
Q3 2009	-7.5	3.0
Q4 2009	-8.5	3.0
Q1 2010	-8.8	3.0
Q2 2010	-9.9	3.0
Q3 2010	-8.9	3.0
Q4 2010	-7.5	3.0
Q1 2011	-7.5	3.0

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 3



Target Returns

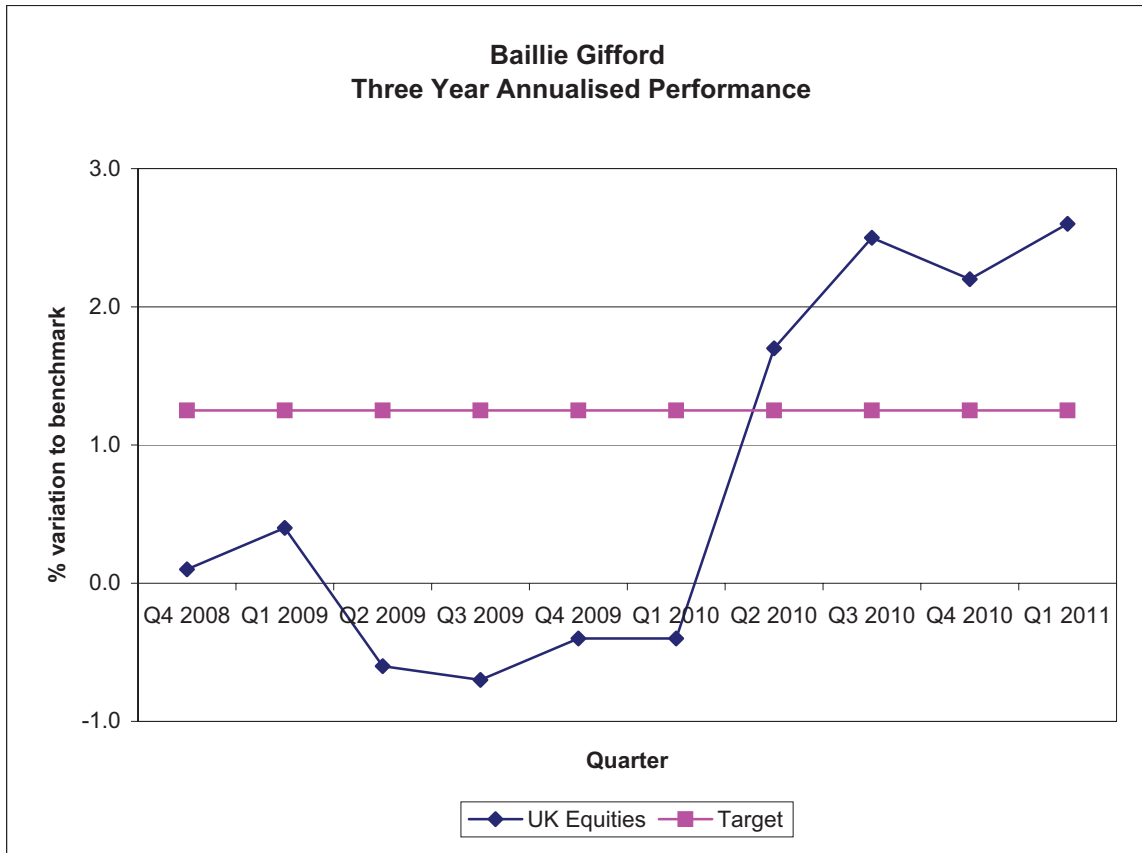
From Inception to 31/12/05 Rolling annual target of 1.5% above benchmark to 31/12/05
 From 1/1/06 Rolling annual target of 3% above benchmark from 1/1/06

Top 10 holdings at 31/03/2011

	Holding	Value £	% of portfolio
1	PFIZER INC	5,052,951	1.97
2	ING GROEP N.V. CVA EUR0.24	4,607,994	1.80
3	DELL INC	4,134,845	1.62
4	BOUYGUES EUR1	4,115,803	1.61
5	ASTRAZENECA ORD USD0.25	3,772,775	1.47
6	ROYAL DUTCH SHELL A SHS	3,759,725	1.47
7	JOHNSON & JOHNSON	3,386,963	1.32
8	DEVON ENERGY CORP	3,337,715	1.30
9	INGERSOLL-RAND PUBLIC LIMITED	3,196,999	1.25
10	VODAFONE GROUP	3,140,942	1.23
	Top 10 Holdings Market Value	38,506,713	15.04
	Total Alliance Bernstein Market Value	255,996,000	

**Alliance
Bernstein**

Top 10 holdings excludes investments held within pooled funds.

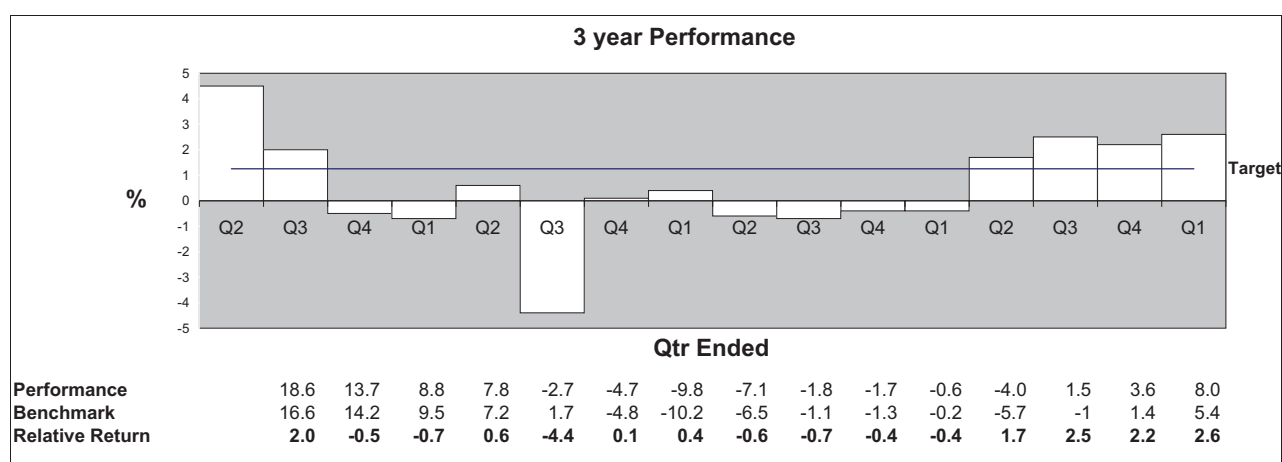
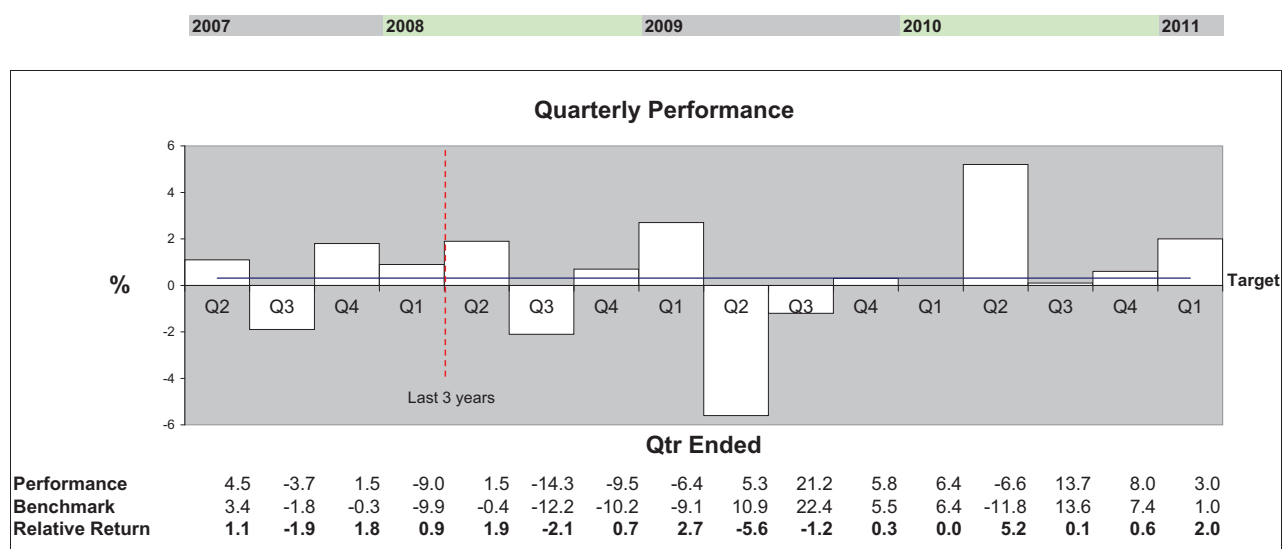


Baillie Gifford Three Year Annualised Performance

	UK Equities	Target
Q4 2008	0.1	1.25
Q1 2009	0.4	1.25
Q2 2009	-0.6	1.25
Q3 2009	-0.7	1.25
Q4 2009	-0.4	1.25
Q1 2010	-0.4	1.25
Q2 2010	1.7	1.25
Q3 2010	2.5	1.25
Q4 2010	2.2	1.25
Q1 2011	2.6	1.25

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 5

**Target Returns**

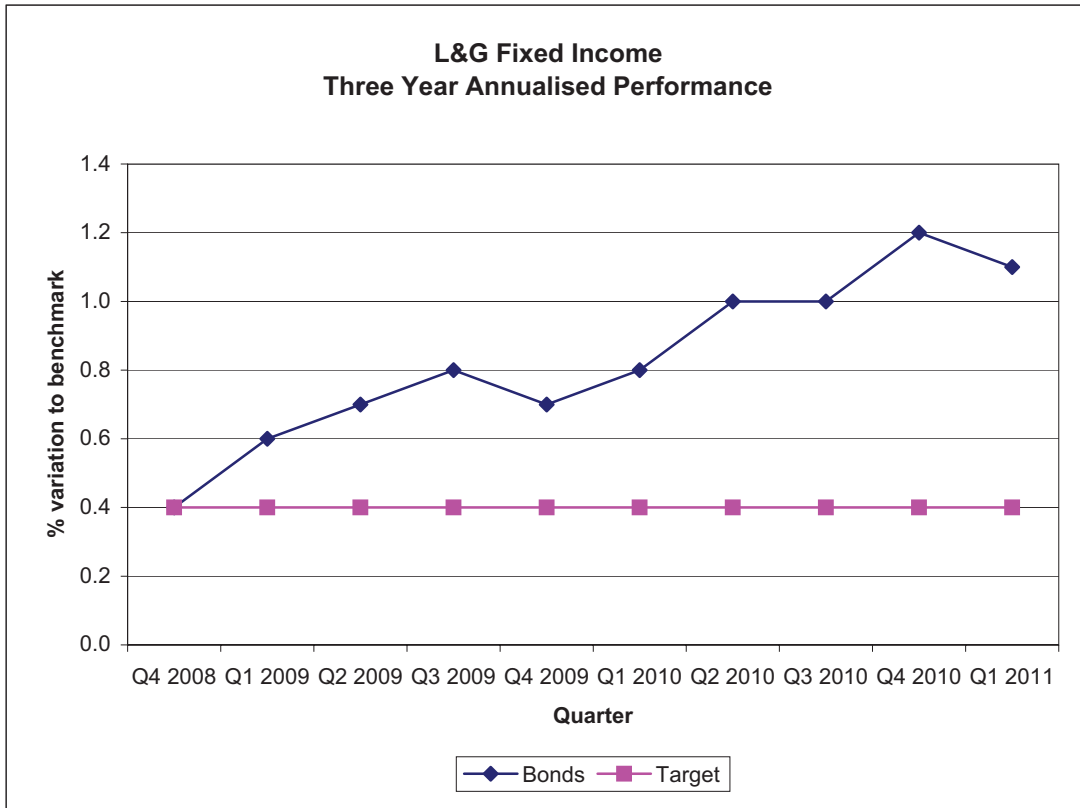
Rolling annual target of 1.25% above benchmark

Top 10 holdings at 31/03/2011

Holding	Value £	% of portfolio
1 BG GROUP PLC ORD GBP0.10	14,676,260	6.11
2 HSBC HLDGS ORD USD0.50 (UK)	10,604,331	4.42
3 BHP BILLITON PLC USD0.50	10,183,314	4.24
4 ROYAL DUTCH SHELL 'B' SHS	9,651,929	4.02
5 BRITISH AMERICAN TOBACCO ORD	9,580,745	3.99
6 RIO TINTO ORD GBP0.10	9,256,149	3.86
7 ROYAL DUTCH SHELL 'A' SHS	8,202,924	3.42
8 IMPERIAL TOBACCO GROUP ORD 10P	6,509,880	2.71
9 TESCO ORD 5P	6,387,008	2.66
10 STANDARD CHARTERED ORD USD0.50	5,896,556	2.46
Top 10 Holdings Market Value	90,949,095	37.89
Total Baillie Gifford Market Value	240,022,000	

Baillie Gifford

Top 10 holdings excludes investments held within pooled funds.

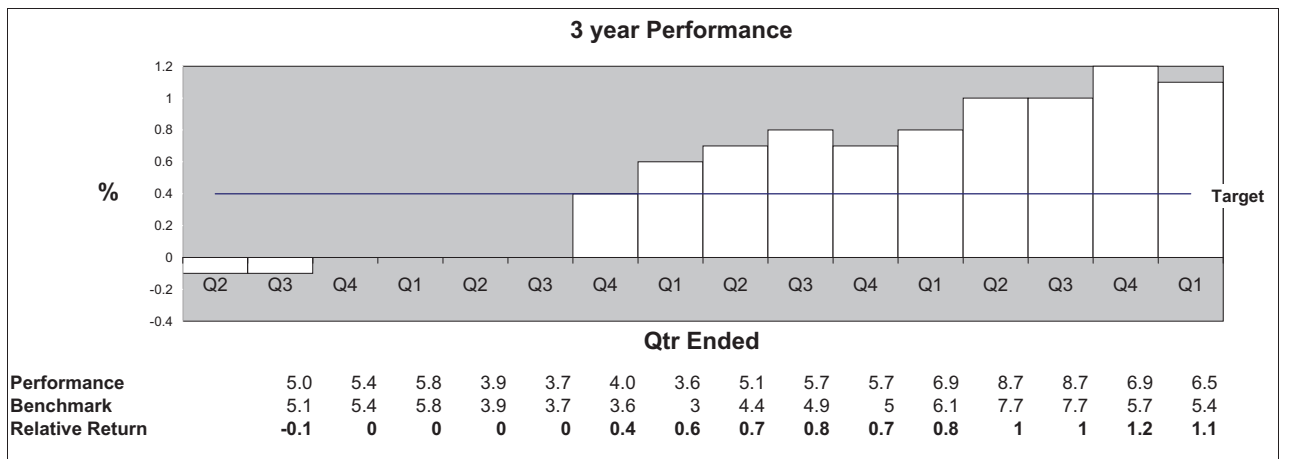
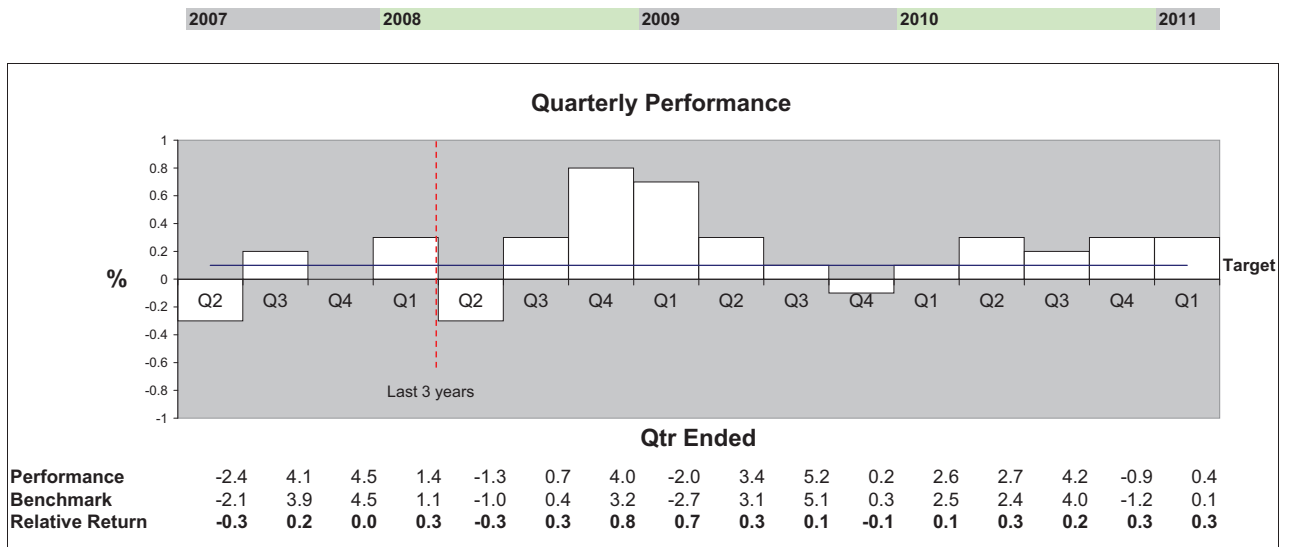


L&G Fixed Income Three Year Annualised Performance

	Bonds	Target
Q4 2008	0.4	0.4
Q1 2009	0.6	0.4
Q2 2009	0.7	0.4
Q3 2009	0.8	0.4
Q4 2009	0.7	0.4
Q1 2010	0.8	0.4
Q2 2010	1.0	0.4
Q3 2010	1.0	0.4
Q4 2010	1.2	0.4
Q1 2011	1.1	0.4

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 7



Target Returns

Rolling annual target of 0.40% above benchmark

Top 10 holdings at 31/03/2011

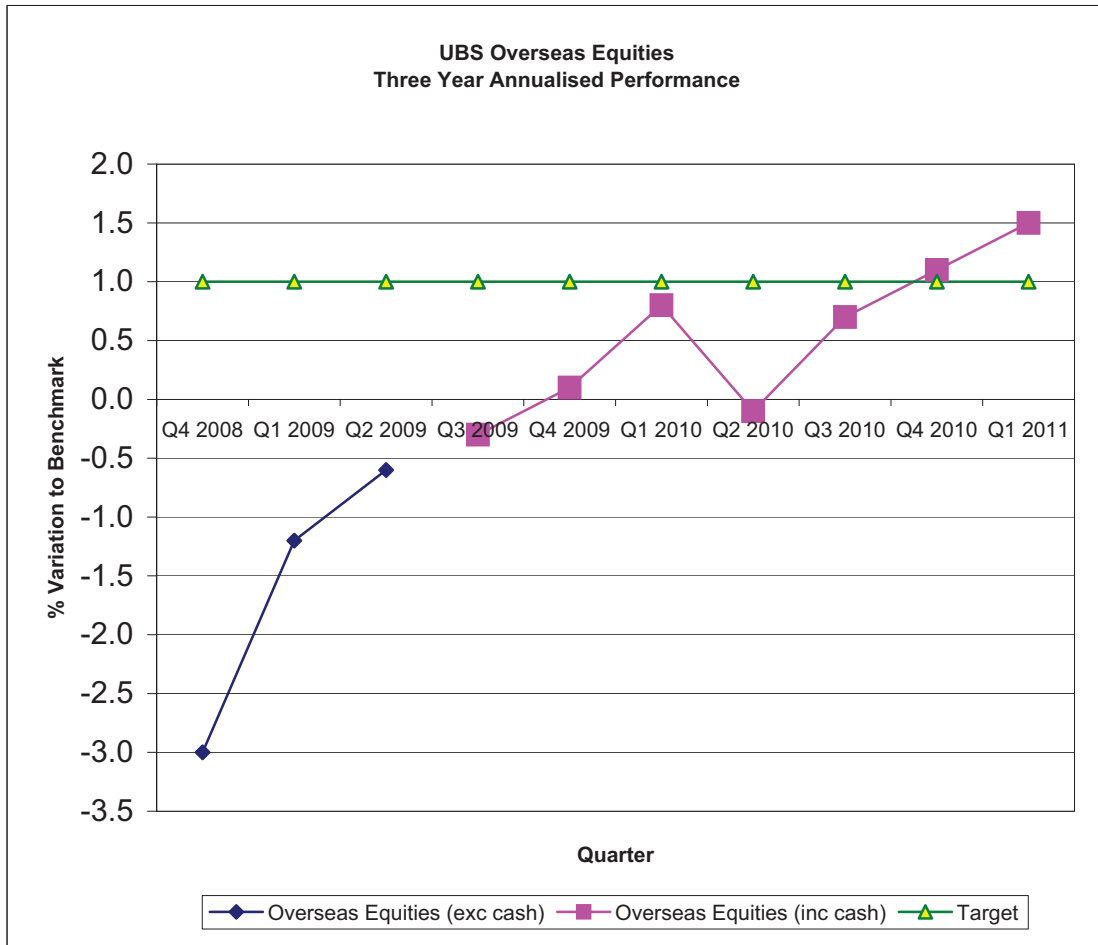
	Holding	Value £	% of portfolio
1	TREASURY GILT 2.750% 01/22/2015 DD 11/04/09	7,913,473	4.08
2	TREASURY INDEX-LINKED 2.500% 17-JUL-2024	7,382,385	3.81
3	UK GOVT IDX-LKD STK 1.250% 22-NOV-2027 GBP100	7,160,449	3.69
4	UK GOVT OF IDX-LKD STK 1.250% 22-NOV-2055	6,587,918	3.40
5	UNITED KINGDOM (GOVERNMENT OF) 4.500% 07-MAR-2	5,670,358	2.93
6	TSY 0 5/8% 2040 I/L GILT 0.625% 03/22/2040 DD 01/28/10	5,618,437	2.90
7	TREASURY INDEX-LINKED 2.500% 16-APR-2020	5,552,848	2.86
8	UNITED KINGDOM(GOVERNMENT 1.250% 22-NOV-2032 (5,181,532	2.67
9	TREASURY INDEX-LINKED 2.500% 26-JUL-2016	4,840,744	2.50
10	UNITED KINGDOM (GOVERNMENT OF) 1.875% 22-NOV-2	4,485,748	2.31
Top 10 Holdings Market Value		60,393,891	31.16
Total Legal & General Market Value		193,845,000	

Legal & General

Top 10 holdings excludes investments held within pooled funds.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 8



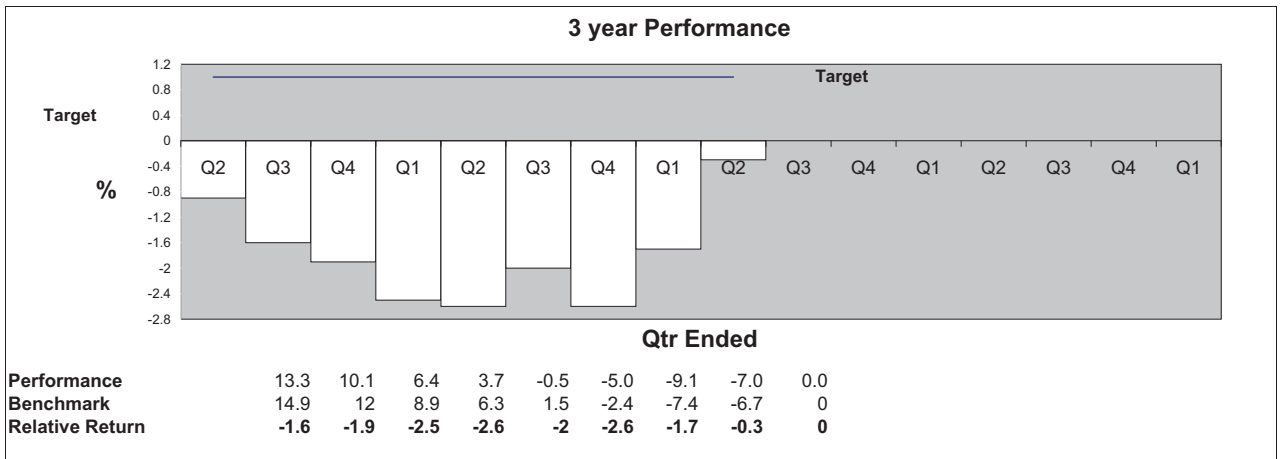
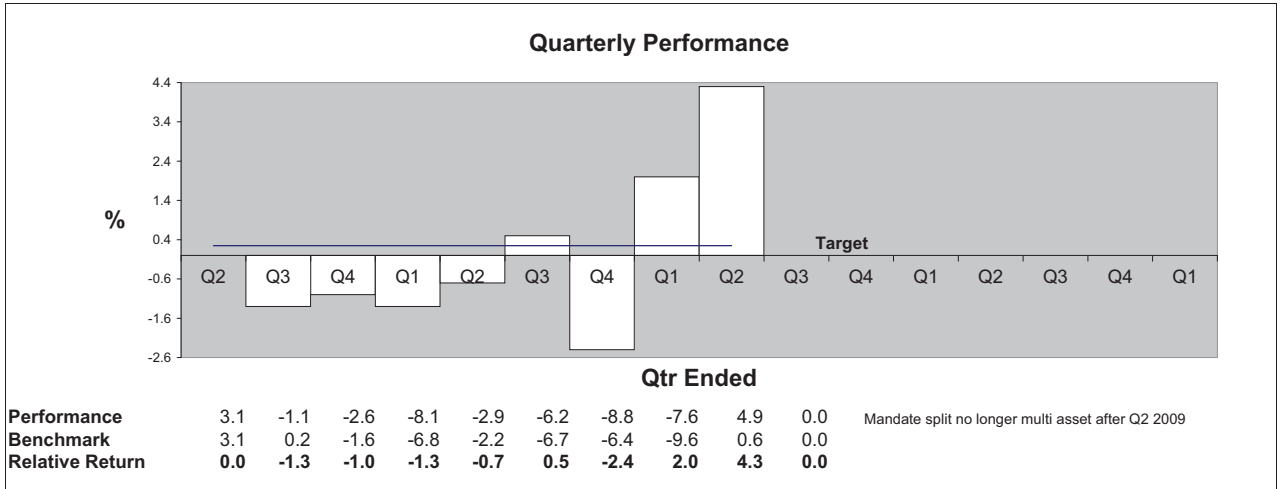
UBS Three Year Annualised Performance

	Overseas Equities (exc cash)	Overseas Equities (inc cash)	Target
Q4 2008	-3.0		1.0
Q1 2009	-1.2		1.0
Q2 2009	-0.6		1.0
Q3 2009		-0.3	1.0
Q4 2009		0.1	1.0
Q1 2010		0.8	1.0
Q2 2010		-0.1	1.0
Q3 2010		0.7	1.0
Q4 2010		1.1	1.0
Q1 2011		1.5	1.0

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 9

2007 2008 2009 2010 2011



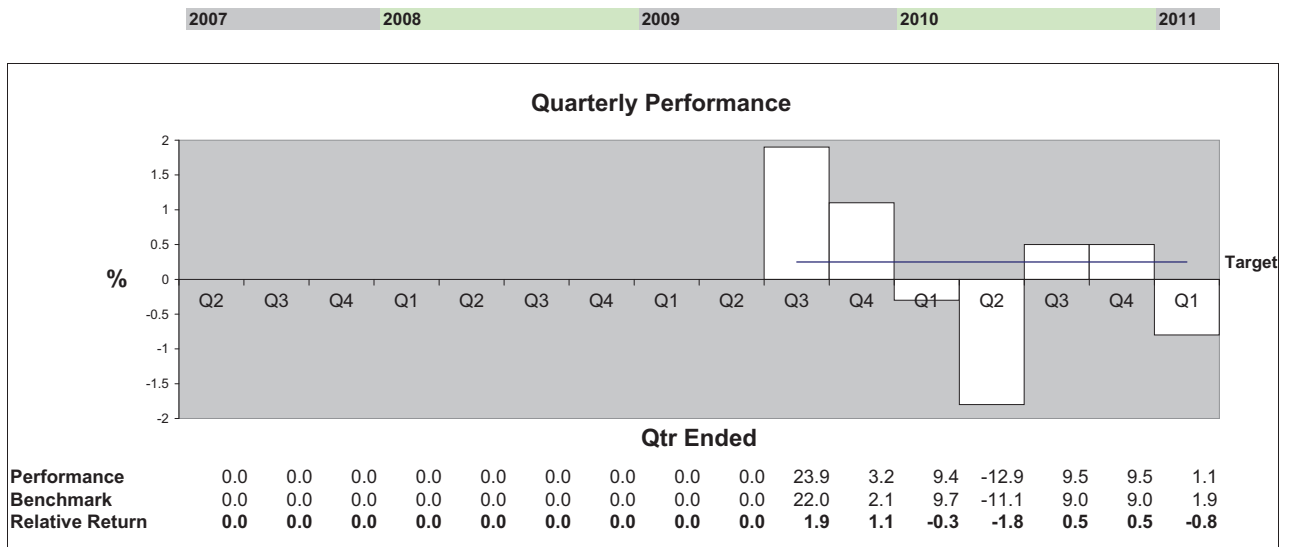
Target Returns

Rolling annual target of 1.00% above benchmark

UBS - Multi Asset

PERFORMANCE RELATIVE TO BENCHMARK

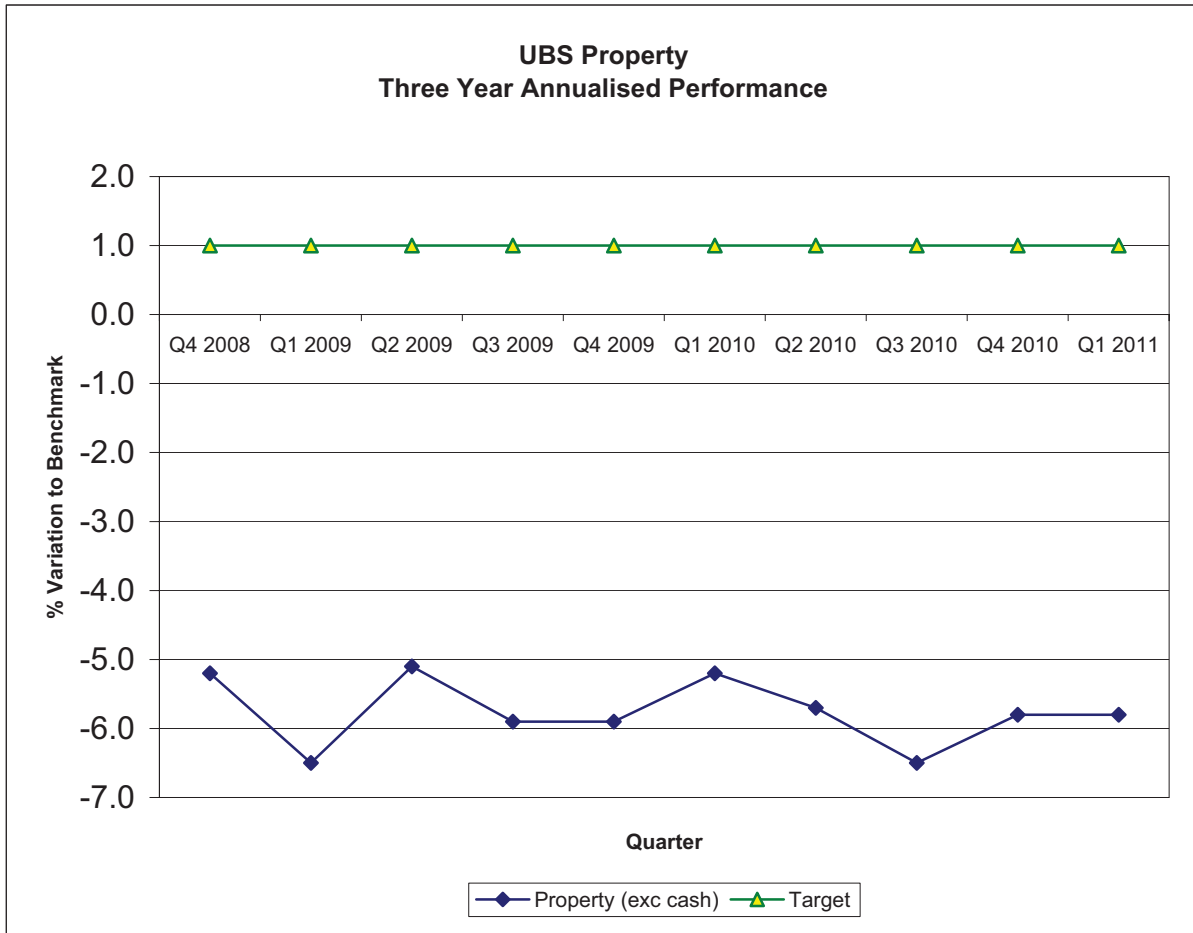
GRAPH 10



Target Returns

Rolling annual target of 1.00% above benchmark

**UBS -
Overseas
Equities**

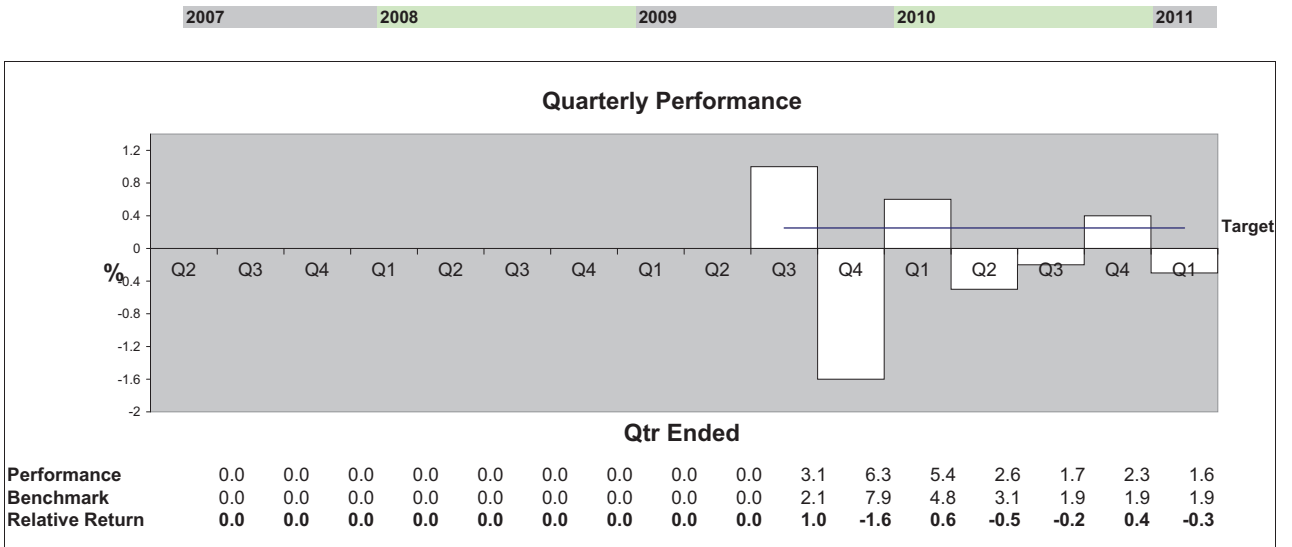


UBS Three Year Annualised Performance

	Property (exc cash)	Target
Q4 2008	-5.2	1.0
Q1 2009	-6.5	1.0
Q2 2009	-5.1	1.0
Q3 2009	-5.9	1.0
Q4 2009	-5.9	1.0
Q1 2010	-5.2	1.0
Q2 2010	-5.7	1.0
Q3 2010	-6.5	1.0
Q4 2010	-5.8	1.0
Q1 2011	-5.8	1.0

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 12



Target Returns

Rolling annual target of 1.00% above benchmark

Top 5 holdings at 31/03/2011

Holding	Value £	% of portfolio
1 BLACKROCK UK PROPERTY FUND	7,551,843	10.36
2 STANDARD LIFE POOLED PPTY FD	5,684,864	7.80
3 M&G EUROPEAN PROP-SP INV-C-D	5,251,338	7.21
4 PRUDENTIAL CORP PENSIONS PPTY	5,118,109	7.02
5 UBS GBL ASSET MGT TRITON PPTY	4,651,118	6.38
Top 10 Holdings Market Value	28,257,271	38.77
Total UBS Property Market Value	72,883,000	

UBS - Property

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PENSION FUND COMMITTEE – 3 June 2011

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

The Economy

1. The most significant change in the 2011 forecasts has been in Japan, where the disaster of the earthquake and tsunami of 11 March, and the consequent disruption to industrial production, is expected to reduce GDP growth to just 0.7% this year. The UK reported preliminary growth of +0.5% in Q1 – reversing the contraction in the previous quarter – but the comparison with the US economy makes poor reading. The US grew by 0.7% in Q4 2010, and then by 0.4% in Q1 2011, so that its output now stands 0.6% above its pre-crisis level, whereas the UK's output is still 4% *below* its pre-crisis level.

Consensus real growth (%)						Consumer prices latest (%)
	2008	2009	2010	2011E	2012E	
UK	+0.7	- 4.7	+1.6	(+1.8) +1.6	+1.9	+ 4.0 (CPI)
USA	+1.2	- 2.5	+2.9	(+3.1) +2.9	+3.1	+ 2.7
Eurozone	+0.8	- 3.9	+1.7	(+1.5) +1.7	+1.7	+ 2.7
Japan	- 0.2	- 5.3	+4.2	(+1.5) +0.7	+2.3	0.0
China	+ 9.0	+ 8.7	+10.3	(+9.0 +9.0	+8.7	+ 5.4

[Source of estimates: The Economist, 30.04.2011]

2. In the UK Budget on 23 March, George Osborne stuck to his plans for reducing public sector borrowing this year, although the annual figure for the next five years will be £10bn higher than previously forecast, largely because of the effects of higher inflation. This is now officially expected to be 4.5% in 2011 (instead of 3%) and 2.5% in 2012 (cf 1.9%). The Chancellor also cut his GDP growth forecasts to 1.7% this year, 2.5% in 2012 and 2.9% in the two subsequent years. The weakness of the UK economy has so far delayed the rise in interest rates expected from the MPC, even though opinion amongst its members is divided. By contrast, the European Central Bank raised its rate from 1% to 1.25% on 7 April to counter the risks of inflation, and China continued to increase interest rates and bank reserve ratios in order to curb inflation.

3. Portugal became the third EU country to request a bail-out, following in the footsteps of Greece and Ireland. On 6 April, Portugal's outgoing prime minister confirmed that a rescue from the EU and the IMF was needed – a move that had been priced in by the bond markets once the government's latest austerity package had been voted down in the Portuguese parliament. The size of the bail-out was later announced as €78bn.

Markets

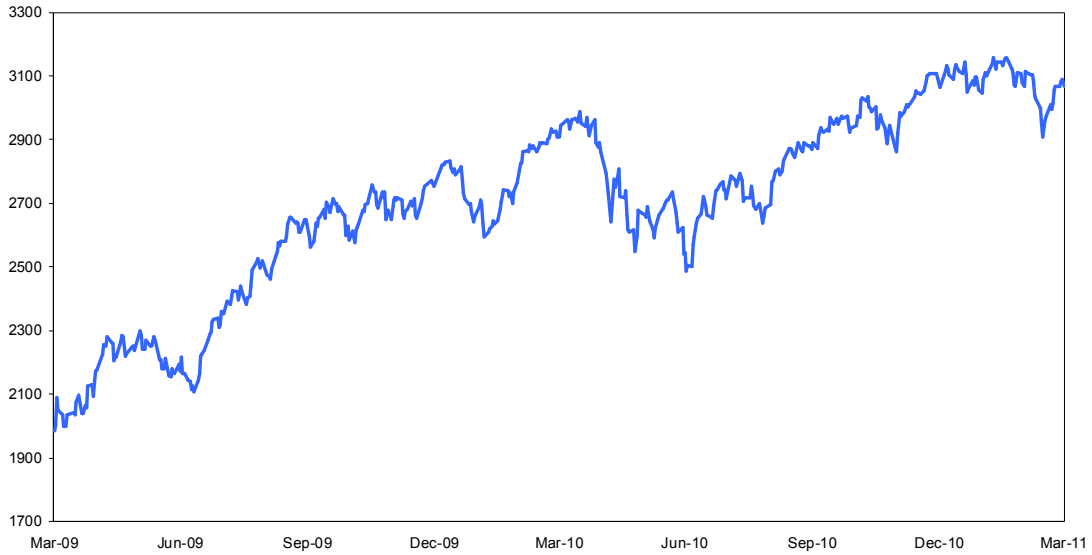
4. Popular uprisings in North Africa, and later in the Middle East, have caused concern to **Equity** markets, not least because of the sharp rise in oil prices which has resulted. The leaders of Algeria and then Egypt were forced to relinquish power in the face of public demonstrations, and in Libya Colonel Gaddafi's violent response has brought in NATO forces to protect the population. Meanwhile other autocracies – Bahrain and Syria – have experienced opposition from populations dissatisfied with their lack of democratic rights.

5. In Japan, equities fell by 15% in the two days after the tsunami, but regained half of this loss in the final two weeks of March. In addition to the immediate effects on nuclear power generation, the restrictions on the supply of conventional power to factories have severely disrupted production of cars, electronic goods etc. Japan's industrial production fell by 15.3% month-on-month in March. Other markets have recouped the falls seen immediately after the tsunami.

Capital return (in £, %) to 31.3.11		
	3 months	12 months
FTSE All-World Index	+1.5	+5.7
FTSE All-World North America	+3.0	+7.4
FTSE All-World Asia Pacific	-3.5	+3.9
FTSE All-World Europe (ex-UK)	+5.5	+4.7
FTSE All-World UK	+0.3	+3.7
FTSE All-World Emerging Markets	-1.5	+9.1

[Source: FTSE All-World Review, March 2011]

UK FTSE All-Share



FTSE All-World Asia Pacific



6. The only industrial sector to show a significant move during the quarter was Oil and Gas which rose by 11%, while Industrials and Telecommunications each gained 3%.

7. **Government Bonds** in the major developed markets weakened slightly during the quarter, although the 10-year yields shown below still look low in real terms when the higher levels of near-term inflation are factored in. The yield spread on **UK Corporate Bonds** relative to gilts narrowed slightly during the quarter.

10-year government bond yields (%)				
	Dec 2009	Sept 2010	Dec 2010	Mar 2011
US	3.84	2.52	3.34	3.45
UK	4.01	2.95	3.39	3.69
Germany	3.40	2.29	2.92	3.37
Japan	1.29	0.94	1.12	1.25

[Source: Financial Times]

Generic 10yr UK Gilt Yield



Generic 10yr US Treasury Yield



8. There has been a 0.6% rise in capital values of **UK Commercial Property** during the quarter, according to the IPD Monthly Index. When added to the estimated income of 1.7%, this produced an average total return of 2.3% for the quarter. The return on Retail was slightly above this figure, Office and Industrial slightly below. For the year to end-March, the total return on commercial property is estimated at +10.7%. (By sector this splits out as Office +11.4%; Retail+ 10.7%; Industrial + 9.3%). The pooled property fund data which I normally show in this report have not yet been published.

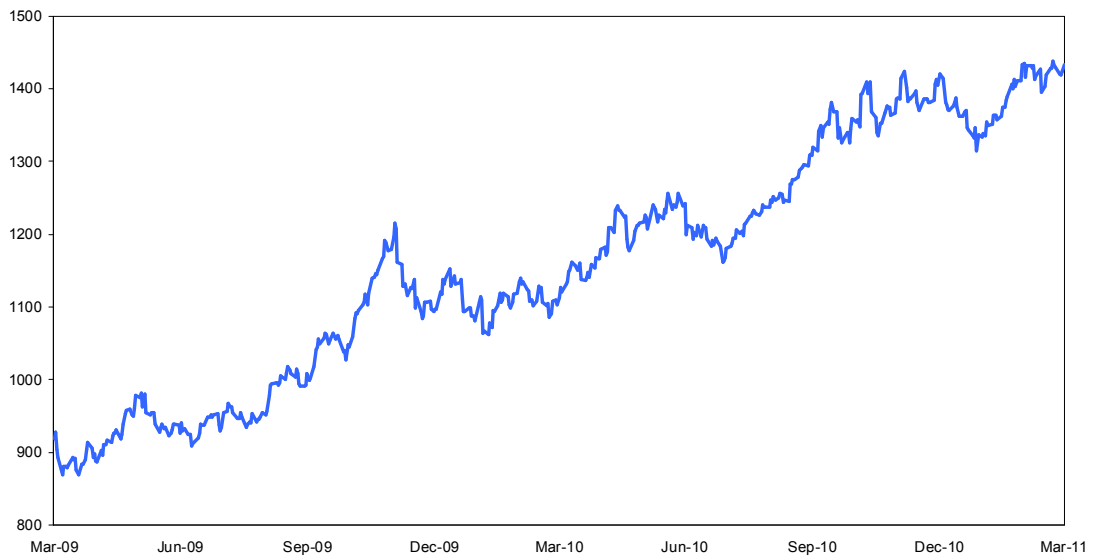
9. In **Commodities**, Oil rose sharply in price on fears that supply from Libya would be disrupted by the civil unrest there. The price of Brent Crude rose by 25% to \$117 per barrel during the quarter, and to \$126 at end-April, reacting also to the weakness of the dollar. The price of Gold was stable at \$1420 per oz during the quarter, but rose to over \$1500 in April. Copper soared to over \$10,000 per tonne in early March, but then fell sharply as demand from China appeared to falter, and had slipped below \$9,000 in early May.

PF8

Oil



Gold



Copper



10. In **currency** markets, sterling gained 2% against the dollar, and 5% against the yen, but weakened by 3% relative to the euro during the quarter. In April, however, the dollar slipped by a further 4% against sterling (to \$1.67/£) and the euro (to \$1.48/€), as the Federal Reserve continued its easy money stance.

GBP vs USD



GBP vs EUR



Outlook

11. Equity markets have been remarkably resilient in recent months against a background of political unrest in the Middle East and North Africa, the sharp rise in oil prices, and continuing sluggish growth in Western economies. The UK and US central banks are still operating loose monetary policies, in order to stimulate their economies, but in time they will have to adjust interest rates upward to more normal levels.

12. When this happens, the initial effect on equities is likely to be negative, while yields on medium-dated bonds could also rise, to maintain the slope of the yield curve. With the tight fiscal policy being pursued in the UK, and its effect on employment and consumer spending, I remain cautious about the prospects for any gains in equities before the end of 2011.

13. At the interim meeting held on 4 May, it was decided to make no changes to the portfolio, as all asset classes were within their target ranges, and the level of cash was close to its minimum level of £10m.

PETER DAVIES

Independent Financial Adviser

May 2011

Division(s):N/A

PENSION FUND COMMITTEE – 3 JUNE 2011

CONSULTATION ON FAIR DEAL POLICY

Report by Assistant Chief Executive and Chief Financial Officer

Introduction

1. As part of interim report from the Independent Public Services Pensions Commission, Lord Hutton raised the question as to the extent that the current Fair Deal Policy coupled with public sector pension provision creates a barrier to the plurality of public service provision. The Commission concluded that it was a matter for Government to carefully consider the best way of moving forward with Fair Deal that delivers the objective of encouraging a broader range of public services providers, whilst remaining consistent with good employment practices.
2. On 3 March 2011, HM Treasury responded to the Commission by issuing a consultation document titled “Consultation on the Fair Deal Policy; treatment of pensions on compulsory transfer of staff from the public sector”. This report sets out the key elements of this consultation document, and invites the Committee to agree a response to HM Treasury, based on the draft response contained as Annex 1 to this report.

The Consultation Document

3. Chapter One of the consultation document sets out the reasons why the Government believes there is a need to review the Fair Deal policy. This is based largely on the findings of Lord Hutton’s Commission.
4. In the view of the Commission, Fair Deal creates a barrier to achieve the efficiencies and innovation which new providers can bring to public service delivery. In particular, the Commission argued that the costs of providing a broadly comparable scheme in the private sector tend to lead to an increase in costs for similar benefit, as well as exposing independent providers to new risks including those related to longevity and poor investment performance associated with a defined benefit scheme.
5. The Commission felt that the additional costs and risks would discourage providers (particularly small independent providers) from taking part in an outsourcing process.
6. The Commission argued that the costs of providing a broadly comparable scheme in the private sector are higher than the costs of providing the equivalent benefits in the public sector due to the different accounting requirements between the sectors, and in particular the ability of the public

sector to use the freedom provided by their constitutional permanence to set higher discount factors based on long term investment out-performance.

7. Chapter Two of the document sets out the basic principles behind Fair Deal which were to build on the TUPE requirements and protect the pension rights of staff compulsorily transferred out of the public sector. Staff must be offered a broadly comparable pension by the new employer. Fair Deal also protects previous pension benefits such that if the employee elects to transfer these to the new scheme, they must be offered benefits on a day for day basis, with the contracting authority responsible for funding this through the contract price.
8. These protections are retained in the event that an outsourced service is re-tendered, or brought back in-house into the public sector. The protection is relative to the public sector scheme at the point of the initial out-sourcing and not at the point of any future re-tendering or return to the public sector. With the proposed changes to public sector schemes this could result in staff protected under Fair Deal being offered better pension terms than their equivalent colleagues within the public sector.
9. Chapter Three sets out the options for change, and assesses them against the objectives of:
 - Delivering value for money
 - Providing an appropriate level of protection to public sector employees' pension provision
 - Removing barriers to plurality of public service provision
 - Allocating the costs and risks of pension provision appropriately
10. The paper is clear that there are tensions between these objectives, and the requirement is to determine the most balanced option across all four objectives.
11. The consultation document argues that the no change option fails to deliver against three of the objectives, simply protecting the pension provision of current employees. The document repeats the arguments from Lord Hutton's Commission that allowing potential contractors to seek admitted body status to the relevant public sector scheme involves the Government in additional and inappropriate risk, given the lack of control it would have over contractor decisions on pay levels etc. The final report from Lord Hutton goes as far to say it is undesirable to allow non-public service employees to be members of the public sector schemes. The document also covers the difficulty contractors have in meeting cessation valuations at the end of their contract period where there is no ability to spread accrued deficits over a future time period.
12. The consultation briefly considers the scope for reforming the current Fair Deal policy, whether that is to the protection over future pension accrual or past pension benefits. Given the range of options possible here, the

document makes no assessment as to how such options compare to the four objectives going forward.

13. The consultation does consider ending the Fair Deal policy. Whilst ending the policy is seen as reducing costs for independent providers, and reducing the barriers to plurality of public service provision, the protection of pension provision of current employees would be removed, and the competitiveness of in-house providers would be compromised.
14. Chapter Four of the consultation document considers the question of to what extent any changes in the Fair Deal policy should apply to previous out-sourced arrangements at the point of re-tendering or return to the public sector. If the changes are not applied to re-tendered contracts then staff involved would be protected whilst colleagues being outsourced for the first time would not, creating inequality between staff and additional complications for providers bidding across both contracts. This Chapter also raises the question as to whether any protection should be against the public sector scheme at the point of the initial out-sourcing or that open to new members of staff joining the public sector at the time of the re-tendering.

Key Issues to be Considered

15. This Committee considered the issues around the Fair Deal policy as part of its overall consideration of the Interim Report from Lord Hutton at the December 2010 meeting. The Committee questioned the basic premise behind Lord Hutton's comments that Fair Deal created a barrier to the plurality of public service provision.
16. It is accepted that the arguments set out in the consultation document are fair in so far as they relate to the broadly comparable scheme option under Fair Deal. However, this is not necessarily the case under the admitted body option.
17. In the County Council, recent practice has been to seek to exclude pension costs from any tender evaluation. Early evidence had suggested that differences in pension costs had tended to reflect different levels of understanding of providers pension responsibilities, rather than real differences in costs.
18. As correctly identified by Lord Hutton and the latest consultation document, the costs of providing broadly comparable schemes and/or building in costs to cover longevity and investment risk do increase the overall costs of contractor tenders, as long as the contractor understands their responsibility. The more risk adverse the contractor the higher their tender price. Where contractors fail to understand their pension obligations, they under price the contract and then struggle to provide the service within the contract price.
19. The County Council sought to avoid these pricing anomalies by offering all contractors admitted body status to the LGPS, and adding a standard element to the tendered prices to cover the pension cost. As part of the service

contracts, the County Council has then managed the risks by assigning responsibility for variations in pension costs arising directly from the actions of the contractor to the contractor, and passing through all other variations to the Council. Contractors are therefore responsible for increased costs arising from any decision to award above average pay awards, or more generous decisions around ill-health retirements etc, whilst the Council retains risks associated with longevity and investment performance. The Council retains the ability to spread the costs of these risks over the long term, and beyond the individual contract terms agreed with each individual contractor.

20. Under such arrangements, the Council has met all four objectives set out in the latest consultation document within the existing Fair Deal arrangements. The Council would therefore argue for the retention of the current arrangements, including the retaining the ability of public sector schemes to admit private sector employees where they are employed under contracts with the public sector. Promoting admitted body status also avoids the issue of employees who have joined broadly comparable schemes returning to the public sector with protection to an old scheme, and therefore being better placed than new colleagues joining a revised public sector scheme.
21. In addition, the Committee's response to Lord Hutton stated that "We believe relaxation of Fair Deal will simply accelerate the race to the bottom you are rightly so keen to avoid and ultimately threaten public sector schemes and indeed services as more service models are developed to avoid pension obligations to the public sector workforce."
22. The 2010 Valuation calculated a future service contribution rate at 14.4% for employers. In addition employees contribute an average of around 6.3% making a total contribution to future pension benefits of 20.7%. Under the new workforce pension arrangements, minimum pension contributions have been set at 2% rising to 8% by 2017 of qualifying earnings (c£5,000 - £35,000). Of this minimum 8%, the employer has to pay at least 3%.
23. If the Fair Deal policy was to be ended, it would therefore be possible to outsource public sector provision and reduce the employer contribution from the current levels of 14.4% down to the minimum 3%, a saving of at least 11.4% of the pensionable pay bill. Given the financial climate facing the public sector, there will be clear pressure to maximise the outsourcing of public service provision to save this 11.4% of costs without any immediate impact on service delivery.
24. Large scale withdrawal from the public sector schemes, as well as contributing to the race to the bottom, would also threaten the continued existence of the public sector schemes. LGPS Schemes would need to adapt their investment policies as the Funds suddenly become more mature, with cash payments out exceeding new cash in, requiring a switch in investment to bonds and other low risk assets to ensure money is available to meet current liabilities. This switch will increase the overall cost of pension provision in respect of the remaining employees, further increasing the incentive to outsource the service.

25. Past experience would suggest that the initial rush to out-source public services to deliver the savings available through the end of Fair Deal would impact differentially on the work-force. Outsourcing has tended to focus on those areas of work which have the greatest proportions of low paid and part time staff. Historically this has also meant the impact has been greater on the female workforce.

Conclusion

26. Consistent with previous decisions of this Committee, the officers have drafted the attached response to HM Treasury arguing for the retention of Fair Deal, and the ability to admit private sector employees working on public service provision to public sector pension schemes. The draft also covers the eight specific questions asked in the consultation document.
27. Retaining Fair Deal, combined with appropriate arrangements within service contracts to pass through pension risks outside the control of the contractor would appear to best meet the objectives set out by HM Treasury in its consultation paper.
28. This approach also is best placed to deliver the wider pension objectives set out by Lord Hutton, ensuring adequate pension provision for public sector employees without the race to the bottom in terms of pension provision, and therefore an increasing reliance on state provision in old age.
29. Decisions on the affordability, sustainability and fairness of public sector pensions will therefore be properly addressed through the forthcoming Government consultation following on from Lord Hutton's final report. Decisions on value for money of public services can continue to be made through reviewing the plurality of provision, and the developments under the Localism Bill, with decisions focussed on efficiencies and effectiveness through improved ways of working rather than economy through cutting the pension provision of staff.

Recommendation

30. **The Committee are RECOMMENDED to consider the report and the draft response as set out at Annex 1; and agree any amendments so that the response can be submitted to HM Treasury by their deadline of 15 June 2011.**

Sue Scane
Assistant Chief Executive and Chief Financial Officer

Background papers: Consultation Document available from HM Treasury Website
Contact Officer: Sean Collins, Service Manager (Pensions, Insurance and Money Management) (01865) 797190

May 2011

Annex 1 Draft Response to HM Treasury

Public Service Pensions Fair Deal Consultation
Workforce, Pay and Pensions team
Public Services and Growth Directorate
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Dear Sir/Madam

Thank you for the opportunity to respond to your recent consultation document "Consultation on the Fair Deal Policy: treatment of pensions on compulsory transfer of staff from the public sector". This response is submitted on behalf of the Oxfordshire Pension Fund Committee which manages the LGPS Fund in Oxfordshire, and was agreed at their meeting on 3 June 2011.

The Committee did previously respond to the Independent Public Services Pension Committee in December 2010 rejecting the finding that Fair Deal acted as a barrier to the plurality of public sector provision, and raising the concern that any relaxation of the current Fair Deal policy could accelerate the race to the bottom in pension provision which Lord Hutton was keen to avoid. Whilst the arguments made by Lord Hutton do apply in relation to the outsourcings to broadly comparable schemes, they can be overcome through use of admitted body arrangements, and appropriately constructed service contracts. It is the Committee's view that the four objectives set out in the consultation document can indeed be best addressed within the existing Fair Deal framework. The Committee does not accept the argument that allowing private sector employees to be admitted to the relevant public sector scheme has to increase the pension risk taken on by Government, and has for a number of years mitigated this risk through the terms of its service contracts.

One of the key objectives set out in Lord Hutton's report was to establish the basis for a fair, affordable and sustainable framework for public sector pensions going forward. He strongly argued against the race to the bottom which would simply transfer the problem of funding from public sector pensions to state benefits in old age. It is the Committee's view that ending Fair Deal will directly conflict with this over-arching objective.

The average employer contribution towards future service pension within the Oxfordshire LGPS was calculated at 14.4% in the 2010 Valuation exercise. Combined with the average employee contribution of 6.3%, this leads to a 20.7% contribution towards future pension provision. This compares to the minimum 2% contribution required under the proposed workforce pension arrangements from 2012 (rising to 8% by 2017).

In the absence of the Fair Deal policy and given the current financial climate, public sector bodies will face considerable pressure to outsource as much provision as possible. Financial savings in excess of 10% can be made simply by cutting the pension provision of existing staff to the minimum levels required (anyone tendering

above the minimum levels runs the danger of making themselves uncompetitive). Levels of private pension saving will therefore considerably reduce, increasing future pressure on the state system.

Wide scale outsourcing of public sector provision will also lead to significant change for what remains of the public sector pension provision. The majority of LGPS Funds are currently cash rich, collecting in more from contributions than they pay out in pensions. This allows them to take a long term view of the investment markets, so spreading risks and minimising costs. This position would reverse under the ending of Fair Deal, with Funds rapidly maturing, and having to divest from investments in equities to both meet the cash flow requirements as pension payments begin to exceed contributions received, and to reduce the investment risks to the Funds given the shorter time horizons. As well as creating risk to the sustainability and affordability of the public sector funds, this divestment from equities will directly impact the financial markets.

The Committee therefore supports both the retention of the existing Fair Deal policy, and the admission to public sector pension schemes of private sector employees engaged in the provision of public services. Combined with service contracts which assign pension risks to the appropriate parties, the Committee feels this option best meets the four objectives set out in the Consultation Document, as well as the wider policy objectives in terms of maintaining affordable, fair and sustaining public sector pension schemes and reducing reliance on the state in old age.

The Committee believes that questions of cost of public sector pension provision are best met through the forthcoming consultation following Lord Hutton's final report. Questions of value for money in public service provision can then focus on efficiency and effectiveness opportunities through the new service models, improved processes etc resulting from the plurality of public service provision and new developments under the Localism Bill, rather than a narrow focus on economy through reducing the pension benefits available to staff employed in public services.

Further details on the Committee's views are set out in our response to the eight specific questions raised in the consultation document below.

Yours sincerely

Sean Collins
Service Manager (Pensions, Insurance and Money Management)

On behalf of the Oxfordshire Pension Fund Committee

Specific Consultation Questions

1. The Government welcomes views on whether there are any people or organisations who may be affected by this consultation other than those listed in 1.7.

The Committee agrees that the people/organisations listed in paragraph 1.7 of the consultation document include all those directly impacted by the proposals around the Fair Deal policy.

However the Committee believe that the proposal to end the current Fair Deal arrangements will have much wider implications, and will therefore indirectly impact on a wider group of people and organisations. In particular, the Committee are concerned that the option to end Fair Deal will lead to a significant decline in membership of LGPS Funds, requiring Funds to divest from their equity portfolios to release resources to meet current pension payments, as well as to switch to lower risk assets to reflect the shorter term horizon the Funds would be working to. This consequence of ending Fair Deal would indirectly impact therefore on the organisations in which the LGPS currently invests.

2. The Government welcomes views from respondents on how the Fair Deal policy operates in their experience, where this is considered relevant to future policy.

Oxfordshire County Council has now for a number of years sought to exclude consideration of pension issues when evaluating tenders to the provision of public services.

Our previous experience is that those tenderers who fully understood their pension obligations did increase their contract price to allow for the additional risks in terms of longevity, poor investment returns etc and therefore did appear uncompetitive, or were not prepared to contract for services. Those organisations who failed to fully understand their pension obligations did not make sufficient provision within their contract price and therefore sought additional funding from the Council, or were not in a position to meet the outstanding pension liability at the point the service contract terminated.

To avoid pension issues clouding the results of tender exercises, the Council has encouraged potential contractors to seek admitted body status to the LGPS, and then added a standard cost to cover pensions to the basic tender price. In this way tender evaluations are based on price and service issues, rather than who best understands their pension obligations. Service contracts are agreed whereby all variations in pension costs are passed through to be met by the Council, except in specified cases where the variation is a direct consequence of the actions of the contractor e.g. awarding above average pay awards, a more generous approach to agreeing ill-health retirements etc.

Under such a model the Council has gained the benefits from out-sourcing in terms of both the efficiency and effectiveness of the service, protecting the pension rights of the staff, removed the barrier to providers participating in the tender exercise whilst not taking on any additional pension risk that held before the outsourcing.

3 The Government welcomes views on whether there are any objectives which should be taken into account other than those set out in 3.2 when developing future policy.

The Committee believes that any review of future policy in respect of Fair Deal should consider the wider social objectives discussion by the Hutton reports. The first recommendation of the Commission's final report was that Government should make clear that the primary purpose of public sector pension schemes is to ensure adequate levels of retirement income for public sector pensioners. The Commission was also keen to avoid the race to the bottom in terms of pension provision, and an increased reliance on the state in old age.

The Committee therefore believe that any future proposal should ensure adequate levels of retirement income for those employees engaged in the provision of public services, irrespective of whether they are employed within the public and private sectors.

As such the Committee sees no justification for removing the protection for workers compulsory transferred out of the public sector, where the promised reforms of the public sector provision are

targeted at providing adequate levels of retirement income through schemes which are affordable, fair and sustainable.

4 Is there a case for changing the current Fair Deal Policy?

The Committee does not believe there is a clear case for changing the current fair deal policy. The current arrangements in conjunction with appropriately constructed service contracts provide the best balance against the four objectives set out in the paper, and the additional objective above to ensure adequate levels of retirement income for those engaged in the provision of public services.

5 If so, what should the policy cover?

As the Committee do not support the case for changing the current Fair Deal Policy, they have not put forward consideration of alternative arrangements.

6 In setting out a proposal for future policy, respondents are asked to set out:

a) how it would deliver against the objectives set out in chapter 3, plus any others considered relevant;

b) the impacts on those involved, including employers and employees;

c) if possible, how much the proposal would cost or save the tax-payer compared to the current Fair Deal arrangements; and

d) any past experience, whether in the public sector or otherwise, which informs these proposals.

The Committee have set out above that the current arrangements provide the best fit against the objectives set out in chapter 3. In terms of delivering value for money for the tax payer there is a short term economic argument for ending fair deal and cutting the pension costs by over 10% of the pensionable pay bill. Such a change though is not consistent with the findings of Lord Hutton who is seeking to target adequate levels of retirement income. If pension costs can be cut below the future levels of public sector provision then it can be assumed that retirement income is being cut below adequate levels, so transferring the burden to the state and therefore back to the tax payer. Cutting pensionable pay will also run the risk of driving existing employees away from the provision of public services, increasing the costs of retraining, and reducing the efficiency and effectiveness of service delivery.

Clearly retaining the arrangements fully protects public sector employee's pension provision. We have also argued that the existing arrangements do not necessarily provide a barrier to plurality of public sector provision. This is based on our own experience within Oxfordshire where through offering admitted body status to contractors, and establishing appropriate risk assignments within the service contracts we have mitigated the costs and risks for contractors wishing to participate in an out-sourcing exercise. The service contract arrangements also ensure the costs and risks of pension provision is allocated appropriately.

7 The Government welcomes views on what approach should be taken when previously transferred public services involving Fair Deal staff transfers are re-tendered. The Government also welcomes details of any past experience informing respondents' proposals.

The County Council has recently re-tendered a public service contract where the initial out-sourcing was before the Council adopted its current approach, and the transferred staff were admitted to the successful contractors broadly comparable scheme. On re-tendering, the Council did adopt its current approach, supporting the admission of the successful contractor into the LGPS, and establishing a service contract with the appropriate assignment of risks.

As this approach is available under the current Fair Deal arrangements (with the one proviso below), the Committee would suggest that this is the appropriate approach going forward.

The one variation to the current arrangements that the Committee would support would be to ensure that any level of protection does move in parallel with the changes within the public sector schemes from which the employees were initially transferred i.e. staff should be protected against the public sector scheme available to new members, and not the one in place at the time of the initial outsourcing. This would therefore be equivalent to the position of workers who remain in the public sector itself, and those who remain in the public sector scheme through an admission arrangement.

8 The Government welcomes views of what approach should be taken for employees returning to the public sector having been transferred out in the past under the Fair Deal policy. The Government also welcomes details of any past experience informing respondents' proposals.
The approach outlined under 7 above would equally cover the arrangements where employees return to the public sector. The Council has no such experience of these cases.

Division(s):N/A

PENSION FUND COMMITTEE – 3 June 2011

Rebranding of the Oxfordshire County Council Pension Fund

Report by Assistant Chief Executive and Chief Financial Officer

Introduction

1. The rebranding of the Oxfordshire County Council Pension Fund (OCCPF) was included in the business plan submitted to the March Pension Fund Committee meeting. Members requested further information about the proposal to rebrand the fund.

Background

2. The Head of Pensions requested that a working group was set up to look at the re-branding of the Oxfordshire County Council Pension Fund as a result of the requirement to have separate bank account.
3. The new banking arrangements were introduced on 01 April 2011 and during the interim the Oxfordshire County Council logo has continued to be used on cheques, however only a six month supply of this stationery has been ordered.
4. These discussions also included other perceived benefits that a distinct identity for the OCCPF could bring including:
 - Clear OCCPF identity allowing payments and paperwork to be easily identified as pensions e.g invoices , cheques;
 - It could bring all OCCPF communications up to date and give clear guidelines for the production of any fund communications;
 - It could raise the fund profile with both scheme members and scheme employers; and
 - Could be more inclusive of all scheme employers.

Project Plan

5. A working group comprising of the Communications Manager and Training Officer, on the administration side plus the Financial Manager and Investment Manager from the investment side have been tasked with looking at the rebranding options and costs involved.

6. Advice has been sought from the Internal Communications team, who are unable to undertake this project, but have provided guidance on the way to approach requesting the design for a new logo.

Costs

7. The information from Internal Communications has been used to seek indicative costs from two companies who have previously designed logos for public sector pension funds. These early indications suggest that the cost of the design is approximately £2,000, although this could rise to nearer £3,000 if more versions of the logo were required to meet specific publications.
8. Further costs of setting up the design to use on all printed materials will be dependent upon the complexity and number of colours used in any agreed logo. Additionally, the, possible, re-design of key OCCPF documents such as the annual report would further increase costs.

Pension Website

9. Any change to the OCCPF's printed material would need to be reflected on the website and any such change could be linked with making the website look better and become more accessible to users.
10. The current pension website pages can be found using the search facility but have inordinately long web addresses and are not the most easily accessed pages.
11. To date there have been some initial discussions with ICT as to whether the OCCPF's web pages could be displayed more prominently on the Oxfordshire County Council website, or whether a separate micro site would be more suitable.

Timescales

12. If the rebranding is to go ahead then the *final* decision about any new logo would need to be made by the beginning of August 2011 to allow for implementation and ordering of stationery to be in use by September 2011.

RECOMMENDATION

13. **The Committee is RECOMMENDED to:**
 - (a) **decide whether the project is to proceed;**
 - (b) **if it is to proceed, to decide the process for consultation with Members in relation to the proposed logo designs; and**
 - (c) **determine maximum budget provision for this project.**

Sue Scane
Assistant Chief Executive and Chief Finance Officer
Background papers: Nil
Contact Officer: Sally Fox
Tel: 01865 797111

May 2011

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Division(s): N/A

PENSION FUND COMMITTEE – 3 JUNE 2011

Guaranteed Minimum Pensions

Report by Assistant Chief Executive and Chief Financial Officer

Introduction

1. In 1978, as a result of changes made in the 1975 Pensions Act, employers and scheme members of occupational pension schemes were allowed to “contract out” and therefore pay lower National Insurance Contributions. The other incentive to scheme employers was that the state took responsibility for inflation proofing the GMP element of the occupational pension.
2. Further changes were made in 1988 following a period of high inflation which resulted in the state retaining responsibility for the pension increase due on any pre 1988 GMP. The scheme became responsible for the payment of pension increase – to a maximum of 3% - on any post 1988 GMP. If the inflation rate is higher than 3% then the additional pension increase on post 1988 GMP is paid by the state.
3. The Pension Schemes Act 1993 gives all members of contracted-out pension schemes the right to a weekly guaranteed minimum pension (GMP), based on National Insurance Contributions. Where an individual is entitled to a GMP this amount is off set against the weekly state retirement pension that the individual receives.

Current Situation

4. In recent months having brought the work of Pension Services in to specification deadlines and taking the opportunity to review older files an issue with the receipt and recording of the GMP information has been identified
5. A total of 119 records have been identified as needing to be rechecked and these fall in to three categories:
6. Thirty five records where the GMP information has been received from HMRC but the information is either not shown on the pension system, or has been incorrectly recorded on the pension system.
7. Ten records where HMRC say that GMP information has been sent, but there is no record of Pension Services having received this.
8. Seventy four records where no information has been received from HMRC. This has now been requested.

9. It is the first two of these three categories which are of concern on the basis that the mistake has arisen from incorrect administrative procedures, or a situation where we are unable to prove non receipt of information, and is therefore the responsibility of Pension Services and that, as shown at Annex1, have resulted in and over payment to the pensioner (Annex 1 will follow).
10. The over payment is as a result of the pension increase being paid on the whole amount of the GMP (both pre and post 1988) rather than simply on the post 1988 GMP.
11. Pension Services will not be responsible for resolving errors which have arisen as a result of incorrect information from HMRC. These cases will be referred back to HMRC.

Action to Date

12. Letters have been sent to all affected pensioners advising them of our error and confirming the correct payment amount. Individual payments have been adjusted to reflect these correct amounts, but no recovery has been made of any over payment.
13. The letter also invited pensioners to make comment, or submissions regarding these over payments. The comments received will follow (Annex 2).
14. Where information is outstanding from HMRC pensioners will be advised of the adjustment, if any, to benefits once all paperwork is received.
15. Additionally all procedures have been strengthened to ensure that this error will not reoccur in the future.

Conclusion

16. This report concentrates on the application of pension increase to the GMP.
17. However, the calculation and notification of GMP is an extremely complex administrative task for both HMRC and LGPS staff and if, as in these cases, is not correctly administered then will lead to incorrect application of the pension increases.
18. Whilst the annual pension increase letter to pensioners sets out the percentage increase due and who has responsibility for making payment it is unlikely that the majority of pensioners understand what lies behind these calculations and the resulting effect on their pension payments.

RECOMMENDATION

19. **The Committee is RECOMMENDED to determine whether these over payments should be recovered from pensioners.**

Sue Scane
Assistant Chief Executive and Chief Finance Officer

Background papers:
Contact Officer: Sally Fox
Tel: 01865 797111

May 2011

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Division(s): N/A

PENSION FUND COMMITTEE – 3 JUNE 2011

Review of Communication Policy

Report by Assistant Chief Executive and Chief Financial Officer

Introduction

1. The Oxfordshire Local Government Pension Scheme Communication Policy Statement was first issued in 2006. The policy requires an annual review to be carried out.

Communication Policy

2. There are no changes proposed to the current policy, copies of which are attached at Annex 1 and 2.

RECOMMENDATION

3. **The Committee is RECOMMENDED to endorse the officer recommendation of no change to the current policy.**

Sue Scane
Assistant Chief Executive and Chief Finance Officer

Background papers: Nil
Contact Officer: Sally Fox
Tel: 01865 797111

May 2011

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PF16 - Annex 1

Communication Issue	Target audience	Method	Frequency	Target completed date
Communication Policy	<ul style="list-style-type: none"> • Employers • Members – active, deferred and pensioner • Prospective scheme members • Employee representatives 	<ul style="list-style-type: none"> • County intranet • County web site • Make available for employers in the fund for their sites 	Initial publicity and then after any future changes to the policy.	<ul style="list-style-type: none"> • First issued in 2006 – now available on website
Pensions Increase Notification – including summary of accounts	<ul style="list-style-type: none"> • Pensioner members 	<ul style="list-style-type: none"> • Post • County Web site • Loaded to website 	Annually	<ul style="list-style-type: none"> • February
Annual Benefit statements	<ul style="list-style-type: none"> • Active • Deferred members 	<ul style="list-style-type: none"> • Post to individuals, either to home addresses via employers • Notes to support statements posted to website 	Annually	<ul style="list-style-type: none"> • Already operational
Employers Forum	<ul style="list-style-type: none"> • Employers in the Oxfordshire Pension Fund 	<ul style="list-style-type: none"> • Meeting 	Annually	<ul style="list-style-type: none"> • Already operational

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Communication Issue	Target audience	Method	Frequency	Target completed date
Regular, quarterly newsletters; (Will replace and incorporate current ad hoc bulletins and the summary leaflet of accounts)	<ul style="list-style-type: none"> Active Scheme members 	<ul style="list-style-type: none"> Paper distribution with assistance from employers or employer can request copy of PDF only. Employer responsibility to distribute. Available to download from County Web site 	Quarterly	<ul style="list-style-type: none"> 31 March 30 June 30 September 31 December
Beneficiaries Report from the Pension Fund Committee beneficiary's advisor.	<ul style="list-style-type: none"> Active members Employee representatives 	<ul style="list-style-type: none"> E mail distribution to Employers for notice boards and intra nets By post and information on intra nets 	Quarterly	<ul style="list-style-type: none"> Already operational Available electronically from February 2006
Pensions User Group	<ul style="list-style-type: none"> Employer Human Resource and Payroll contacts 	<ul style="list-style-type: none"> Meeting Email distribution of agenda and action notes. 	Quarterly	<ul style="list-style-type: none"> Already operational

PF16 - Annex 1

Communication Issue	Target audience	Method	Frequency	Target completed date
LGPS Summary information guide Membership forms	<ul style="list-style-type: none"> • Prospective scheme members • Employers for new starters, job application packs 	<ul style="list-style-type: none"> • Paper copies • Download from County web site • Email 	All year.	<ul style="list-style-type: none"> • Already operational • Available on website
Provide presentations and talks on LGPS matters to scheme members Provide support training to HR and payroll employer representatives on LGPS matters Facilitate pensions seminars for Prudential 'Basic LGPS scheme and AVC talks'	<ul style="list-style-type: none"> • Active members • Employers 	<ul style="list-style-type: none"> • Staff meetings • Part of pre retirement courses • Induction meetings for new joiners • Active members group meetings 	Ad hoc as required Timings as agreed with the Prudential and individual employer area	<ul style="list-style-type: none"> • Already operational • Already in operation.
Development of electronic information systems, external County Council web site and intranet pages.	All targeted audiences should be able to access information, especially from the external site.		Regular reviews to keep up to date	<ul style="list-style-type: none"> • OCC intra net targets OCC employer information • County web site pages divided into sections reflecting different membership groups • Will be consolidating this information during 2010/11

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Support information administration	Employers in the pension fund	<ul style="list-style-type: none">• 'Toolkit' pages to support administration function, Links to forms they need and why information	Maintained to report changes with User Groups	<ul style="list-style-type: none">• Continually reviewed and kept up to date to reflect changes
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OXFORDSHIRE PENSION FUND

COMMUNICATION POLICY STATEMENT

Introduction

This is the Communication Policy Statement of the Oxfordshire Local Government Pension Scheme Pension Fund, published under the Local Government Pension Scheme Administration Regulations 2007 (SI 2008 No 239) Statements of policy concerning communications with members and employing authorities.

Purpose

1. This policy sets out the Oxfordshire Pension Fund's strategy for its communications with members, perspective members and members' representatives and employing authorities.
2. The strategy also covers the promotion of the scheme to prospective members.
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
 - Perspective members
 - Deferred members, and
 - Pensioner members
4. Employing authorities, as defined within the regulations, include non-scheme employers:
 - Statutory Scheduled Bodies such as the County and District Councils, Academy Schools, Colleges of Further Education and Oxford Brookes University;
 - Designating Bodies being the Town and Parish Councils
 - Admission Bodies, where the Pension Fund Committee have granted scheme admission

Aim

5. To ensure that all members, perspective members and scheme employers, as defined above have access to full information about the scheme, their benefits, or prospective benefits due from the scheme and about the changes, both actual and proposed to the scheme regulations.

6. Oxfordshire County Council, as administering authority will make available to all scheme employers any documents relating to consultation of changes to the regulations so that they can undertake the consultation with their employees.

Communication Policy

7. Annex 1 details the types and frequency of specific communications to members.

Review of This Policy

8. This policy will be reviewed annually in April each year or earlier if there is a material change to this policy.

June 2010

Division(s): N/A

PENSION FUND COMMITTEE – 3 June 2011

Write Off's

Report by Assistant Chief Executive and Chief Finance Officer

Introduction

1. In November 2007 a change was made to the Scheme of Financial Delegations to allow write offs, under £7,500, chargeable to the pension fund to be approved by the Service Manager (Pensions, Insurance and Money Management) acting as Director and the Acting Head of Finance (Corporate Finance) acting as s151 Officer. Under the Scheme of Financial Delegation, such write offs need to be reported to this Committee for information.
2. For debts between £7,500 and £10,000 chargeable to the pension fund approval would need to be sought from the Assistant Chief Executive and Chief Finance Officer. These write offs will also need to be reported to this Committee for information.
3. Debts in excess of £10,000 would require approval of Pension Fund Committee

Current Cases

4. The Service Manager (Pensions, Insurance and Money Management) / Acting Head of Finance (Customer Services) and (Corporate Finance) have approved the write off of £122.65, chargeable to the pension fund in respect of six cases.
5. In all cases the member had died resulting in a small over payment of pension, which could not be recovered. The smallest amount was £1.55 and the highest amount was £40.97 (in this case Legal had advised the write off since it was too expensive to pursue).

6. RECOMMENDATION

The Pension Fund Committee is RECOMMENDED to note this report

Sue Scane
Assistant Chief Executive and Chief Finance Officer

Background papers: Nil
Contact Officer: Sally Fox
May 2011

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