Public Document Pack

OXFORDSHIRE COUNTY COUNCIL
www.oxfordshire.gov.uk
Working for you

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 2 December 2011 at 10.15 am

County Hall, New Road, Oxford

Peter G. Clark

Peter G. Clark
County Solicitor

November 2011

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

Membership

Chairman – Councillor David Harvey
Deputy Chairman - Councillor Bill Service

Councillors

Jean Fooks	Stewart Lilly	C.H. Shouler
Roy Darke	Don Seale	

Co-optees

District Councillor Richard Langridge
District Councillor Jerry Patterson

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 16 March 2012***
- ***Mr. Keith Bray, from the Local Authority Pension Fund Forum, will give a training session immediately prior to the meeting at 9:30 am, on the Corporate Governance Agenda and the Committee's responsibilities in this area.***

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, i.e. 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. Apologies for Absence and Temporary Appointments

10:15

2. Declarations of Interest - see guidance note

3. Minutes (Pages 1 - 8)

To approve the minutes of the meeting held on 2 September 2011 (**PF3**) and to receive information arising from them.

4. Petitions and Public Address

5. Overview of Past and Current Investment Position (Pages 9 - 34)

10:20

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 30 September 2011 using the following tables:

Table 1	Provides a consolidated valuation of the Pension Fund at 30 September 2011
Tables 2 to 9	Provide details of the individual manager's asset allocations and compare these against their benchmark allocations
Table 10	Shows net investments/disinvestments during the quarter
Tables 11 to 12	Provide details on the Pension Fund's Private Equity
Tables 13 to 23	Provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 30 September 2011
Table 24	Provides details of the top 20 holdings within the Fund

In addition to the above tables, the performance of the Fund Managers over the past 3 years has been produced graphically as follows:

Graph 1	Value of Assets
Graph 2 - 3	Baillie Gifford
Graph 4 - 5	Legal & General
Graph 6 – 10	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.

6. Membership of the Local Authority Pension Fund Forum (Pages 35 - 38)

10:30

This report **(PF6)** will set out the benefits and costs of joining the Local Authority Pension Fund Forum in the context of the Committee's corporate governance responsibilities and shareholder activism. Keith Bray, Forum Officer has asked to address the Committee on this item.

The Pension Fund Committee is RECOMMENDED to consider whether or not to join the Local Authority Pension Fund Forum at this time.

7. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 8, 9, 10, 11, 12 and 13 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 9 and 10, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

8. Overview and Outlook for Investment Markets (Pages 39 - 48)

10:50

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. Adams Street Partners

11:00

(1) The Independent Financial Adviser will report orally on the performance and strategy of Adams Street Partners drawing on the tables at Agenda Items 5 and 8.

(2) The representative (Mr Miguel Gonzalo) of the Fund Manager will:

(a) report and review the present investments of his part of the Fund and his strategy against the background of the current investment scene for the period which ended on 30 September 2011;

(b) give his views on the future investment scene.

In support of the above is his report for the period to 30 September 2011.

At the end of the presentation, members are invited to question and comment and the Fund Manager 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

11:40

(1) The Independent Financial Adviser will report orally on the performance and strategy of Alliance Bernstein drawing on the tables at Agenda Items 5 and 8.

(2) The representatives (Mr S Lee and Mr. N. Melhuish) 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 30 September 2011;

(b) give their views on the future investment scene.

In support of the above is their report for the period to 30 September 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

12:20

The Independent Financial Adviser will report orally on the main issues arising from the reports from Baillie Gifford and Legal & General in conjunction with information contained in the tables (Agenda Item 5).

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

12:25

The Independent Financial Adviser will, if necessary, summarise 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 March 2011 meeting; and answer any questions from members.

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.

13. IDRP Complaints and Compensation Payments (Pages 49 - 54)

12:30

Part 1 of this item sets out the details of recent Internal Dispute Resolution Procedure (IDRP) cases where the Administering Authority has made compensation payments to the complainant **(PF13).**

The Committee is asked to determine a current case, using this procedure, at Agenda Item 21 below.

The following information refers directly to the financial arrangements between the administering authority and individual members of the Pension Scheme. The public should therefore be excluded for the consideration of this report because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following categories prescribed by Part I of Schedule 12A to the Local Government Act 1972 (as amended):

1. *Information relating to any individual;*
2. *Information which is likely to reveal the identity of an individual;*
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 infringe the rights of the individual to privacy contrary to the general law and the duty of the authority to respect human rights and to comply with that law.

The Pension Fund Committee is RECOMMENDED to note the report.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

14. Consultation on Proposed Increases to Employee Contribution Rates and Changes to Scheme Accrual Rates (Pages 55 - 70)

12:35

This report **(PF14)** will inform the Committee of the recent consultation paper issued by the Department for Communities and Local Government, and asks the Committee to agree a response.

The Committee is RECOMMENDED to consider the issues raised in this report, and agree the consultation response as drafted at Annex 1 with any appropriate amendments, to be sent to the Government as the formal response of the Committee.

15. Annual Report and Accounts 2010/11

12:55

A draft of the Annual Report and Accounts 2010/11 was approved by the Committee on 2 September 2011. A copy of the finalised Annual Report and Accounts 2010/11 has been circulated separately to members of the Committee and is also available for public inspection.

The Committee is RECOMMENDED to adopt formally the Pension Fund Annual Report and Accounts 2010/11.

16. Admission Agreements (Pages 71 - 74)

13:00

This report **(PF16)** updates the Committee on the latest applications for Admitted Body status, as well as the specific arrangements relation to Foundation Schools.

The Pension Fund Committee is RECOMMENDED to approve the admission applications from:

- ***Leonard Cheshire***
- ***Allied HealthCare***
- ***Food for Thought***
- ***Oxford Health***

and note the retrospective changes in respect of Oxfordshire's Foundation schools as listed in paragraph 16.

17. Write Offs (Pages 75 - 76)

13:05

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

The Pension Fund Committee is RECOMMENDED to note this report

18. Corporate Governance and Socially Responsible Investment

13:10

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.

19. Annual Pension Forum

13:10

The Assistant Chief Executive & Chief Finance Officer will report orally on any issues arising from the last Forum or about the Annual Pension Forum which will take place on ***9 December 2011*** at 10 am.

LUNCH

20. EXEMPT ITEM

The Committee is RECOMMENDED that the public be excluded for the duration of the following item in the Agenda since it is likely that if they were present during this item there would be disclosure of exempt information as defined in Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective item in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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

21. Internal Dispute Resolution (Pages 77 - 108)

14:00

Using the Procedure set out in Agenda Item 13 above, this item sets out the details of a current case, and asks the Committee to consider making a compensation payment to prejudice any future claim to the Pensions Ombudsman.

The following information refers directly to the financial arrangements between the administering authority and an individual member of the Pension Scheme. The public should therefore be excluded for the consideration of this report because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following categories prescribed by Part I of Schedule 12A to the Local Government Act 1972 (as amended):

4. *Information relating to any individual;*
5. *Information which is likely to reveal the identity of an individual;*
6. *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 infringe the rights of the individual to privacy contrary to the general law and the duty of the authority to respect human *rights and to comply with that law.*

The Pension Fund Committee is asked to determine the recommendations as set out in the report.

Pre-Meeting Briefing
There will be a pre-meeting briefing at County Hall on Tuesday 29 November 2011 at 3.00pm for the Chairman, Deputy Chairman and Opposition Group Spokesman.

This page is intentionally left blank

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 2 September 2011 commencing at 10.00 am and finishing at 1.05 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 A.M. Lovatt (In place of Councillor C.H. Shouler) Councillor Don Seale
Other Members in Attendance:	Councillor Jim Couchman
District Council Representatives:	District Councillor Richard Langridge District Councillor Jerry Patterson
By Invitation:	Mr N. Browning – Beneficiaries Observer
Officers:	
Whole of meeting	Mr S. Collins (Oxfordshire Customer Services); Ms J. Dean

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

35/11 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

Councillor A.M. Lovatt attended in place of Councillor C.H. Shouler.

The Committee asked that their best wishes for a speedy recovery be conveyed to Sally Fox who was recovering from a motor cycle accident.

36/11 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

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

37/11 MINUTES

(Agenda No. 3)

The Minutes of the meeting of the Committee held on 3 June 2011 were approved and signed as a correct record,

With regard to Minute 30/11 ‘Re-branding of the Pension Fund’ Mr Collins reported that further investigations had revealed that costs incurred in changes to the Pension Fund brand would not be in relation to the design aspects, but to the software required. He added that a clearer branding would reduce administrative errors. The Committee endorsed their decision to spend £2 – 3k on the re-branding.

38/11 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

There were no requests to address the Committee or to submit a petition.

39/11 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 current valuation of the Pension Fund showed a shortfall of 1.9% per annum over the past 3 years and 1.4% per annum over the last 5 years. The past year had been a positive one when measured against the benchmark. In line with the sharp decline of the UK market in recent months, there had been a depreciation of £93m at the end of August 2011, but Bonds had gained £8m leading to an overall depreciation of £85m.

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 Items 9 and 10 on the Agenda.

40/11 EXEMPT ITEMS
(Agenda No. 6)

It was **RESOLVED** that the public be excluded for the duration of items 8,9,10,11 and 12 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 1 of Schedule 12 A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it was considered that, in all circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

41/11 PRESENTATION BY WM COMPANY ON THE PENSION FUND'S INVESTMENT PERFORMANCE FOR THE 12 MONTHS ENDED 31 MARCH 2011
(Agenda No. 7)

Karen Trumble, representing the WM Company, presented her report (PF7) on the Pension Fund’s investment performance for the 12 months ended 31 March 2011. The presentation compared Oxfordshire’s performance against its own customised benchmark and against the WM Local Authority Pension Fund Universe. A copy of her presentation is attached to the signed copy of the Minutes.

RESOLVED: to take note of the points raised in the presentation and to thank Karen Trumble for her attendance.

42/11 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS
(Agenda No. 8)

The Committee considered a report (PF8) 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 Advisor responded to them.

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 Manager.

43/11 BAILLIE GIFFORD
(Agenda No. 9)

The representatives, Mr L. Robb and Mr I. McCombie, reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 30 June 2011. The representatives responded to members’ questions.

RESOLVED: to note the main issues arising from the reports.

44/11 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 10)

RESOLVED to note the Independent Financial Adviser's oral report.

45/11 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 11)

Mr Davies reported that he had no additional comments to make on the existing Fund Managers performance and strategy. However, he gave an oral report on progress with regard to the interview process for the appointment of the new Global Equities Manager.

RESOLVED: that the shortlist of up to four Fund Managers be drawn up in consultation with the Chairman, Deputy Chairman and the Opposition Spokesperson and that all councillors be informed of this at the appropriate time.

46/11 INFRASTRUCTURE AND SOCIAL HOUSING

(Agenda No. 12)

As requested at a former meeting, the Committee considered a report (PF12) in which the Independent Financial Adviser had set out the main issues associated with introducing infrastructure or social housing products into the Pension Fund portfolio.

The Pension Fund Committee **RESOLVED** to take the following action:

(a) to delegate to the Fund's Fixed Income Managers (currently Legal & General Investment Management) the decision as to whether to invest on behalf of the Pension Fund in bonds issued by Social Housing providers including The Housing Finance Corporation;
(b) to request the officers to ascertain whether the EU Procurement Regulations require the Pension Fund to use the OJEU tender process for all investments in unlisted infrastructure funds; and
(c) subject to the outcome of recommendation (b) above, and to the agreement of the Committee, the Independent Financial Advisor and officers formulate a strategy for selecting suitable infrastructure funds for investment by the Pension Fund. An initial recommendation is to restrict the selection to funds managed by Europe-based managers and investing in European infrastructure.

47/11 ADDITIONAL VOLUNTARY CONTRIBUTIONS SCHEME - ANNUAL REVIEW

(Agenda No. 13)

The Committee considered a report **(PF13)** which set out the annual review of the Fund's Additional Voluntary Contribution (AVC) scheme, including issues regarding performance of the individual funds, and the Scheme Provider (Prudential) itself.

RESOLVED: to note the report and to confirm the continued use of Prudential as the Council's AVC provider.

48/11 DRAFT ANNUAL REPORT AND ACCOUNTS 2010/11

(Agenda No. 14)

The Committee considered the draft Annual Report and Accounts for 2010/11 **(PF14)** which showed the final accounts for the Pension Fund for the year ended 31 March 2011 and provided details on how the Fund operated, including sections on membership and investments. The report also included the Statement of Investment Principles. The final report would be submitted to the Committee in December.

Mary Fetigan and Nicola Batchelor, representatives from the Audit Commission, attended the meeting in order to respond to any questions from Members.

RESOLVED: to receive the draft report and accounts for 2010/11 and to thank Mary Fetigan and Nicola Batchelor from the Audit Commission for their attendance.

49/11 PENSION FUND INVESTMENT AND ADMINISTRATION EXPENSE OUTTURN REPORT FOR THE YEAR ENDED 31 MARCH 2011

(Agenda No. 15)

The Committee had before them a report **(PF15)** which covered the outturn figures for both the Pension Investment and Administration Teams, and which explained any key differences from the approved budgets.

RESOLVED: to receive the report and to note the outturn position.

50/11 PENSION ADMINISTRATION - SERVICE PERFORMANCE

(Agenda No. 16)

The Committee had before them a report **(PF16)** which gave information on the latest service performance figures for the Pensions Administration Service, and highlighted the significant improvements achieved in the last year.

RESOLVED: to

(a) note the report; and

(b) receive an annual report at future, autumn scheduled, Committee meetings.

51/11 FUND MEMBERSHIP AND ADMITTED BODIES

(Agenda No. 17)

The Committee considered a report **(PF17)** that set out current issues around membership of the Oxfordshire LGPS Fund. These included the issues associated with the establishment of new Academy Schools, and around the new service delivery models developing as a result of the constraints on public sector expenditure and the Big Society model.

The report also highlighted potential issues arising from the current process for seeking Committee agreement to each application for Admitted Body status, and considered an alternative approach for Committee consideration. A particular case is highlighted.

The report also documented a technical change to a current Admission Agreement and recommended the approval of a revised agreement.

RESOLVED: to:

(a) note the position with regard to Academy Schools as set out in the report;
(b) delegate to the Chairman, Deputy Chairman and the Opposition Spokesperson the approval of future admission agreements where this is sought before the next scheduled Committee, in order to avoid delaying the implementation of new service arrangements; however, should any one of the above named members require it, the admission agreement be brought to a special meeting of the full Pension Fund Committee; and
(c) agree the novation of the current admission agreement for Vale Housing Association to the Sovereign Housing Association.

52/11 WRITE OFFS
(Agenda No. 18)

The Committee had before them a report **(PF18)** which informed them of any write offs that had been agreed by the officers in line with the approved arrangements set out in the Scheme of Financial Delegation for the Fund.

RESOLVED: to note the report.

53/11 PUBLIC SECTOR PENSION CHANGES AND THE LGPS
(Agenda No. 19)

Mr Collins gave an oral update on the latest position regarding the changes to the LGPS under the Government's wider agenda of public sector pension reform.

It was **RESOLVED** to note that advice from the Government had yet to be received but that the consultation process was due to begin at the end of September 2011. Thus the Committee would have the opportunity to consider its response at the next meeting scheduled for 2 December 2011.

54/11 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT
(Agenda No. 20)

The Committee noted that there was nothing further to report on this item.

55/11 ANNUAL PENSION FORUM
(Agenda No. 21)

The Committee noted that the Annual Pension Forum would take place on 9 December 2011 commencing at 10.00 am.

.... in the Chair

Date of signing ....

This page is intentionally left blank

TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 30th SEPTEMBER 2011

Investment	COMBINED PORTFOLIO 1.07.11	Baillie Gifford UK Equities		Legal & General UK Equity Passive		Legal & General Global Equity Passive		Legal & General Fixed Interest		UBS Overseas Equities and Property		Other Investments		COMBINED PORTFOLIO 30.09.11		
	Value £' 000	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	OCC Customised Benchmark
EQUITIES																
* **UK Equities**	**373,989**	**209,786**	**97.2%**	**114,208**	**100.0%**	**10,876**	**5.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**334,870**	**29.2%**	**31.0%**
US Equities	-	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
European Equities	-	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Japanese Equities	-	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Pacific Basin Equities	-	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	
Emerging Markets Equities	14,824	0	0.0%	0	0.0%	0	0.0%	0	0.0%	11,717	5.2%	0	0.0%	11,717	1.0%	
UBS Global Pooled Fund	169,971	0	0.0%	0	0.0%	0	0.0%	0	0.0%	139,197	61.3%	0	0.0%	139,197	12.2%	
* L&G World Equity Fund (Transition Fund)	153,672	0	0.0%	0	0.0%	120,165	55.6%	0	0.0%	0	0.0%	0	0.0%	120,165	10.5%	
L&G World (ex UK) Equity Fund	100,069	0	0.0%	0	0.0%	85,167	39.4%	0	0.0%	0	0.0%	0	0.0%	85,167	7.4%	
Total Overseas Equities	**438,536**	**0**	**0.0%**	**0**	**0.0%**	**205,332**	**95.0%**	**0**	**0.0%**	**150,914**	**66.5%**	**0**	**0.0%**	**356,246**	**31.1%**	**32.0%**
BONDS																
UK Gilts	33,516	0	0.0%	0	**0.0%**	0	0.0%	47,412	22.6%	0	0.0%	0	0.0%	47,412	4.1%	3.0%
Corporate Bonds	72,525	0	0.0%	0	**0.0%**	0	0.0%	70,107	33.4%	0	0.0%	0	0.0%	70,107	6.1%	6.0%
Overseas Bonds	22,909	0	0.0%	0	**0.0%**	0	0.0%	22,723	10.8%	0	0.0%	0	0.0%	22,723	2.0%	2.0%
Index-Linked	64,831	0	0.0%	0	**0.0%**	0	0.0%	66,051	31.5%	0	0.0%	0	0.0%	66,051	5.8%	5.0%
Total Bonds	**193,781**	**0**	**0%**	**0**	**0.0%**	**0**	**0.0%**	**206,293**	**98.3%**	**0**	**0.0%**	**0**	**0.0%**	**206,293**	**18.0%**	**16.0%**
ALTERNATIVE INVESTMENTS																
Property	77,872	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	73,813	32.5%	4,823	3.0%	78,636	6.9%	8.0%
Private Equity	118,148	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	107,646	66.4%	107,646	9.4%	10.0%
Hedge Funds	32,304	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	31,540	19.4%	31,540	2.8%	3.0%
Total Alternative Investments	**228,324**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**73,813**	**32.5%**	**144,009**	**88.8%**	**217,822**	**19.0%**	**21.0%**
CASH	**22,522**	**6,080**	**2.8%**	**0**	**0.0%**	**0**	**0.0%**	**3,545**	**1.7%**	**2,330**	**1.0%**	**18,142**	**11.2%**	**30,097**	**2.6%**	**0.0%**
TOTAL ASSETS	**1,257,152**	**215,866**	**100.0%**	**114,208**	**100.0%**	**216,208**	**100.0%**	**209,838**	**100.0%**	**227,057**	**100.0%**	**162,151**	**100.0%**	**1,145,328**	**100.0%**	**100.0%**
% of total Fund		18.85%		9.97%		18.88%		18.32%		19.82%		14.16%		100%		

* Fund split between UK and rest of the world based on FTSE weightings

TABLE 2

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2011 **ALTERNATIVE ASSETS**

PRIVATE EQUITY AND HEDGE FUNDS					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
Private Equity	6-10	10.0%	9.4%	-0.6%	FTSE Smaller Companies (inc investment trusts)
Hedge Funds	Nil	3.0%	2.8%	-0.2%	3 month LIBOR + 3%
Total		**13.0%**	**12.2%**	-0.8%	

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 30th September 2011 £107,646,000 Private Equity
£31,540,000 Hedge Funds

TABLE 3

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2011 **BAILLIE GIFFORD**

UK EQUITIES					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
UK Equities	N/A	100.0%	97.2%	-2.8%	FTSE Actuaries All-Share
Cash	Nil	0.0%	2.8%	+2.8%	
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 30th September 2011 £215,866,000

TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2011 **LEGAL 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 30th September 2011 £114,208,000

TABLE 5

FIXED INCOME					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
UK Gilts	0 - 36	18.75%	22.6%	+3.9%	FTSE A All Gilts Stocks
Corporate Bonds	20 - 55	37.50%	33.4%	-4.1%	IBoxx Sterling Non-Gilt All Stocks Index
Index-Linked	15 - 46	31.25%	31.5%	+0.3%	FTSE A Over 5 Year Index-linked Gilts
Overseas Bonds	0 - 24	12.50%	10.8%	-1.7%	JP Morgan Global Gov't (ex UK) Traded Bond
Cash	0 - 10	0.00%	1.7%	+1.7%	
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 30th September 2011 £209,838,000

TABLE 6

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2011

LEGAL and GENERAL

WORLD (EX-UK) EQUITY INDEX - PASSIVE					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
Global (ex-UK) Equities	N/A	100.0%	100.0%	+0.0%	FTSE AW-World (ex-UK) Index
Cash	Nil	0.0%	0.0%	+0.0%	
Total		**100.0%**	**100.0%**		

Target Objective - To track the FTSE AW-World (ex-UK) Index

Market Value - at 30th September 2011 £85,167

TABLE 7

WORLD EQUITY INDEX - PASSIVE (TRANSITION FUND)					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
Global Equities	N/A	100.0%	100.0%	+0.0%	FTSE AW-World Index
Cash	Nil	0.0%	0.0%	+0.0%	
Total		**100.0%**	**100.0%**		

Target Objective - To track the FTSE AW-World Index

Market Value - at 30th September 2011 £120,165

TABLE 8

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2011

UBS GLOBAL ASSET MANAGEMENT

OVERSEAS EQUITY PORTFOLIO					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	**%**	**%**	**%**	
Overseas Equities					
Comprising					
Global Pooled Fund	85 - 100	90.0%	92.2%	+2.2%	See Split below *
Emerging Markets	0 - 10	10.0%	7.8%	-2.2%	FTSE AW Emerging Markets
Cash	0 - 10	**0.0%**	0.0%		
Total		**100.0%**	**100.0%**		
*** Global Pooled Fund Split:-**					
North America		30.0%			FTSE North American Developed
Europe (ex UK)		30.0%			FTSE Europe (ex UK) Developed
Asia Pacific (inc. Japan)		30.0%			FTSE Asia-Pacific (inc Japan) Developed
Total Global Pooled		**90.0%**	**92.2%**	+2.2%	

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

Market Value - at 30th September 2011 £150,914,000

TABLE 9

PROPERTY PORTFOLIO					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	**%**	**%**	**%**	
Property	90 - 100	**100.0%**	96.9%	-3.1%	IPD UK All Balanced Funds Index Weighted Average
Cash	0 - 10	**0.0%**	3.1%	+3.1%	
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 30th September 2011 £76,143,000

TABLE 10

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TOTAL PORTFOLIO PROGRESS REPORT - 1 JULY 2011 to 30 SEPTEMBER 2011

Asset	Market Value 1.07.11	%	Net Purchases and Sales				Changes in Market Value				Market Value 30.09.11	%
			UBS	Baillie Gifford	Legal & General	Other	UBS	Baillie Gifford	Legal & General	Other		
	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	
EQUITIES												
UK Equities	373,989	30	0	312	0	0	0	(33,383)	(16,924)	0	334,870	29
US Equities	0	0	0	0	0	0	0	0	0	0	0	0
European Equities	0	0	0	0	0	0	0	0	0	0	0	0
Japanese Equities	0	0	0	0	0	0	0	0	0	0	0	0
Pacific Basin Equities	0	0	0	0	0	0	0	0	0	0	0	0
Emerging Market Equities	14,824	1	0	0	0	0	(3,107)	0	0	0	11,717	1
Global Pooled Funds	423,712	34	0	0	0	0	(30,774)	0	(48,409)	0	344,529	30
Total Overseas Equities	438,536	35	0	0	0	0	(33,881)	0	(48,409)	0	356,246	31
BONDS												
UK Gilts	33,516	3	0	0	11,814	0	0	0	2,082	0	47,412	4
Corporate Bonds	72,525	6	0	0	(2,587)	0	0	0	169	0	70,107	6
Overseas Bonds	22,909	2	0	0	(1,577)	0	0	0	1,391	0	22,723	2
Index-Linked Bonds	64,831	5	0	0	(3,946)	0	0	0	5,166	0	66,051	6
ALTERNATIVE INVESTMENTS												
Property	77,872	6	0	0	0	844	(385)	0	0	305	78,636	7
Private Equity	118,148	9	0	0	0	755	0	0	0	(11,257)	107,646	9
Hedge Funds	32,304	3	0	0	0	(549)	0	0	0	(215)	31,540	2
SUB TOTAL	1,234,630	98	0	312	3,704	1,050	(34,266)	(33,383)	(56,525)	(11,167)	1,115,231	96
CASH *	22,522	2	1,352	2,628	(2,485)	6,080	0	0	0	0	30,097	3
GRAND TOTAL	**1,257,152**	**100**	**1,352**	**2,940**	**1,219**	**7,130**	**(34,266)**	**(33,383)**	**(56,525)**	**(11,167)**	**1,145,328**	**99**

* 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.

TABLE 11

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

VALUATION OF OTHER INVESTMENTS AS AT 30th SEPTEMBER 2011

		COST £	AVERAGE COST £	MARKET PRICE £	MARKET VALUE £	UNREALISED GAIN/LOSS £
PRIVATE EQUITY						
Managed by Mr P Davies, IFA						
Quoted Investment Trusts						
3I Group	1,846,507	5,231,407	2.833	1.876000	3,464,047	(1,767,360)
Candover Investments	236,060	1,687,945	7.150	4.677500	1,104,171	(583,775)
Electra Private Equity	1,016,179	13,886,422	13.665	13.590000	13,809,873	(76,549)
F&C Private Equity Trust	4,160,000	7,339,178	1.764	1.592500	6,624,800	(714,378)
Graphite Enterprise Trust	852,512	2,420,093	2.839	3.657500	3,118,063	697,970
HarbourVest European Senior Loans	1,010,000	1,010,000	1.000	0.920000	929,200	(80,800)
HarbourVest European Senior Loans 'C' Shares	1,000,000	1,000,000	1.000	0.997500	997,500	(2,500)
Henderson Private Equity	1,200,000	2,122,781	1.769	2.867500	3,441,000	1,318,219
HG Capital Trust	1,782,500	9,319,756	5.228	9.990000	17,807,175	8,487,419
HG Capital Trust Sub Shs	356,500	0	0.000	0.933750	332,882	332,882
KKR & CO LP	220,000	1,788,836	8.131	6.656824	1,464,501	(324,335)
Northern Investors	520,000	516,217	0.993	2.082500	1,082,900	566,683
Oxford Technology 3 Venture Capital Trust	593,612	582,797	0.982	0.320000	189,956	(392,842)
Oxford Technology 4 Venture Capital Trust	1,021,820	995,164	0.974	0.350000	357,637	(637,527)
Schroder Private Equity	2,855,332	1,848,669	0.647	1.691965	4,831,121	2,982,453
Standard Life European Private Equity Trust	4,390,510	5,117,589	1.166	1.337500	5,872,307	754,718
SVG Capital	1,800,000	6,127,530	3.404	2.097000	3,774,600	(2,352,930)
		60,994,384			**69,201,732**	**8,207,349**
Other Fixed Interest						
Electra Private Equity 5.000% 12/29/2017 DD 12/29/10	2,870	2,870,000	1,000	1,080	3,099,571	229,571
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.		3,238,058			4,613,885	1,375,827
Partners Group Secondary 2008 L.P.		8,692,435			10,951,210	2,258,775
Partners Group Asia-Pacific 2007 L.P.		4,695,004			5,441,274	746,270
Adams Street 2007 Non US Fund		2,885,897			3,504,203	618,306
Adams Street 2008 Global Fund						0
Adams Street 2008 Direct Fund		801,456			923,463	122,007
Adams Street 2008 Non US Fund		1,695,632			1,907,956	212,324
Adams Street 2008 US Fund		2,478,574			3,889,387	1,410,813
Adams Street 2009 Global Fund						0
Adams Street 2009 Direct Fund		413,962			479,673	65,710
Adams Street 2009 Non US Developed Mkts Fund		364,444			349,730	(14,714)
Adams Street 2009 Non US Emerging Mkts Fund		152,923			134,617	(18,306)
Adams Street 2009 US Fund		1,259,111			1,503,631	244,521
						0
Oxford Technology ECF Limited Partner AC		1,650,000			1,636,970	(13,030)
		28,327,496			**35,335,999**	**7,008,503**
Cash Held by Custodian for Private Equity		2,866,629			2,866,629	
CASH HELD IN HOUSE		14,523,529			14,523,529	
TOTAL OF ALL INVESTMENTS		**109,888,290**			**125,036,241**	**15,147,951**

TABLE 12

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PRIVATE EQUITY TRANSACTIONS DURING QUARTER ENDED 30th SEPTEMBER 2011

DATE	HOLDING	TRANSACTION	BOOK COST £	SALE PROCEEDS £	REALISED GAIN/LOSS £
		LIMITED PARTNERSHIP FUND OF FUNDS DRAWDOWNS			
01/07/2011		Adams Street 2009 Non US Emerging Mkts Fund	20,435		
12/07/2011		Oxford Technology ECF Limited Partner AC	120,000		
15/07/2011		Adams Street 2009 Non US Developed Mkts Fund	30,842		
15/07/2011		Adams Street 2009 US Fund	51,386		
29/07/2011		Partners Group Asia - Pacific 2007 L.P.	495,059		
12/08/2011		Adams Street 2008 US Fund	346,896		
12/08/2011		Adams Street 2009 Non US Developed Mkts Fund	34,828		
18/08/2011		Adams Street 2009 US Fund	84,324		
15/09/2011		Adams Street 2009 Direct Fund	46,721		
15/09/2011		Partners Group Secondary 2006 L.P.	49,482		
22/09/2011		Partners Group Secondary 2008 L.P.	320,912		
28/09/2011		Adams Street 2008 US Fund	126,842		
			1,727,729		
		SALES			
30/08/2011	-	KKR & CO LP	18,135	18,135	
			18,135	**18,135**	**-**
		LIMITED PARTNERSHIP FUND OF FUNDS CAPITAL DISTRIBUTIONS			
06/05/2011		Adams Street 2008 Direct Fund	5,532	5,532	
06/05/2011		Adams Street 2009 Direct Fund	3,083	3,083	
29/07/2011		Partners Group Asia - Pacific 2007 L.P.	126,094	126,094	
12/08/2011		Adams Street 2008 US Fund	431,314	431,314	
12/09/2011		Partners Group Asia - Pacific 2007 L.P.	219,412	219,412	
15/09/2011		Partners Group Secondary 2006 L.P.	168,844	168,844	
			954,279	**954,279**	**-**

TABLE 13

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2011

COMBINED PORTFOLIO (BY ASSET CLASS)

ASSET	% weighting of fund as at 30th September	QUARTER ENDED 30th September 2011 BENCHMARK RETURN %	QUARTER ENDED OXFORDSHIRE TOTAL FUND %	QUARTER ENDED VARIATION %	12 MONTHS ENDED 30th September 2011 BENCHMARK RETURN %	12 MONTHS ENDED OXFORDSHIRE TOTAL FUND %	12 MONTHS ENDED VARIATION %	THREE YEARS ENDED 30th September 2011 BENCHMARK RETURN %	THREE YEARS ENDED OXFORDSHIRE TOTAL FUND %	THREE YEARS ENDED VARIATION %	FIVE YEARS ENDED 30th September 2011 BENCHMARK RETURN %	FIVE YEARS ENDED OXFORDSHIRE TOTAL FUND %	FIVE YEARS ENDED VARIATION %
GLOBAL EQUITIES	10.5%	-15.0	-14.8	**0.2**	-4.8	-5.2	**-0.4**	5.9	2.1	**-3.8**	2.8	-2.9	**-5.7**
UK EQUITIES	29.2%	-13.5	-12.7	**0.8**	-4.4	-1.5	**2.9**	6.0	7.9	**1.9**	0.8	1.4	**0.6**
OVERSEAS EQUITIES	20.6%	-15.1	-18.3	**-3.2**	-4.9	-10.4	**-5.5**	6.3	5.3	**-1.0**	2.8	1.2	**-1.6**
UK GOVERNMENT BONDS	4.1%	8.3	7.0	**-1.3**	7.8	6.1	**-1.7**	8.7	8.7	**0.0**	6.7	6.9	**0.2**
UK CORPORATE BONDS	6.1%	1.6	1.7	**0.1**	2.0	3.2	**1.2**	8.4	10.0	**1.6**	4.2	4.9	**0.7**
OVERSEAS BONDS*	2.0%	3.9	3.8	**-0.1**	2.9	4.0	**1.1**	5.8	7.1	**1.3**	-	7.8	**-**
UK INDEX LINKED GILTS	5.8%	7.8	8.4	**0.6**	13.6	15.1	**1.5**	8.8	10.0	**1.2**	7.8	8.5	**0.7**
TOTAL PRIVATE EQUITY	9.4%	-13.8	-9.4	**4.4**	-3.4	15.8	**19.2**	6.1	1.1	**-5.0**	-5.1	1.5	**6.6**
HEDGE FUNDS	2.8%	1.0	-2.4	**-3.4**	3.8	4.3	**0.5**	4.2	0.3	**-3.9**	6.1	2.0	**-4.1**
PROPERTY ASSETS	6.9%	1.8	1.6	**-0.2**	7.6	8.8	**1.2**	0.3	-3.4	**-3.7**	-2.7	-6.6	**-3.9**
TOTAL CASH	2.6%	-	0.1		-	2.0		-	1.0		-	1.8	
TOTAL FUND	100.0%	**-9.4**	**-9.4**	**0.0**	**-1.1**	**0.2**	**1.3**	**6.5**	**5.3**	**-1.2**	**2.3**	**0.9**	**-1.4**

*** This includes L&G Currency Hedging for Overseas bonds**

TABLE 14

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2011

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	% Weighting of Fund as at 30th September	QUARTER ENDED 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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 %
BAILLIE GIFFORD UK EQUITIES	18.8%	-13.5	-12.3	1.2	-4.4	0.2	4.6	6.0	9.2	3.2	0.8	2.7	1.9
L&G UK EQUITIES - PASSIVE	10.0%	-12.9	-12.9	0.0	-4.4	-4.3	0.1	5.4	5.6	0.2	-	-	
L&G GLOBAL EX UK EQUITIES - PASSIVE	7.4%	-15.0	-14.7	0.3	-	-		-	-		-	-	
L&G GLOBAL IN UK EQUITIES - PASSIVE	10.5%	-15.1	-14.9	0.2	-	-		-	-		-	-	
L&G FIXED INCOME	18.3%	5.1	5.0	-0.1	6.8	7.5	0.7	8.4	9.6	1.2	6.2	6.9	0.7
PARTNERS GROUP PROPERTY SICAR	0.4%	1.8	7.4	5.6	7.6	18.6	11.0	-	-		-	-	
PRIVATE EQUITY	9.4%	-13.8	-9.4	4.4	-3.4	15.8	19.2	6.1	1.1	-5.0	-5.1	1.5	6.6
UBS OVERSEAS EQUITIES	13.2%	-16.1	-18.3	-2.2	-6.1	-10.4	-4.3	5.6	5.3	-0.3	2.5	1.1	-1.4
UBS PROPERTY	6.6%	1.8	1.3	-0.5	7.6	7.5	-0.1	0.3	-4.6	-4.9	-2.7	-7.3	-4.6
UBS HEDGE FUNDS	2.8%	1.0	-2.4	-3.4	3.8	4.3	0.5	4.2	0.2	-4.0	6.1	1.9	-4.2
IN-HOUSE CASH	1.6%	0.1	0.1	0.0	0.5	1.6	1.1	0.7	2.1	1.4	2.6	2.7	0.1
TOTAL FUND	**99.1%**	**-9.4**	**-9.4**	**0.0**	**-1.1**	**0.2**	**1.3**	**6.5**	**5.3**	**-1.2**	**2.3**	**0.9**	**-1.4**

*** This includes L&G Currency Hedging for Overseas bonds**

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2011

BAILLIE GIFFORD - UK EQUITIES ACTIVE MANDATE **TABLE 15**

ASSET	QUARTER ENDED 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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	-13.5	-12.6	0.9	-4.4	0.1	4.5	6.0	9.2	3.2	0.8	2.5	1.7
TOTAL CASH	-	0.1		-	0.6		-	1.1		-	3.0	
TOTAL ASSETS	**-13.5**	**-12.3**	**1.2**	**-4.4**	**0.2**	**4.6**	**6.0**	**9.2**	**3.2**	**0.8**	**2.7**	**1.9**

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 30th SEPTEMBER 2011

LEGAL & GENERAL - UK EQUITIES PASSIVE MANDATE **TABLE 16**

ASSET	QUARTER ENDED 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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	-12.9	-12.9	0.0	-4.4	-4.3	0.1	5.4	5.6	0.2	-	-	
CASH/ALTERNATIVES	-	-		-	-		-	-				
TOTAL ASSETS	**-12.9**	**-12.9**	0.0	**-4.4**	**-4.3**	0.1	5.4	5.6	0.2	-	-	

Target Objective - To track the FTSE 100 Index

LEGAL & GENERAL - BONDS **TABLE 17**

ASSET	QUARTER ENDED 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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	8.3	7.0	-1.3	7.8	6.1	-1.7	8.7	8.7	0.0	6.7	6.8	0.1
UK CORPORATE BONDS	1.6	1.7	0.1	2.0	3.2	1.2	8.4	10.0	1.6	4.2	5.3	1.1
OVERSEAS BONDS*	3.9	3.8	-0.1	2.9	4.0	1.1	5.8	7	1.2	-	7.7	-
UK INDEX LINKED	7.8	8.4	0.6	13.6	15.1	1.5	8.8	10.0	1.2	7.8	8.5	0.7
CASH/ALTERNATIVES*	-	n/a		-	n/a		-	n/a		-	n/a	
TOTAL ASSETS	**5.1**	**5.0**	**-0.1**	**6.8**	**7.5**	**0.7**	**8.4**	**9.6**	**1.2**	**6.2**	**6.9**	**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 30th SEPTEMBER 2011

INDEPENDENT ADVISOR - PRIVATE EQUITY **TABLE 18**

ASSET	QUARTER ENDED 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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 %
PRIVATE EQUITY	-13.8	-14.7	-0.9	-3.4	10.5	13.9	6.1	-0.3	-6.4	-5.1	0.1	5.2
LIMITED LIABILITY PARTNERSHIPS	-13.8	4.0	17.8	-3.4	27.5	30.9	6.1	6.4	0.3	-5.1	7.1	12.2
TOTAL ASSETS	**-13.8**	**-9.4**	**4.4**	**-3.4**	**15.8**	**19.2**	**6.1**	**1.1**	**-5.0**	**-5.1**	**1.5**	6.6

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 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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 %
PROPERTY	1.8	7.4	5.6	7.6	18.6	11.0	-	-		-	-	
TOTAL CASH	-	-		-	-		-	-		-	-	
TOTAL ASSETS*	**1.8**	**7.4**	**4.4**	**7.6**	**18.6**	**11.0**	-	-		-	-	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2011

UBS GLOBAL ASSET MANAGEMENT- OVERSEAS EQUITIES

TABLE 20

ASSET	QUARTER ENDED 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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 %
OVERSEAS EQUITIES	-16.1	-18.3	-2.2	-6.1	-10.4	-4.3	5.6	5.3	-0.3	2.5	1.1	-1.4
TOTAL CASH	-	n/a		-	n/a		-	n/a		-	n/a	
TOTAL ASSETS	**-16.1**	**-18.3**	**-2.2**	**-6.1**	**-10.4**	**-4.3**	**5.6**	**5.3**	**-0.3**	**2.5**	**1.1**	**0.0**

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 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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 %
PROPERTY	1.8	1.3	-0.5	7.6	8.7	1.1	0.3	-3.3	-3.6	-2.7	-6.6	-3.9
TOTAL CASH*	-	-0.2		-	-1.3		-	-		-	-	
TOTAL ASSETS**	**1.8**	**1.3**	**-0.5**	**7.6**	**7.5**	**-0.1**	**0.3**	**-4.6**	**-4.9**	**-2.7**	**-7.3**	**-4.6**

*** 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).

Page 23

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR PERIODS ENDED 30th SEPTEMBER 2011

UBS GLOBAL ASSET MANAGEMENT - HEDGE FUNDS **TABLE 22**

ASSET	QUARTER ENDED 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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 %
HEDGE FUNDS	1.0	-2.4	-3.4	3.8	4.3	0.5	4.2	0.3	-3.9	6.1	2.0	-4.1
TOTAL CASH	-	0.0		-	0.2		-	0.6		-	2.4	
TOTAL ASSETS	**1.0**	**-2.4**	**-3.4**	**3.8**	**4.3**	**0.5**	**4.2**	**0.2**	**-4.0**	**6.1**	**1.9**	**-4.2**

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

INTERNALLY MANAGED CASH **TABLE 23**

ASSET	QUARTER ENDED 30th September 2011			12 MONTHS ENDED 30th September 2011			THREE YEARS ENDED 30th September 2011			FIVE YEARS ENDED 30th September 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 %
INTERNALLY MANAGED CASH*	0.1	0.1	0.0	0.5	1.6	1.1	0.7	2.1	1.4	2.6	2.7	0.1
TOTAL ASSETS	**0.1**	**0.1**	**0.0**	**0.5**	**1.6**	**1.1**	**0.7**	**2.1**	1.4	**2.6**	**2.7**	**0.1**

*** this portfolio includes cash held at BoNY**

TABLE 24

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

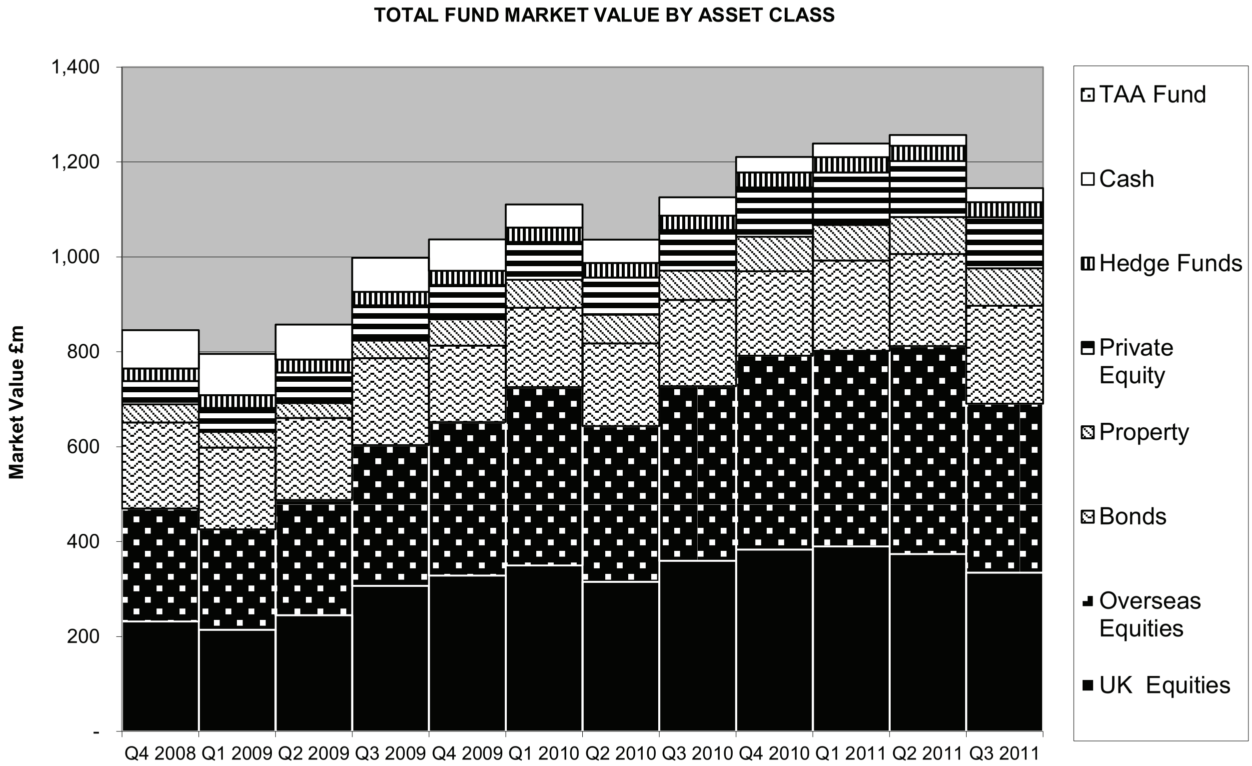
TOP 20 HOLDINGS AT 30/09/2011

	ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
	DIRECT HOLDINGS		
1	HG CAPITAL TRUST ORD GBP0.25	17,807,175	1.55
2	ELECTRA INVESTMENT TR ORD 25P	13,809,873	1.21
3	BG GROUP PLC ORD GBP0.10	11,742,900	1.03
4	BRITISH AMERICAN TOBACCO ORD	10,448,240	0.91
5	ROYAL DUTCH SHELL 'B' SHS	8,592,545	0.75
6	UK TREASURY IDX LKD STK 4.125% 22-JUL-2030	8,382,205	0.73
7	HSBC HLDGS ORD USD0.50 (UK)	8,220,880	0.72
8	TREASURY INDEX-LINKED 2.500% 17-JUL-2024	8,064,885	0.70
9	BLACKROCK UK PROPERTY FUND	7,635,820	0.67
10	IMPERIAL TOBACCO GROUP ORD 10P	7,344,740	0.64
11	BHP BILLITON PLC USD0.50	7,193,945	0.63
12	TREASURY INDEX-LINKED 2.500% 16-APR-2020	6,739,053	0.59
13	F & C PRIVATE EQUITY TRUST	6,624,800	0.58
14	TESCO ORD 5P	6,336,710	0.55
15	GLAXOSMITHKLINE ORD GBP0.25	6,334,745	0.55
16	RIO TINTO ORD GBP0.10	6,105,232	0.53
17	STANDARD LIFE EURO ORD	5,872,307	0.51
18	TSY 0 5/8% 2042 I/L GILT 0.625% 11/22/2042 DD 07/24/09	5,830,323	0.51
19	STANDARD LIFE POOLED PPTY FD	5,796,192	0.51
20	UNITED KINGDOM GILT 3.750% 09/07/2021 DD 03/18/11	5,736,805	0.50
	TOP 20 HOLDINGS MARKET VALUE *	**164,619,375**	14.37
	* Excludes investments held within Pooled Funds		
	POOLED FUNDS AT 30/09/2011		
1	UBS GLOBAL ASSET MANAGEMENT LIFE GLOBAL OPTIMAL THIRDS A	139,197,095	12.15
2	LEGAL & GENERAL WORLD EQUITY INDEX *(TRANSITION FUND)*	131,041,412	11.44
3	LEGAL & GENERAL UK FTSE 100 EQUITY INDEX	114,208,478	9.97
4	LEGAL & GENERAL WORLD (EX UK) EQUITY INDEX	85,166,598	7.44
5	BAILLIE GIFFORD BRITISH SMALLER COMPANIES	12,924,558	1.13
	TOTAL POOLED FUNDS MARKET VALUE	**482,538,142**	42.13
	TOTAL FUND MARKET VALUE	**1,145,328,000**	

GRAPH 1

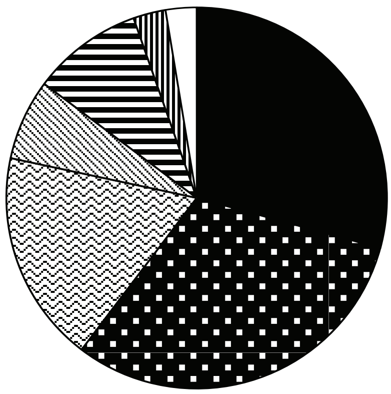
OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND



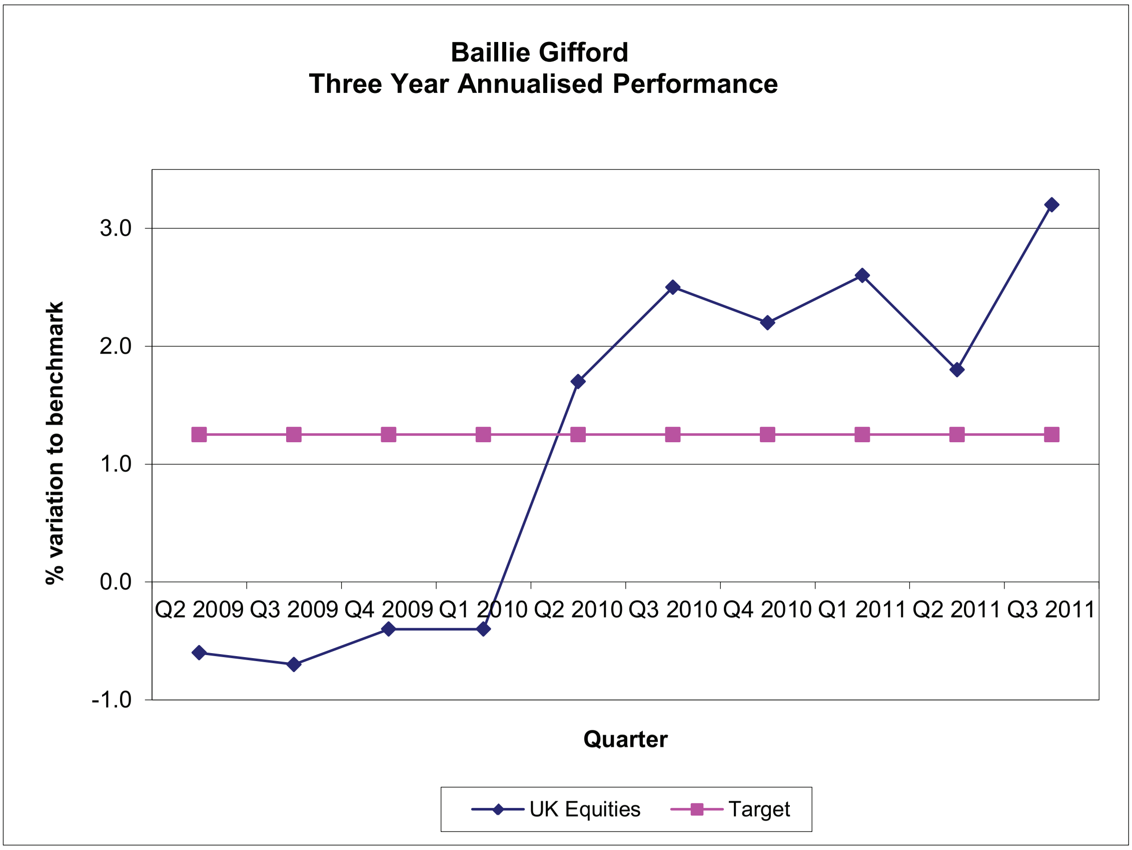
Quarter	Market Value £m
Q4 2008	845.9
Q1 2009	795.8
Q2 2009	857.4
Q3 2009	998.4
Q4 2009	1,037.0
Q1 2010	1,111.0
Q2 2010	1,037.0
Q3 2010	1,126.0
Q4 2010	1,210.7
Q1 2011	1,239.0
Q2 2011	1,257.2
Q3 2011	1,145.3

Asset Allocation Latest Quarter



OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 2



Baillie Gifford Three Year Annualised Performance

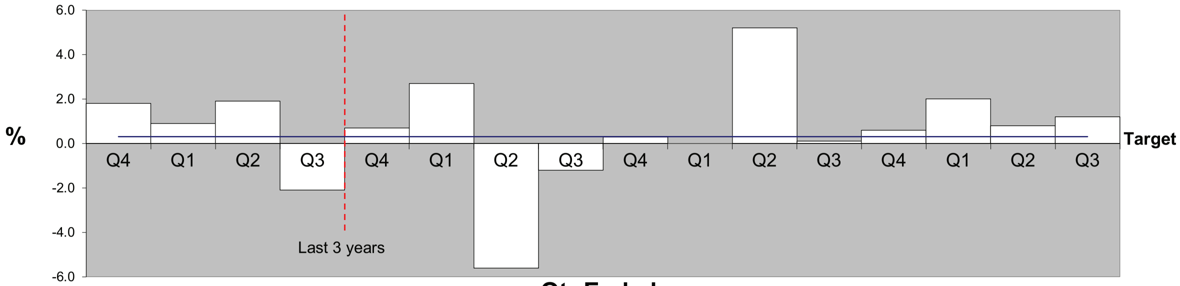
	UK Equities	Target
Q2 2009	-0.6	1.25
Q3 2009	-0.7	1.25
Q4 2009	-0.4	1.25
Q1 2010	-0.4	1.25
Q2 2010	1.7	1.25
Q3 2010	2.5	1.25
Q4 2010	2.2	1.25
Q1 2011	2.6	1.25
Q2 2011	1.8	1.25
Q3 2011	3.2	1.25

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 3

2007 2008 2009 2010 2011

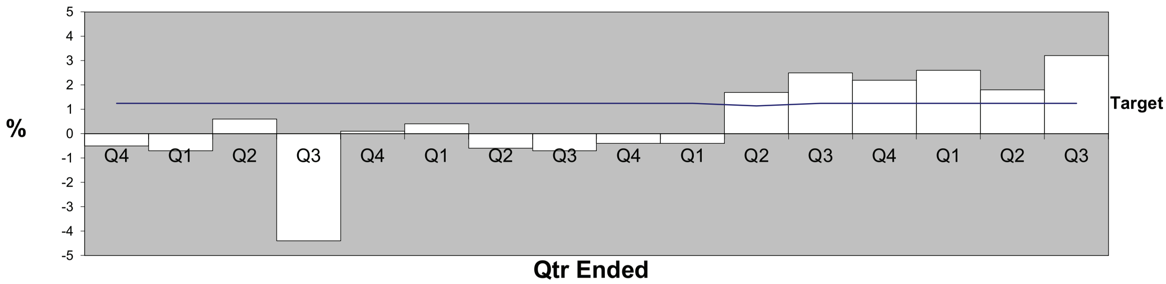
Quarterly Performance



Qtr Ended

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Performance	1.5	-9.0	1.5	-14.3	-9.5	-6.4	5.3	21.2	5.8	6.4	-6.6	13.7	8.0	3.0	2.7	-12.3
Benchmark	-0.3	-9.9	-0.4	-12.2	-10.2	-9.1	10.9	22.4	5.5	6.4	-11.8	13.6	7.4	1.0	1.9	-13.5
Relative Return	**1.8**	**0.9**	**1.9**	**-2.1**	**0.7**	**2.7**	**-5.6**	**-1.2**	**0.3**	**0.0**	**5.2**	**0.1**	**0.6**	**2.0**	**0.8**	**1.2**

3 year Performance



Qtr Ended

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Performance	8.8	7.8	-2.7	-4.7	-9.8	-7.1	-1.8	-1.7	-0.6	-4.0	1.5	3.6	8.0	8.4	9.2	
Benchmark	9.5	7.2	1.7	-4.8	-10.2	-6.5	-1.1	-1.3	-0.2	-5.7	-1	1.4	5.4	6.6	6	
Relative Return	**-0.7**	**0.6**	**-4.4**	**0.1**	**0.4**	**-0.6**	**-0.7**	**-0.4**	**-0.4**	**1.7**	**2.5**	**2.2**	**2.6**	**1.8**	**3.2**	

Target Returns

Rolling annual target of 1.25% above benchmark

Top 10 holdings at 30/09/2011

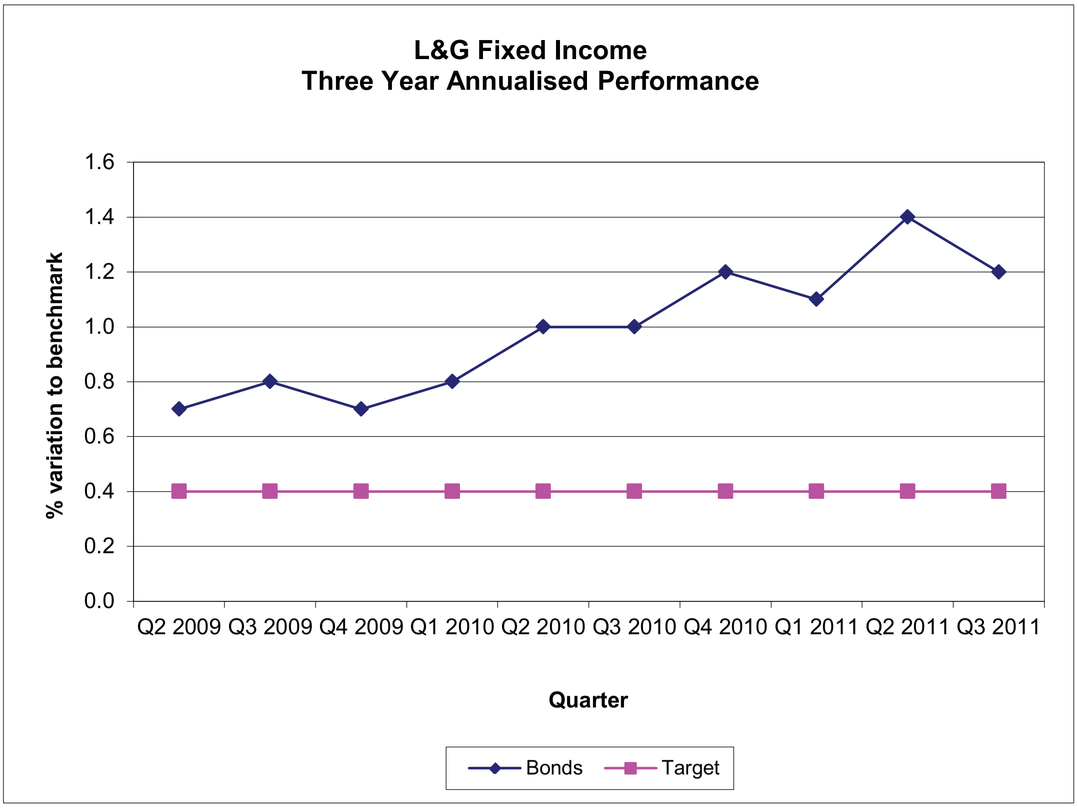
	Holding	Value £	% of portfolio
1	BG GROUP PLC ORD GBP0.10	11,742,900	5.44
2	BRITISH AMERICAN TOBACCO ORD	10,448,240	4.84
3	ROYAL DUTCH SHELL 'B' SHS	8,592,545	3.98
4	HSBC HLDGS ORD USD0.50 (UK)	8,220,880	3.81
5	IMPERIAL TOBACCO GROUP ORD 10P	7,344,740	3.40
6	BHP BILLITON PLC USD0.50	7,193,945	3.33
7	TESCO ORD 5P	6,336,710	2.94
8	GLAXOSMITHKLINE ORD GBP0.25	6,334,745	2.93
9	RIO TINTO ORD GBP0.10	6,105,232	2.83
10	REED ELSEVIER	5,320,729	2.46
	Top 10 Holdings Market Value	77,640,666	35.97
	Total Baillie Gifford Market Value	215,866,000	

Baillie Gifford

Top 10 holdings excludes investments held within pooled funds.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 4



L&G Fixed Income Three Year Annualised Performance

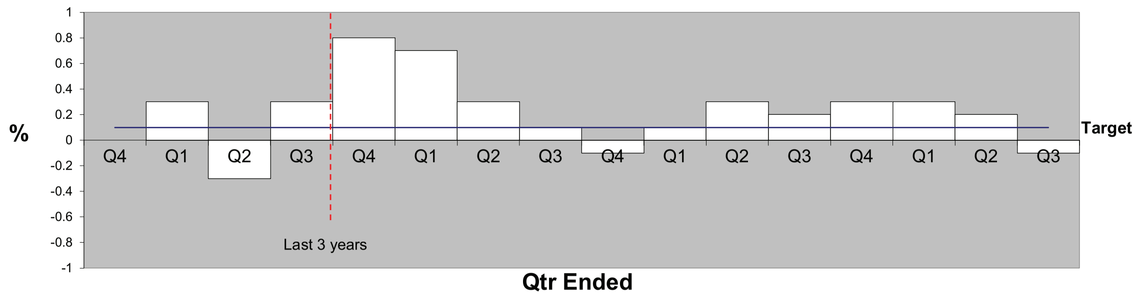
	Bonds	Target
Q2 2009	0.7	0.4
Q3 2009	0.8	0.4
Q4 2009	0.7	0.4
Q1 2010	0.8	0.4
Q2 2010	1.0	0.4
Q3 2010	1.0	0.4
Q4 2010	1.2	0.4
Q1 2011	1.1	0.4
Q2 2011	1.4	0.4
Q3 2011	1.2	0.4

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 5

2007	2008	2009	2010	2011

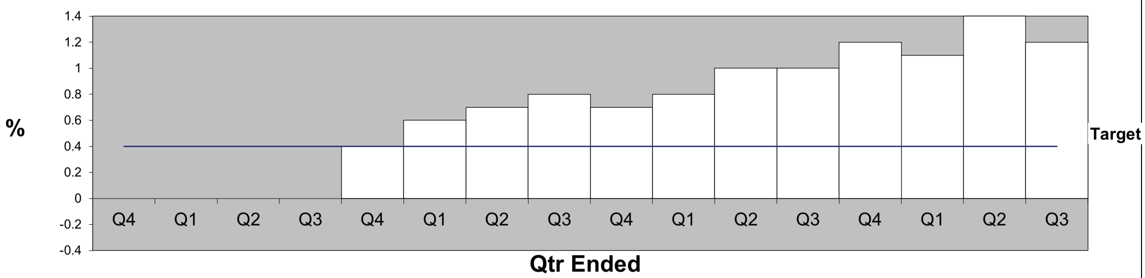
Quarterly Performance



Qtr Ended

Performance	4.5	1.4	-1.3	0.7	4.0	-2.0	3.4	5.2	0.2	2.6	2.7	4.2	-0.9	0.4	3.0	5.0
Benchmark	4.5	1.1	-1.0	0.4	3.2	-2.7	3.1	5.1	0.3	2.5	2.4	4.0	-1.2	0.1	2.8	5.1
Relative Return	**0.0**	**0.3**	**-0.3**	**0.3**	**0.8**	**0.7**	**0.3**	**0.1**	**-0.1**	**0.1**	**0.3**	**0.2**	**0.3**	**0.3**	**0.2**	**-0.1**

3 year Performance



Qtr Ended

Performance	5.8	3.9	3.7	4.0	3.6	5.1	5.7	5.7	6.9	8.7	8.7	6.9	6.5	8.1	9.6
Benchmark	5.8	3.9	3.7	3.6	3.0	4.4	4.9	5.0	6.1	7.7	7.7	5.7	5.4	6.7	8.4
Relative Return	**0.0**	**0.0**	**0.0**	**0.4**	**0.6**	**0.7**	**0.8**	**0.7**	**0.8**	**1.0**	**1.0**	**1.2**	**1.1**	**1.4**	**1.2**

Target Returns

Rolling annual target of 0.40% above benchmark

Top 10 holdings at 30/09/2011

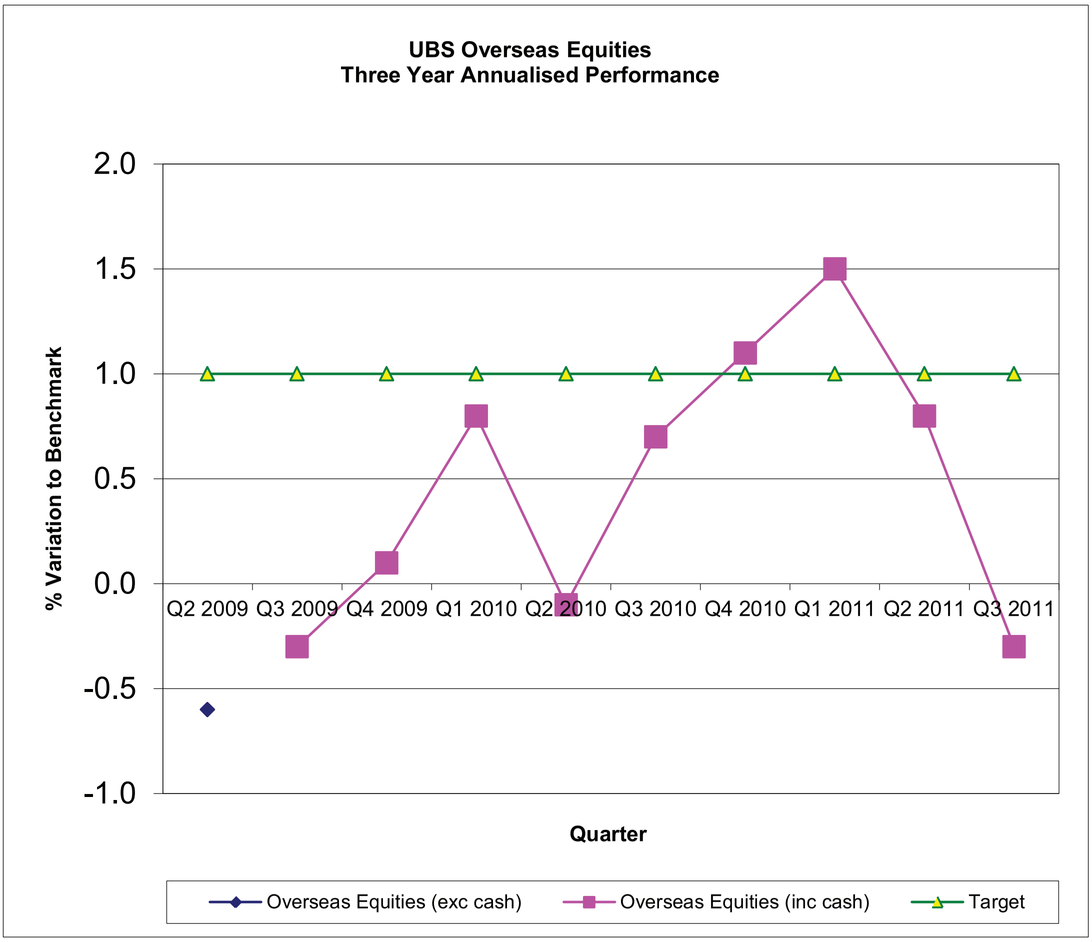
	Holding	Value £	% of portfolio
1	UK TREASURY IDX LKD STK 4.125% 22-JUL-2030	8,382,205	3.99
2	TREASURY INDEX-LINKED 2.500% 17-JUL-2024	8,064,885	3.84
3	TREASURY INDEX-LINKED 2.500% 17-JUL-2024	6,739,053	3.21
4	TSY 0 5/8% 2042 I/L GILT 0.625% 11/22/2042 DD 07/24/09	5,830,323	2.78
5	UNITED KINGDOM GILT 3.750% 09/07/2021 DD 03/18/11	5,736,805	2.73
6	UK GOVT IDX-LKD STK 2.000% 26-JAN-2035	5,499,236	2.62
7	TSY 0 3/4% 2034 I/L GILT 0.750% 03/22/2034	4,939,070	2.35
8	UNITED KINGDOM GILT 2.750% 01/22/2015	4,895,239	2.33
9	UNITED KINGDOM GILT 4.250% 12/07/2040	4,890,746	2.33
10	UNITED KINGDOM (GOV OF) 1.875% 22-NOV-22 GBP100	4,885,735	2.33
	Top 10 Holdings Market Value	59,863,297	28.53
	Total Legal & General Market Value	209,838,000	

Legal & General

Top 10 holdings excludes investments held within pooled funds.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 6

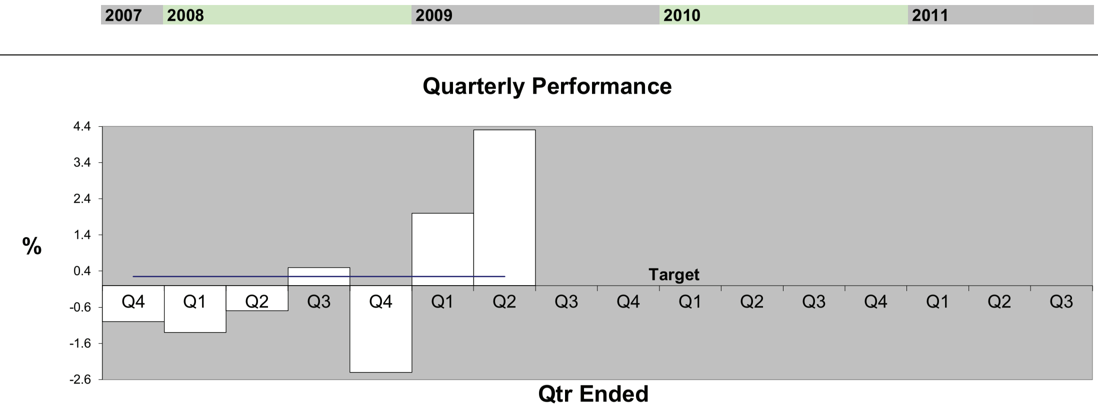


UBS Three Year Annualised Performance

	Overseas Equities (exc cash)	Overseas Equities (inc cash)	Target
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
Q2 2011		0.8	1.0
Q3 2011		-0.3	1.0

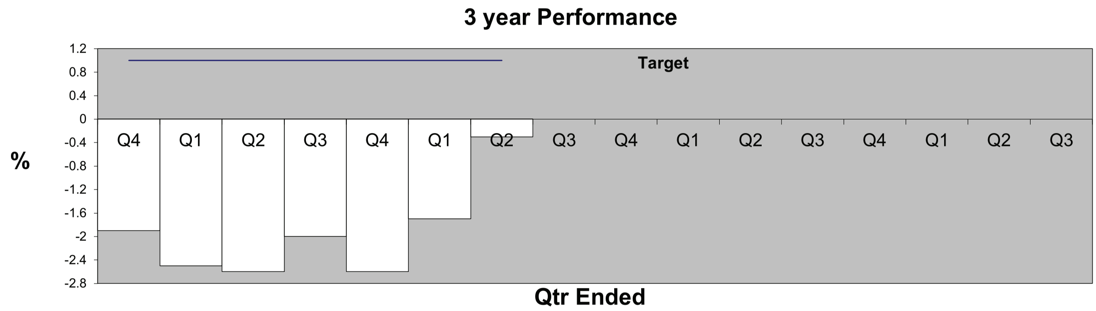
PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 7



	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Performance	-2.6	-8.1	-2.9	-6.2	-8.8	-7.6	4.9
Benchmark	-1.6	-6.8	-2.2	-6.7	-6.4	-9.6	0.6
Relative Return	**-1.0**	**-1.3**	**-0.7**	**0.5**	**-2.4**	**2.0**	**4.3**

Mandate split no longer multi asset after Q2 2009



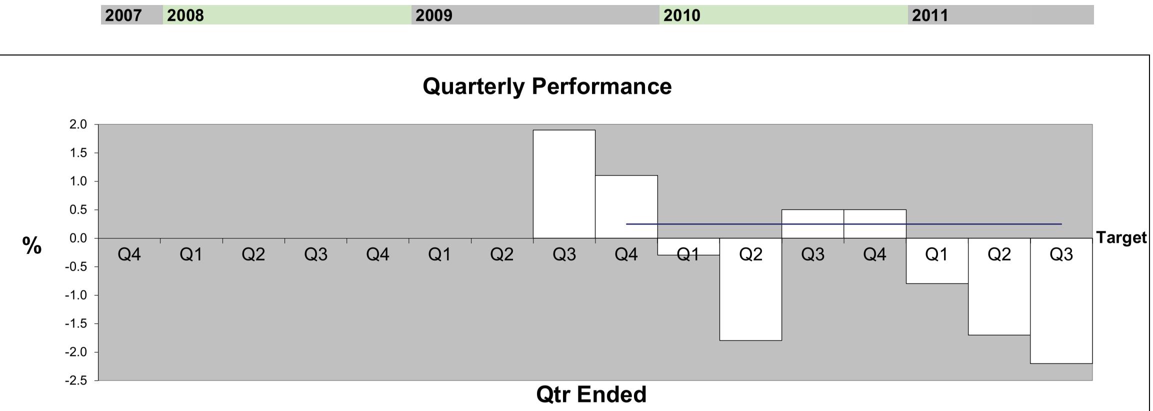
	Q1	Q2	Q3	Q4	Q1	Q2
Performance	6.4	3.7	-0.5	-5.0	-9.1	-7.0
Benchmark	8.9	6.3	1.5	-2.4	-7.4	-6.7
Relative Return	**-2.5**	**-2.6**	**-2**	**-2.6**	**-1.7**	**-0.3**

Target Returns

Rolling annual target of 1.00% above benchmark

UBS - Multi Asset

PERFORMANCE RELATIVE TO BENCHMARK **GRAPH 8**



Performance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.9	3.2	9.4	-12.9	9.5	9.5	1.1	-1.0	-18.3
Benchmark	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.0	2.1	9.7	-11.1	9.0	9.0	1.9	0.7	-16.1
Relative Return	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.9**	**1.1**	**-0.3**	**-1.8**	**0.5**	**0.5**	**-0.8**	**-1.7**	**-2.2**

Target

3 year Performance

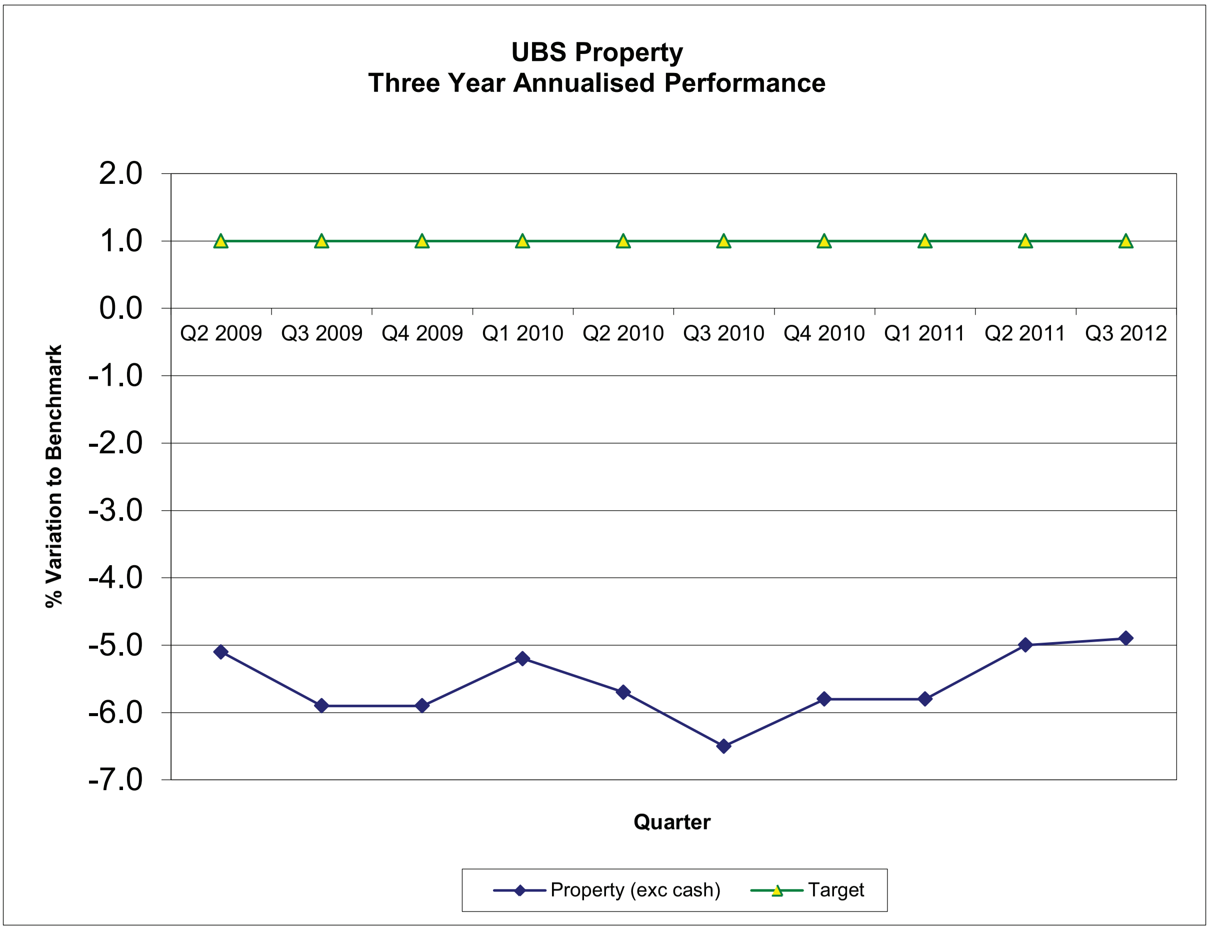
Target Returns

Rolling annual target of 1.00% above benchmark

UBS - Overseas Equities

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 9



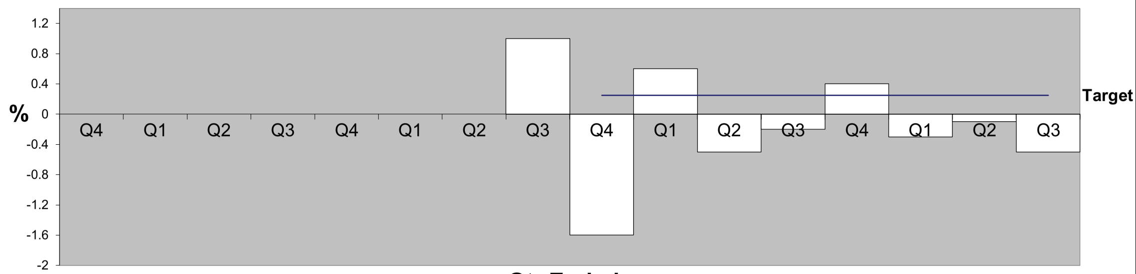
UBS Three Year Annualised Performance

	Property (exc cash)	Target
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
Q2 2011	-5.0	1.0
Q3 2012	-4.9	1.0

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 10

Quarterly Performance



Qtr Ended

	2007	2008				2009				2010				2011		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Performance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	6.3	5.4	2.6	1.7	2.3	1.6	1.7	1.3
Benchmark	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	7.9	4.8	3.1	1.9	1.9	1.9	1.8	1.8
Relative Return	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.0**	**-1.6**	**0.6**	**-0.5**	**-0.2**	**0.4**	**-0.3**	**-0.1**	**-0.5**

Target

3 year Performance

Target Returns

Rolling annual target of 1.00% above benchmark

Top 5 holdings at 30/09/2011

	Holding	Value £	% of portfolio
1	BLACKROCK UK PROPERTY FUND	7,635,820	10.03
2	STANDARD LIFE POOLED PPTY FD	5,796,192	7.61
3	PRUDENTIAL CORP PENSIONS PPTY FUND	5,346,604	7.02
4	REAL ESTATE - EUROPEAN FUND	5,318,445	6.98
5	M&G EUROPEAN PROP-SP INV-C-D	5,127,810	6.73
	Top 10 Holdings Market Value	29,224,871	38.38
	Total UBS Property Market Value	76,143,000	

UBS - Property

Division(s): N/A

PENSION FUND COMMITTEE – 2 DECEMBER 2011

MEMBERSHIP OF THE LOCAL AUTHORITY PENSION FUND FORUM

Report by Assistant Chief Executive and Chief Financial Officer

Introduction

1. As the nominated persons responsible for the Management of the Oxfordshire Pension Fund, this Committee has a number of responsibilities with regard to the investment of pension funds. These responsibilities are set out in Regulations, further guidance and advice supplied by the Department for Communities and Local Government and CIPFA, and in the Financial Reporting Council's Stewardship Code.

2. The Pension Fund's approach to these responsibilities are set out in the Statement of Investment Principles. The relevant sections of the statement are set out in annex 1 to this report.

3. In June 2010, this Committee assessed its compliance with the six principles for Pension Fund Investment, in line with the guidance provided by CIPFA. Principle 5 covers the issue of Responsible Ownership, and covers how the Committee exercise its responsibilities in terms of exercising the rights attached to their investments, to what extent social, environmental or ethical considerations are taken into account in investment decisions, and the Committee's approach to engagement with its investment managers, and the companies in which it invests.

4. The June report indicated that this Committee was not compliant in terms of the consideration of environmental, social and governance issues when selecting and appointing investment managers, nor in ensuring each investment manager has an explicit strategy setting out when they would intervene in a company, which itself is acceptable to the Committee.

5. This report sets out some of the benefits and costs of membership of the Local Authority Pension Fund Forum. The Committee is asked to consider becoming a member of the Forum in the context of its Responsible Ownership duty, and the areas of non-compliance addressed last June.

Areas of Non-Compliance

6. The main concern which led to the non-compliance finding was around the extent to which this Committee is directly involved in environmental, social and governance issues. In particular, the Committee has not set out the key issues where it would expect its Fund Managers to be engaging with companies, and as a consequence, is not in a position to monitor how well the Fund Managers are engaging on behalf of the Fund on these issues.

7. Since the publication of the Financial Reporting Council's Stewardship Code in September 2010, the Council has required its Fund Managers to report each quarter on Corporate Governance and Responsible Investment. These reports should set out the key issues on which the Fund Manager is seeking engagement with companies, as well as the specific engagements undertaken within the quarter, and the Fund Managers voting record.

8. This Committee has not explicitly reviewed whether or not the key issues identified by the Managers are consistent with their own priorities. For example, in their report for the Quarter Ended 30 September 2011, Baillie Gifford have identified their engagement around increasing Board Diversity and number of Women on company boards, in line with recent Governance papers, as well as developing corporate governance arrangements in Japan as main themes. The Committee have not taken a view on the importance of these issues, nor how they will monitor the success of Baillie Gifford's engagement.

The Local Authority Pension Fund Forum

9. The Local Authority Pension Fund Forum is a voluntary association of (currently) 54 local authority pension funds. The Forum exists to protect the investments of its members, and to maximise their influence as shareholders by promoting the highest standard of corporate governance and corporate social responsibility within the companies in which members invest.

10. The Forum facilitates commissioning of research and policy analysis of issues more effectively than could be achieved by the separate pension funds acting individually. The Forum also facilitates consultation of shareholder initiatives, and an information exchange and discussion about investment issues, and other matters of common interest across the local government pension area.

11. By acting in a collaborative way across 54 LGPS funds, the Forum is able to provide a stronger voice and influence than funds acted individually, and is better placed to collaborate more effectively with other major institutional investors. Overall costs associated with corporate governance should also be reduced.

12. The Forum holds 4 to 5 business meetings a year plus an AGM and annual conference. Each member fund has one vote at meetings. The Forum contracts with PIRC (Pensions Investment Research Consultants) to supply technical research, advice and assistance on all matters relating to best practice in corporate governance and corporate social responsibility.

13. The costs of Forum membership are currently £8,460 a year, or £8,250 per year for a three year membership.

Issues for Committee Consideration

14. The Pension Fund Committee previously considered membership of the Local Authority Pension Fund Forum in May 2004. At that time, the Committee determined that there was no clear benefit to Membership, and resolved not to join.

15. Since 2004, there has been an increase in emphasis in corporate governance and responsible investment, and a switch around strategies which simply focused on identifying companies/sectors to exclude from investment, to strategies more focused on positive engagement with companies to contribute to longer term investor return.

16. CIPFA guidance does state that "Authorities may wish to consider seeking alliances with other pension funds in general, or a group of local authority pension funds to benefit from collective size where there is a common interest to influence companies to take action on environmental, social and governance issues."

17. Membership of the Forum would provide the Committee with a clear focus for engagement issues, enabling the Committee to better consider the areas of concern that they would wish the Fund Managers to focus on. The Committee could benefit from the Forum's own engagement with investment managers regarding their environmental, social and governance performance, as well as working with the Forum on specific campaigns (both single issue e.g. climate change, or company specific e.g. News International).

Recommendation

18. The Pension Fund Committee is RECOMMENDED to consider whether or not to join the Local Authority Pension Fund Forum at this time.

Sue Scane
Assistant Chief Executive and Chief Financial Officer

Contact Officer: Sean Collins, Service Manager (Pensions, Insurance & Money Management) – Tel. (01865) 797190

Background papers: Nil

November 2011

Annex 1 Extract from Statement of Investment Principles

5 Social, Environmental & Ethically Responsible Investment

The Council's principal concern is to invest in the best financial interests of the Fund's employing bodies and beneficiaries. Its Investment Managers are given performance objectives accordingly. However the Council requires its Investment Managers to monitor and assess the social, environmental and ethical considerations, which may impact on the reputation of a particular company when selecting and retaining investments, and to engage with companies on these issues where appropriate. The Council believes that the operation of such a policy will ensure the sustainability of a company's earnings and hence its merits as an investment; it will also assess the company's sensitivity to its various stakeholders.

The Investment Managers report at quarterly intervals on the selection, retention and realisation of investments on the Council's behalf. These Report/Review Meetings provide an opportunity for the Council to influence the Investment Manager's choice of investments but the Council is careful to preserve the Investment Manager's autonomy in pursuit of their given performance. The Council will use meetings to identify Investment Managers' adherence to the policy and to ask Investment Managers to report regularly on any engagement undertaken.

6 Exercise of Rights attached to Investments

The Council takes an interest in the way the companies in which it has made investments manage their affairs. It will always exercise its voting rights to promote and support good corporate governance and socially responsible corporate behaviour.

In practice its Investment Managers are delegated authority to exercise voting rights in respect of the Council's holdings. They have been instructed to vote in accordance with the guidance set by the RiskMetric Group. However, in exceptional circumstances managers may vote differently from the RiskMetric Group guidance, if in their judgement this would be in the best interests of the fund. Where managers take a contrary view to the RiskMetric Group they must obtain permission from officers to vote differently and officers must report this to the Pension Fund Committee.

Investment Managers are required to report quarterly on action taken. The Council, through its Investment Managers, may act with other pension funds to influence corporate behaviour and , apart from the exercise of voting rights in concert with others, may make direct representation to the boards of companies through its Investment

Agenda Item 8

PENSION FUND COMMITTEE – 2 DECEMBER 2011

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

The Economy

1. The scaling down of GDP growth forecasts in US, UK and Europe has continued during the past quarter, as official output data and surveys of industry sentiment show disappointing trends. Even in China, there is increasing concern about the effects on banks and developers of the slowdown in the housing boom. Meanwhile consumer price inflation in Western economies remains above target levels as the increased prices of fuel, commodities and food are reflected in the indices.

(In the Table below, the consensus estimates at the time of the September Committee are shown in brackets).

Consensus real growth (%)						Consumer prices latest (%)
	2008	2009	2010	2011E	2012E	
UK	+0.7	- 4.7	+1.6	(+1.3) +0.9	+1.1	+ 5.2 (CPI)
USA	+1.2	- 2.5	+2.9	(+2.3) +1.7	+1.8	+ 3.9
Eurozone	+0.8	- 3.9	+1.7	(+1.9) +1.6	+0.4	+ 3.0
Japan	- 0.2	- 5.3	+4.2	(-0.6) -0.5	+2.2	nil
China	+ 9.0	+ 8.7	+10.3	(+9.0) +9.0	+8.6	+ 6.1

[Source: The Economist 5.11.11]

2. In late-September the Federal Reserve announced a plan to rebalance its portfolio of Treasury bonds by selling $400bn of shorter-term issues and re-investing the sum in longer-term Treasuries. This operation (dubbed 'Twist') is intended to push down longer-term interest rates. In early October the Bank of England announced another round of quantitative easing (QE) in which it would buy a further £75bn of gilts, to add to the £200bn it had purchased in earlier programmes in 2009-10. On November 3 the European Central Bank, under its new president, cut the interest rate from 1.5% to 1.25%.

3. The forecast of just 0.9% growth in UK's GDP in 2011 – compared with the 1.7% estimated in the March Budget – is likely to show government finances under an increased strain when the Autumn Statement is

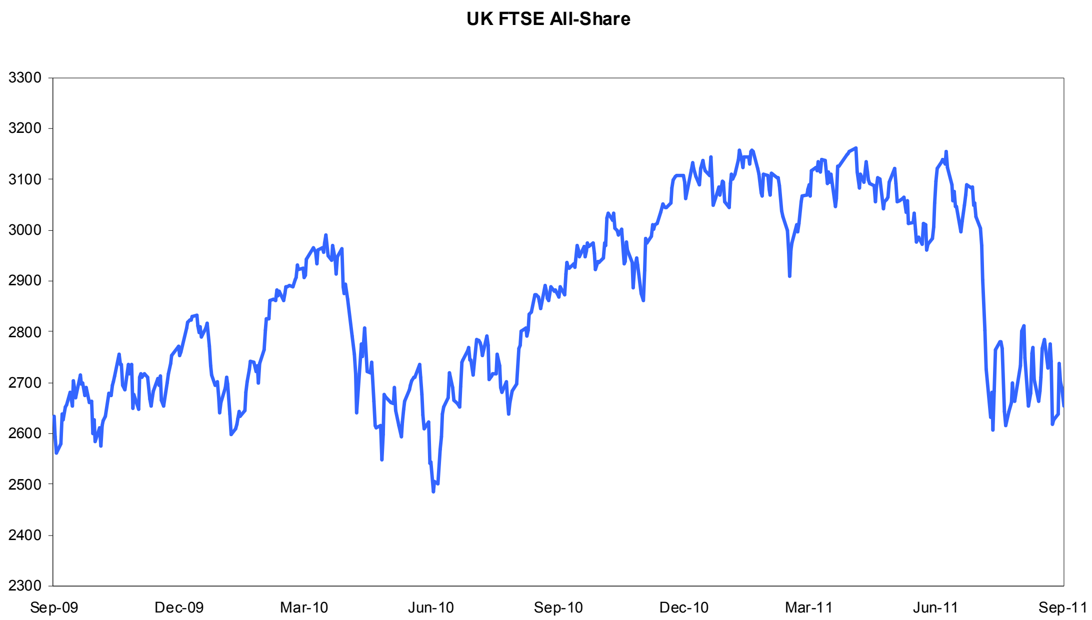
delivered on November 29th. With little scope for any further monetary easing, it is expected that room will be found in public spending budgets in order to generate some economic stimulus.

Markets

4. The economic slowdown, combined with fears about the Eurozone debt situation, caused a sell-off in all equity markets, combined with strong demand for 'safe haven' government bonds. During the third quarter, all **Equity** markets fell sharply, with notable weakness in Continental Europe and Emerging Markets. In sectoral terms there was a clear division between the economically-sensitive sectors (Basic Materials, Oil & Gas, Industrials, Financials) which each lost 20 – 25%, and the more recession-proof areas (Consumer Goods and Services, Telecomms, Utilities and Technology) which each fell 7 – 10%.

Capital return (in £, %) to 30.09.11		
	3 months	**12 months**
FTSE All-World Index	-15.5	-7.3
FTSE All-World North America	-12.2	-0.5
FTSE All-World Asia Pacific	-13.8	-9.4
FTSE All-World Europe (ex-UK)	-24.7	-16.6
FTSE All-World UK	-13.8	-7.7
FTSE All-World Emerging Markets	-20.0	-17.7

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



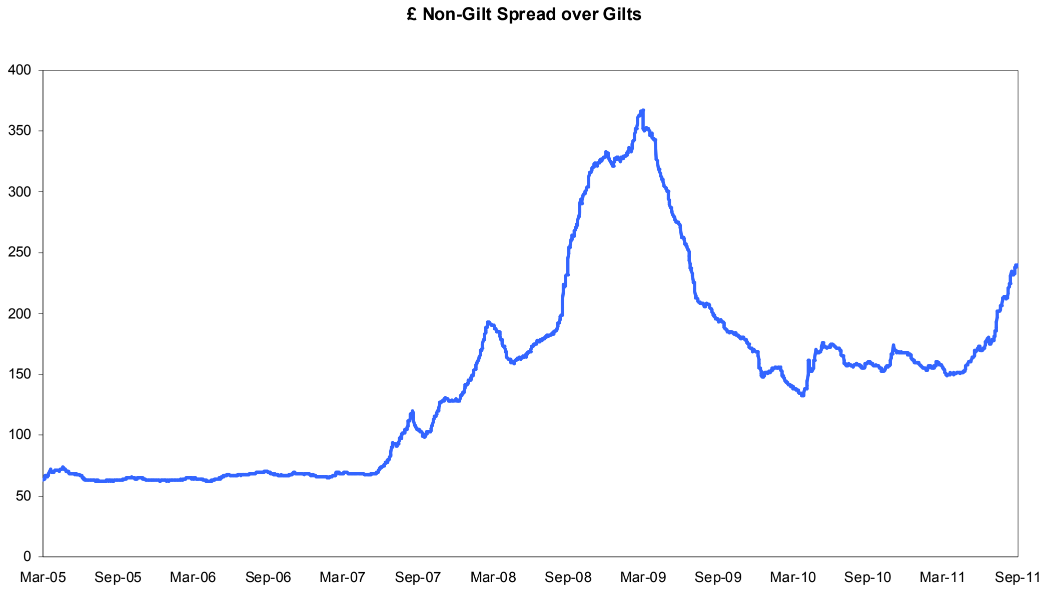
5. The demand for safe haven **government bonds**, combined with Central Bank stimulus programmes, pushed yields to unprecedentedly low levels in US, UK and Germany. The yield shift on gilts in the quarter, shown in the

table below, equates to a 9% rise in the price of a 10-year bond with a 3.5% coupon.

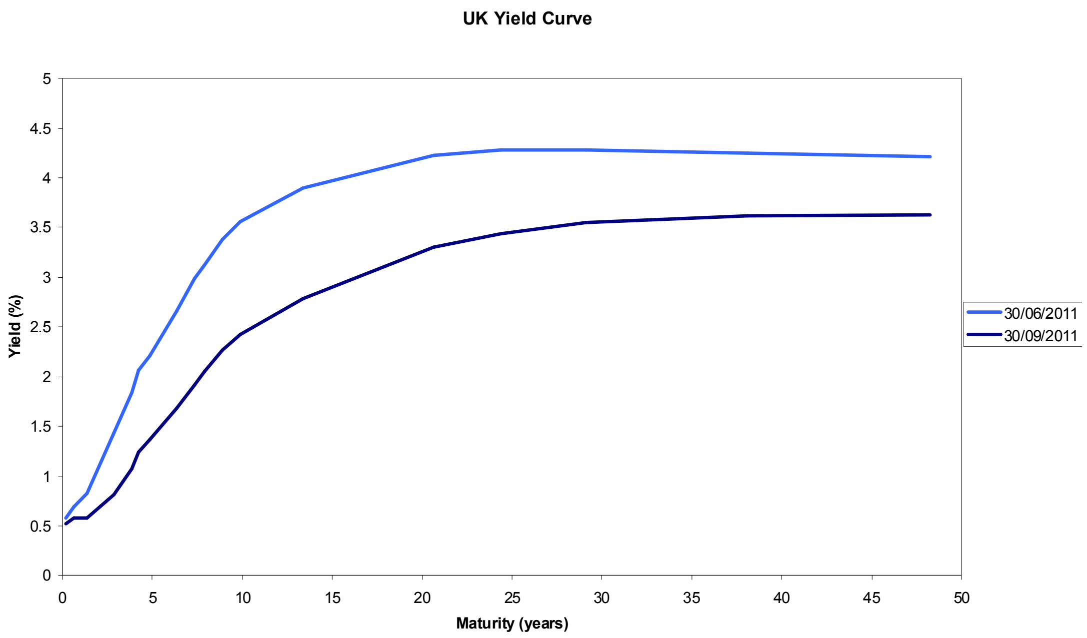
10-year government bond yields (%)					
	Dec 09	**Sept 10**	**Dec 10**	**June 2011**	**Sept 2011**
US	3.84	2.52	3.34	3.16	1.93
UK	4.01	2.95	3.39	3.38	2.42
Germany	3.40	2.29	2.92	3.01	1.89
Japan	1.29	0.94	1.12	1.14	1.03

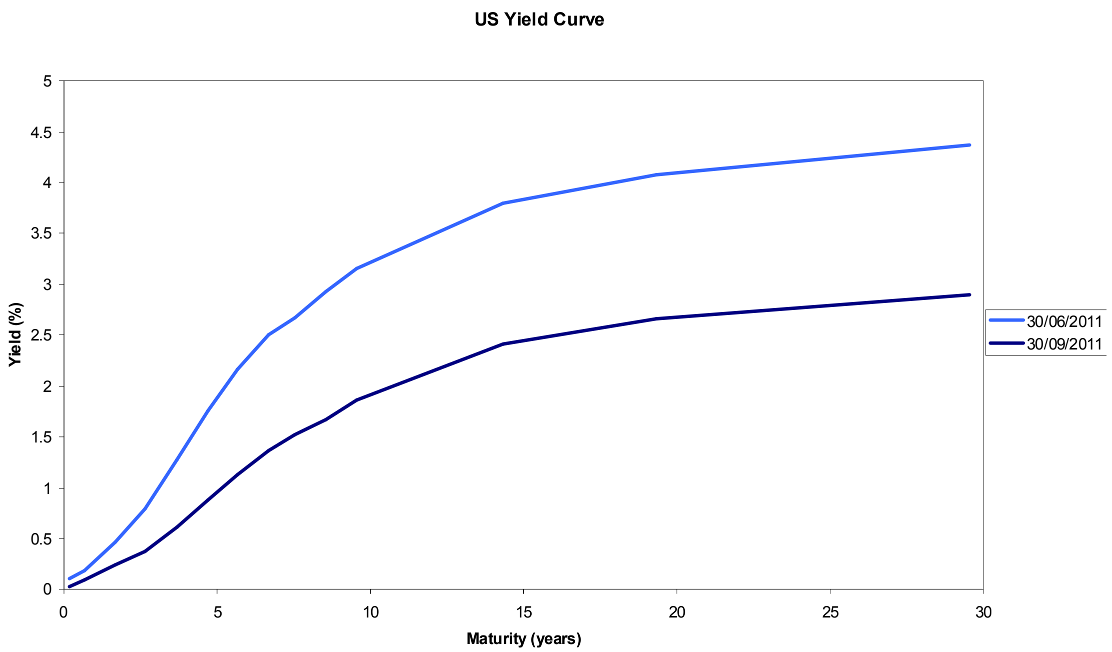
[Source: Financial Times]

The spread on **UK Corporate Bonds** relative to gilts widened during the quarter.



6. The sharp fall in government bond yields was seen at all durations, as shown in these graphs of the UK and US yield curves at September 30th compared with June 30th .





7. From early October, equity markets staged a strong rally while bonds retreated slightly. The main factor behind this move was the increasing confidence that the Greek debt crisis would be resolved, if only temporarily, and that contagion would not engulf Italy. When the 'comprehensive package' was announced by European leaders on

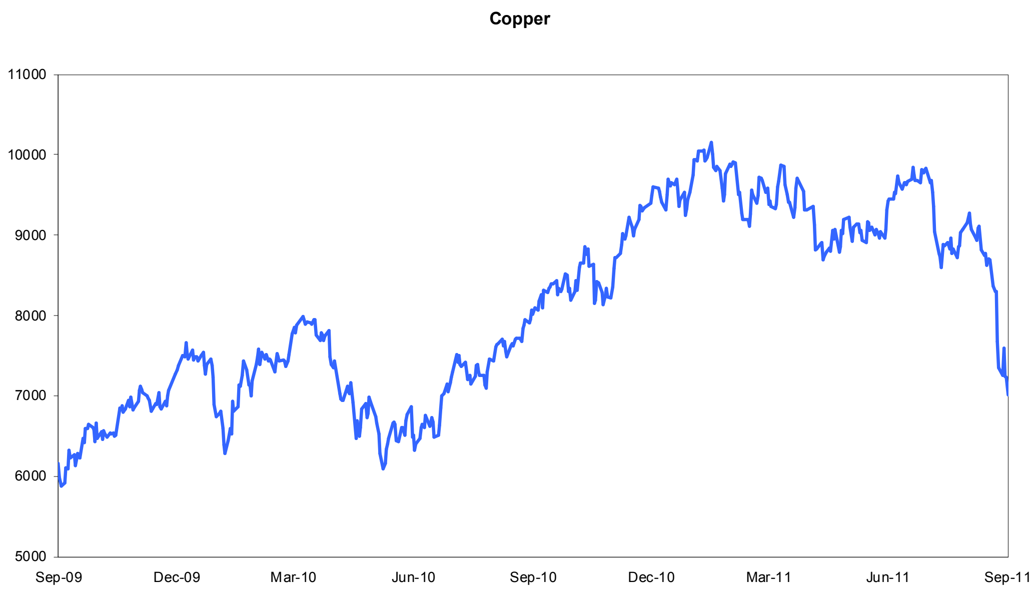
October 27th, Western equity markets stood 12 - 15% higher than they had three weeks earlier. However, this euphoria did not last; the news that the Greek government planned to call a referendum on the fiscal package before it could be agreed created renewed uncertainty and sent equity markets tumbling 5% in the space of two days at the start of November. The renewed fears about Italy were reflected in the soaring interest-rate differential between Italian and German government bonds.

8. As in recent quarters, the average **Property** fund showed very little capital appreciation. While the returns on Balanced Funds were narrowly bunched, the Specialist Funds showed a much wider dispersion, with weakness in those specialised in shopping centres or industrial property.

Median fund returns to 30.09.11	**3 months**	**12 months**
Balanced Funds (n= 26)	+ 1.6%	+ 7.0%
Specialist Funds (n= 26)	+ 0.8%	+ 7.2%

[Source: IPD UK pooled property funds]

9. There was huge volatility in the prices of **Commodities** during August and September. At one point Gold exceeded $1,900 per oz, having ended June at $1,512, but heavy selling from Chinese investors, hedge funds and others pushed it down to $1,614 at the end of September. The price of Copper also fell sharply as forecasts of industrial output in China were revised downwards.



The fall in the Oil price (WTI measure) from $95 to $80 during the quarter provided one piece of good news for consumers, although by the end of October it had risen again to $93.

9. In **Currency** markets the Euro was weak, because of the uncertainty surrounding the future of the single currency, and it fell 5% against

sterling and by 7% against the dollar – which rallied strongly in September. The Yen, meanwhile, was the strongest of the four major currencies, rising 5% against the dollar, despite the best efforts of the Bank of Japan to restrain it. The Swiss Central Bank took an even harder line, announcing that it had entered the foreign exchange market to prevent the Swiss Franc strengthening beyond 1.20 per €.

Outlook

10. All markets have been characterised by extreme volatility, with daily moves of more than 2% in equities becoming commonplace, and commodities fluctuating even more widely. Although the equity markets' focus on Eurozone debt may appear to be a slim pretext for such volatility, the consequences of the crisis are far-reaching. The 'voluntary' write-down of 50% on Greek debt which banks have agreed to will deplete their capital, which they are required to replenish as part of the agreement. The collapse of MF Global, an interdealer-broker was partly caused by worries about the value of its large holdings of Eurozone sovereign debt. In Belgium the government's rescue of Dexia Bank has revived uncomfortable memories of the 2008 crisis, when banks which could no longer attract wholesale funding had to be rescued by government support.

11. The slowing pace of the global economic recovery casts a shadow over prospects for government finances and for corporate profits. While faster economic growth would clearly be the most desirable means of alleviating the debt position of the troubled European countries, such growth would need to be achieved during a period of fiscal austerity and would, by its nature, be a lengthy process. Against this background it is easier to foresee continuing problems in the Eurozone which will dampen any optimism on the course of world equity markets.

PETER DAVIES

Independent Financial Adviser

November 4th, 2011

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Division(s): N/A

PENSION FUND COMMITTEE – 2 DECEMBER 2011

CONSULTATION ON PROPOSED INCREASES TO EMPLOYEE CONTRIBUTION RATES AND CHANGES TO SCHEME ACCRUAL RATES

Report by Assistant Chief Executive and Chief Finance Officer

Introduction

1. As part of his review of the affordability and sustainability of the public sector pension schemes, the Government asked Lord Hutton to set out the options for delivering short term savings to the schemes. In his interim report, Lord Hutton identified increases in employee contribution rates as the only option available for the majority of public sector schemes.

2. The Government subsequently set target savings for each of the public sector schemes, including a £900m target for the Local Government Pension Scheme (LGPS), to be delivered by 2014/15. For all public sector schemes other than the LGPS, the Government issued consultation papers based on delivering the first year of savings by increases in employee contribution rates from April 2012.

3. Recognising the differences in the LGPS as the only funded scheme amongst the public sector schemes, the Government are prepared to accept alternative options to delivering the savings.

4. Following considerable discussion between the Department for Communities and Local Government, Employers and Unions, it was not possible to develop an option supported by all stakeholders. On 7 October 2011, the Government therefore issued their consultation paper on the options, with a closing date of 6 January 2012.

5. On 2 November 2011, the Government announced amendments to their preferred scheme design for future public sector pensions, aimed at delivering a framework acceptable to the Unions, and averting the first of a number of potential strikes, called for 30 November 2011.

6. This report sets out the main elements of the Government's consultation paper, considers the options going forward, and seeks the Committee's agreement to a consultation response on behalf of the Oxfordshire Pension Fund.

Consultation Document

7. The consultation document from the Government sets out two potential options for delivering the £900m saving from the LGPS (equivalent to an average 3.2% increase in employee contribution rates. Both options involve increases to employee contribution rates, and amendments to the accrual rate (the amount of pension earned by a member each year).

8. Under both options, the Government have stuck to the parameters from their initial scheme design so that no member on a full time equivalent salary of £15,000 or less will see an increase in their contributions, and those on a full time equivalent salary up to £21,000 see an increase of no more than 1.5%. No member should see an increase in their contribution greater than 6%.

9. In all cases, the increase in contribution rate is quoted before the impact of tax relief. The actual reduction in take home pay will therefore be less than the increase in contribution rate, the actual reduction being dependent on an individual's marginal tax rate.

10. Under option 1 within the consultation document, half of the £900m saving is to be met by an increase in employee contribution rates (average increase of 1.5%) with the other half being delivered by an amendment to the accrual rate from the current 1/60th of salary, to 1/64th with effect from April 2013, and then 1/65th from April 2014.

11. Under option 2, £300m of the saving is delivered by an average 1% increase in employee contribution rates, and the remaining £600m from a change in the accrual rate to 1/67th from April 2014.

12. How the employee contribution increases are differentiated across salary grades under the two options is set out in Annex 2.

13. The consultation document also draws attention to the option put forward by the Local Government Group. Under this option, the first £300m of saving is met by increasing the normal retirement age in the scheme to 66 from April 2014 (n.b. benefits built up before this date would retain the normal retirement age under the current arrangement). The remaining £600m is then met from providing employees an option of either an increase in their contribution rate, or a reduction in their accrual rate. Further details are also included in Annex 2.

14. The consultation paper noted that there would be many alternative combinations of the above changes which would deliver the £900m saving, and invited respondents to identify further options for consideration.

15. Finally the consultation paper addressed the issue of how any savings in costs would be fed back to employers and ultimately the tax payer. The paper noted that under the current Regulations there is no scope to reduce employer contribution rates between the three-yearly valuations. The paper

asked for views on technical changes to provide changes to employer contribution rates from April 2012.

The Government's Revised Preferred Design for New Pension Schemes

16. On 2 November 2011, Danny Alexander presented to the House of Commons amendments to the previous preferred design framework, under which the government expects each scheme to complete their scheme specific negotiations.

17. There were no changes to the Government's preferred design around employee contribution changes. The Government though did state a preference for a scheme accrual rate of 1/60th as opposed to 1/65th in their initial preferred design. They also stated that no scheme member within 10 years of their normal retirement date should see a change in when they can retire, nor any decrease in the pension they receive at their current normal retirement date.

Issues for Consideration

18. The Consultation Paper asked five specific questions where the Government would welcome views. The following sets out the officer view on each question, and at Annex 1 include a draft response to the consultation paper.

19. <u>Question 1 – Do the proposals meet the policy and objectives to deliver the necessary level of savings in the LGPS?</u> The costing of all the proposals are consistent, and have been undertaken by Actuaries. In principle therefore all should deliver the required savings. Actual savings will depend on the level of opt out from the scheme. In the short term, levels of opt out will further reduce the level of contributions required, as the level of future liabilities accruing decreases. However over the longer term, schemes will have to change their investment strategies increasing the cost of funding each £ of future liability. There will also be increased costs to the state welfare bill as more people reach retirement with insufficient financial provision.

20. <u>Question 2 – Are there any consequences or aspects of the proposals that have not been fully addressed?</u> As covered in the answer to question 1, the key consequence of the proposals is in respect of the level of potential opt out. The paper fails to appreciate the context in which these increases in employee contribution rates will take place. Most scheme members have not had a pay increase for over two years, and have seen the value of this level of pay eroded as inflation has climbed to its current levels of over 5%. There is therefore a real danger that a further real terms cut in take home pay through the proposed increases in contribution rate, no matter the size of the increase will lead to widespread opt out, to release cash to meet basic household bills.

21. This is not an issue of the benefits that being a member of the LGPS brings (which a series of briefings for staff can address), but a more fundamental issue of the ability of staff to afford the increase.

22. If staff opt out in large numbers, then the reduction in contributions received, combined with the increase in pensions in payments due to the increased numbers of early retirements as Council's deliver against their savings targets, will see the LGPS move from a positive to a negative cashflow. If this is the case, then Funds will need to review their investment strategies, increasing the emphasis on the need to release cash in the short term, at the expense of long term returns. This in turn will mean a switch from investments in equities to bonds, reducing the level of investment returns and driving back up the cost of the LGPS.

23. The two knock on consequence for the national economy are the increase in welfare payments where people are retiring without adequate pension provision, and impact on the stock markets and financial position of individual companies as LGPS funds sell significant levels of equities.

24. The consequences of the proposals on Administering Authorities and Employers should also be considered. The more complicated the proposal, the greater the cost of subsequent administration. In particular, the Local Government Group proposal which would allow individual scheme members to choose between increasing their contribution rate and reducing their accrual rate would create significant payroll administration where contribution rates could no longer simply be set by reference to look up tables for the relevant full time equivalent salary, as well as significant additional administration work for the pension authority.

25. <u>Question 3 – Is there a tariff or alternative measures which consultees think would help to further minimise any opt outs from the scheme?</u> As the main cause of future opt outs is seen as the impact on take home pay, the obvious alternative measure is to deliver the full £900m saving by way of amendments to the accrual rate. Advice from our Actuary suggests that this would require an amendment in the accrual rate to 1/70th.

26. For the majority of LGPS members, a change to the accrual rate is likely to pass unnoticed, and therefore will not create a drive to opt out. Even if such a drive developed, it is clear that an LGPS scheme built around the Government's preferred design provides a good level of pension, and better than many available in the private sector. Reminding members of the scheme benefits including death grants, dependent pensions etc, as well as the significant contribution from the employer should hopefully curtail any significant level of opt outs, where individual scheme members can continue to afford their own contribution.

27. It should also be noted that the more complex the proposal, the harder it will be to explain to scheme members. The Local Government Group proposal allowing members the choice of changing contribution rate or accrual rate will make it difficult to explain to individual scheme members the impact to their own personal circumstances, and so make it harder to dissuade large groups of staff from opting out.

28. The consultation paper did ask all consultees to provide prior notice of all alternative options by 28 October 2011, and to provide specific costings for such options by 25 November 2011. Given the Officer view about the merits of an option based entirely on the accrual rate, approval was sought and granted from the Chairman and Deputy Chairman of the Committee to submit an option based entirely on changes to the accrual rate. This was therefore submitted on 27 October, with costings based on the advice of the Actuary on 18 November 2011.

29. <u>Question 4 – Are there inequality issues that could result in any individual groups being disproportionately affected by the proposals? If so, what are considered to be the nature and scale of that disproportionate effect? What remedies would you suggest?</u> A key element of the Government's preferred design has been to protect the low paid from contribution increases, and ensure that the low and middle paid receive similar or better levels of pensions going forward. This has been reflected in their proposals around increasing employee contribution rates, with the higher paid taking a bigger share of the savings burden.

30. Switching to an option based entirely on amending the accrual rate whilst ensuring that all groups take a proportionate impact, is therefore inconsistent with the Government wish to protect the low and middle paid.

31. There is though a question as to whether any particular remedy is necessary. The proposal to deliver the whole saving through changes to accrual rates protects the low paid as well as all other groups from an increase in the contribution rates in line with the Government's preferred design. The reduction in accrual rates means all members suffer a proportionate reduction in their future pension.

32. The aim of the changes though is to deliver a scheme that is fair and affordable, sustainable in the long term, and that provides an adequate level of pensions for all staff. Lord Hutton took the benchmark figures from Lord Turner's earlier report as a good guide to an adequate level of pension.

33. As part of its preferred design, the Government wishes to see the normal retirement age in public sector schemes linked to the State Pension Age. That means that going forward, all members will spend longer contributing into their pension scheme than they do at present. With the State Pension Age potentially rising as high as 70 in the not too distant future, staff who join the LGPS at 20 could accrue 50 years of service before drawing their pension.

34. Based on the Governments revised preferred design of an accrual rate of $1/60^{th}$, staff whose earnings simply move in line with average earnings over their career will accrue a pension of around $50/60^{th}$ or 83% of pay. Many of the low and middle earnings would be in this situation. When combined with a basic state pension in the order of the widely discussed £140 a week, staff on salaries below £44,000 will retire on a total pension in excess of their salary.

35. Switching the accrual rate to 1/70th would mean that those on salaries up to £26,000 would retire on a pension equal or above their salary. No group would have a total pension below Lord Turner's benchmark.

36. It would therefore appear that a change to a 1/70th based scheme would still meet the Government's targets of protecting the low paid from a contribution rate, and providing all staff with a pension at or above Lord Turner's benchmark levels. No further remedy would therefore be required.

37. Indeed maintaining the accrual rate at 1/60th in line with the Government's revised preferred design will result in scheme members being asked to pay more for a pension they arguably do not need, which appears inconsistent with the aim of designing an affordable and sustainable scheme. The options of AVC's and Additional Revenue Contributions remain open to all members who wish to increase their pension provision above the benchmark levels, at no additional cost to the employer and tax payer.

38. <u>Question 5 Within the consultation period, consultee's views are invited on the prospects of introducing into the LGPS a link with state pension age as recommended to the Government in Lord Hutton's report.</u> This Committee has previously supported the link between the scheme's normal retirement age and the state pension age, as the best means of mitigating the risk of rising costs due to increasing longevity. However bringing forward to April 2014 the increase in normal retirement age to 66 is likely to be confusing for members in advance of the actual change to state pension age.

39. It is also in conflict with the Government's recent statement that those within 10 years of retirement will not see any change in their normal retirement age, nor in the value of their pension at their normal retirement age. Given that the full saving can be delivered through changes to the accrual rate, a change to the normal retirement age in advance of the changes to state pension age are seen as unnecessary and confusing, and potential a further cause of opt out.

40. <u>Additional Question – Should the Government introduce statutory amendments to allow rates and adjustment certificates to be varied in advance of the next formal Valuation?</u> Under the preferred option of delivering the full saving through amending the accrual rate, effective from 1 April 2014 in line with the 2013 valuation results, there will be no need to introduce further statutory amendments.

41. If the Government were to introduce one of the other options with savings in the earlier years, there is still considerable doubt on the merits of introducing statutory amendments to allow employer contribution rates to be varied in advance of the next valuation. Part of the current regulatory requirements on the Actuary is to keep the employer contribution rate as near stable as possible. This supports financial management across all employers, smoothing out the potential short term variances caused by market movements etc.

42. Since the 2010 Valuation, movements in the financial markets have led to projected changes in the funding position for the Scheme. The latest report from our Actuaries suggests a 0.1% increase in average employer rates would have been required if a valuation exercise had been completed at the end of September.

43. Depending on future movements in the financial markets, and the outcome of the further changes to be implemented to the LGPS, it is likely that employer rates will have to move again as a result of the 2013 Valuation, possibly increasing rates. It does not make sense to introduce this level of volatility into employer contribution rates over such a short term period.

44. It should also be considered that the Fund is currently running at a 21% deficit level. The first option in terms of any potential savings should therefore be a call against this deficit. This will be on increased significance if the scheme changes do result in significant levels of opt out, the cessation of a number of admission agreements and a rapid maturity of the scheme.

Conclusions

45. The main aim of any changes to the LGPS (and all public sector schemes) is to ensure that we have an affordable and sustainable scheme which is fair to the tax payer and provides adequate pensions for our staff in retirement. Any option which leads to significant levels of opt out will fail against this aim.

46. Any option which protects the accrual rate at the expense of employee contribution rates is likely to lead to a higher level of opt out and therefore fail in the long term to deliver the main policy objectives. As normal retirement age is extended, protecting the accrual rate will also lead to the accrual of pensions well in excess of the benchmark levels set out by Lord Turner and accepted by Lord Hutton as a good guide to adequate pensions. Unaffordable increases in employee contributions to deliver pensions above benchmark levels are not seen as an appropriate way forward.

47. The Committee is therefore recommended to support the option to deliver the full £900m saving by way of a change to the accrual rate to 1/70th, effective from April 2014 in line with the next Valuation. This option is seen as delivering the full saving, maintaining adequate pensions for all as well as maintaining affordable levels of employee contributions.

Recommendation

48. The Committee is RECOMMENDED to consider the issues raised in this report, and agree the consultation response as drafted at Annex 1 with any appropriate amendments, to be sent to the Government as the formal response of the Committee.

Sue Scane
Assistant Chief Executive and Chief Finance Officer

Background papers: Nil
Contact Officer: Sean Collins
November 2011

Annex 1 - Draft Consultation Response

To be sent by email to Richard McDonagh at the Department for Communities and Local Government.

Dear Richard

Consultation on proposed increases to employee contribution rates and changes to scheme accrual rates, effective from 1 April 2012 in England and Wales.

I am writing in response to Terry Crossley's letter of 7 October 2011 inviting comments on the attached options for changes to the LGPS scheme in England and Wales. This response is made on behalf of the Oxfordshire Pension Fund Committee, acting as the Administering Authority for the Oxfordshire Fund, and was agreed at their full meeting on 2 December 2011. As requested in the Consultation Paper, the Committee have framed their response around the specific questions set out in the paper.

<u>Question 1 – Do the proposals meet the policy and objectives to deliver the necessary level of savings in the LGPS?</u> The costings of all the proposals are consistent, and have been undertaken by Actuaries. In principle therefore all should deliver the required savings. Actual savings will depend on the level of opt out from the scheme. In the short term, levels of opt out will further reduce the level of contributions required, as the level of future liabilities accruing decreases. However over the longer term, schemes will have to change their investment strategies increasing the cost of funding each £ of future liability. There will also be increased costs to the state welfare bill as more people reach retirement with insufficient financial provision.

<u>Question 2 – Are there any consequences or aspects of the proposals that have not been fully addressed?</u> As covered in the answer to question 1, the key consequence of the proposals is in respect of the level of potential opt out. The paper fails to appreciate the context in which these increases in employee contribution rates will take place. Most scheme members have not had a pay increase for over two years, and have seen the value of this level of pay eroded as inflation has climbed to its current levels of over 5%. There is therefore a real danger that a further real terms cut in take home pay through the proposed increases in contribution rate, no matter the size of the increase, will lead to widespread opt out to release cash to meet basic household bills.

This is not an issue of the benefits that being a member of the LGPS brings (which a series of briefings for staff can address), but a more fundamental issue of the ability of staff to afford the increase.

If staff opt out in large numbers, then the reduction in contributions received, combined with the increase in pensions in payments due to the increased numbers of early retirements as Council's deliver against their savings targets, will see the LGPS move from a positive to a negative cashflow. If this is the case, then Funds will need to review their investment strategies, increasing the emphasis on the need to release cash in the short term, at the expense of long term returns. This in turn will mean a switch from investments in equities to bonds, reducing the level of investment returns and driving back up the cost of the LGPS.

The two knock on consequence for the national economy are the increase in welfare payments where people are retiring without adequate pension provision, and impact on the stock markets and financial position of individual companies as LGPS funds sell significant levels of equities.

The consequences of the proposals on Administering Authorities and Employers should also be considered. The more complicated the proposal, the greater the cost of subsequent administration. In particular, the Local Government Group proposal which would allow individual scheme members to choose between increasing their contribution rate and reducing their accrual rate would create significant payroll administration where contribution rates could no longer simply be set by reference to look up tables for the relevant full time equivalent salary, as well as significant additional administration work for the pension authority.

<u>Question 3 – Is there a tariff or alternative measures which consultees think would help to further minimise any opt outs from the scheme?</u> As the main cause of future opt outs is seen as the impact on take home pay, the obvious alternative measure is to deliver the full £900m saving by way of amendments to the accrual rate. Advice from our Actuary suggests that this would require an amendment in the accrual rate to 1/70th.

For the majority of LGPS members, a change to the accrual rate is likely to pass unnoticed, and therefore will not create a drive to opt out. Even if such a drive developed, it is clear that an LGPS scheme built around the Government's preferred design provides a good level of pension, and better than many available in the private sector. Reminding members of the scheme benefits including death grants, dependent pensions etc, as well as the significant contribution from the employer should hopefully curtail any significant level of opt outs, where individual scheme members can continue to afford their own contribution.

It should also be noted that the more complex the proposal, the harder it will be to explain to scheme members. The Local Government Group proposal allowing members the choice of changing contribution rate or accrual rate will make it difficult to explain to individual scheme members the impact to their own personal circumstances, and so make it harder to dissuade large groups of staff from opting out.

<u>Question 4 – Are there inequality issues that could result in any individual groups being disproportionately affected by the proposals? If so, what are considered to be the nature and scale of that disproportionate effect? What remedies would you suggest?</u> A key element of the Government's preferred design has been to protect the low paid from contribution increases, and ensure that the low and middle paid receive similar or better levels of pensions going forward. This has been reflected in their proposals around increasing employee contribution rates, with the higher paid taking a bigger share of the savings burden.

Switching to an option based entirely on amending the accrual rate whilst ensuring that all groups take a proportionate impact, is therefore inconsistent with the Government wish to protect the low and middle paid.

There is though a question as to whether any particular remedy is necessary. The proposal to deliver the whole saving through changes to accrual rates protects the low paid as well as all other groups from an increase in the contribution rates in line with the Government's preferred design. The reduction in accrual rates means all members suffer a proportionate reduction in their future pension.

The aim of the changes though is to deliver a scheme that is fair and affordable, sustainable in the long term, and that provides an adequate level of pensions for all staff. Lord Hutton took the benchmark figures from Lord Turner's earlier report as a good guide to an adequate level of pension.

As part of its preferred design, the Government wishes to see the normal retirement age in public sector schemes linked to the State Pension Age. That means that going forward, all members will spend longer contributing into their pension scheme than they do at present. With the State Pension Age potentially rising as high as 70 in the not too distant future, staff who join the LGPS at 20 could accrue 50 years of service before drawing their pension.

Based on the Government's revised preferred design of an accrual rate of 1/60th, staff whose earnings simply move in line with average earnings over their career will accrue a pension of around 50/60th or 83% of pay. Many of the low and middle earnings would be in this situation. When combined with a basic state pension in the order of the widely discussed £140 a week, staff on salaries below £44,000 will retire on a total pension in excess of their salary.

Switching the accrual rate to 1/70th would mean that those on salaries up to £26,000 would retire on a pension equal or above their salary. No group would have a total pension below Lord Turner's benchmark.

It would therefore appear that a change to a 1/70th based scheme would still meet the Government's targets of protecting the low paid from a contribution rate, and providing all staff with a pension at or above Lord Turner's benchmark levels. No further remedy would therefore be required.

Indeed maintaining the accrual rate at 1/60th in line with the Government's revised preferred design will result in scheme members being asked to pay more for a pension they arguably do not need, which appears inconsistent with the aim of designing an affordable and sustainable scheme. The options of AVC's and Additional Revenue Contributions remain open to all members who wish to increase their pension provision above the benchmark levels, at no additional cost to the employer and tax payer.

<u>Question 5 Within the consultation period, consultee's views are invited on the prospects of introducing into the LGPS a link with state pension age as recommended to the Government in Lord Hutton's report</u>. This Committee has

previously supported the link between the scheme's normal retirement age and the state pension age, as the best means of mitigating the risk of rising costs due to increasing longevity. However bringing forward to April 2014 the increase in normal retirement age to 66 is likely to be confusing for members in advance of the actual change to state pension age.

It is also in conflict with the Government's recent statement that those within 10 years of retirement will not see any change in their normal retirement age, nor in the value of their pension at their normal retirement age. Given that the full saving can be delivered through changes to the accrual rate, a change to the normal retirement age in advance of the changes to state pension age are seen as unnecessary and confusing, and potential a further cause of opt out.

<u>Additional Question – Should the Government introduce statutory amendments to allow rates and adjustment certificates to be varied in advance of the next formal Valuation?</u> Under the Committee's preferred option of delivering the full saving through amending the accrual rate, effective from 1 April 2014 in line with the 2013 valuation results, there will be no need to introduce further statutory amendments.

If the Government were to introduce one of the other options with savings in the earlier years, there is still considerable doubt on the merits of introducing statutory amendments to allow employer contribution rates to be varied in advance of the next valuation. Part of the current regulatory requirements on the Actuary is to keep the employer contribution rate as near stable as possible. This supports financial management across all employers, smoothing out the potential short term variances caused by market movements etc.

Since the 2010 Valuation, movements in the financial markets have led to projected changes in the funding position for the Scheme. The latest report from our Actuaries suggests a 0.1% increase in average employer rates would have been required if a valuation exercise had been completed at the end of September.

Depending on future movements in the financial markets, and the outcome of the further changes to be implemented to the LGPS, it is likely that employer rates will have to move again as a result of the 2013 Valuation, possibly increasing rates. It does not make sense to introduce this level of volatility into employer contribution rates over such a short term period.

It should also be considered that the Fund is currently running at a 21% deficit level. The first option in terms of any potential savings should therefore be a call against this deficit. This will be on increased significance if the scheme changes do result in significant levels of opt out, the cessation of a number of admission agreements and a rapid maturity of the scheme.

<u>Conclusions</u>

The main aim of any changes to the LGPS (and all public sector schemes) is to ensure that we have an affordable and sustainable scheme which is fair to the tax payer and provides adequate pensions for our staff in retirement. Any option which leads to significant levels of opt out will fail against this aim.

Any option which protects the accrual rate at the expense of employee contribution rates is likely to lead to a higher level of opt out and therefore fail in the long term to deliver the main policy objectives. As normal retirement age is extended, protecting the accrual rate will also lead to the accrual of pensions well in excess of the benchmark levels set out by Lord Turner and accepted by Lord Hutton as a good guide to adequate pensions. Unaffordable increases in employee contributions to deliver pensions above benchmark levels are not seen as an appropriate way forward.

The Committee is therefore recommended to support the option to deliver the full £900m saving by way of a change to the accrual rate to 1/70th, effective from April 2014 in line with the next Valuation. This option is seen as delivering the full saving, maintaining adequate pensions for all as well as maintaining affordable levels of employee contributions. As requested in the consultation paper, the Committee did provide prior notice of this option, by emails to the Department on 27 October 2011 and 18 November 2011.

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

On behalf of the Oxfordshire Pension Fund Committee

Annex 2 – Proposed Changes to Employee Contribution Rates

The following table reflects the contribution rates payable by employees in 2014/15 based on their full time equivalent salary under the two options proposed by the Government, and the preferred option under the Local Government Group's paper. Lower rates are payable from April 2012 and 13 as the changes are phased in.

Under the proposed preferred option, all rates will remain in line with the current figures.

Salary Range	% of current membership	Current Rate	Option One 2014/15 Rate	Option One Total Increase	Option Two 2014/15 Rate	Option Two Total Increase	LGG Option 2014/15 Rate	LGG Option Total Increase
0-12,900	8.7	5.5	5.5	0.0	5.5	0.0	5.5	0.0
12,901 – 15,100	10.6	5.8	5.8	0.0	5.8	0.0	5.8	0.0
15,101 – 19,400	25.2	5.9	6.0	0.1	6.0	0.1	7.4	1.5
19,401 – 21,000	7.5	6.5	7.7	1.2	6.8	0.3	8.0	1.5
21,001 – 24,000	)))31.3	6.5	8.3	1.8	7.5	1.0	8.5	2.0
24,001 – 32,400	)))	6.5	8.3	1.8	7.5	1.0	9.0	2.5
32,401 – 43,300	11.1	6.8	8.7	1.9	8.2	1.4	9.3	2.5
43,301 – 60,000	4.2	7.2	9.0	1.8	8.8	1.6	9.7	2.5
60,001 – 81,100	0.9	7.2	10.0	2.8	9.5	2.3	9.7	2.5
81,101 – 100,000	0.2	7.5	11.0	3.5	10.5	3.0	10.0	2.5
100,001 – 150,000	0.2	7.5	12.0	4.5	11.5	4.0	10.0	2.5
150,001 and above	0.1	7.5	12.5	5.0	12.5	5.0	10.0	2.5

Option One – Savings delivered by increase in Employee Contribution Rates £450m, balance by reduction in accrual rates to $1/64^{th}$ in April 2013, and $1/65^{th}$ in April 2014.

Option Two – Savings delivered by increase in Employee Contribution Rates £300m, balance by reduction in accrual rate to 1/67ths from April 2014.
Local Government Group Option – Savings Delivered by increase in Employee Contribution Rates £600m, although individual scheme members can opt to maintain current rate and have a reduction in their accrual rate. Balance of Savings delivered by increasing normal retirement age to 66 from April 2014.

Proposed Option – No increase in employee contribution rates. Full saving delivered by reduction in accrua

This page is intentionally left blank

Division(s): N/A

PENSION FUND COMMITTEE – 2 DECEMBER 2011

ADMISSION AGREEMENTS

Report by Assistant Chief Executive and Chief Finance Officer

Introduction

1. At the September meeting of this Committee it was agreed that any new non-contentious admission agreements could be agreed by the Service Manager (Pensions, Insurance & Money Management) following consultation with the Chairman, Vice Chairman and Opposition Spokesperson.

2. No new cases arose since that meeting that have required urgent decision before the meeting of this Committee. However we have recently received a number of applications as a result of outsourcing exercises within the Council, and these are brought to the Committee today for approval.

3. This report also brings to this Committee's attention a technical change in the admission arrangements for staff in our Foundation schools. The committee are requested to note the retrospective changes.

New Applications

4. There are two applications in respect of the outsourcing of extra care housing services from Adult Social Care. These result from the outsourcing of the extra care housing schemes based at Nicholson House and across Greater Leys.

5. In both cases, the County Council as the contracting authority have agreed a risk sharing arrangement whereby they will fund the pension costs associated with the contract, unless the costs result directly from the actions of the contractor (e.g. awarding pay increases in excess of that awarded to similar staff within the Council). The risk to the Pension Fund of the admission agreements is therefore mitigated.

6. Application 1 is from Leonard Cheshire and is in respect of 12 employees who provide the extra care housing from Nicholson House. The admission agreement will be closed, i.e. membership will not be open to new employees of Leonard Cheshire who were not employed at the point of transfer.

7. Application 2 is from Allied HealthCare and is in respect of 4 employees who provide the extra care housing service in Greater Leys. This is also a closed agreement restricted to the staff covered by TUPE.

8. The next application is in respect of Food for Thought a private catering company who have successfully tendered for the outsourced contract to provide the school catering service to Faringdon Community College.

9. The service contract will include the normal risk sharing arrangements, such that the Pension Fund is indemnified against the key financial risks. At the point of transfer, Food for Thought will be grouped with the County Council. However if the school obtains Academy status, then Food for Thought will be grouped with the Academy.

10. The admission agreement will be closed and cover 5 transferring employees, although only 2 are current members of the scheme.

11. The final application for consideration at this Committee results from a change to the contractual arrangements for the Children and Adolescents Mental Health Services (CAMHS) social care service. This service is currently provided by Oxford Health under contract to the County Council. Oxford Health is a transferee admission body, employing staff transferred under TUPE from the County Council.

12. From April 2012, the contractual arrangements for the service change, coming under the pooled budget, with the contract held by the PCT. As the PCT is not a scheme employer, the transferee admission agreement must cease, and a new community admission agreement needs to be set up to enable Oxford Health to remain admitted to the Oxfordshire Fund, and the current LGPS member to retain their scheme membership.

Technical Changes

13. As part of the work on exploring the pension arrangements for Academies, it came to the attention that a number of Oxfordshire schools had adopted Foundation status. This change in status should have amended the nature of the membership arrangements for the school staff.

14. Non-teaching employees of Oxfordshire maintained schools are automatically members of the Local Government Pension Scheme through their employment by the County Council. On the change to Foundation Status, the employment position changes, with the Governing Body taking on the employer role.

15. To enable employees to maintain their LGPS membership, the Governing Body of each new Foundation School should pass a resolution to seek to allow membership for their staff and this must be accepted by the Education Authority.

16. We have now retrospectively obtained the appropriate resolutions from the Governing Bodies of The Warriner, Banbury, Oxford, Woodeaton Manor and King Alfred Schools and the approval from the Director for Children, Education and Families to formalise the continued LGPS membership of the employees from these schools.

17. All schools which switch to Foundation Status in future will need to pass the appropriate resolution.

Recommendation

18. **The Pension Fund Committee is RECOMMENDED to approve the admission applications from:**

- **Leonard Cheshire**
- **Allied HealthCare**
- **Food for Thought**
- **Oxford Health**

and note the retrospective changes in respect of Oxfordshire's Foundation schools as listed in paragraph 16.

Sue Scane
Assistant Chief Executive and Chief Finance Officer

Background papers: Nil
Contact Officer: Sean Collins (Tel: (01865) 717190
November 2011

This page is intentionally left blank

Division(s):N/A

PENSION FUND COMMITTEE – 2 DECEMBER 2011

WRITE OFFS

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 have approved the write off of £14.50, chargeable to the pension fund in respect of six cases.

5. In all six cases, the small size of the debt (the highest being £5.63), meant that the debt was uneconomic 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: Sean Collins Tel: (01865) 797190
November 2011

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 1, 2, 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank