

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 18 March 2011 at 9.45 am

County Hall, New Road, Oxford



Peter G. Clark
County Solicitor

March 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
Roy Darke

Stewart Lilly
Don Seale

C.H. Shouler

Co-optees

District Councillor Richard Langridge
District Councillor Jerry Patterson

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 3 June 2011***

Declarations of Interest

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

The duty to declare ...

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

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

Whose interests are included ...

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

When and what to declare ...

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

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

Taking part if you have an interest ...

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

"Prejudicial" interests ...

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

What to do if your interest is prejudicial ...

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

Exceptions ...

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

Seeking Advice ...

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

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

AGENDA

1. **Apologies for Absence and Temporary Appointments**
2. **Declarations of Interest - see guidance note**
3. **Minutes (Pages 1 - 8)**

To approve the minutes of the meeting held on 3 December 2010 (**PF3**) and to receive for information any matters arising on them.

4. **Petitions and Public Address**
5. **Overview of Past and Current Investment Position (Pages 9 - 38)**

9:55

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

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

Table 1	provides a consolidated valuation of the Pension Fund at 31 December 2010
Tables 2 to 7	provide details of the individual manager's asset allocations and compare these against their benchmark allocations
Table 8	shows net investments/disinvestments during the quarter
Tables 9 to 10	provide details on the Pension Fund's Private Equity
Tables 11 to 19	provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 31 December 2010

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

- Graph 1 - Value of Assets
- Graph 2 - Alliance Bernstein

Graph 4 - 5 - Baillie Gifford
Graph 6 - 7 - Legal & General
Graph 8 - 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 8, 9, and 10 on the agenda.

6. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 7, 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 10 and 11, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

7. Overview and Outlook for Investment Markets (Pages 39 - 46)

10:05

Report of the Independent Financial Adviser (**PF7**).

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.

8. Baillie Gifford

10:20

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 7 and 8.
- (2) The representatives (Mr L Robb and Mr A Dickson) of the Fund Manager will:
 - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 December 2010;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 December 2010.

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.

9. Alliance Bernstein

11:00

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Alliance Bernstein drawing on the tables at Agenda Items 7 and 8.

- (2) The representatives (Mr N Davidson and Mr D Stewart) of the Fund Manager will:
- (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 December 2010;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 December 2010.

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

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

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

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

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

11:40

The Independent Financial Adviser will report orally on the main issues arising from the reports from UBS and Legal & General in conjunction with information contained in the tables (Agenda Item 7).

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.

11. Summary by the Independent Financial Adviser

11:45

The Independent Financial Adviser will, if necessary, summarise the foregoing reports of the Fund Managers 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.*

12. Fundamental Review of Investment Strategy and Management (Pages 47 - 86)

11:50

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

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 are RECOMMENDED to approve the recommendations as contained within the report PF12E.

13. Annual Review of the Independent Financial Adviser (Pages 87 - 92)

12:50

The report (**PF13E**) reviews the activity of Mr P. Davies, the Independent Financial Adviser, over the past year.

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 are RECOMMENDED to:

- (a) ***note the variation to Mr Davies contract, as set out in report PF13; and***
- (b) ***consider whether it wishes to provide Mr Davies with any feedback on his performance.***

LUNCH

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

14. Independent Public Service Pensions Commission - Final Report

14.00

Lord Hutton is due to issue his final report on the future of public services pensions on 10 March. Sean Collins will give an oral report on its main findings.

The Committee is RECOMMENDED to note the report.

15. Oxfordshire Pension Fund Business Plan and Budget for 2011/2012 (Pages 93 - 108)

14:10

The Business Plan summarises the functions undertaken in managing the Fund, identifying and prioritising key tasks for the coming year and outlines the significant risks associated with the Fund. The budget for 2011/12 is also presented for approval (**PF15**).

The Committee is RECOMMENDED to approve the Pension Fund Business Plan and Budget for 2011/2012.

16. Pension Fund Cash Management 2011-12 (Pages 109 - 112)

14:20

From April 2011, the Fund's resources will be kept totally separate from County Council resources, including cash balances. Previously these cash balances were managed with the County Council's cash balances in accordance with the Council's Treasury Management Strategy. Separating resources means it is necessary for the Pension Fund to agree its own Cash Management Strategy.

The Pension Fund Committee is RECOMMENDED to:

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

17. Custody of Assets

14:30

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

The Pension Fund is RECOMMENDED to delegate decision making related to custody of assets to the Chief Finance Officer and Monitoring Officer, after consultation with the Chairman of the Committee.

18. Write Off's (Pages 113 - 114)

14:35

Report of the Assistant Chief Executive and Chief Finance Officer (**PF18**)

The report sets out write off's which have taken place under the Council's Scheme of Financial Delegation.

The Pension Fund Committee is RECOMMENDED to note this report.

19. Corporate Governance and Socially Responsible Investment

14:40

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.

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on 15 March 2011 at 4:00pm for the Chairman, Deputy Chairman and Opposition Group Spokesman.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 3 December 2010 commencing at 10.00 am and finishing at 3.48 pm

Present:

Voting Members: Councillor David Harvey – in the Chair

Councillor Bill Service
Councillor Jean Fooks
Councillor Stewart Lilly
Councillor Don Seale
Councillor C.H. Shouler
Councillor John Tanner

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

Independent Financial Adviser: Mr P Davies

By Invitation: Mr T Wheeler (Consultant)

Officers:

Whole of meeting Mr P Gerrish (Head of Finance & Procurement), Mr S Collins (Shared Services), Mrs D Ross (Financial Services) and Ms M Holyman (Law & Governance)

Part of meeting Mrs S Fox (Shared Services)

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

72/10 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

An apology for absence was received from Peter Fryer (Beneficiaries' Observer).

73/10 DECLARATIONS OF INTEREST

(Agenda No. 2)

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

74/10 MINUTES

(Agenda No. 3)

The minutes of the meeting of the Committee held on 3 September 2010 were approved and signed.

75/10 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

Mr Birkett, Finance Director of CfBT, addressed the meeting on Item 17(b). He spoke in support of recommendation (b) in the report.

76/10 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 valuation of the Pension Fund had recovered to the level it had been at March 2010 and that the valuation had increased marginally above this level by the end of November. He added that UBS had invested part of the £10m it had been allocated recently in this quarter and the remainder of it would be invested in the forthcoming quarter.

RESOLVED: to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they relate to Items 7, 8, 9 and 10 on the agenda.

77/10 EXEMPT ITEMS

RESOLVED: that the public be excluded for the duration of Items 6, 7, 8, 9, 10 and 11 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it was considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

78/10 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 6)

The Committee considered a report (PF6) which set out an overview of the current and future investment scene and market developments across various regions and

sectors. Members asked questions and the Independent Financial Adviser responded to them.

RESOLVED: to receive the report, tables and graphs, to receive the oral report and to bear the Independent Financial Adviser's conclusions in mind when considering the Fund Managers' reports.

79/10 UBS

(Agenda No. 7)

The representatives (Mr P Harris and Mr N Melhuish) reported and reviewed the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 30 September 2010. The representatives responded to members' questions.

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

80/10 PARTNERS GROUP

(Agenda No. 8)

The representatives (Mr G Waller and Ms V Sloan) of Partners Group provided a brief outline of Partners Group and the areas in which they invested. They detailed how the Pension Fund had been invested and how the funds had been performing and their future prospects. The representatives responded to members' questions.

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

81/10 PRIVATE EQUITY

(Agenda No. 9)

The Committee considered a report (PF9) which detailed the current listed and unlisted investments in private equity, reflected on the implications of the recent market volatility on the value of those investments and outlined the current strategy for investing in Private Equity.

RESOLVED: to note the report.

82/10 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 10)

The Independent Financial Adviser reported that Alliance Bernstein's recent performance had been adequate and that Baillie Gifford and Legal & General had performed well.

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

83/10 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 11)

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

84/10 ANNUAL REPORT AND ACCOUNTS 2009/10

(Agenda No. 12)

The Committee considered the Pension Fund Annual Report and Accounts for 2009/10.

RESOLVED: to adopt formally the Pension Fund Annual Report and Accounts 2009/10.

85/10 ORDER OF BUSINESS

The Committee agreed to vary the order of business so that item 13 could be considered after lunch. It agreed to consider Item 14 and subsequent items, if time permitted, before lunch.

86/10 LOCAL GOVERNMENT PENSION SCHEME (MISCELLANEOUS) REGULATIONS - SI 2010/2090

(Agenda No. 14)

The Committee considered a report (PF14) which informed the Committee of the changes introduced by the Local Government Pension Scheme (Miscellaneous) Regulations, which came into force on 30 September 2010. These regulations introduced some 56 changes, with retrospective effect from April 2008, October 2008, April 2009 and December 2009, although many of these were technical clarifications. The report detailed the most significant of these changes.

RESOLVED: to note the report.

87/10 INVESTMENT MANAGER MONITORING ARRANGEMENTS

(Agenda No. 15)

The Committee considered a report (PF15) which proposed a timetable for the monitoring arrangements for the Investment Managers for the next 16 months.

RESOLVED: to agree the programme of manager meetings as set out in the report.

88/10 MEMBERS' TRAINING PLAN

(Agenda No. 16)

The Committee considered a report (PF16) which proposed a training plan for members of the Pension Fund Committee.

RESOLVED: to approve the Training Plan at Annex 1 to the report, subject to the amendment in Annex 1, of Annual Training Events, column 3, Committee Training Day "July '11" to read "June '11".

89/10 EMPLOYER UPDATE

(Agenda No. 17c)

The Assistant Chief Executive and Chief Finance Officer advised the Committee as follows:

Oxfordshire Mental Health Matters (OMHM)

Trustees from OMHM had made a submission to this Committee in June to request that the closure valuation be assessed on an on-going basis. Following the departure of the remaining staff, the closure valuation had been updated resulting in a revised closure valuation amount of £21,000.

Oxford Spires Academy

Oxford School was taking academy status from 1 January 2011 and so would become a scheduled scheme employer from that date.

RESOLVED: to note the report.

90/10 SEPARATE PENSION FUND BANK ACCOUNT

(Agenda No. 18)

The Committee considered a report (PF18) which updated the Committee on progress in meeting the regulatory requirement for a separate bank account and provided an update of the implications of the change to the Council's financial systems.

RESOLVED: to note the report and the action taken to meet the requirements of a separate bank account.

91/10 INDEPENDENT PUBLIC SERVICE PENSIONS COMMISSION

(Agenda No. 13)

The Committee considered a report (PF13) which updated the Committee on the Interim Report of the Independent Public Service Pensions Commission.

The Committee made the following comments on the report:

- Change from final salary to career average
- The scheme should be easily understood
- Define pay below £21k as low pay: this might require additional pay bands to avoid "cliff edge" changes in contribution rates
- To encourage employees to join, the employee contribution rate should not be set too high
- 3% increase in employee contribution was too high
- LGPS was different from other public sector pensions as it was a funded scheme and should be treated differently
- The state pension should not be taken into account so that the LGPS pension could be reduced. It also complicated the scheme.

- The LGPS was a defined benefits scheme and should not be changed into a hybrid scheme
- There should be no cap on the level of pension an employee could receive
- Age at which an employee could receive their LGPS pension scheme could be linked to the age at which they received the state pension with the government setting the age
- Membership of LGPS should not be mandatory
- Would consider pooling administration with a number of other administering authorities if significant savings could be achieved but wanted to retain control of the investment of the pension fund locally
- Revert to 1/80th accrual
- Accrued benefits to be protected
- Close the existing arrangements for new accrual, revalue the benefits on the basis on an agreed index (presumably CPI in line with the new arrangements for deferred benefits), with benefits payable in line with the regulations at the time of retirement.

RESOLVED: to ask Mr Collins to circulate the draft response to all members of the Committee before he despatched the response to the Government.

92/10 CESSATION VALUATIONS

(Agenda No. 17a)

The Committee considered a report (PF17(a)) which responded to the concerns from a number of Admitted Bodies to the Oxfordshire Pension Fund about the potential costs associated with the ending or significant scaling down of their Fund membership.

RESOLVED: to:

- (a) seek recovery of the deficit from those scheme employers funding the contractual arrangements, who arguably had retained the resources to meet this deficit payment on an on-going basis, noting that there was no statutory basis to enforce this option if the relevant scheme employers did not accept responsibility; and
- (b) agree to adopt a revised approach in line with paragraphs 11-18 in the report and to ask Officers to amend the Funding Strategy Statement accordingly.

93/10 EXEMPT ITEM

RESOLVED: that the public be excluded for the duration of Item 17(b) in the Agenda since it was likely that if they were present during that item there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to that item in the Agenda and since it was considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

94/10 APPLICATIONS FOR VALUATION

(Agenda No. 17b)

The Committee considered a report (PF17(b)) containing two applications for valuation.

RESOLVED:

- (a) In respect of the application in Annex 1 to the report, to confirm to the organisation that all future valuations, including a cessation valuation, would be undertaken on an on-going basis, with the Pension Fund as a whole underwriting the risk of any eventual shortfall, and gaining the benefit of any future surplus;
- (b) In respect of the application in Annex 2 to the report, to RECOMMEND Cabinet to accept the transfer of responsibility for the past service deficit in respect of those staff formerly employed by the organisation solely to work on the Connexions service, and the corresponding increase in the Council's contribution rate.

95/10 PAYMENT OF DEATH BENEFIT

(Agenda No. 19)

The Committee considered a report (PF19) on the options for the payment of a death grant.

RESOLVED: to approve the payment of the death grant equally between the member's three surviving children and her partner.

96/10 PENSION FUND VALUATION 2010

(Agenda No. 20)

The Committee considered a report (PF20) which updated the Committee on the 2010 valuation process.

RESOLVED: to note the interim valuation results produced by the Actuary and to agree it had no issues to raise as a Committee with the Actuary at the Employers' Forum.

97/10 WRITE OFF'S

(Agenda No. 21)

The Committee considered a report (PF21) which set out write off's taken under the Council's Scheme of Financial Delegation.

RESOLVED: to note the report.

98/10 REVIEW OF ADMINISTERING AUTHORITY'S ABATEMENT POLICY

(Agenda No. 22)

The Committee considered a report (PF22) reviewing the Administering Authority's current abatement policy.

RESOLVED: to agree not to have an abatement policy.

99/10 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 23)

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

RESOLVED: to note the report.

100/10 ANNUAL PENSION FORUM

(Agenda No. 24)

The Committee was reminded that the Annual Pension Forum would take place on Friday 10 December 2010 at 9.50 am.

RESOLVED: to note the position.

..... in the Chair

Date of signing

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st DECEMBER 2010**

Investment	COMBINED PORTFOLIO 1.10.10		Alliance Bernstein Global Equities		Baillie Gifford UK Equities		Legal & General UK Equity Passive		Legal & General Fixed Interest		UBS Overseas Equities and Property		Other Investments		COMBINED PORTFOLIO 31.12.10		OCC Customised Benchmark
	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	
EQUITIES																	
UK Equities	360,027	10.6%	26,589	10.6%	229,623	98.5%	127,615	100.0%	0	0.0%	0	0.0%	0	0.0%	383,827	31.7%	31.0%
US Equities	90,433	40.8%	102,394	40.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	102,394.0	8.5%	8.5%
European Equities	37,956	17.0%	42,686	17.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	42,686.0	3.5%	3.5%
Japanese Equities	21,146	8.1%	20,403	8.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	20,403.0	1.7%	1.7%
Pacific Basin Equities	2,601	1.5%	3,635	1.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	3,635.0	0.3%	0.3%
Emerging Markets Equities	63,012	21.0%	52,835	21.0%	0	0.0%	0	0.0%	0	0.0%	17,014	6.6%	0	0.0%	69,849.0	5.8%	5.8%
UBS Global Pooled Fund	152,773	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	169,411	65.6%	0	0.0%	169,411.0	14.0%	14.0%
Total Overseas Equities	367,921	88.4%	221,953	88.4%	0	0.0%	0	0.0%	0	0.0%	186,425	72.2%	0	0.0%	408,378.0	33.7%	32.0%
BONDS																	
UK Gilts	32,365	0.0%	0	0.0%	0	0.0%	0	0.0%	29,547	16.1%	0	0.0%	0	0.0%	29,547.0	2.4%	3.0%
Corporate Bonds	68,917	0.0%	0	0.0%	0	0.0%	0	0.0%	63,674	34.8%	0	0.0%	0	0.0%	63,674.0	5.3%	6.0%
Overseas Bonds	22,677	0.0%	0	0.0%	0	0.0%	0	0.0%	23,178	12.7%	0	0.0%	0	0.0%	23,178.0	1.9%	2.0%
Index-Linked	57,691	0.0%	0	0.0%	0	0.0%	0	0.0%	61,541	33.6%	0	0.0%	0	0.0%	61,541.0	5.1%	5.0%
Total Bonds	181,650	0%	0	0%	0	0.0%	0	0.0%	177,940	97.2%	0	0.0%	0	0.0%	177,940.0	14.7%	16.0%
ALTERNATIVE INVESTMENTS																	
Property	61,812	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	70,587	27.4%	1,919	1.2%	72,506.0	6.0%	8.0%
Private Equity	85,514	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	104,134	66.0%	104,134.0	8.6%	10.0%
Hedge Funds	30,232	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	31,292	19.9%	31,292.0	2.6%	3.0%
Total Alternative Investments	177,558	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	70,587	27.4%	137,345	87.1%	207,932.0	17.2%	21.0%
CASH	38,864	1.0%	2,525	1.0%	3,567	1.5%	0	0.0%	5,066	2.8%	1,048	0.4%	20,375	12.9%	32,581.0	2.7%	0%
TOTAL ASSETS	1,126,020	100.0%	251,067	100.0%	233,190	100.0%	127,615	100.0%	183,006	100.0%	258,060	100.0%	157,720	100.0%	1,210,658	100.0%	100%

% of total Fund

20.74%

19.26%

10.54%

15.12%

21.32%

13.03%

100%

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2010

ALLIANCE BERNSTEIN

GLOBAL EQUITIES PORTFOLIO						
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index	
	%	%	%	%		
UK Equities		8.1%	10.6%	+2.5%	FTSE All World	
Overseas Equities		91.9%	88.4%	-3.5%		
<i>Comprising</i>						
North America		45.6%	40.8%	-4.8%		
Europe (ex UK)		17.1%	17.0%	-0.1%		
Japan		8.2%	8.1%	-0.1%		
Asia Pacific (ex Japan)		8.1%	1.5%	-6.6%		
Emerging Markets		12.9%	21.0%	+8.1%		
Total Global Equities		100.0%	99.0%	-1.0%		
Cash			1.0%	+1.0%		
Total			100.0%			

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

Market Value - at 31st December 2010 £251,067,000

TABLE 3

ASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2010 **ALTERNATIVE ASSETS**

PRIVATE EQUITY AND HEDGE FUNDS					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
Private Equity Hedge Funds	6-10 Nil	10.0% 3.0%	8.6% 2.6%	-1.4% -0.4%	FTSE Smaller Companies (ex investment trusts) 3 month LIBOR + 3%
Total		13.0%	11.2%	-1.8%	

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 31st December 2010

£104,134,000 Private Equity
£31,292,000 Hedge Funds

TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2010 **BAILLIE GIFFORD**

UK EQUITIES					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
UK Equities	N/A	100.0%	98.5%	-1.5%	FTSE Actuaries All-Share
Cash	Nil	0.0%	1.5%	+1.5%	
Total		100.0%	100.0%		

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

Market Value - at 31st December 2010 £233,190,000

TABLE 5

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2010LEGAL and GENERAL

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

Target Objective - To track the FTSE 100 Index

Market Value - at 31st December 2010 £127,615,000

TABLE 6

FIXED INCOME						
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index	
	%	%	%	%		
UK Gilts	0 - 36	18.75%	16.1%	-2.7%	FTSE A All Gilts Stocks	
Corporate Bonds	20 - 55	37.50%	34.8%	-2.7%	IBOxx Sterling Non-Gilt All Stocks Index	
Index-Linked	15 - 46	31.25%	33.6%	+2.4%	FTSE A Over 5 Year Index-linked Gilts	
Overseas Bonds	0 - 24	12.50%	12.7%	+0.2%	JP Morgan Global Gov't (ex UK) Traded Bond	
Cash	0 - 10	0.00%	2.8%	+2.8%		
Total		100.0%	100.0%			

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

Market Value - at 31st December 2010 £183,006,000

TABLE 7

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2010UBS GLOBAL ASSET MANAGEMENT

OVERSEAS EQUITY PORTFOLIO						
Asset	Control Range %	Benchmark Allocation %	Actual Allocation %	+ or - Benchmark %	Index	
Overseas Equities <i>Comprising</i> Global Pooled Fund Emerging Markets	85 - 100 0 - 10	93.6% 6.4%	90.9% 9.1%	-2.7% +2.7%	See Split below * FTSE AW Emerging Markets	
Cash	0 - 10	0.0%	0.0%			
Total		100.0%	100.0%			
* Global Pooled Fund Split:-						
North America		31.2%			FTSE North American Developed	
Europe (ex UK)		31.2%			FTSE Europe (ex UK) Developed	
Asia Pacific (inc. Japan)		31.2%			FTSE Asia-Pacific (inc Japan) Developed	
Total Global Pooled		93.6%	90.9%	-2.7%		

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

Market Value - at 31st December 2010 £186,425,000

TABLE 8

PROPERTY PORTFOLIO						
Asset	Control Range %	Benchmark Allocation %	Actual Allocation %	+ or - Benchmark %	Index	
Property	90 - 100	100.0%	98.5%	-1.5%	IPD UK All Balanced Funds Index Weighted Average	
Cash	0 - 10	0.0%	1.5%	+1.5%		
Total		100.0%	100.0%			

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

Market Value - at 31st December 2010 £71,635,000

TABLE 9

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TOTAL PORTFOLIO PROGRESS REPORT - 1 OCTOBER 2010 to 31 DECEMBER 2010

Asset	Market Value 1.10.10 £000	%	Net Purchases and Sales				Changes in Market Value				Market Value 31.12.10 £000	%	
			UBS £000	Alliance Bernstein £000	Baillie Gifford £000	Legal & General £000	Other £000	UBS £000	Alliance Bernstein £000	Baillie Gifford £000			Legal & General £000
EQUITIES													
UK Equities	360,027.0	32	0	(3,654)	896	0	0	16,314	8,262	0	0	383,827	32
US Equities	90,433.0	8	0	1,805	0	0	0	10,156	0	0	0	102,394	8
European Equities	37,956.0	3	0	2,445	0	0	0	2,285	0	0	0	42,686	4
Japanese Equities	21,146.0	2	0	(3,515)	0	0	0	2,772	0	0	0	20,403	2
Pacific Basin Equities	2,601.0	0	0	1,220	0	0	0	(186)	0	0	0	3,635	0
Emerging Market Equities	63,012.0	6	0	1,340	0	0	0	1,204	4,293	0	0	69,849	6
Global Pooled Fund	152,773.0	14	0	0	0	0	0	16,638	0	0	0	169,411	14
Total Overseas Equities	367,921.0	33	0	3,295	0	0	0	17,842	19,320	0	0	408,378	34
BONDS													
UK Gilts	32,365.0	3	0	0	0	0	0	0	0	0	(1,077)	29,547	2
Corporate Bonds	68,917.0	6	0	0	0	0	0	0	0	0	(2,415)	63,674	5
Overseas Bonds	22,677.0	2	0	0	0	0	0	904	0	0	(403)	23,178	2
Index-Linked Bonds	57,691.0	5	0	0	0	0	0	3,678	0	0	172	61,541	5
ALTERNATIVE INVESTMENTS													
Property	61,812.0	5	9,992	0	0	0	0	826	0	0	0	72,506	6
Private Equity	85,514.0	8	0	0	0	0	0	0	0	0	0	104,134	9
Hedge Funds	30,232.0	3	0	0	0	0	0	5,457	0	0	0	31,292	3
SUB TOTAL	1,087,156.0	97	9,992	(359)	896	13	5,457	18,668	21,302	16,314	4,539	1,178,077	98
CASH *	38,864.0	3	(321)	1,008	(137)	1,628	(8,461)	0	0	0	0	32,581	3
GRAND TOTAL	1,126,020.0	100	9,671	649	759	1,641	(3,004)	18,668	21,302	16,314	4,539	1,210,658	100

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**VALUATION OF OTHER INVESTMENTS AS AT 31st DECEMBER 2010**

	HOLDING	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	3.284000	6,063,929	832,522
Candover Investments	236,060	1,687,945	7.150	6.645000	1,568,619	(119,327)
Electra Private Equity	1,016,179	13,886,422	13.665	16.720000	16,990,513	3,104,091
F&C Private Equity Trust	4,160,000	7,339,178	1.764	1.295000	5,387,200	(1,951,978)
Graphite Enterprise Trust	852,512	2,420,093	2.839	2.957500	2,521,304	101,211
HarbourVest European Senior Loans	1,010,000	1,010,000	1.000	0.967500	977,175	(32,825)
Henderson Private Equity	1,200,000	2,122,781	1.769	2.212500	2,655,000	532,219
HG Capital Trust	1,782,500	9,319,756	5.228	10.050000	17,914,125	8,594,369
HG Capital Trust Sub Shs	356,500	0	0.000	1.047500	373,434	373,434
KKR & CO LP	220,000	1,874,232	8.519	9.069715	1,995,337	121,106
Northern Investors	520,000	516,217	0.993	1.867500	971,100	454,883
Oxford Technology 3 Venture Capital Trust	593,612	582,797	0.982	0.470000	278,998	(303,800)
Oxford Technology 4 Venture Capital Trust	1,021,820	995,164	0.974	0.500000	510,910	(484,254)
Schroder Private Equity	3,287,176	2,128,264	0.647	1.587359	5,217,928	3,089,664
Standard Life European Private Equity Trust	4,390,510	5,117,589	1.166	1.392500	6,113,785	996,196
SVG Capital	2,050,000	6,978,576	3.404	2.107000	4,319,350	(2,659,226)
		61,210,420			73,858,707	12,648,286
Other Fixed Interest						
Electra Private Equity 5.000% 12/29/2017 DD 12/29/10	2,870	2,870,000	1000.000	1,210.000	3,472,700	602,700
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.		3,573,414			4,450,047	876,633
Partners Group Secondary 2008 L.P.		6,929,771			7,352,691	422,920
Partners Group Asia-Pacific 2007 L.P.		3,621,726			3,827,094	205,368
Adams Street 2007 Non US Fund		2,506,803			2,590,751	83,948
Adams Street 2008 Global Fund						
Adams Street 2008 Direct Fund		761,722			852,852	91,129
Adams Street 2008 Non US Fund		1,371,785			1,345,891	(25,894)
Adams Street 2008 US Fund		2,436,150			3,229,137	792,988
Adams Street 2009 Global Fund						
Adams Street 2009 Direct Fund		330,084			369,117	39,033
Adams Street 2009 Non US Developed Mkts Fund		247,392			218,592	(28,801)
Adams Street 2009 Non US Emerging Mkts Fund		97,349			83,089	(14,260)
Adams Street 2009 US Fund		881,437			948,294	66,857
Oxford Technology ECF Limited Partner AC		1,500,000			1,525,740	25,740
		24,257,634			26,793,294	2,535,660
Cash Held by Custodian for Private Equity		797,980			797,980	
CASH HELD IN HOUSE		19,577,294			19,577,294	
TOTAL OF ALL INVESTMENTS		109,019,582			124,508,756	15,489,175

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PRIVATE EQUITY TRANSACTIONS DURING QUARTER ENDED 31st DECEMBER 2010**

<u>DATE</u>	<u>HOLDING</u>	<u>TRANSACTION</u>	<u>BOOK COST</u> £	<u>SALE PROCEEDS</u> £	<u>REALISED GAIN/LOSS</u> £
21/12/2010	2,870	PURCHASES Electra Private Equity 5.000% 12/29/2017 DD 12/29/10	2,870,000		
		LIMITED PARTNERSHIP FUND OF FUNDS			
		DRAWDOWNS			
13/10/2010		Adams Street 2008 Non US Fund	55,392		
20/10/2010		Oxford Technology ECF Limited Partner AC	210,000		
22/10/2010		Partners Group Asia - Pacific 2007 L.P.	218,515		
29/10/2010		Adams Street 2007 Non US Fund	193,203		
29/10/2010		Adams Street 2009 US Fund	92,752		
05/11/2010		Adams Street 2009 Non US Developed Mkts Fund	30,485		
18/11/2010		Adams Street 2009 US Fund	30,565		
19/11/2010		Adams Street 2008 Non US Fund	61,109		
26/11/2010		Adams Street 2008 US Fund	540,780		
29/11/2010		Partners Group Secondary 2008 L.P.	1,469,270		
02/12/2010		Adams Street 2009 Non US Emerging Mkts Fund	5,261		
08/12/2010		Adams Street 2008 Non US Fund	131,185		
08/12/2010		Adams Street 2009 Non US Developed Mkts Fund	34,379		
13/12/2010		Oxford Technology ECF Limited Partner AC	195,000		
15/12/2010		Adams Street 2009 Non US Emerging Mkts Fund	7,252		
17/12/2010		Adams Street 2008 US Fund	93,729		
17/12/2010		Adams Street 2009 US Fund	213,456		
23/12/2010		Partners Group Asia - Pacific 2007 L.P.	243,478		
23/12/2010		Adams Street 2009 Non US Emerging Mkts Fund	16,800		
31/12/2010		Adams Street 2008 Non US Fund	152,501		
31/12/2010		Adams Street 2009 Non US Developed Mkts Fund	47,676		
			4,042,789		
		CAPITAL DISTRIBUTIONS			
26/11/2010		KKR & CO LP	21,138	21,138	
07/12/2010	215,922	Schroder Private Equity	139,798	337,483	197,685
			160,935	358,621	197,685
		LIMITED PARTNERSHIP FUND OF FUNDS			
		CAPITAL DISTRIBUTIONS			
15/11/2010		Adams Street 2008 Direct Fund	21,461	21,461	
15/11/2010		Adams Street 2009 Direct Fund	12,929	12,929	
26/11/2010		Adams Street 2008 US Fund	514,559	514,559	
29/11/2010		Partners Group Secondary 2008 L.P.	188,286	188,286	
06/12/2010		Partners Group Secondary 2006 L.P.	249,334	249,334	
23/12/2010		Partners Group Asia - Pacific 2007 L.P.	110,115	110,115	
			1,096,683	1,096,683	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PERFORMANCE TO 31st DECEMBER 2010****COMBINED PORTFOLIO (BY ASSET CLASS)**

ASSET	% weighting of fund as at 31st December 2010	QUARTER ENDED 31st December 2010			12 MONTHS ENDED 31st December 2010			THREE YEARS ENDED 31st December 2010			FIVE YEARS ENDED 31st December 2010		
		BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
GLOBAL EQUITIES	18.3%	9.4	9.7	0.4	16.7	11.8	-4.9	4.5	-2.9	-7.4	6.3	1.5	-4.8
UK EQUITIES	31.7%	7.4	7.7	0.3	14.5	19.2	4.7	1.4	2.4	1.0	5.1	5.1	0.0
OVERSEAS EQUITIES	15.4%	9.6	9.5	-0.1	17.2	14.3	-2.9	4.5	5.4	0.9	6.4	5.8	-0.6
UK GOVERNMENT BONDS	2.4%	-2.1	-2.5	-0.4	7.2	5.1	-2.0	6.1	6.3	0.2	4.8	5.1	0.3
UK CORPORATE BONDS	5.3%	-2.4	-1.9	0.5	8.4	9.5	1.2	4.8	5.9	1.1	3.4	4.1	0.7
OVERSEAS BONDS*	1.9%	-2.2	-1.4	0.8	4.3	4.8	0.6	-	9.6	-	-	0.0	-
UK INDEX LINKED GILTS	5.1%	1.1	1.2	0.1	9.1	11.0	1.9	6.0	7.0	1.1	5.8	6.4	0.6
TOTAL PRIVATE EQUITY	8.6%	9.1	14.8	5.8	16.3	27.0	10.7	-1.8	-3.4	-1.6	-0.9	3.8	4.7
HEDGE FUNDS	2.6%	0.9	3.6	2.7	3.7	5.6	1.9	5.5	-2.5	-8.0	6.7	2.9	-3.8
PROPERTY ASSETS	6.0%	1.9	2.0	0.1	12.2	12.0	-0.2	-5.7	-10.9	-5.2	-1.1	-5.0	-3.8
TOTAL CASH	2.7%	-	0.2	-	-	-1.1	-	-	0.6	-	-	2.3	-
TOTAL FUND	100.0%	6.2	6.8	0.6	14.3	14.4	0.0	3.1	1.3	-1.9	5.1	3.7	-1.4

* This includes L&G Currency Hedging for Overseas bonds

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND
PERFORMANCE TO 31st DECEMBER 2010**

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	% Weighting of Fund as at 31st December 2010	QUARTER ENDED 31st December 2010			12 MONTHS ENDED 31st December 2010			THREE YEARS ENDED 31st December 2010			FIVE YEARS ENDED 31st December 2010		
		BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
ALLIANCE BERNSTEIN GLOBAL EQUITIES	20.7%	9.4	9.6	0.2	16.7	11.3	-5.4	4.5	-3.0	-7.5	6.2	1.4	-4.8
BAILLIE GIFFORD UK EQUITIES	19.3%	7.4	8.0	0.6	14.5	22.8	8.3	1.4	3.6	2.2	5.1	6.1	1.0
LEGAL & GENERAL EQUITIES - PASSIVE	10.5%	6.9	6.9	0.0	12.6	12.7	0.1			0.0			0.0
LEGAL & GENERAL FIXED INCOME	15.1%	-1.2	-0.9	0.3	7.9	8.7	0.8	5.7	6.9	1.2	4.9	5.6	0.7
PARTNERS GROUP SICAR	0.2%	1.9	-7.1	-9.0	12.2	-14.7	-26.9			0.0			0.0
PRIVATE EQUITY	8.6%	9.1	14.8	5.7	16.3	27.0	10.7	-1.8	-3.4	-1.6	-0.9	3.8	4.7
UBS OVERSEAS EQUITIES	15.4%	9.0	9.5	0.5	15.9	14.2	-1.7	4.2	5.3	1.1	6.2	5.7	-0.5
UBS PROPERTY	5.9%	1.9	2.3	0.4	12.2	12.5	0.3	-5.7	-11.5	-5.8	-1.1	-5.4	-4.3
UBS HEDGE FUNDS	2.6%	0.9	3.5	2.6	3.7	5.8	2.1	5.5	-2.4	-7.9	6.7	2.7	-4.0
IN-HOUSE CASH	1.7%	0.1	0.2	0.1	0.4	0.9	0.5	1.9	2.6	0.7	3.2	3.4	0.2
TOTAL FUND	100.0%	6.2	6.8	0.6	14.3	14.4	0.0	3.1	1.3	-1.9	5.1	3.7	-1.4

* This includes L&G Currency Hedging for Overseas bonds

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PERFORMANCE TO 31st DECEMBER 2010****ALLIANCE BERNSTEIN - GLOBAL EQUITIES**

ASSET	QUARTER ENDED 31st December 2010		12 MONTHS ENDED 31st December 2010		THREE YEARS ENDED 31st December 2010		FIVE YEARS ENDED 31st December 2010					
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %			
UK EQUITIES	6.8	8.4	1.6	12.2	16.3	4.1	1.0	-8.6	-9.6	4.8	-1.3	-6.1
OVERSEAS EQUITIES	9.6	10.0	0.4	17.2	10.8	-6.4	4.8	-0.3	-5.1	6.4	2.7	-3.7
North American Equities	11.6	11.1	-0.5	19.1	14.4	-4.7	5.8	-2.5	-8.3	4.9	-2.1	-7.0
European Equities	4.7	5.3	0.6	5.7	-1.5	-7.2	-1.1	-5.2	-4.1	6.1	3.1	-3.0
Japanese Equities	12.8	13.8	1.0	19.0	17.4	-1.6	3.5	2.5	-1.0	-0.8	1.9	2.7
Pacific Basin (excl. Japan)	9.3	8.0	-1.3	23.7	9.0	-14.7	8.8	2.3	-6.5	15.6	7.6	-8.0
Emerging Market Units	8.1	9.5	1.4	23.6	22.0	-1.6	9.4	10.4	1.0	16.0	16.0	0.0
CASH/ALTERNATIVES	-	-0.5	-0.5	-	-29.3	-	-	-25.0	-	-	-14.3	-
TOTAL ASSETS	9.4	9.6	0.2	16.7	11.3	-5.4	4.5	-3.0	-7.5	6.2	1.4	-4.8

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDPERFORMANCE TO 31st DECEMBER 2010BAILLIE GIFFORD - UK EQUITIES ACTIVE MANDATE

TABLE 15

ASSET	QUARTER ENDED 31st December 2010			12 MONTHS ENDED 31st December 2010			THREE YEARS ENDED 31st December 2010			FIVE YEARS ENDED 31st December 2010		
	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	7.4	8.1	0.7	14.5	23.1	8.6	1.4	3.4	2.0	5.1	6.0	0.9
TOTAL CASH	-	0.2		-	0.5		-	2.5		-	3.5	
TOTAL ASSETS	7.4	8.0	0.6	14.5	22.8	8.3	1.4	3.6	2.2	5.1	6.1	1.0

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 FUNDPERFORMANCE TO 31st DECEMBER 2010LEGAL & GENERAL - UK EQUITIES PASSIVE MANDATE

TABLE 16

ASSET	QUARTER ENDED 31st December 2010		12 MONTHS ENDED 31st December 2010		THREE YEARS ENDED 31st December 2010		FIVE YEARS ENDED 31st December 2010		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %
UK EQUITIES	6.9	6.9	0.0	12.6	12.7	-	-	-	-
CASH/ALTERNATIVES	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	6.9	6.9	0.0	12.6	12.7	-	-	-	-

Target Objective - To track the FTSE 100 Index

LEGAL & GENERAL - BONDS

TABLE 17

ASSET	QUARTER ENDED 31st December 2010		12 MONTHS ENDED 31st December 2010		THREE YEARS ENDED 31st December 2010		FIVE YEARS ENDED 31st December 2010		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %
UK GILTS	-2.1	-2.5	-0.4	7.2	5.1	6.1	6.2	4.8	5.1
UK CORPORATE BONDS	-2.4	-1.9	0.5	8.4	9.5	4.8	6.2	3.4	4.4
OVERSEAS BONDS*	-2.2	-1.4	0.8	4.3	4.8	-	9.4	-	-
UK INDEX LINKED	1.1	1.2	0.1	9.1	11.0	6.0	7.0	5.8	6.4
CASH/ALTERNATIVES*	-	n/a	-	-	n/a	-	n/a	-	n/a
TOTAL ASSETS	-1.2	-0.9	0.3	7.9	8.7	5.7	6.9	4.9	5.6

* 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 FUNDPERFORMANCE TO 31st DECEMBER 2010INDEPENDENT ADVISOR - PRIVATE EQUITY

TABLE 18

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
PRIVATE EQUITY	9.1	16.7	7.6	16.3	31.0	14.7	-1.8	-3.6	-1.8	-0.9	3.6	4.5
LIMITED LIABILITY PARTNERSHIPS	9.1	9.3	0.2	16.3	15.5	-0.8	-1.8	2.9	4.7	-	-	-
TOTAL ASSETS	9.1	14.8	5.7	16.3	27.0	10.7	-1.8	-3.4	-1.6	-0.9	3.8	4.7

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

PARTNERS GROUP REAL ESTATE SICAR - PROPERTY

TABLE 19

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
PROPERTY	1.9	-6.1	-8.0	12.2	-0.8	-13.0	-	-	-	-	-	-
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS*	1.9	-6.1	-8.0	12.2	-0.8	-13.0	-	-	-	-	-	-

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDPERFORMANCE TO 31st DECEMBER 2010UBS GLOBAL ASSET MANAGEMENT- OVERSEAS EQUITIES

TABLE 20

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	OXFORDSHIRE VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	OXFORDSHIRE VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	OXFORDSHIRE VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	OXFORDSHIRE VARIATION %
OVERSEAS EQUITIES	9.0	9.5	0.5	15.9	14.3	-1.6	4.2	5.4	1.2	6.2	5.8	-0.4
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	9.0	9.5	0.5	15.9	14.2	-1.7	4.2	5.3	1.1	6.2	5.7	-0.5

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

UBS GLOBAL ASSET MANAGEMENT - PROPERTY

TABLE 21

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	OXFORDSHIRE VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	OXFORDSHIRE VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	OXFORDSHIRE VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	OXFORDSHIRE VARIATION %
PROPERTY	1.9	2.2	0.3	12.2	12.8	0.6	-5.7	-10.7	-5.0	-1.1	-4.8	-3.7
TOTAL CASH*	-	1.6	-	-	1.6	-	-	-	-	-	-	-
TOTAL ASSETS**	1.9	2.3	0.4	12.2	12.5	0.3	-5.7	-11.5	-5.8	-1.1	-5.4	-4.3

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

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDINVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR PERIODS ENDED 31st DECEMBER 2010UBS GLOBAL ASSET MANAGEMENT - HEDGE FUNDS

TABLE 22

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
HEDGE FUNDS	0.9	3.5	2.6	3.7	5.8	2.1	5.5	-2.4	-7.9	6.7	2.6	-4.1
TOTAL CASH	-	0.1		-	0.5		-	1.8		-	-2.2	
TOTAL ASSETS	0.9	3.5	2.6	3.7	5.8	2.1	5.5	-2.4	-7.9	6.7	2.7	-4.0

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

INTERNALLY MANAGED CASH

TABLE 23

ASSET	QUARTER ENDED 31.12.10			12 MONTHS ENDED 31.12.10			THREE YEARS ENDED 31.12.10			FIVE YEARS ENDED 31.12.10		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
INTERNALLY MANAGED CASH*	0.1	0.2	0.1	0.4	0.9	0.5	1.9	2.6	0.7	3.2	3.4	0.2
TOTAL ASSETS	0.1	0.2	0.1	0.4	0.9	0.5	1.9	2.6	0.7	3.2	3.4	0.2

* this portfolio includes cash held at BoNY

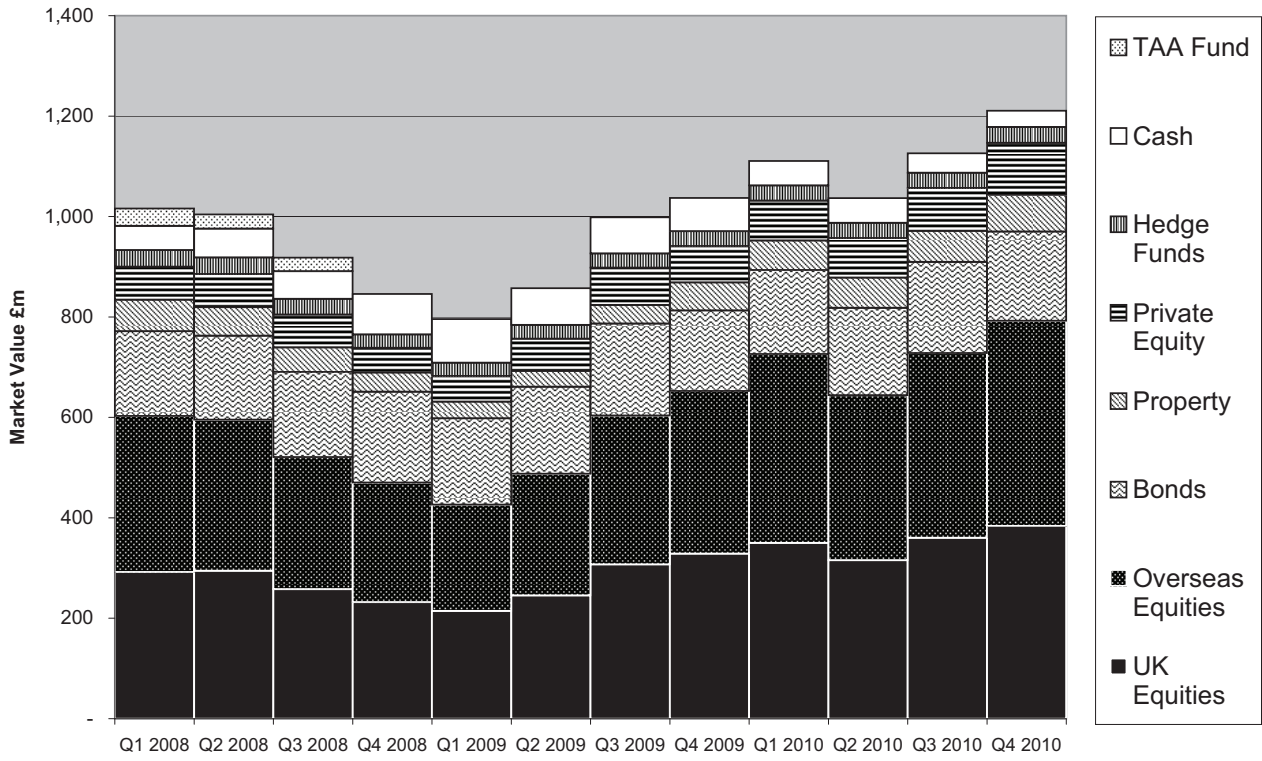
OXFORDSHIRE COUNTY COUNCIL PENSION FUND**TOP 20 HOLDINGS AT 31/12/2010**

ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
<u>DIRECT HOLDINGS</u>		
1 HG CAPITAL TRUST ORD GBP0.25	17,914,125	1.48
2 ELECTRA INVESTMENT TR ORD 25P	16,990,513	1.40
3 BHP BILLITON PLC USD0.50	12,470,415	1.03
4 BG GROUP PLC ORD GBP0.10	12,263,335	1.01
5 HSBC HLDGS ORD USD0.50 (UK)	10,771,446	0.89
6 RIO TINTO ORD GBP0.10	10,008,266	0.83
7 BRITISH AMERICAN TOBACCO ORD	9,433,290	0.78
8 ROYAL DUTCH SHELL 'B' SHS	9,032,531	0.75
9 IMPERIAL TOBACCO GROUP ORD 10P	8,639,064	0.71
10 UK GOVT IDX-LKD STK 1.250% 22-NOV-2027 GBP100	8,632,660	0.71
11 ROYAL DUTCH SHELL 'A'SHS	7,748,112	0.64
12 VODAFONE GROUP	7,499,952	0.62
13 BLACKROCK UK PROPERTY FUND	7,491,928	0.62
14 TESCO ORD 5P	7,124,712	0.59
15 STANDARD CHARTERED ORD USD0.50	6,292,334	0.52
16 STANDARD LIFE EURO ORD	6,113,785	0.50
17 TSY 0 5/8% 2040 I/L GILT 0.625% 03/22/2040 DD 01/28/10	6,087,638	0.50
18 3I GROUP PLC ORD GBP0.738636	6,063,929	0.50
19 GLAXOSMITHKLINE ORD GBP0.25	5,892,620	0.49
20 REED ELSEVIER	5,823,416	0.48
TOP 20 HOLDINGS MARKET VALUE *	182,294,071	15.06
* Excludes investments held within Pooled Funds		
<u>POOLED FUNDS AT 31/12/2010</u>		
1 UBS GLOBAL ASSET MANAGEMENT LIFE GLOBAL OPTIMAL THIRDS A	169,411,108	13.99
2 HP UK FTSE 100 EQUITY INDEX	127,615,205	10.54
3 ALLIANCE BERNSTEIN VAL INV EMG VALUE PORTF S CAP	37,072,020	3.06
4 UBS GBL ASSET MGT GBL EMG MKTS EQTY CL B	17,013,996	1.41
5 BAILLIE GIFFORD BRITISH SMALL COS C NAV ACC	13,214,839	1.09
TOTAL POOLED FUNDS MARKET VALUE	364,327,168	30.09
TOTAL FUND MARKET VALUE	1,210,658,000	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

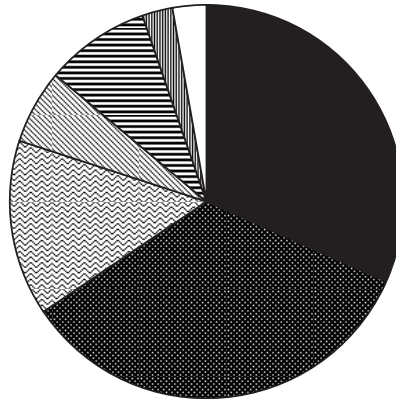
MARKET VALUE OF TOTAL FUND

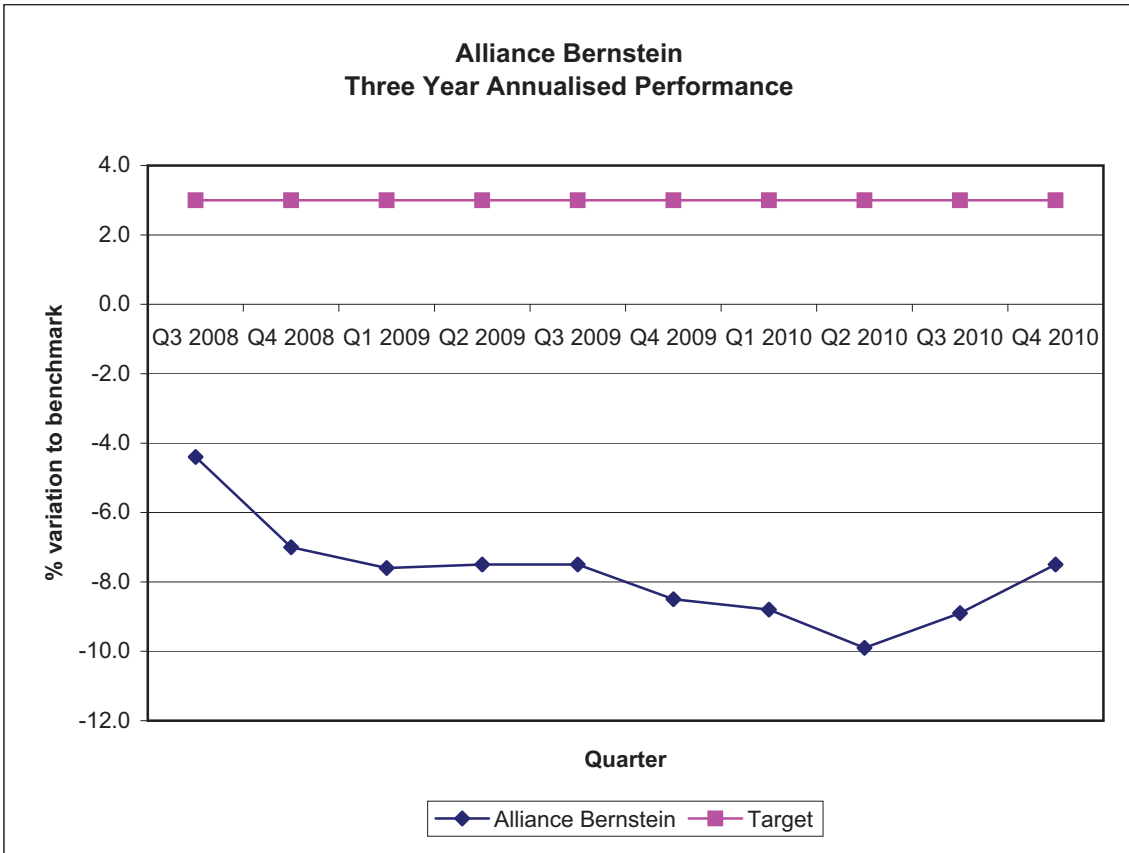
TOTAL FUND MARKET VALUE BY ASSET CLASS



Asset Allocation Latest Quarter

<u>Quarter</u>	<u>Market Value</u> <u>£m</u>
Q1 2008	1,016.1
Q2 2008	1,004.2
Q3 2008	918.2
Q4 2008	845.9
Q1 2009	795.8
Q2 2009	857.4
Q3 2009	998.4
Q4 2009	1,037.0
Q1 2010	1,111.0
Q2 2010	1,037.0
Q3 2010	1,126.0
Q4 2010	1,210.7



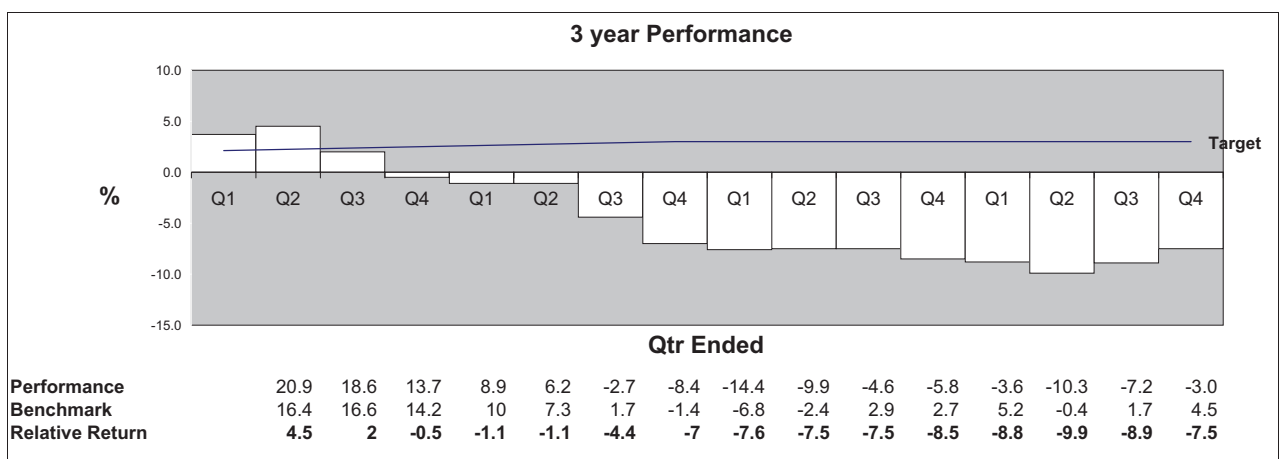
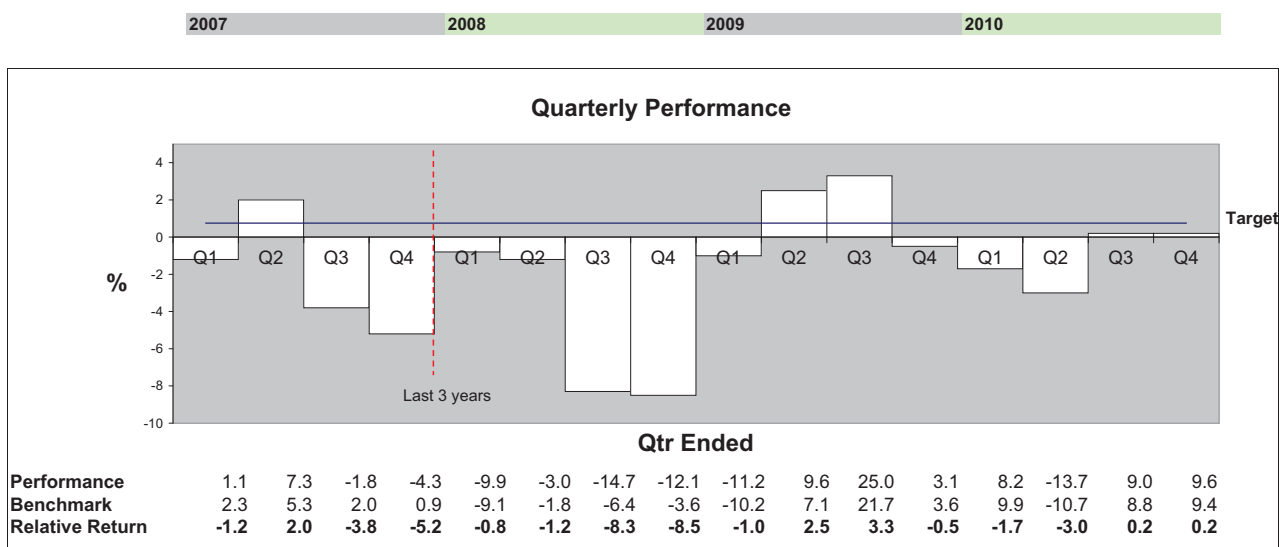


Alliance Bernstein Three Year Annualised Performance

	Alliance Bernstein	Target
Q3 2008	-4.4	3.0
Q4 2008	-7.0	3.0
Q1 2009	-7.6	3.0
Q2 2009	-7.5	3.0
Q3 2009	-7.5	3.0
Q4 2009	-8.5	3.0
Q1 2010	-8.8	3.0
Q2 2010	-9.9	3.0
Q3 2010	-8.9	3.0
Q4 2010	-7.5	3.0

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 3



Target Returns

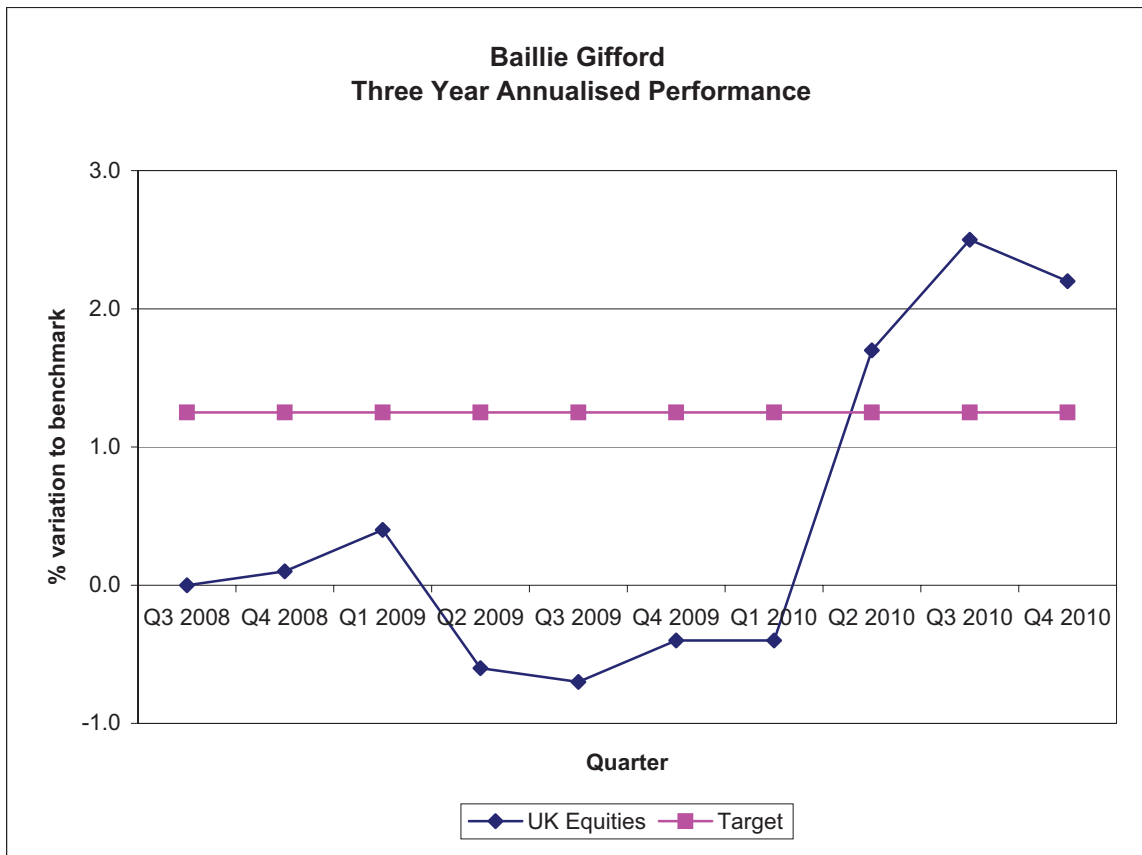
From Inception to 31/12/05 Rolling annual target of 1.5% above benchmark to 31/12/05
 From 1/1/06 Rolling annual target of 3% above benchmark from 1/1/06

Top 10 holdings at 31/12/2010

Holding	Value £	% of portfolio
1 PFIZER INC	4,009,411	1.60
2 WELLS FARGO & CO	3,679,648	1.47
3 ROYAL DUTCH SHELL A SHS	3,509,107	1.40
4 INGERSOLL-RAND PUBLIC LIMITED	3,191,166	1.27
5 ASTRAZENCA ORD USD0.25	3,190,278	1.27
6 DELL INC	3,187,952	1.27
7 JOHNSON & JOHNSON	3,102,095	1.24
8 BOUYGUES EUR1	3,017,620	1.20
9 VODAFONE GROUP	2,950,474	1.18
10 JPMORGAN CHASE & CO	2,941,104	1.17
Top 10 Holdings Market Value	32,778,856	13.06
Total Alliance Bernstein Market Value	251,067,000	

**Alliance
Bernstein**

Top 10 holdings excludes investments held within pooled funds.

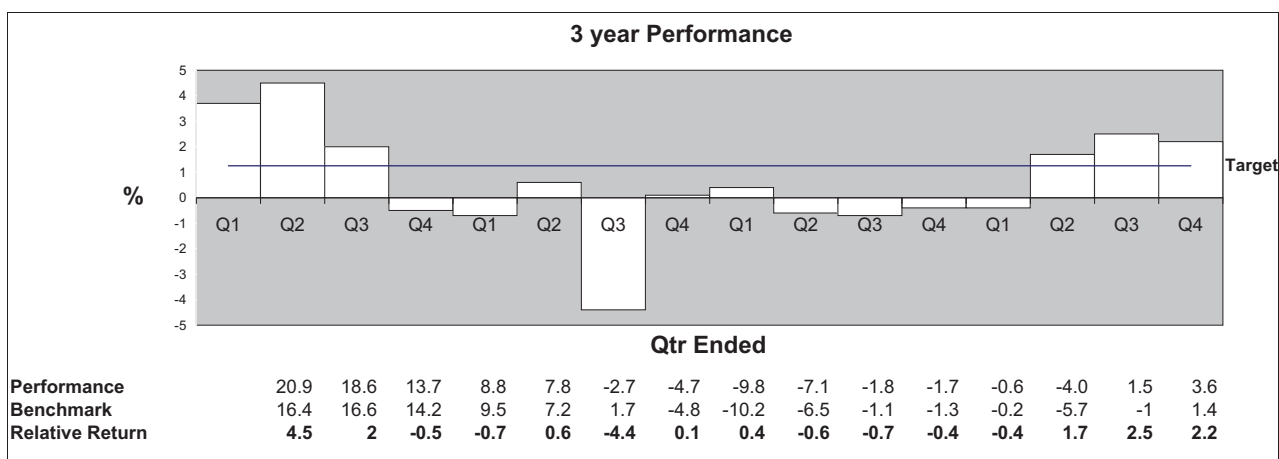
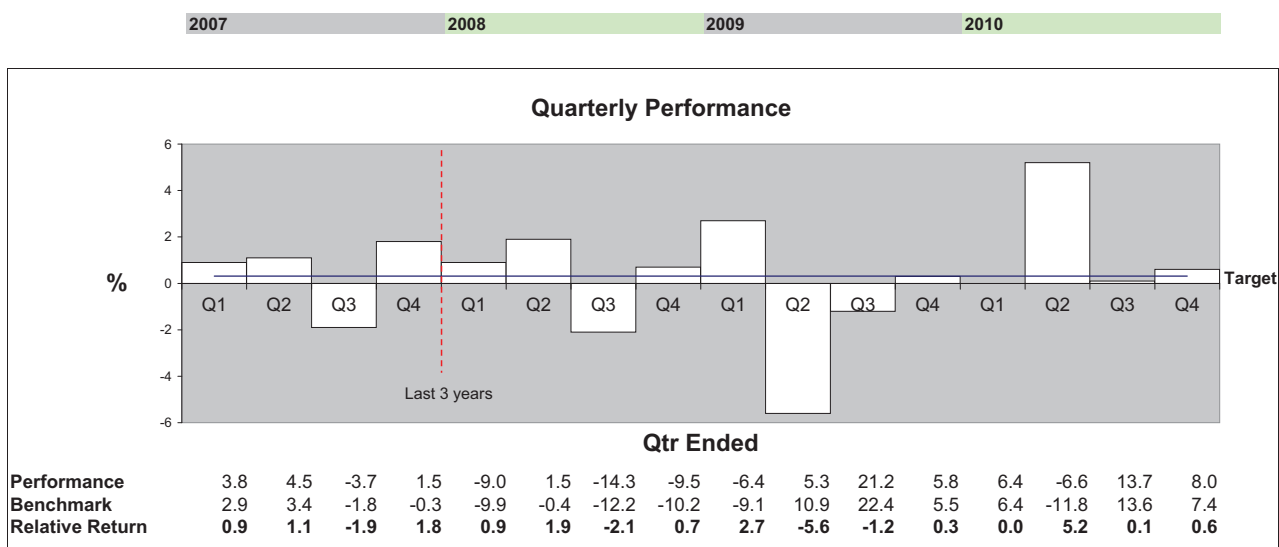


Baillie Gifford Three Year Annualised Performance

	UK Equities	Target
Q3 2008	0.0	1.25
Q4 2008	0.1	1.25
Q1 2009	0.4	1.25
Q2 2009	-0.6	1.25
Q3 2009	-0.7	1.25
Q4 2009	-0.4	1.25
Q1 2010	-0.4	1.25
Q2 2010	1.7	1.25
Q3 2010	2.5	1.25
Q4 2010	2.2	1.25

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 5



Target Returns

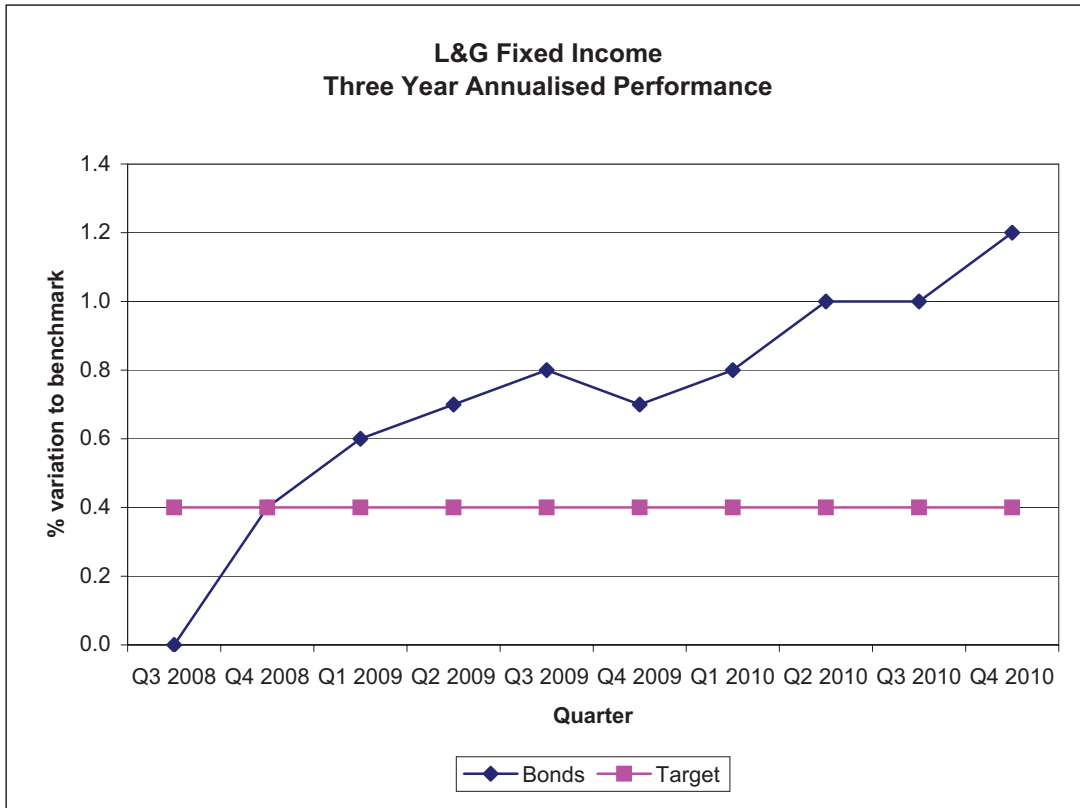
Rolling annual target of 1.25% above benchmark

Top 10 holdings at 31/12/2010

Holding	Value £	% of portfolio
1 BHP BILLITON PLC USD0.50	12,470,415	5.35
2 BG GROUP PLC ORD GBP0.10	12,263,335	5.26
3 HSBC HLDGS ORD USD0.50 (UK)	10,771,446	4.62
4 BRITISH AMERICAN TOBACCO ORD	9,433,290	4.05
5 ROYAL DUTCH SHELL 'B' SHS	9,032,531	3.87
6 ROYAL DUTCH SHELL 'A' SHS	7,748,112	3.32
7 RIO TINTO ORD GBP0.10	7,132,740	3.06
8 TESCO ORD 5P	7,124,712	3.06
9 IMPERIAL TOBACCO GROUP ORD 10P	6,648,460	2.85
10 STANDARD CHARTERED ORD USD0.50	6,292,334	2.70
Top 10 Holdings Market Value	88,917,375	38.13
Total Baillie Gifford Market Value	233,190,000	

Baillie Gifford

Top 10 holdings excludes investments held within pooled funds.

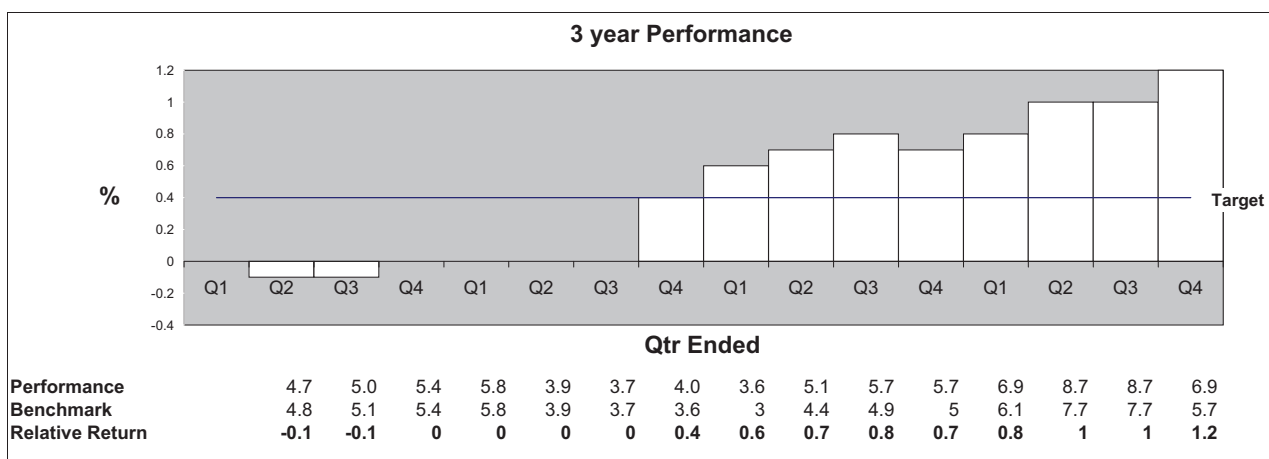
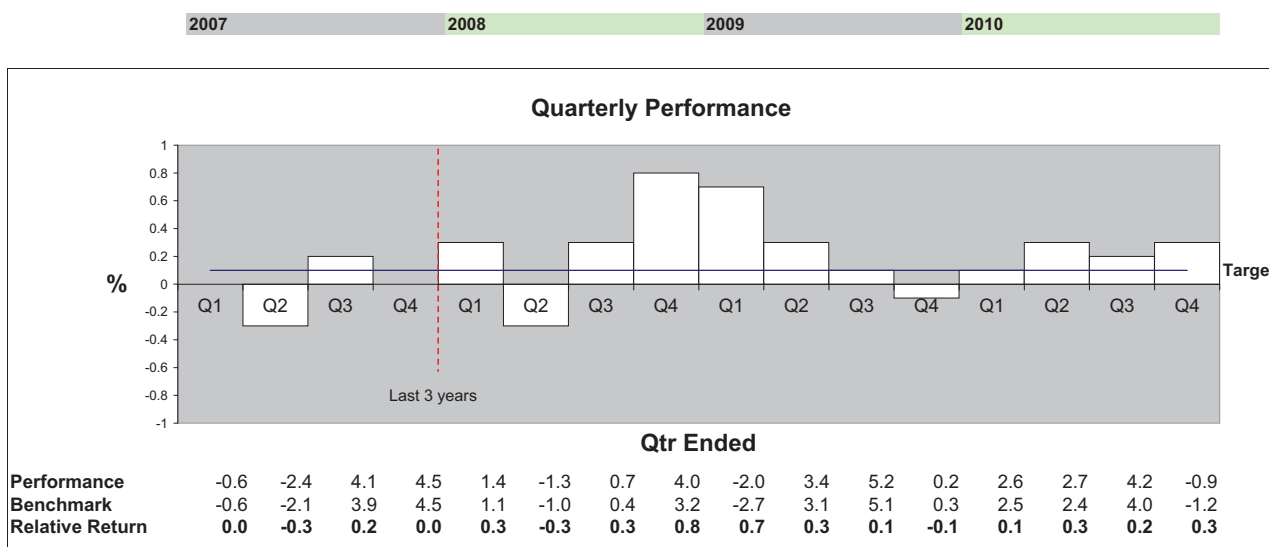


L&G Fixed Income Three Year Annualised Performance

	Bonds	Target
Q3 2008	0.0	0.4
Q4 2008	0.4	0.4
Q1 2009	0.6	0.4
Q2 2009	0.7	0.4
Q3 2009	0.8	0.4
Q4 2009	0.7	0.4
Q1 2010	0.8	0.4
Q2 2010	1.0	0.4
Q3 2010	1.0	0.4
Q4 2010	1.2	0.4

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 7



Target Returns

Rolling annual target of 0.40% above benchmark

Top 10 holdings at 31/12/2010

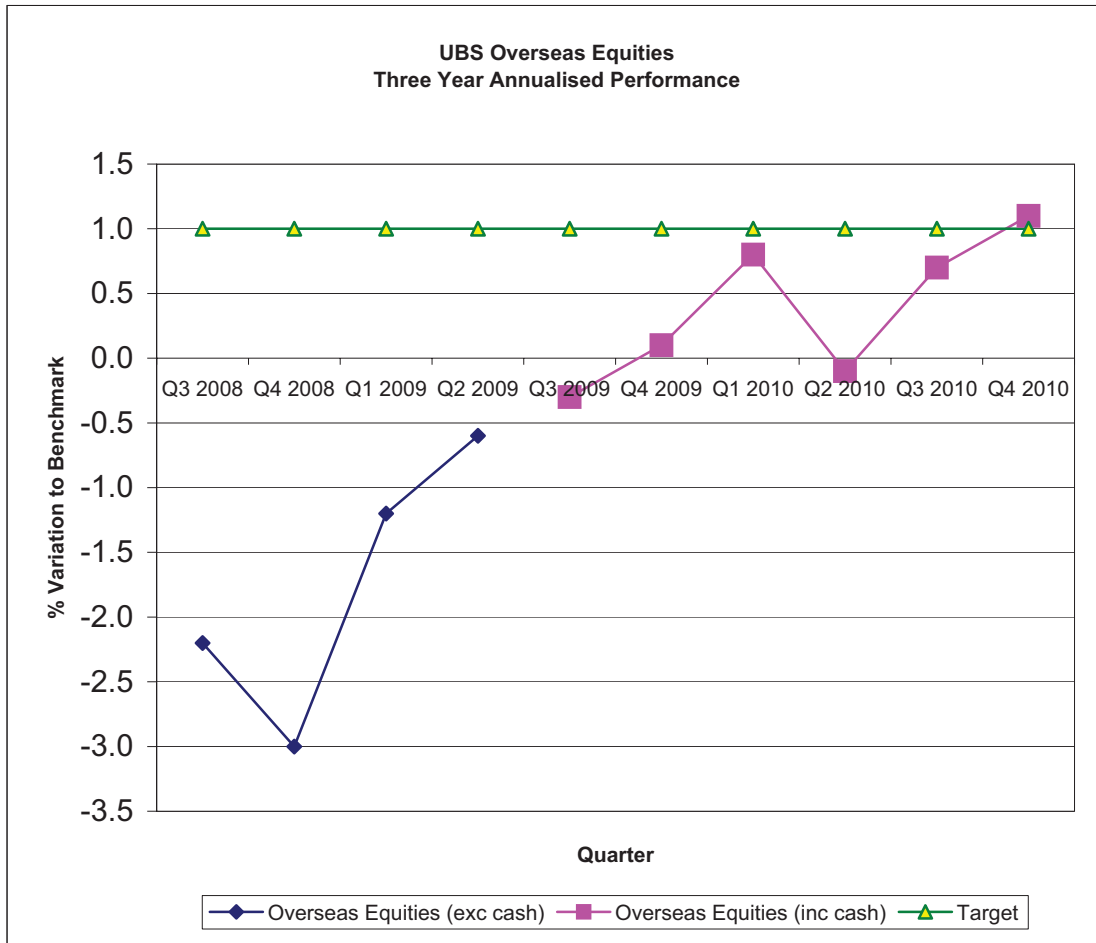
Holding	Value £	% of portfolio
1 UK GOVT IDX-LKD STK 1.250% 22-NOV-2027 GBP100	8,632,660	4.72
2 TSY 0 5/8% 2040 I/L GILT 0.625% 03/22/2040 DD 01/28/10	6,087,638	3.33
3 TREASURY INDEX-LINKED 2.500% 26-JUL-2016	5,681,508	3.10
4 TREASURY INDEX-LINKED 2.500% 16-APR-2020	5,620,701	3.07
5 UK TSY I/L GILT 0.500% 03/22/2050 DD 09/25/209	4,649,549	2.54
6 UK GOVT IDX-LKD STK 2.000% 26-JAN-2035	4,570,063	2.50
7 UNITED KINGDOM (GOVERNMENT) 1.875% 22-NOV-2022	4,184,869	2.29
8 UNITED KINGDOM (GOVERNMENT) 1.250% 22-NOV-2032	4,136,659	2.26
9 TREASURY GILT 2.750% 01/22/2015 DD 11/04/09	4,105,462	2.24
10 TREASURY INDEX-LINKED 2.500% 17-JUL-2024	3,938,398	2.15
Top 10 Holdings Market Value	51,607,506	28.20
Total Legal & General Market Value	183,006,000	

Legal & General

Top 10 holdings excludes investments held within pooled funds.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

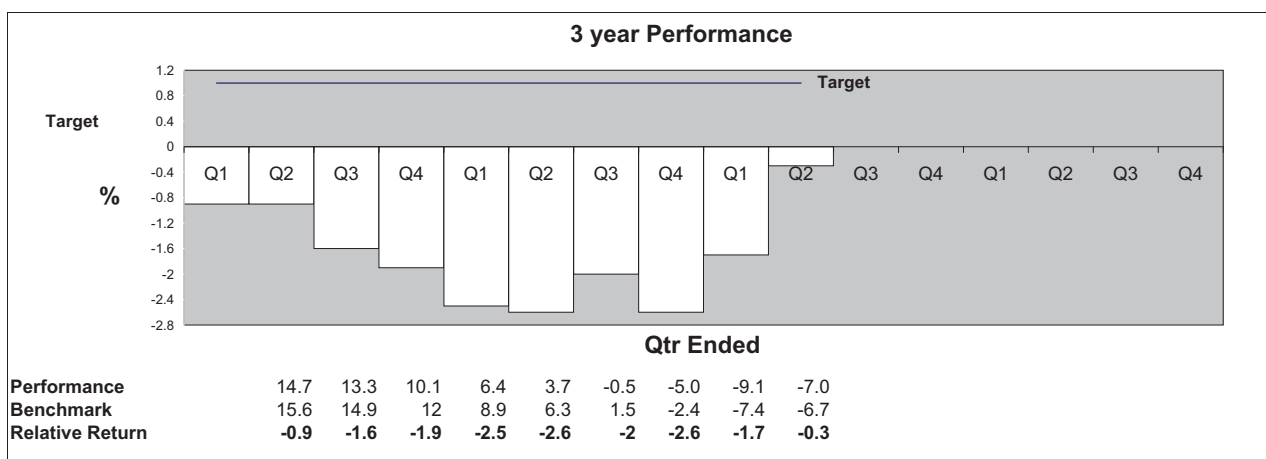
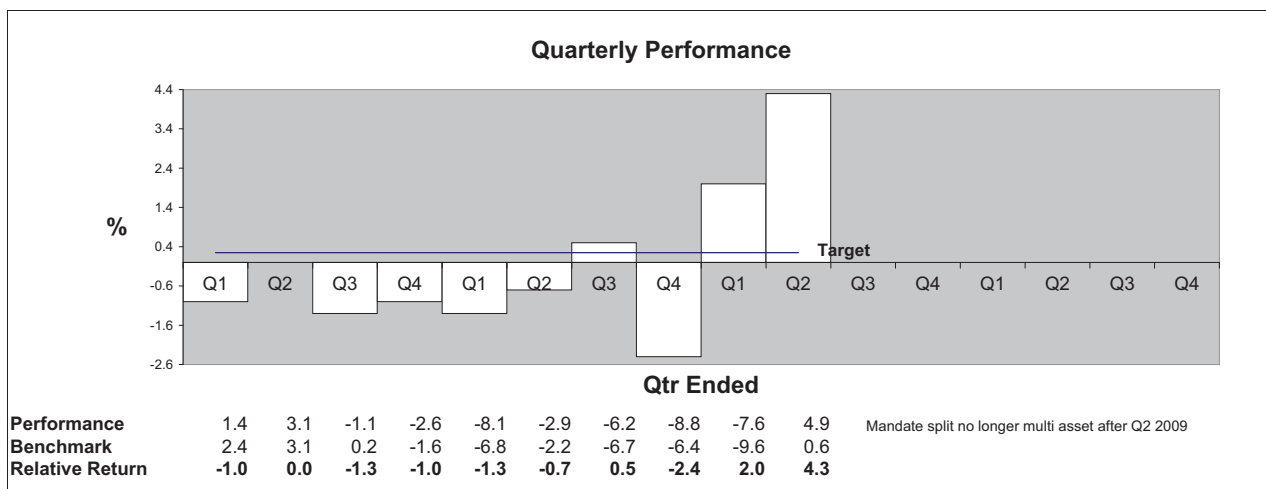
GRAPH 8



UBS Three Year Annualised Performance

	Overseas Equities (exc cash)	Overseas Equities (inc cash)	Target
Q3 2008	-2.2		1.0
Q4 2008	-3.0		1.0
Q1 2009	-1.2		1.0
Q2 2009	-0.6		1.0
Q3 2009		-0.3	1.0
Q4 2009		0.1	1.0
Q1 2010		0.8	1.0
Q2 2010		-0.1	1.0
Q3 2010		0.7	1.0
Q4 2010		1.1	1.0

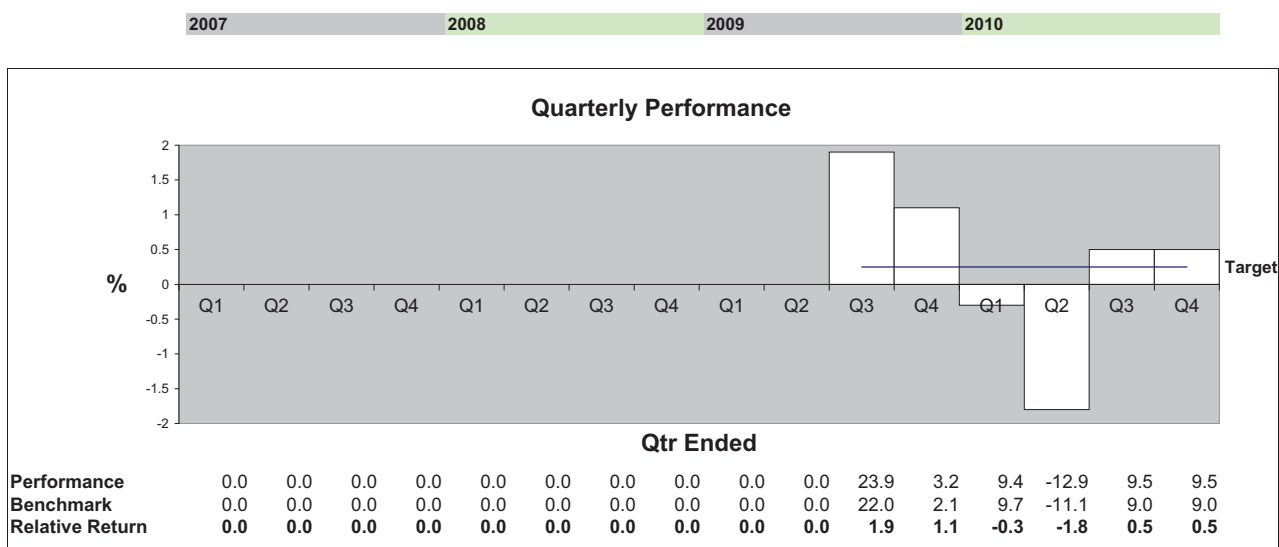
2007 2008 2009 2010



Target Returns

Rolling annual target of 1.00% above benchmark

UBS - Multi Asset



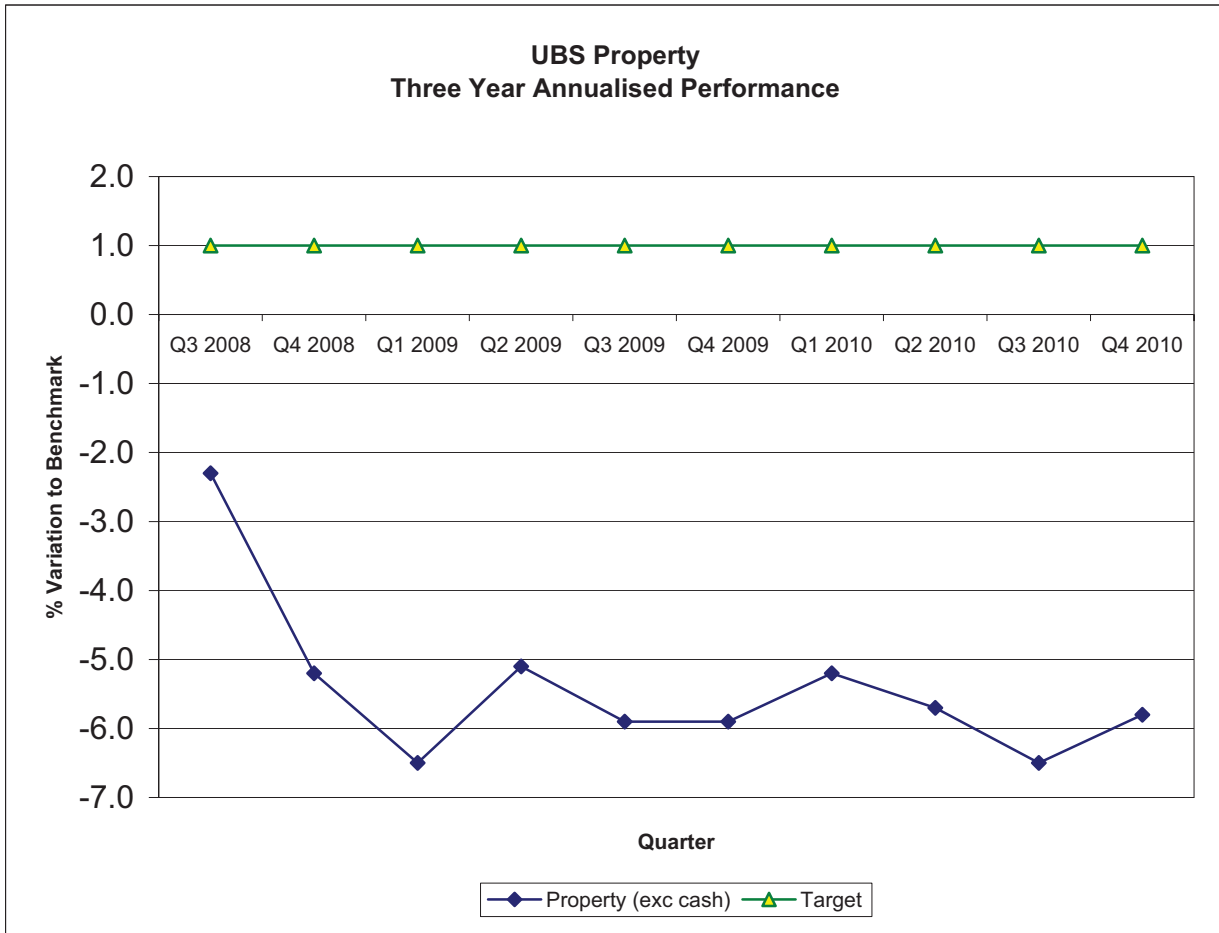
Target Returns

Rolling annual target of 1.00% above benchmark

**UBS -
Overseas
Equities**

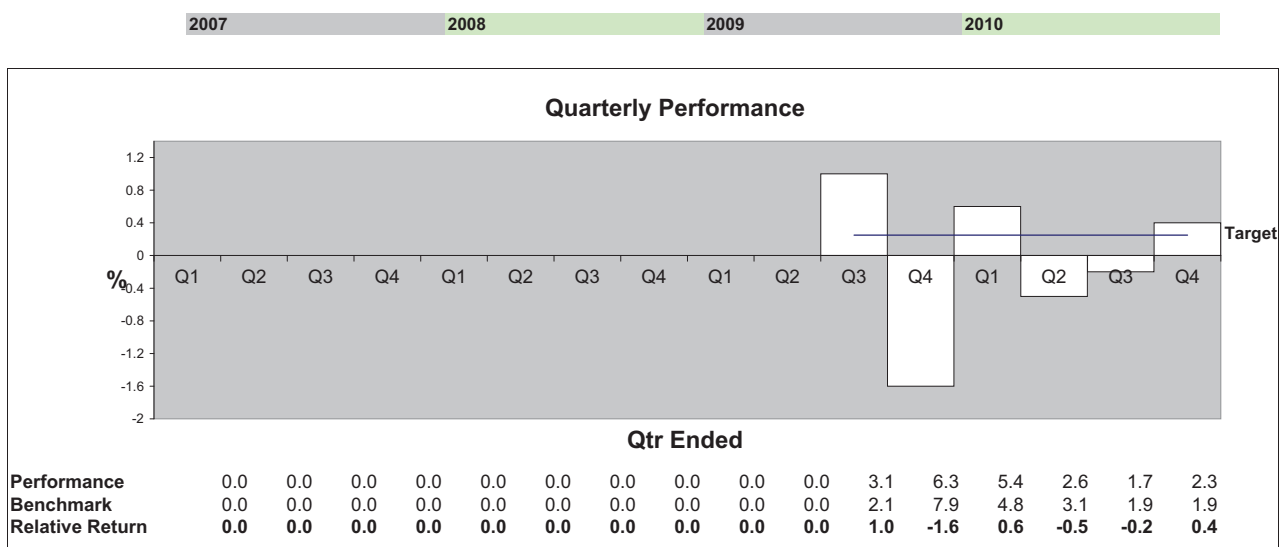
OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 11



UBS Three Year Annualised Performance

	Property (exc cash)	Target
Q3 2008	-2.3	1.0
Q4 2008	-5.2	1.0
Q1 2009	-6.5	1.0
Q2 2009	-5.1	1.0
Q3 2009	-5.9	1.0
Q4 2009	-5.9	1.0
Q1 2010	-5.2	1.0
Q2 2010	-5.7	1.0
Q3 2010	-6.5	1.0
Q4 2010	-5.8	1.0



Target Returns

Rolling annual target of 1.00% above benchmark

Top 5 holdings at 31/12/2010

Rank	Holding	Value £	% of portfolio
1	BLACKROCK UK PROPERTY FUND	7,491,928	10.46
2	STANDARD LIFE POOLED PPTY FD	5,611,536	7.83
3	M&G EUROPEAN PROP-SP INV-C-D	5,152,734	7.19
4	PRUDENTIAL CORP PENSIONS PPTY	5,051,168	7.05
5	UBS GBL ASSET MGT TRITON PPTY	4,577,005	6.39
Top 10 Holdings Market Value		27,884,371	38.93
Total UBS Property Market Value		71,635,000	

**UBS -
Property**

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Division(s): N/A

PENSION FUND COMMITTEE – 18 MARCH 2011

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

The Economy

1. In revisions to initial data, GDP growth in the US and Japan turned out to be stronger than anticipated in the 3rd quarter, and estimates of growth the full year have been upgraded accordingly. In the UK, however, growth for the 4th quarter was reported to be - 0.5%, a disappointing result even after allowance is made for the bad weather. Although the Eurozone as a whole grew at a moderate pace, Germany's GDP grew at no less than 3.6% - its strongest for many years. The weakness of its main export markets in the euro area, however, is likely to mean much slower growth for Germany in 2011. (In the Table below, the consensus estimates at the time of the December Committee are shown in brackets. Note that the consumer prices data now refers to the latest year in each case, rather than being a forecast)

Consensus real growth (%)						Consumer prices latest (%)
	2007	2008	2009	2010E	2011E	2010
UK	+3.0	+0.7	- 4.7	(+1.7) +1.6	+ 1.8	+ 4.0 (CPI)
USA	+2.0	+1.2	- 2.5	(+2.6) +2.9	+ 3.1	+ 1.5
Eurozone	+2.6	+0.8	- 3.9	(+1.6) +1.7	+ 1.5	+ 2.4
Japan	+2.0	- 0.2	- 5.3	(+2.9) +4.2	+ 1.5	0.0
China	+11.9	+ 9.0	+ 8.7	(+9.9) +10.3	+ 9.0	+ 4.6

[Source of estimates: The Economist, 12.02.2011]

2. The sovereign debt problems in the euro area, which had surfaced with the bail-out of Greece in May, engulfed Ireland in November and the Irish government was obliged to seek an emergency bail-out from the EU and the IMF which may require up to € 85bn. Sovereign bond markets did not react as joyfully as they had after the announcement of the Greek package, but there was good demand for the bond issued by the European Financial Stabilisation Mechanism to cover the Irish bail-out at the end of the year. Portugal and Spain also managed to issue bonds, albeit at wide margins above German debt.

Markets

3. The resolution of the Irish crisis, and the encouraging economic data from the US allowed **equity markets** to embark on their traditional December rally, and the bulk of the fourth-quarter gains were in fact registered in December alone.

For the full year, it is noticeable how the UK and Europe have lagged other equity markets.

Capital return (in £, %) to 31.12.10		
	3 months	12 months
FTSE All-World Index	+8.9	+13.9
FTSE All-World North America	+11.0	+16.7
FTSE All-World Asia Pacific	+9.6	+19.1
FTSE All-World Europe (ex-UK)	+4.7	+3.2
FTSE All-World UK	+6.2	+8.5
FTSE All-World Emerging Markets	+7.7	+20.5

[Source: FTSE All-World Review, December 2010]

4. While all industrial sectors rose in the fourth quarter, the strongest growth came in the resource sectors – Basic Materials gained 17% and Oil & Gas 15%, reflecting the price rises in the underlying commodities. Industrials and Technology each gained 10%, while Utilities, Healthcare and Telecomms only gained 2 – 3%.
5. The rally which started in March 2009 has restored most equity markets to levels last seen in mid-2008, before the worst phase of the credit crunch began, as shown in the graphs below.

UK FTSE All-Share



FTSE World Europe ex UK



FTSE All-World Asia Pacific



6. In the UK, there was a marked difference in performance between large-, mid- and small-cap equities during 2010. The rise in the FTSE 250 stocks was driven by bid activity and strong profit growth, while the FTSE 100 was held back by the lacklustre performance of Banks, Oil & Gas Producers and Utilities which feature more strongly in the FTSE 100 than in the FTSE 250.

Index	Capital return in 2010
FTSE 100	+ 9.0%
FTSE 250	+24.2%
FTSE Small Cap	+16.3%
FTSE All Share	+10.9%

7. The boom in **government bonds** issued by US, UK, Germany and Japan, which had driven 10-year yields to extraordinarily low levels in September, came to an end as yields rose to more normal levels - while still permitting good capital gains for the full year. The 30-year US Treasury Bond yield rose from 3.7% to 4.4% during the fourth quarter, frustrating the Federal Reserve's intention to keep long bond yields low by means of its quantitative easing programme. Medium- and long-term yields in the US and Europe have continued to rise steadily during the first six weeks of 2011.

10-year government bond yields (%)	Dec 2009	June 2010	Sept 2010	Dec 2010
US	3.84	2.96	2.52	3.34
UK	4.01	3.35	2.95	3.39
Germany	3.40	2.58	2.29	2.92
Japan	1.29	1.09	0.94	1.12

[Source: Financial Times]

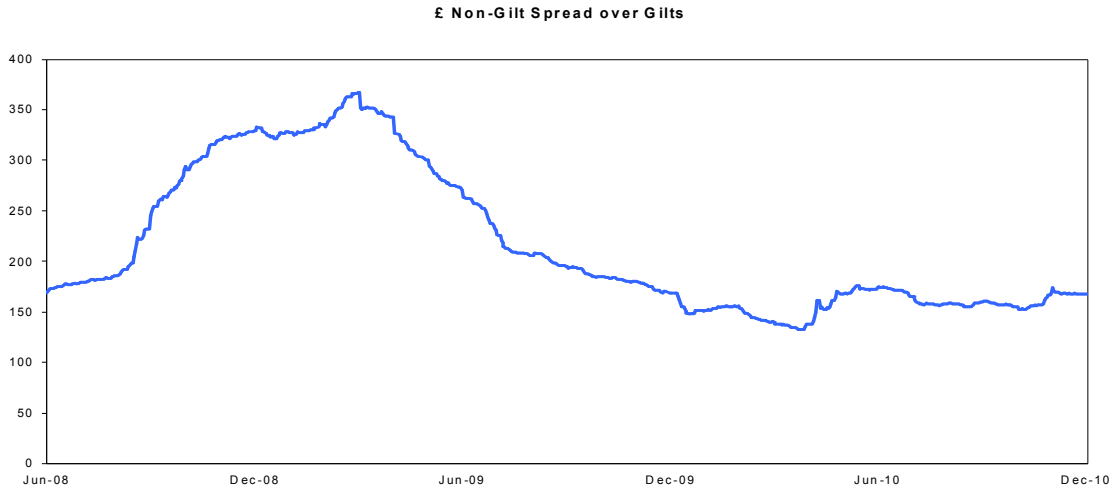
Generic 10yr UK Gilt Yield



Generic 30yr US Treasury Yield



8. The yield spread on **UK Corporate Bonds** relative to gilts widened slightly, with a distinct two-tier market developing between Industrials (on narrow spreads) and Banks (on wide spreads). With the setback in gilt prices, corporate bond prices fell for the first time in the past six quarters.



9. Capital values in the **UK commercial property** market have begun to level off after an 18-month period of recovery, and most forecasters predict that returns from property in 2011 will be confined to income only, with no capital uplift.

Median fund returns to 31.12.10	3 months	12 months
Balanced Funds (n= 25)	+ 1.5%	+ 12.9%
Specialist Funds (n= 27)	+ 2.5%	+ 13.9%

[Source: IPD UK pooled property funds]

10. In **Commodities**, the price of gold rose by 7% in the quarter, while oil and copper prices continued their headlong rises – Brent Crude rising from \$81 to \$95 per barrel in the quarter, and copper reaching \$9,500 per tonne after a similar 17% rise. Since the year-end, oil has risen further, on political uncertainty in the Middle East, while gold and copper have stabilised.

oil



Copper



11. In **currency** markets, sterling slipped by 2% against the dollar, and by 3% against the yen, while gaining 1% relative to the euro.

GBP vs EUR



Outlook

12. The renewed rally in equity markets since mid-2010 has lifted prices in several markets to almost double their low points in March 2009. While this has taken place against a background of extremely supportive monetary policy from central banks, the test to the resilience of equities will come when interest rate rises begin in developed markets.

13. Money markets are pricing in a 0.25% rise in UK rates in May, and while the present 4% annual rate of CPI inflation may indeed be due to higher commodity and food prices, as well as the VAT increase and a weak pound, it is hard to imagine UK base rate remaining at 0.5% for much longer
14. Bond markets have begun to adjust to the inflationary trend being seen in the UK (and also in Germany). The long-term rate of inflation implied by comparing the market yields for conventional and index-linked government bonds has risen since August 2010 from 2.5% to 3.2% in the UK, and from 1.5% to 2.3% in the US. The attraction of equities relative to bonds in these markets is no longer as clear-cut as it was last summer.
15. At the interim meeting held on January 25, the only rebalancing required was a switch of £10m from Cash to Fixed Interest.
16. Although the outlook for corporate profits in 2011 is still supportive of current equity ratings, the likely pressures from interest rates and raw material price rises, and the developing political situation in North Africa and the Middle East, induce caution about the scope for any further gains in equities for the remainder of 2011.

PETER DAVIES
Independent Financial Adviser

February 2011

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

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

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Division(s): N/A

PENSION FUND COMMITTEE – 18 MARCH 2011

OXFORDSHIRE PENSION FUND BUSINESS PLAN FOR 2011/12

Report by Assistant Chief Executive & Chief Finance Officer

Introduction

1. This business plan for 2011/12 is set out at Annex 1. The format of the plan has been reviewed and includes the key objectives of the Fund, details of the service activities, the service priorities for the coming year, a budget for 2011/12 and a risk register for the service. A risk register has never been produced for the Pension Fund before and its inclusion enables the Fund to comply with best practice and indeed the recommendation of a recent audit.

Key Objectives

2. It was felt important that the business plan should set out the key high level objectives that the Fund is striving for. These are contained on the front page of the plan and are:
 - Administer pension benefits in accordance with the LGPS regulations;
 - Achieve a 100% funding level;
 - Ensure there are sufficient liquid resources available to meet the Fund's liabilities and commitments; and
 - Maintain as nearly a constant employer contribution rate as is possible.
3. In approving the Business Plan the Committee will be endorsing these objectives.
4. Part A of the plan includes a broad summary of the service activity undertaken. Part B includes the service priorities along with the relevant action plans to deliver on the priorities. These priorities represent improvements or developments that the officers are planning for the coming year. By definition they exclude business as usual.

Oxfordshire Pension Fund 2011/12 Budget

5. Part C sets out the Fund's investment management and scheme administration budget for 2011/12 and compares it with the budget set for 2010/11. Overall there is a reduction of about £100k to £4.447m. A report comparing the investment management and scheme administration outturn figures against the budget for 2010/11 will be produced for the June 2011 Committee meeting.
6. The **Fund Management Fee** budget has reduced from £3.0m to £2.8m. This reflects in part the average market value of the assets under management and in part anticipates the outcome from the fundamental review.

7. The variation in the **Global Custody Fee** follows the reduction in the Fund Management fee.
8. The **consultancy** budget has been increased by £50k in 2011/12 in anticipation of work that is usually required following a fundamental review.
9. The budget for the **Investment Management Team** has increased due to the need to manage Pension Fund cash separately from County Council cash.
10. The income budget for **Stock Lending fees** has been substantially reduced to reflect a reduction in activity. There had been an increase in the budget in 2010/11 following a substantial increase in stock lending activity. This activity does appear to be cyclical.
11. The reduction in the **Scheme Administration Team** reflects a reduction in staff numbers.

RECOMMENDATION

12. **The Committee is RECOMMENDED to approve the Business Plan for 2011/12 as set out in Annex 1.**

SUE SCANE
Assistant Chief Executive & Chief Finance Officer

Background papers: Nil

Contact Officer: Paul Gerrish, Interim Deputy Director
Tel: (01865) 797228
Mob: 07717 888 631

March 2011

Oxfordshire Pension Fund: Business Plan 2011/12**Deputy Director Oxfordshire Customer Services: Paul Gerrish****Service Manager - Pensions & Treasury Management: Sean Collins****Service Definition:**

- To administer the Local Government Pension Scheme on behalf of Oxfordshire County Council

Our Customers:

- Scheduled scheme employers e.g. County Council, District Councils, Oxford Brookes University, other Colleges and Academies
- Designating scheme employers e.g. Town & Parish Councils
- Community Admission Bodies e.g. charitable organisations with a community of interest
- Transferee Admission Bodies i.e. bodies where services have been transferred on contract from County or Districts
- Contributory Employees
- Pensioners and their Dependants

Key Objectives:

- Administer pension benefits in accordance with the LGPS regulations
- Achieve a 100% funding level;
- Ensure there are sufficient liquid resources available to meet the Fund's liabilities and commitments; and
- Maintain as nearly a constant employer contribution rate as is possible.

Part A: Service Activities

Service Activity	Outputs	Outcomes
Investment Management		
Management of the Pension Fund Investments	<p>The Fund is invested in assets in accordance with the Committee's wishes</p> <p>The Fund's assets are kept securely.</p> <p>Quarterly reports to the Pension Fund Committee.</p>	<p>Pension Fund deficit is minimised by securing favourable returns on investments (compared to benchmarks)</p> <p>Value for money for the taxpayer by minimising employer contributions</p>
Management of the Pension Fund Accounts	Completion of the Annual Report and Accounts	No adverse comments from the Fund's auditors
Management of the Pension Fund Cash	Cash management strategy and outturn reports	The Pension Fund cash is managed securely and effectively
Scheme Administration		
Management of the Pension Fund Administration	<p>The administration procedures are robust and in accordance with regulations and service standards</p> <p>Changes to regulatory framework of the scheme</p>	<p>The workload is completed & checked in accordance with regulations and procedures.</p> <p>Work is completed within specified time scales</p> <p>No adverse comments from the Fund's auditors</p> <p>Implementation of actions arising from regulation changes / Hutton Commission Report</p>

Part B – Service Priorities

Task	Actions	Measures of Success
Investment Management		
Monitor implementation of new bank account	Ensure Pension Fund transactions pass through the correct account Regular (daily and monthly) reconciliation of bank account	95% of transactions pass through Pension Fund Bank Account first time by September 2011 No delays in reconciling accounts
Development of a members hand book	Agree content, including Member responsibilities, Committee terms of reference, key documents. Pull content together from various parts of the organisation by Sept 2011	Members of the committee happy with the content of the handbook.
Review of the voting arrangements	Review the RREV contract before the May renewal. Consider voting arrangements for overseas and pooled equities by Sept 2011.	Council compliant with the Pension Fund Investment principle on responsible ownership
Review skills and knowledge of pension fund officers	Undertake a skills and knowledge audit by Dec 2011 Develop a training plan by Dec 2011	Members and the Chief Finance Officer have confidence in the officers advising the Committee
Review roles of pension fund officers	Set out roles and responsibilities of key officers by Dec 2011	Individual officers have clarity over their individual responsibilities

Task	Actions	Measures of Success
Scheme Administration		
Implementation of new regulations that follow from the Hutton review.	<p>Assess the new regulations when they are published</p> <p>Make changes to the processes and procedures</p> <p>Communicate changes to customers and actions for participating employers</p>	<p>New regulation implemented by the relevant due date.</p> <p>Stakeholders kept up to date with the proposed changes and what action they need to take</p>
Rebranding of Oxfordshire Pension Fund by Dec 2011	<p>Agree logo</p> <p>Review website design and content</p> <p>Review publication design and content</p>	<p>Improved recognition of and interest in the Fund by Stakeholders</p> <p>Easier access for interested stakeholders</p>
Continuous improvement of processes and procedures	<p>Review remaining procedures</p> <p>Implement pension task management system for procedures already reviewed and for those to be reviewed</p> <p>Identify and implement efficiencies</p>	<p>All procedures are efficient and meet both regulatory and customer requirements</p> <p>Task management system is used effectively across the admin team</p> <p>Time and cost savings identified</p>
Improved customer focus	<p>Monitor performance information to identify opportunities for improvement</p> <p>Improve service delivery times</p> <p>Explore customer self service options</p>	Improved customer satisfaction
Explore efficiencies through partnership working	<p>Hold discussions with other scheme administrators to identify opportunities</p> <p>Where appropriate, bring forward any proposals to Committee for consideration</p>	<p>Clear position statement on future partnership working</p> <p>Action plan agreed where appropriate</p>

Part C. Budget:

	2011/12	2010/11
	Budget	Budget
	£'000	£'000
Investment Management		
Fund Management fees	2,800	3,000
Global custody fee	80	95
Independent Financial Adviser	57	57
Consultancy fees	112	62
Performance Measurement Service	13	13
Member training	12	12
Pensions Investment Team and other support services	252	221
Other	5	5
	3,331	3,465
Less: Stock lending fees	171	230
Total Investment Management	3,160	3,235
Scheme Administration		
Pensions Admin Team and other support services	904	944
Printing & Stationery	35	35
Postage	23	23
Software Support & Licensing	134	130
Actuary fees	90	90
External Audit fees	83	83
Appointed person fees	3	2
Other	44	43
	1,316	1,350
Less: Income (e.g. Fire & Teacher Admin)	29	29
Total Scheme Administration	1,287	1,321
Total Pension Fund Budget	4,447	4,556

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Part D: Risk Register

Identification of Risks:

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

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

Key to Scoring

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

Page 101

Likelihood

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

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
	Funding				
1	Inappropriate long-term investment strategy in relation to fund liabilities leading to an increase in the deficit	5	1	5	Fundamental Strategic review post valuation. Fund-specific benchmark and targets set. Advised by the Fund's IFA
2	Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities and an increase in the deficit.	4	2	8	Quarterly monitoring of liabilities. Toleration of risk in the expectation of higher real returns from riskier assets (equities, property). Investment in bonds helps mitigate the risk.
3	Pay and price inflation significantly higher than anticipated increasing the value of the liabilities.	4	2	8	Inter-valuation monitoring. Toleration of risk in the expectation of higher real returns from riskier assets (equities, property). The focus of the actuarial valuation process is on real returns on assets, net of price and pay increases. Some investment in bonds helps to mitigate this risk.
4	Effect of possible increase in employer's contribution rate on service delivery by admission/scheduled bodies.	3	2	6	Mitigate impact through deficit spreading and phasing in of contribution rises. Employers given early indications of potential increases.
5	Pensioners living longer than assumed in actuarial assumptions and therefore pension liabilities increase.	4	3	12	Review life expectancy assumptions at each valuation. Set mortality assumptions with some allowance for future increases in life expectancy.

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
6	Increase in number of early retirements due to public service cuts and/or ill health leading to pension liabilities increasing.	3	3	9	Employers are charged the extra capital cost of non ill health retirements following each individual decision. Employer ill health retirement experience is monitored.
7	County Council unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) leading to non-recovery of past service deficits.	2	1	2	The County Council monitors membership movements. There will be a requirement under the 2010 rates and adjustments certificate for all small admitted and designated bodies to pay past service deficits by a cash sum rather than a percentage of pay.
	Investment				
8	Failure of investment strategy to produce long-term returns assumed by Funding Strategy leading to a failure to reduce the deficit.	4	2	8	Investment Strategy reviewed every three years by the Pension Fund Committee with advice from the IFA. Investment strategy will be reviewed in light of 2010 actuarial valuation results.
9	Failure of investment markets (market crash) leading to a failure to reduce the deficit.	5	2	10	Diversification between asset classes. Reporting and monitoring arrangements for investment performance in place. Flexibility in quarterly rebalancing.
10	Failure of individual investments leading to a failure to reduce the deficit.	3	3	9	Diversified investment strategy and investment manager structure minimises impact at fund level of any individual investment failure.

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
11	Failure in investment performance by individual investment managers leading to a failure to reduce the deficit.	4	3	12	Thorough manager selection and due diligence process. Regular monitoring of manager performance using external advisers with knowledge of manager performance.
12	Negligence, fraud or default by individual investment manager leading to a failure to reduce the deficit and potential adverse media interest.	3	1	3	Legal requirements on fund managers set out in investment management agreements; FSA and other regulatory requirements. Separation of investment management arrangements from custody of assets through use of global custodian.
13	Failure of custodian leading to losses resulting in a failure to reduce the deficit and potential adverse media interest.	5	1	5	Regular review and periodic re-tendering of custodian contract. Banking and FSA regulation of custodian. All pension fund assets in custody are in ring fenced nominee holdings independent of custodians. (???)
14	Counterparty default in securities lending programme leading to a failure to reduce the deficit and potential adverse media interest.	3	1	3	Programme managed by experienced third party, BNY Mellon (Fund custodian). All securities in programme are over-collateralised (by 5%).

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
15	Non-compliance with LGPS investment regulations on investments permitted to pension fund leading to....	1	1	1	Investment management mandates structured to ensure compliance. Robust monitoring arrangements for investment managers.
	Governance				
16	Inadequate investment and actuarial advice leading to: <ul style="list-style-type: none"> • Pension Fund Committee and officers making decisions based on inaccurate or incomplete advice • Inappropriate decisions being taken leading to increased employer costs 	3	1	3	Officer and member training programme in place to help with: <ul style="list-style-type: none"> • Challenge and review of advice given; and • Decision making
17	Pension Fund Committee members have insufficient knowledge and advice to make correct decisions	3	2	6	Training programme and budget in place. IFA appointed and performance reviewed annually
	Operational				
18	Failure of pensions administration IT systems leading to complaints from beneficiaries and potential costs.	2	1	2	ICT business continuity plan.

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
19	Failure to comply with LGPS pensions benefits regulations (e.g. as the result of incorrect benefit calculations and the holding of incorrect data) leading to potential losses and complaints from beneficiaries.	2	1	2	Pensions administration procedures. Independent internal and external audit review of internal control arrangements.
20	County Council failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body and losing the opportunity to call in a debt	3	1	3	System of close monitoring of employers in place. A task list acts as a reminder in relation to this.
21	Inability or refusal of an employer to pay the cessation valuation.	3	3	9	Action through the courts.
22	Breach of data protection legislation leading to complaints from members of the scheme.	1	1	1	County Council data security protocol.
23	Failure to comply with pension fund accounting requirements leading to the accounts being qualified.	2	3	6	Staff awareness of changes to legislative requirements via networks, professional press and training. External audit review of pension fund accounts.
24	Employers' failure to carry out their responsibilities for scheme administration leading to complaints from members of the scheme.	2	1	2	Regular communication to employers on LGPS matters.

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
25	Failure by Prudential to provide AVC services to the Pension Fund leading to complaints from members of the scheme and potential media interest.	2	1	2	Annual review undertaken and reported to Pension Fund Committee
26	Concentration of knowledge in a small number of officers and risk of departure of key staff.	2	2	4	Ensure the review of CIPFA's knowledge and skills framework relating to officers results in key outcomes being delivered. Merger of Pensions Investment and Treasury Management provided some mitigation to this risk.
	Regulatory				
27	Changes to LGPS regs could lead to: <ul style="list-style-type: none"> ▪ Increase in workload ▪ Variation in liability and liability profile ▪ Recruitment and retention issues ▪ Admitted bodies opting out 	1 1 1 2	3 3 1 1	3 3 1 2	The County Council responds to all consultation papers on structural change to the LGPS issued by the Department of Communities and Local Government. Risks will need to be addressed if the regs change.

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
28	An employer ceasing to exist with insufficient funding or adequacy of a bond.	2	2	4	The risk is mitigated by: <ul style="list-style-type: none"> • Seeking a funding guarantee from another scheme employer, or external body, where possible. • Vetting prospective employers before admission. • Admitted bodies' contribution rates are based on the same assumptions as scheduled bodies

Division(s): All

PENSION FUND COMMITTEE – 18 MARCH 2011

Pension Fund Cash Management Strategy 2011/12

Report by Assistant Chief Executive and Chief Finance Officer

Introduction

1. The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions exceeding the amount of payments made on behalf of the Fund. The cash managed in-house by the Administering Authority, provides a working balance for the fund to meet its short term commitments and forms 0-5% of the Fund's strategic asset allocation.
2. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 S.I.No. 3093 state that from 1 April 2011 the administering authority must hold in a separate bank account all monies held on behalf of the Pension Fund. The regulations also state that the Administering Authority must formulate an investment policy to govern how the authority invests any Pension Fund money that is not needed immediately to make payments from the fund. This report sets out the strategy for the financial year 2011/12.

Banking Arrangements

3. Oxfordshire County Council Pension Fund Cash balances are held separately from County Council cash and all deposits entered into on behalf of the Pension Fund are recorded in the name of the pension fund. Oxfordshire County Council has undertaken a project during 2010/11 to amend its financial systems to enable direct routing, wherever practical of pension fund transactions via the pension fund bank accounts from 1 April 2011.

Management Arrangements

4. The pension fund cash balances held by the Administering Authority are managed by the Council's Treasury Management and Pension Fund Investments team. Cash balances are reviewed on a daily basis and deposited in accordance with the current strategy. The Council's Treasury Management Strategy team meet regularly to review the Council's Treasury Management Strategy and from 1 April 2011 will also keep under review the separate strategy for pension fund cash balances.

Rebalancing

5. The Oxfordshire County Council Pension Fund normally has a positive monthly cashflow where the level of income received by the fund exceeds the level of payments out. To avoid an excessive build up of cash over the strategic asset allocation range of 0 – 5% of the fund, the cash balance is regularly monitored and reviewed as part of a quarterly rebalancing exercise.
6. Arrangements will be made for cash balances which are not required for cashflow purposes, to be transferred to the pension fund Investment Managers in accordance with the decisions taken during the rebalancing exercise.
7. In general a minimum cash balance of £10million will be retained following a fund rebalancing exercise, to meet cashflow requirements and private equity investment transactions. The level of cash balances will fluctuate on a daily basis and may be considerably higher than the

minimum balance dependent upon the timing of transactions and strategic asset allocation decisions.

Investment Strategy

- 8. The Pension Fund cash investment policies and procedures will be in line with those of the administering authority. Priorities for the investment of cash will be:-
 - (a) The security of capital and
 - (b) The liquidity of investments
 - (c) optimum return on investments commensurate with proper levels of security and liquidity.

Investment of Pension Fund Cash

- 9. Management of the Pension Fund’s cash balances will be in accordance with the Administering Authority’s approved Treasury Management Strategy and policies and procedures. Lending limits relating to the council’s in-house deposits will however not apply due to differences in the levels of cash held. The Pension Fund cash balances managed in-house will be deposited with a minimum of two counterparties.
- 10. The Council uses Fitch ratings as the basis by which to determine its approved counterparty list. The minimum credit rating applicable to pension fund short-term deposits will be in line with the County Council’s approved credit rating criteria. The minimum Fitch credit ratings applicable for 2011/12 are as follows:-

Minimum Short term rating	Minimum Long term rating	Minimum Support rating	Minimum Individual rating
F1+	AA-	1 -2	C
F1+	AA-	3	B
F1	A	1-2	C
F1	A	3	B

- 11. The Treasury Management Strategy Team may further limit counterparties by using other available information such as Credit Default Swap Rates, Share prices, Ratings Watch & Outlook notices and other quality Financial Media sources. Any additions or deletions to approved counterparties on the council’s approved lending list, will also be applied to the Pension Fund internal cash balances.
- 12. The pension fund cash balances will be held predominantly in short-term instruments such as notice accounts, money market funds and short-term fixed deposits. Approved instruments for pension fund cash deposits will be the County Council’s list of specified investments for maturities up to 1 year, excluding the Debt Management Account deposit facility which is not available to pension funds and UK Government Gilts which are managed by an external fund manager. The County Council’s approved list of specified investments is attached at annex 1.

Borrowing for Pension Fund

- 13. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 gives administering authorities a limited power to borrow on behalf of the pension fund for up to 90 days. The power cannot be used to invest, but only for cashflow management in specified circumstances which should in practice be exceptional, i.e. to ensure that benefits are paid on time, and in transition management situations when the allocation of a pension fund’s assets is being amended. Money can only be borrowed for these purposes if, at the time of borrowing, the administering authority reasonably believes

that the sum borrowed, and any interest charged as a result, can be repaid out of the pension fund within 90 days of the date when the money is borrowed.

14. Pension Fund management arrangements presume no borrowing normally, but the possibility remains of unexpected pressures occurring and in these circumstances the power would enable the Pension Fund to avoid becoming forced sellers of fund assets due to cashflow requirements.
15. The Assistant Chief Executive and Chief Finance Officer (S.151 Officer) has delegated authority to borrow money for the Pension Fund in accordance with the regulations but only in exceptional circumstances. It is proposed that the authority to borrow on behalf of the Pension Fund continues to be delegated to the Assistant Chief Executive and Chief Finance Officer during 2011/12.

RECOMMENDATIONS

The Pension Fund Committee is RECOMMENDED to:

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

PAUL GERRISH
Interim Deputy Director, Oxfordshire Customer Services

Background papers: Nil

Contact Officer: Donna Ross, Principal Financial Manager
– Treasury and Pension Fund Investments
Tel: (01865) 323976

February 2011

Oxfordshire County Council 2011/12 Approved Specified Investments for Maturities up to one year.

Investment Instrument	Minimum Credit Criteria
Debt Management Agency Deposit Facility	N/A
Term Deposits – UK Government	N/A
Term Deposits – Banks and Building Societies	Fitch short-term F1, Long-term A, Individual rating C with support rating 2 or individual rating B with support rating 3, Minimum Sovereign Rating AA
Term Deposits with Nationalised Banks with Government Guarantee for wholesale deposits	N/A
Term Deposits with Part Nationalised banks by the UK Government	N/A
Certificates of Deposit issued by Banks and Building Societies	A1 or P1
Money Market Funds with a Constant Net Asset Value	AAA
Other Money Market Funds and Collective Investment Schemes ¹	Minimum equivalent credit rating of A+ across all 3 Ratings Agencies. These funds do not have short-term or support ratings.
UK Government Gilts	AAA

¹ I.e., credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Division(s): ALL

ITEM 17

PENSION FUND COMMITTEE - 18 March 2011

Write Off's

Report by Assistant Chief Executive and Chief Finance Officer

Introduction

1. In November 2007 a change was made to the Scheme of Financial Delegations to allow write offs, under £7,500, chargeable to the pension fund to be approved by the Assistant Head of Oxfordshire Customer Services (Financial Services) acting as Director and the 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 Assistant Head of Oxfordshire Customer Services (Financial Services) / Head of Finance (Customer Services) and (Corporate Finance) have approved the write off of £55.31, chargeable to the pension fund in respect of five cases.
5. In all cases the member had died resulting in a small over payment of pension, which could not be recovered. The smallest amount was £1.62 and the highest amount was £20.19.

RECOMMENDATION

6. **The Pension Fund Committee is RECOMMENDED to note this report**

Sue Scane
Assistant Chief Executive and Chief Finance Officer

Background papers: Nil

Contact Officer: Sally Fox Tel:01865 797111

March 2011

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