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To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 25 June 2010 at 10.15 am

County Hall, Oxford

Tony Cloke

Assistant Head of Legal & Democratic Services

June 2010

Contact Officer:

Marion Holyman

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Membership

Chairman – Councillor David Harvey Deputy Chairman - Councillor Bill Service

Councillors

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

Co-optees

District Councillor Richard Langridge District Councillor Barry Wood

Notes:

- A lunch will be provided
- Date of next meeting: 3 September 2010
- Peter Davies, the Independent Financial Adviser will give a training session on Fixed Income prior to the meeting, starting at 9.30 am in the meeting room

Declarations of Interest

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

The duty to declare ...

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

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

Whose interests are included ...

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

When and what to declare ...

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

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

Taking part if you have an interest ...

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

"Prejudicial" interests ...

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

What to do if your interest is prejudicial ...

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

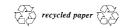
Exceptions ...

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

Seeking Advice ...

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

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



AGENDA

- 1. Election of Chairman for the 2010/11 Council Year
- 2. Election of Deputy Chairman for the 2010/11 Council Year
- 3. Apologies for Absence and Temporary Appointments
- 4. Declarations of Interest see guidance note
- **5. Minutes** (Pages 1 8)

To approve the minutes of the meeting held on 19 March 2010 (**PF5**) and to receive for information any matters arising on them.

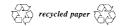
- 6. Petitions and Public Address
- 7. Overview of Past and Current Investment Position (Pages 9 28)

10:20

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

The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 31 March 2010 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 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 March 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 3 - Baillie Gifford

Graph 4 - Legal & General

Graphs 5 and 6 - UBS

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

EXEMPT ITEMS

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

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

NOTE: In the case of items 9 and 10, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

8. Overview and Outlook for Investment Markets (Pages 29 - 36)

10:30

Report of the Independent Financial Adviser (PF8)

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

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

3. Information relating to the financial or business affairs of any particular person

(including the authority holding that information) and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would prejudice the trading activities of the fund managers involved and would prejudice the position of the authority's investments in funding the Pension Fund.

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

9. **UBS**

10:40

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

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

11:20

- (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 March 2010;

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

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

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

12:00

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

12. Summary by the Independent Financial Adviser

12:05

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.

13. **Private Equity** (Pages 37 - 40)

12:10

Report of the Independent Financial Adviser (PF13E)

On the advice of the Independent Financial Adviser, the Fund has invested in a private equity holding, after consultation with the Chairman and Deputy Chairman of the Committee. The report provides details.

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

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

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

14. Overseas Custody Services (Pages 41 - 42)

12:15

Report of the Head of Finance & Procurement and the County Solicitor (PF14)

The report discusses a change to the Fund's overseas custody services.

The Committee is RECOMMENDED to:

- (a) grant a Power of Attorney to ING Slaski to enable the Fund to make investments in Poland;
- (b) consider delegating 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.

15. Investment and Representation (Pages 43 - 50)

12:20

Report by the County Solicitor and Head of Legal & Democratic Services (PF15)

The report updates members on changes in the law and recent statutory guidance on the duties and responsibilities of members of the Committee.

The Committee is RECOMMENDED to:

- (a) continue to act within its agreed Statement of Investment Principles in the best interests of the Scheme; and
- (b) continue to act within its agreed Governance Compliance Statement in the best interests of the Scheme.

16. Delivering Good Governance (Pages 51 - 54)

12:30

Report of the Head of Finance & Procurement (**PF16**)

During the past year a number of guidance documents has been published on different aspects of governance. The report considers these documents, recognises that an assessment of compliance is being undertaken on some and recommends a process for assessing compliance against others.

The Committee is RECOMMENDED to:

- (a) note the work being undertaken to assess the Fund against best practice;
- (b) agree that the objective is to make improvements for the benefit of the fund rather than simply complying with best practice;
- (c) agree to the prioritisation of the knowledge and skills framework and the development of an improved training plan addressing members' needs.

17. The Governance Compliance Statement (Pages 55 - 66)

12:35

Report of the Assistant Chief Executive and Chief Finance Officer (**PF17**)

This report reviews the Fund's Governance Compliance Statement, as required under the Pension Regulations.

The Committee is RECOMMENDED to note the report, and endorse the Governance Compliance Statement as contained in Annex 2 to the report.

18. Assessment against the Six Principles for Pension Fund Investment (Pages 67 - 86)

12:45

Report of the Head of Finance & Procurement (**PF18**)

Administering Authorities are required by the Department for Communities and Local Government to prepare, publish and maintain a statement of compliance against a set of six principles for pension fund investment. A review has been undertaken and a number of improvements are proposed for the Committee to consider.

The Committee is RECOMMENDED:

- (a) to review the assessment of compliance against the six principles for pension fund investment at Annex 1 to the report;
- (b) subject to any changes the Committee wishes to make, to agree the assessment;
- (c) to agree the programme of proposed improvements set out in paragraph 4 of the report.

19. **Review of the Statement of Investment Principles** (Pages 87 - 94)

12:55

Report of the Head of Finance & Procurement (**PF19**)

The Government has published a revised set of investment regulations which includes the requirement to agree and publish a Statement of Investment Principles (SIP) by 1 July 2010. The regulations also specify what should be included. The current SIP has not had a fundamental review for some time. The opportunity has been taken, in the light of changes in the regulations, to undertake such a review. Two specific changes have been made: identifying three specific investment objectives and changing the frequency of fundamental reviews of the investment strategy.

The Committee is RECOMMENDED to approve the revised Statement of Investment Principles set out in Annex 1 to the report.

20. Communication Policy (Pages 95 - 102)

13:00

Report of the Assistant Chief Executive and Chief Finance Officer (**PF20**)

The report is the review and updating of the Pension Scheme's Communication Policy.

The Committee is RECOMMENDED to note this report.

LUNCH

EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 21 and 22 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.

21. Pension Fund Tax Claims (Pages 103 - 104)

14:00

Report of the Head of Finance & Procurement (PF21E)

The Committee requested an update of the position in relation to tax claims. The report is in response to that request.

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 tax claims.

22. Closure Valuation (Pages 105 - 110)

14:05

Report of the Assistant Chief Executive and Chief Finance Officer (**PF22E**)

Following the loss of a major contract after a recent re-tendering exercise, one of the Fund's smaller Admitted Bodies is proposing that it should be wound up, so ending its admission to the Oxfordshire Fund. The Fund Actuary has completed estimated calculations for the closure valuation on two bases. The Committee is invited to consider the implications of the two bases, determine which should apply in this case, and depending on the decision taken, determine the approach to recovering the sum due.

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 authority's decision on this case.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PUBLIC AND PRESS

23. Internal Audit 2009/10 (Pages 111 - 112)

14:15

Report of the Assistant Chief Executive and Chief Finance Officer (**PF23**)

Internal Audits are undertaken annually of Pension Fund Investment and Pension Fund Administration. The report summarises the issues raised by the audit for the current year in order that the Committee is made aware of them and to give the Committee an opportunity to guestion officers about any issue raised.

The Committee is RECOMMENDED to note the report.

24. Write Offs (Pages 113 - 114)

14:30

Report of the Assistant Chief Executive and Chief Finance Officer (**PF24**)

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

The Pension Fund Committee is RECOMMENDED to note the report.

25. Corporate Governance and Socially Responsible Investment

(a) Socially Responsible Investment - Tar Sands

14:35

Report of the Head of Finance & Procurement (**PF25(a)**)

The report reports on voting practices by the fund managers on Tar Sands.

The Committee is RECOMMENDED to receive the report and to note the votes exercised.

(b) Corporate Governance and Socially Responsible Investment 14:40

The Assistant Chief Executive and 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.

26. Annual Pension Forum

14:45

The Assistant Chief Executive and Chief Finance Officer will report orally on any issues arising from the last Forum or about the Annual Pension Forum which will take place on Friday 10 December 2010 at 10 am.

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Tuesday 22 June 2010** at **4 pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 19 March 2010 commencing at 10.00 am and finishing at 2.24 pm

Present:

Voting Members: Councillor David Harvey – in the Chair

> Councillor Bill Service Councillor Jean Fooks Councillor Stewart Lilly Councillor Don Seale Councillor Alan Thompson

District Council Representatives: District Councillor Richard Langridge

Beneficiaries Observer:

Mr P Fryer

Independent Financial Mr P Davies

Adviser: Officers:

Whole of meeting Mr S Collins (Assistant Head of Shared Services

(Financial Services)), Mr P Gerrish (Head of Finance & Procurement), Mrs D Ross (Corporate Core) and Ms M

Holyman (Corporate Core)

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

1/10 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

An apology for absence was received from Councillor Tanner.

2/10 **DECLARATIONS OF INTEREST**

(Agenda No. 2)

Councillors Fooks, Harvey, Lilly, Service and Thompson declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government and Housing Act 1989.

3/10 MINUTES

(Agenda No. 3)

The minutes of the meeting of the Committee held on 4 December 2009 were approved and signed.

4/10 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION (Agenda No. 5)

The Committee was advised that Tables 1 to 19 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.

The Independent Financial Adviser reviewed the investment activity during the past quarter and presented an overview of the Fund's position as at 31 December 2009. He pointed out that UBS was nearly fully invested in property. Members asked questions and the Independent Financial Adviser responded to them.

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 and 9 on the agenda.

5/10 EXEMPT ITEMS

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

6/10 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. The Independent Financial Adviser updated the Committee orally.

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.

7/10 BAILLIE GIFFORD

(Agenda No. 7)

The representatives (Mr L Robb and Mr I McCombie) reported and reviewed the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 December 2009. The representatives responded to members' questions.

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

8/10 LEGAL & GENERAL

(Agenda No. 8)

The representatives (Mr D Blass and Mr J Cloke) reported and reviewed the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 December 2009. The representatives responded to members' questions.

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

9/10 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 9)

The Independent Financial Adviser reported that he and the officers had met representatives of Alliance Bernstein and the company had reported that they had taken measures to improve their performance. He also reported that the performance of UBS on overseas equities and property had been good and performance on hedge funds had improved in 2009.

RESOLVED: to ask the Head of Finance & Procurement to invite the Hedge Fund Manager to attend the next meeting of the Committee and to note the main issues arising from the reports.

10/10 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 10)

The Independent Financial Adviser reported that he had no further issues to report.

11/10 REVIEW OF INDEPENDENT FINANCIAL ADVISER

(Agenda No. 11)

The Committee considered a report (PF11) on the activities of the Independent Financial Adviser (IFA) over the last year.

RESOLVED: to note the report.

(The Independent Financial Adviser left the room for this item.)

12/10 REVIEW OF USE OF EXTERNAL CONSULTANTS

(Agenda No. 12)

The Committee considered a report of the Assistant Chief Executive and Chief Finance Officer (PF12E) which reviewed the use of external consultants and specifically whether it would be advantageous to have a permanent arrangement rather than appoint on an ad hoc basis.

RESOLVED: to

- (a) note the report;
- (b) agree to the commissioning of a review of the management of private equity once in the life of the Council, coinciding with the fundamental review of the Pension Fund's Investment Management;
- (c) continue to employ consultants on an ad hoc basis as and when their specific expertise is required.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

13/10 INVESTMENT OF PENSION FUND CASH

(Agenda No. 13)

The Committee considered a report of the Assistant Chief Executive and Chief Finance Officer (PF13) on proposed changes to the management of Pension Fund cash balances managed by the County Council.

RESOLVED: to

- (a) note the requirement for a separate bank account for Pension Fund transactions from 1 April 2011;
- (b) delegate authority to the Assistant Chief Executive and Chief Finance Officer to apply the Council's approved Treasury Management Strategy separately to the management of Pension Fund cash;
- (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.

14/10 PENSION FUND BUSINESS PLAN AND BUDGET FOR 2010/11

(Agenda No. 14)

The Committee considered a report of the Assistant Chief Executive and Chief Finance Officer (PF14) on the annual business plan and budget for the 2010/11 financial year and also included proposals for member training.

Mr Gerrish reported that there was a possibility that £1.5m tax on dividends for stock lending could be recovered through the courts and sought authority to incur up to £100,000 in costs to pursue the matter.

Members of the Committee were reminded that they should advise the Head of Finance & Procurement if they were unable to attend training sessions.

RESOLVED to:

- (a) approve the Business Plan, as set out at Annex 1 to the report, for 2010/11;
- (b) approve the Investment Management and Scheme Administration Budget for 2010/11, as set out in Annex 2 to the report;
- (c) agree the proposals for member training as set out in the report;
- (d) authorise the Head of Finance & Procurement, after consultation with the Chairman of the Committee, to decide whether to pursue a claim to recover tax on dividends for stock lending up to a limit of £100,000 costs;
- (e) ask the Head of Finance & Procurement to report to the next meeting of the Committee on the current position on the group action claim for recovery of overseas tax:
- (f) receive a report on the CIPFA guidance on a knowledge and skills framework for elected representatives together with a review of member training last year.

15/10 THE FUNDING STRATEGY STATEMENT

(Agenda No. 15)

The Committee considered a report of the Assistant Chief Executive and Chief Finance Officer (PF15) which updated the Committee on the recent consultation exercise on potential changes in the Funding Strategy Statement, and in light of the comments received, proposed a number of changes to the current Statement.

RESOLVED: to amend the Funding Strategy Statement as set out in paragraph 14 in the report.

16/10 APPLICATIONS FOR ADMISSION TO THE OXFORDSHIRE PENSION FUND

(Agenda No. 16)

The Committee considered a report of the Assistant Chief Executive and Chief Finance Officer (PF16) which presented three applications for admission to the Local Government Pension Fund as follows:

- (a) The outsourcing of revenue and benefit services by Cherwell District Council
- (b) The outsourcing of the Child and Adolescent Mental Health Service from Children, Young People & Families
- (c) The re-tendering of the Oxfordshire Highways contract.

RESOLVED: to approve the applications set out in the report subject to the agreement to the terms of the Admission Agreements and this Committee being informed when the agreements were signed.

17/10 LOCAL GOVERNMENT PENSION SCHEME (LGPS) - DRAFT (MISCELLANEOUS) REGULATIONS 2010

(Agenda No. 17)

The Committee considered a report of the Assistant Chief Executive and Chief Finance Officer (PF17) on draft proposed changes by the Department for Communities and Local Government to the above regulations.

RESOLVED: to note the report and to advise the Government that the Committee agreed with the proposal on Regulation 16.

18/10 WRITE OFF'S

(Agenda No. 18)

The Committee considered a report of the Assistant Chief Executive and Chief Finance Officer (PF18) on write off's which had taken place under the Council's Scheme of Financial Delegation.

RESOLVED: to note the report.

19/10 COMPENSATION PAYMENTS

(Agenda No. 19)

The Committee considered a report of the Assistant Chief Executive and Chief Finance Officer (PF19) on the determination by the Assistant Head of Shared Services of one case of complaint under the Internal Disputes Resolution Procedure.

RESOLVED: to note the report.

20/10 PENSIONS INCREASE

(Agenda No. 20)

The Committee was informed that the Department for Communities and Local Government had advised that there was a 0% increase to all occupational pensions for April 2010 as a result of a negative value for the retail price index at September 2009 and that the basic state pensions would increase by 2.5% from 12 April 2010.

RESOLVED: to note the report.

21/10 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 21)

The Committee was advised by the Assistant Chief Executive and Chief Finance Officer that an audit of Fund Manager voting practices had been undertaken for the period from October 2008 to September 2009. Managers were required to vote in

line with RREV recommendations unless they cleared any variation to this with officers. One query had been raised with Baillie Gifford where they stated that they had voted in line with RREV recommendations, although the audit had picked up that they had not. Baillie Gifford have apologised for this error as soon as it was brought to their attention and have indicated that they have strengthened their processes in this area.

This would appear to be the case because in December Baillie Gifford notified officers that they wanted to vote against RREV recommendations in relation to one resolution at the Extraordinary General Meeting of Cairn Energy on 21 December. The resolution was to allow the company to restructure the Capricorn long-term incentive scheme (Capricorn is Cairn Energy's exploration focused subsidiary). This would have enabled executives to receive maximum payouts from their 2007 and 2008 awards despite failing to achieve their performance targets and demonstrate properly that the Capricorn business had added significant shareholder value since 2007.

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

RESOLVED: to note the report.

22/10 ANNUAL PENSION FORUM

(Agenda No. 22)

RESOLVED: to	hold the Annual Pension Foru	m on Friday 10 December at 10 am.
		in the Chair
Date of signing		2010

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100.00%

13.16%

OXFORDSHIRE COUNTY COUNCIL PENSION FUND - OVERALL VALUATION OF FUND AT 31 MARCH 2010

	COMBINED	NBS	S	Alliance Bernstein	ernstein	Baillie Gifford	ifford	Legal & General	eneral	Legal & General	Seneral	Other		COMBINED	LED	
	PORTFOLIO 1.1.10	Overseas Equities and Property	Equities operty	Global Eq	quities	UK Equities	nities	UK Equity Passive	Passive	Fixed Interest	iterest	Investments	ents	PORTFOLIO 31.3.10	O O	
Investment	Value	Value	%	Value	%	Value	%	Value	%;	Value	%		%	Value	%;))
	£. 000	₹. 000	of lotal Value	£. 000	of Lotal Value	£. 000	or I otal Value	₹. 000	or I otal Value	₹. 000	or lotal Value	£. 000	of Lotal Value	₹. 000	of Lotal Value	Customised Benchmark
EQUITIES UK Equities	328.691	0	0.0%	29.640	12.1%	200.235	98.2%	120.031	100.0%	0	0.0%	0	0.0%	349.906	31.5%	31.0%
)		<u>.</u>	2		!	Î)	2)			2	
US Equities	68,912	0	%0.0	83,941	34.4%	0	%0.0	0	%0.0	0	%0.0	0	%0.0	83,941	%9.7	
European Equities	63,258	0	%0.0	22,608	23.6%	0	%0.0	0	%0.0	0	%0.0	0	%0.0	22,608	5.2%	
Japanese Equities	9,378	0	%0.0	20,657	8.5%	0	%0.0	0	%0:0	0	%0.0	0	%0.0	20,657	1.9%	
Pacific Basin Equities	5,994	0	%0.0	4,314	1.8%	0	%0.0	0	%0.0	0	%0.0	0	%0.0	4,314	0.4%	
Emerging Markets Equities	53,262	15,400	%6.9	44,473	18.2%	0	%0.0	0	%0.0	0	%0.0	0	%0.0	59,873	5.4%	
UBS Global Pooled Fund	122,952	149,616	%6.99											149,616		
Total Overseas Equities	323,756	165,016	73.8%	210,993	86.5%	0	%0.0	0	%0.0	0	%0.0	0	%0.0	376,009		32.0%
SCINC																
UK Gitts	22.470	С	%0.0	C	%0.0	C	%0.0	O	0.0%	27.847	16.1%	C	%0.0	27.847	2.5%	3.0%
Corporate Bonds	65,649	0	%0.0	0	0.0%	0	%0.0	0	0.0%	65,533	37.9%	0	0.0%	65,533	2.9%	%0.9
Overseas Bonds	20,610	0	%0.0	0	%0.0	0	0.0%	0	%0.0	20,896	12.1%	0	%0.0	20,896	1.9%	2.0%
Index-Linked	51,927	0	%0.0	0	%0.0	0	%0.0	0	%0.0	53,033	30.7%	0	%0.0	53,033	4.8%	2.0%
Total Bonds	160,656	0	%0.0	0	%0	0	%0	0	%0.0	167,309	%8'96	0	%0.0	167,309	15.1%	16.0%
ALTERNATIVE INVESTMENTS																
Property	55,767	57,222	25.6%	0	%0.0	0	%0.0	0	%0.0	0	%0:0	1,779	1.2%	59,001	5.3%	8.0%
Private Equity	72,345	0	%0.0	0	%0.0	0	%0.0	0	%0.0	0	%0.0	79,480	54.4%	79,480	7.2%	10.0%
Hedge Funds	29,577	0	%0.0	0	%0.0	0	%0.0	0	%0.0	0	%0.0	30,206	20.7%	30,206	2.7%	3.0%
Total Alternative Investments	157,689	57,222	25.6%	0	%0.0	0	%0.0	0	%0.0	0	%0:0	111,465	76.3%	168,687	15.2%	21.0%
САЅН	66,226	1,428	%9'0	3,377	1.4%	3,620	1.8%	0	0.0%	5,629	3.2%	34,718	23.7%	48,772	4.4%	0.0%
311334	4 007 040	999 600	9000	044	700 004	200 000	9000	100	9000	470 000	90 00	446 400	4000	440.600	400.00	400 00%
IOIAL ASSEIS	1,037,018	723,000	NO.U%	244,010	.no.n%	Z03,855	100.0%	120,031	%O.UU1	172,938	100.0%	140,183		1,110,083	100.0%	100.0%

15.57% * The benchmark indices for UK Equities and Overseas Equities may fluctuate marginally each quarter reflecting changes in the FTSE All World Index A revised customised benchmark was introduced from 1 October 2009 % of total Fund

223,666,000

H

Market Value

Oxfordshire County Council Pension Fund for Quarter ended 31 March 2010

UBS Global Asset Management - Asset Allocation

			Overseas	Overseas Equity Portfolio	ifolio
Asset	Control	Benchmark Actual Allocatio	Actual Allocation	Benchmark Actual + or - Allocation Allocation Benchmark Index	Index
	%	%	%	%	
Overseas Equities Comprising Global Pooled Fund Emerging Markets	85 - 100 0 - 10	93.6% 6.4%	90.7%		-2.9% See Split below * +2.9% MSCI Emerging Markets Free
Cash	0 - 10	0.0%	%0.0		
Total		100.0%	100.0%		

FTSE North American Developed FTSE Europe (ex UK) Developed FTSE Asia-Pacific (inc Japan) Developed %2.06 31.2% 31.2% 31.2% **93.6%** Global Pooled Fund Split:-Europe (ex UK) Asia Pacific (inc. Japan) **Total Global Pooled** North America

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

			Prope	Property Portfolio	0
Asset	Control	Benchmark Actual + or -	Actual	+ or -	
	Kange %	Allocation %	Allocation %	Allocation Allocation Benchmark Index % % %	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).

244,010,000

H

Market Value

Oxfordshire County Council Pension Fund for Quarter ended 31 March 2010

Alliance Bernstein - Asset Allocation

		IJ	ilobal Equit	Global Equities Portfolio	0
Asset	Control	Benchmark	Actual	+ or -	
	Range	Allocation	Allocation	Benchmark	Index
	%	%	%	%	
UK Equities		8.3%	12.1%	+3.8%	FTSE All World
Overseas Equities		91.7%	86.5%	-5.2%	
Comprising					
North America		45.6%	34.4%	-11.2%	
Europe (ex UK)		18.2%	23.6%	+5.4%	
Japan		8.4%	8.5%	+0.1%	
Asia Pacific (ex Japan)		7.7%	1.8%	%6'9-	
Emerging Markets		11.8%	18.2%	+6.4%	
Total Global Equities		100.0%	98.6%	-1.4%	
Cash			1.4%	+1.4%	
Total			100.0%		

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

120,031,000

ч

Market Value

Oxfordshire County Council Pension Fund for Quarter ended 31 March 2010

Legal & General- Asset Allocation

UK E Control Benchmark Ac Range Allocation Allo N/A 100.0% Nii 0.0%	0tal 100.0%
--	---------------

Target Objective - To track the FTSE 100 Index

TABLE 5

172,938,000

H

Market Value

Legal and General - Asset Allocation

			Fixed Income	ncome	
Asset	Control	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
	%	%	%	%	
UK Gilts	0 - 36	18.75%	16.1%	-2.7%	-2.7% FTSE A All Gilts Stocks
Corporate Bonds	20 - 55	37.50%	37.9%	•	+0.4% IBoxx Sterling Non-Gilt All Stocks Index
Index-Linked	15 - 46	31.25%	30.7%		-0.6% FTSE A Over 5 Year Index-linked Gilts
Overseas Bonds	0 - 24	12.50%	12.1%		-0.4% JP Morgan Global Gov't (ex UK) Traded Bond
Cash	0 - 10	%00'0	3.2%	+3.2%	
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)

203,855,000

H

Market Value

Oxfordshire County Council Pension Fund for Quarter ended 31 March 2010

Baillie Gifford - Asset Allocation

			UK Ec	UK Equities	
Asset	Control	Benchmark	Actual	+ or -	
	Range	Allocation	Allocation	Allocation Benchmark Index	Index
	%	%	%	%	
UK Equities	N/A	100.0%	98.2%		-1.8% FTSE Actuaries All-Share
Cash	Ē	%0.0	1.8%	+1.8%	
Total		100.0%	100.0%		

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

Alternative Investments - Asset Allocation

£ 109,686,000

Market Value

TABLE 7

+1.2% FTSE Smaller Companies (ex investment trusts) -0.3% 3 month LIBOR + 3% Index Private Equity and Hedge Funds Benchmark +0.9% + or -7.2% %6.6 Allocation Actual %0.6 6.0% 3.0% Benchmark Allocation Range Control 6-10 Ē Private Equity Hedge Funds Asset Total

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUND TOTAL PORTFOLIO PROGRESS REPORT PERIOD 1 JANUARY 2010 TO 31 MARCH 2010

	Market			Net Purchases and Sales	ases and	d Sales			Changes	Changes in Market Value	t Value		Market	
Asset	Value	%		Alliance	Baillie	Legal &			Alliance	Baillie	Legal &		Value	%
	1.1.10		UBS	Bernstein	Gifford	General	Other	UBS	Bernstein	Gifford	General	Other	31.3.10	
	0003		0003	0003	€000	000₹	000₹	000₹	€000	0003	000 3	000₹	0003	
EQUITIES														
UK Equities	328,691	32	0	(357)	763	0	0	0	2,425	11,597	6,787	0	349,906	32
US Equities	68.912	7	0	6,656	0	0	0	0	8.373	0	0	0	83.941	∞
European Equities	63,258	9	0	(6.629)	0	0	0	0	979	0	0	0	57,608	2
Japanese Equities	9,378	_	0	9,608	0	0	0	0	1,671	0	0	0	20,657	2
Pacific Basin Equities	5,994	_	0	(2,253)	0	0	0	0	573	0	0	0	4,314	0
Emerging Market Equities	53,262	2	4,000	(2,822)	0	0	0	1,545	3,888	0	0	0	59,873	5
Global Pooled Fund	122,952	12	14,000	0	0	0	0	12,664	0	0	0	0	149,616	13
Total Overseas Equities	323,756	31	18,000	4,560	0	0	0	14,209	15,484	0	0	0	376,009	34
BONDS														
Z Z	22 470	C	C	C	C	5 404		C	C	C	(22)	C	27 847	
Corporate Bonds	65,649	1 0	0	0	0	(1.846)	0	0	0	0	1.730	0	65,533) ()
Overseas Bonds	20,610	7	0	0	0	(653)	0	0	0	0	939	0	20,896	
Index-Linked Bonds	51,927	2	0	0	0	320	0	0	0	0	786	0	53,033	
ALTERNATIVE INVESTMENTS														
Proceed	55 767	ĸ	(108)	C	C	C	564	2 737	C	C	C	41	59 001	
Private Equity	72.345) /	0	0	0	0	1.131	2,,7	0	0	0	6.004	79.480	^
Hedge Funds	29,577	က	0	0	0	0	(79)	0	0	0	0	708	30,206	
SUB_TOTAL	970,792	94	17,892	4,203	763	3,225	1,616	16,946	17,909	11,597	10,215	6,753	1,061,911	97
CASH *	66,226	9	594	(3.504)	1.015	(2.191)	(2.191) (13.368)	0	0	0	0	0	48.772	4
					,	,								
GRAND TOTAL	1,037,018	100	18,486	669	1,778	1,034	(11,752)	16,946	17,909	11,597	10,215	6,753	1,110,683	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.

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OXFORDSHIRE COUNTY COUNCIL PENSION FUND VALUATION OF OTHER INVESTMENTS AS AT 31 MARCH 2010

	HOLDING	COST £	AVERAGE COST £	MARKET PRICE £	MARKET VALUE £	UNREALISED GAIN/LOSS £
PRIVATE EQUITY Managed by Mr P Davies, IFA						
Quoted Investment Trusts 31 Group	1,696,507	4,832,046	2.848	2.911000	4,938,532	106,486
Candover Investments Electra Private Equity	236,060 1,016,179	1,687,945	7.150	6.570000	1,550,914 13,698,093	(137,031) (188,329)
F&C Private Equity Trust	4,160,000	7,339,178	1.764	1.362500	5,668,000	(1,671,178)
Graphite Enterprise Trust H G Capital Trust	852,512 1,782,500	2,420,093	5.228	3.197500	2,725,907	305,814 5,822,582
Henderson Private Equity	1,200,000	2,122,781	1.769	1.407500	1,689,000	(433,781)
NKK Private Equity Investors Northern Investors	520,000	1,906,499	0.993	1.647500	1,644,670	340,483
Oxford Technology 3 Venture Capital Trust	593,612	582,797	0.982	0.450000	267,125	(315,672)
Schroder Private Equity	3,503,098	2,268,061	0.647	1.393856	4,882,815	2,614,754
Standard Life European Private Equity Trust SVG Capital	4,390,510 2,050,000	5,117,589 6,978,576	1.169 3.404	1.167500	5,125,920 3,191,850	8,331 (3,786,726)
-		59,973,124			61,892,775	1,919,651
<u>Unlisted Private Funds</u> Midlands Growth Fund	2,509	306,254	122	7.500	18,818	(287,436)
Limited Partnerships Fund of Funds Partners Group Secondary 2006 L.P.		3,986,561			4,439,952	453,391
Partners Group Secondary 2008 L.P. Partners Group Asia-Pacific 2007 L.P.		2,714,998			2,390,668	(1,216,281) (216,176)
Adams Street 2007 Non US Fund Adams Street 2008 Global Fund		1,991,220			2,078,289	82,069
Adams Street 2008 Direct Fund		615,132			635,682	20,550
Adams Street 2008 US Fund		2,316,201			2,987,857	671,656
Adams Street 2009 Global Fund Adams Street 2009 Direct Fund		230,929			228,447	(2,481)
Adams Street 2009 Non US Developed Mkts Fund Adams Street 2009 Non US Emerging Mkts Fund		61,396			50,508 39,452	(10,888) (9,259)
Adams Street 2009 US Fund		503,281			527,697	24,416
Oxford Technology ECF Limited Partner AC		885,000		•	699,240	(185,760)
	·	17,978,602		•	17,568,083	(410,519)
Cash Held by Custodian for Private Equity		725,370			725,370	
CASH HELD IN HOUSE		33,992,910			33,992,910	
TOTAL OF ALL INVESTMENTS		112,976,259			114,197,954	1,221,696

OXFORDSHIRE COUNTY COUNCIL PENSION FUND PRIVATE EQUITY TRANSACTIONS DURING QUARTER ENDED 31 MARCH 2010

DATE	HOLDING	HOLDING TRANSACTION	<u>BOOK</u> XOST	SALE PROCEEDS	REALISED GAIN/LOSS
01/01/2010 29/01/2010 29/03/2010	5,866 75,000 67	PURCHASES 31 Group Standard Life European Private Equity Trust Standard Life European Private Equity Trust	16,906 74,016 71 90,993	ų	ul .
08/01/2010 08/01/2010		LIMITED PARTNERSHIP FUND OF FUNDS DRAWDOWNS Adams Street 2007 Non US Fund Adams Street 2008 Non US Fund	54,326 39,872		
20/01/2010 22/01/2010 25/01/2010 29/01/2010		Adams Street 2009 Non US Emerging Mkts Fund Oxford Technology ECF Limited Partner AC Partners Group Secondary 2008 L.P. Adams Street 2007 Non US Fund	7,529 120,000 791,968 100,698		
29/01/2010 29/01/2010 05/02/2010 08/02/2010 09/02/2010 16/02/2010 04/03/2010 26/03/2010		Adams Street 2008 Direct Fund Adams Street 2009 Direct Fund Partners Group Asia - Pacific 2007 L.P. Adams Street 2008 Non US Fund Adams Street 2009 Non US Emerging Mkts Fund Adams Street 2009 Non US Emerging Mkts Fund Adams Street 2009 Non US Emerging Mkts Fund Adams Street 2007 Non US Fund Adams Street 2007 Non US Fund	37,790 25,208 240,993 62,871 5,241 62,778 9,777 75,342		
23/02/2010	255,985	SALES 255,985 Schroder Private Equity - share buy back	1,693,580 165,736 165,736	351,363 351,363	185,626 185,626
40,231.00		LIMITED PARTNERSHIP FUND OF FUNDS CAPITAL DISTRIBUTIONS Partners Group Secondary 2006 L.P. Partners Group Secondary 2008 L.P.	171,527 131,211 302,737	171,527 131,211 302,737	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR THE QUARTER, TWELVE MONTHS, THREE YEARS and FIVE YEARS ENDED 31st March 2010

Combined Portfolio

	% Weighting of Fund as at	Value as at	QUARTEI 31st Ma	QUARTER ENDED 31st March 2010	12 MONTH 31st Ma	12 MONTHS ENDED 31st March 2010	THREE YEA	THREE YEARS ENDED 31st March 2010	FIVE YEAI 31st Ma	FIVE YEARS ENDED 31st March 2010
ASSET	31 March 2010	31 March 2010	BENCHMARK RETURN	BENCHMARK OXFORDSHIRE RETURN TOTAL FUND	BENCHMARK RETURN	OXFORDSHIRE TOTAL FUND	BENCHMARK RETURN	BENCHMARK OXFORDSHIRE RETURN TOTAL FUND	BENCHMARK RETURN	BENCHMARK OXFORDSHIRE RETURN TOTAL FUND
			%	%	%	%	%	%	%	%
GLOBAL EQUITIES	19.0%	210,993	6.6	8.5	48.3	55.1	5.2	-1.6		
UK EQUITIES	31.5%	349,906	6.4	6.7	52.3	47.8	-0.2	-1.2	7.2	0.9
OVERSEAS EQUITIES	14.9%	165,016	9.7	9.4	47.5	54.2	8.4	5.6		
UK GOVERNMENT BONDS	2.5%	27,847	1.1	1.0	0.8	1.3	6.1	7.1	5.2	5.8
UK CORPORATE BONDS	2.9%	65,533	3.9	4.0	20.9	21.9	4.1	4.7	4.2	4.9
OVERSEAS BONDS*	1.9%	20,896	1.3	1.3	2.6	3.7		11.1		
UK INDEX LINKED GILTS	4.8%	53,033	2.0	2.3	10.4	11.2	8.9	7.3	6.4	9.9
PRIVATE EQUITY	7.2%	79,480	1.8	9.8	68.7	42.3	-12.8	6.9-	-1.2	4.8
HEDGE FUNDS	2.7%	30,206	6:0	2.1	3.8	13.2	6.9	-0.7	7.3	3.6
PROPERTY ASSETS	5.3%	59,001	4.8	5.5	11.6	14.4	-10.2	-15.9	0.5	-3.0
CASH/ALTERNATIVES	4.4%	48,772		-0.1		9.0-		-2.7		0.5
TOTAL FUND	100.0%	1,110,683	6.5	6.5	40.1	35.7	1.8	-0.7	7.0	5.5

* This includes L&G Currency Hedging for Overseas bonds

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR THE QUARTER, TWELVE MONTHS, THREE YEARS and FIVE YEARS ENDED 31st March

Alliance Bernstein - Global Equities

	QUARTE	QUARTER ENDED	12 MONT	12 MONTHS ENDED	THREE YEA	THREE YEARS ENDED	FIVE YEA	FIVE YEARS ENDED
	31st March	arch 2010	31st M.	31st March 2010	31st Ma	31st March 2010	31st Ma	31st March 2010
	BENCHMARK	BENCHMARK OXFORDSHIRE		BENCHMARK OXFORDSHIRE		BENCHMARK OXFORDSHIRE		BENCHMARK OXFORDSHIRE
ASSET	RETURN	TOTAL FUND	RETURN	TOTAL FUND	RETURN	TOTAL FUND	RETURN	TOTAL FUND
	%	%	%	%	%	%	%	%
UK EQUITIES	0.9	9.7	51.2	47.2	0.5	-12.5	7.2	0.8
OVERSEAS EQUITIES	10.2	8.3	48.1	56.3	5.6	-0.2	10.1	7.2
North American Equities	12.5	11.8	43.2	44.7	5.4	-5.1	7.6	1.0
European Equities	3.9	2.4	48.2	54.3	1.8	-1.1	10.0	8.7
Japanese Equities	15.4	12.8	29.6	59.6	-0.7	-2.6	5.5	8.1
Pacific Basin (excl. Japan)	8.6	11.2	2.69	57.3	12.9	7.5	18.4	11.2
Emerging Market Units	9.1	9.6	74.5	2.68	15.7	16.9	21.9	21.3
CASH/ALTERNATIVES		-2.1		-12.2		-16.0		0.6-
TOTAL ASSETS	6.6	8.2	48.3	53.0	5.2	-3.6	9.5	5.0

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

INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR THE QUARTER, TWELVE MONTHS, THREE YEARS and FIVE YEARS ENDED 31st March

Table 13

Legal & General - UK Equities Passive Mandate

RETURN

0.9

CASH/ALTERNATIVES

UK EQUITIES

ASSET

TOTAL ASSETS

0.9

BENCHMARK OXFORDSHIRE TOTAL FUND FIVE YEARS ENDED 31st March 2010 RETURN BENCHMARK OXFORDSHIRE TOTAL FUND THREE YEARS ENDED 31st March 2010 RETURN BENCHMARK OXFORDSHIRE TOTAL FUND 50.9 50.9 12 MONTHS ENDED 31st March 2010 RETURN 50.4 50.4 BENCHMARK OXFORDSHIRE TOTAL FUND 6.0 6.0 QUARTER ENDED 31st March 2010

Target Objective - To track the FTSE 100 Index

Legal & General - Bonds

	QUARTI 31st M	QUARTER ENDED 31st March 2010	12 MONT 31st Ma	12 MONTHS ENDED 31st March 2010	THREE YE, 31st M	THREE YEARS ENDED 31st March 2010	FIVE YE⊿ 31st Ma	FIVE YEARS ENDED 31st March 2010
ASSET	BENCHMARK RETURN	OXFORDSHIRE BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE TOTAL FUND RETURN TOTAL FUND RETURN TOTAL FUND	BENCHMARK RETURN	OXFORDSHIRE TOTAL FUND	BENCHMARK RETURN	OXFORDSHIRE TOTAL FUND	BENCHMARK RETURN	ENCHMARK OXFORDSHIRE RETURN TOTAL FUND
	%	%	%	%	%	%	%	%
UK GILTS	1.1	1.0	0.8	1.3	6.1	6.9	5.2	5.8
UK CORPORATE BONDS	3.9	4.0	20.9	21.9	4.1	5.4	4.2	5.0
OVERSEAS BONDS*	1.3	1.3	2.6	3.7		11.1		
UK INDEX LINKED	2.0	2.3	10.4	11.2	6.8	7.3	6.4	9.9
CASH/ALTERNATIVES*								
TOTAL ASSETS	2.5	2.6	11.3	11.8	6.1	6.9	5.6	6.1

^{*} 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)

INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR THE QUARTER, TWELVE MONTHS, THREE YEARS and FIVE YEARS ENDED 31st March

UBS Global Asset Management - Overseas Equities

Table 15

	QUARTEF	ER ENDED	12 MONTHS ENDED	4S ENDED	THREE YEA	THREE YEARS ENDED	FIVE YEA	FIVE YEARS ENDED
	31st Ma	rch 2010	31st Ma	rch 2010	31st Ma	ırch 2010	31st Ma	ırch 2010
	BENCHMARK	OXFORDSHIRE	BENCHMARK	BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE	BENCHMARK	OXFORDSHIRE	BENCHMARK	OXFORDSHIRE
ASSET	RETURN	TOTAL FUND	RETURN	RETURN TOTAL FUND		RETURN TOTAL FUND	RETURN	RETURN TOTAL FUND
	%	%	%	%	%	%	%	%
OVERSEAS EQUITIES	6.7	9.4	47.5	54.2	8.4	5.6	10.2	6.6
TOTAL CASH								
TOTAL ASSETS*	9.7	9.4	*	*	*	*	*	*

* Prior to September 2009 these assets were previously held in one portfolio with the Property assets.

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

	QUARTEF 31st Mai	ER ENDED larch 2010	12 MONTH 31st Ma	QUARTER ENDED 12 MONTHS ENDED THREE YEARS ENDED FIVE YEARS ENDED 31st March 2010 31st March 2010	THREE YEA 31st Ma	THREE YEARS ENDED 31st March 2010	FIVE YEAF 31st Ma	FIVE YEARS ENDED 31st March 2010
ASSET	BENCHMARK RETURN	OXFORDSHIRE TOTAL FUND	BENCHMARK RETURN	BENCHMARK OXFORDSHIRE B RETURN TOTAL FUND	BENCHMARK RETURN	ENCHMARK OXFORDSHIRE RETURN TOTAL FUND	BENCHMARK RETURN	ENCHMARK OXFORDSHIRE RETURN TOTAL FUND
PROPERTY	8.4	5.5	6.6	14.6	-10.7	-15.9	0.2	-2.9
TOTAL CASH*		0.2						
TOTAL ASSETS**	4.8	5.4	**	*	**	**	**	*

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

^{*} Historic returns for this category refer to the portfolio whilst both Overseas Equities and Property were held within one portfolio
** The Quarter ending September 2009 is the first full period of investment in a separate Property portfolio. These assets were previously held in one portfolio with the Overseas Equities.

INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR THE QUARTER, TWELVE MONTHS, THREE YEARS and FIVE YEARS ENDED 31st March

UBS Global Asset Management - Hedge Funds

Table 17

	QUARTEI 31st Ma	RENDED rch 2010	QUARTER ENDED 12 MONTHS ENDED THREE YEARS ENDED FIVE YEARS ENDED 31st March 2010 31st March 2010	IS ENDED rch 2010	THREE YEA 31st Ma	RS ENDED	FIVE YEA	RS ENDED Irch 2010
ASSET	BENCHMARK RETURN	OXFORDSHIRE TOTAL FUND	BENCHMARK OXFORDSHIRE RETURN TOTAL FUND	OXFORDSHIRE TOTAL FUND	BENCHMARK RETURN	ENCHMARK OXFORDSHIRE RETURN TOTAL FUND	BENCHMARK RETURN	BENCHMARK OXFORDSHIRE RETURN TOTAL FUND
Hedge Funds	6:0	2.1	3.8	13.3	6.9	9.0-	8.8	4.0
TOTAL CASH		0.1		0.2		2.9		-2.3
TOTAL ASSETS	6.0	2.1	3.8	13.2	6.9	-0.7	8.8	3.8

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

Baillie Gifford - UK Equities Active Mandate

	QUARTEF	RTER ENDED	12 MONTHS ENDED	S ENDED	THREE YEA	HREE YEARS ENDED	FIVE YEARS ENDED	S ENDED
	31st March 2010	ch 2010	31st Ma	31st March 2010	31st Ma	31st March 2010	31st Mai	31st March 2010
	BENCHMARK	OXFORDSHIRE	BENCHMARK	BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE	BENCHMARK	OXFORDSHIRE	BENCHMARK	OXFORDSHIRE
\SSET	RETURN	TOTAL FUND	RETURN	RETURN TOTAL FUND	RETURN	RETURN TOTAL FUND	RETURN	TOTAL FUND
	%	%	%	%	%	%	%	%
IK EQUITIES	6.4	7.2	52.3	46.1	-0.2	6.0-	7.2	6.4
OTAL CASH		0.1		0.7		3.9		4.0
OTAL ASSETS	6.4	7.1	52.3	44.7	-0.2	-0.6	7.2	6.5

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

INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR THE QUARTER, TWELVE MONTHS, THREE YEARS and FIVE YEARS ENDED 31st March

Independent Advisor - Private Equity and Internally managed cash

able 19

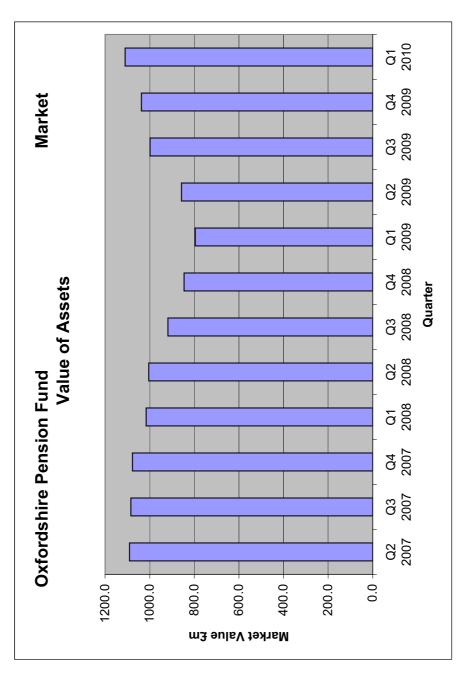
	QUARTE 31st Ma	QUARTER ENDED 31st March 2010	12 MONTHS ENDED 31st March 2010	MONTHS ENDED 31st March 2010	THREE YE/ 31st Ma	THREE YEARS ENDED 31st March 2010	FIVE YEAF 31st Ma	FIVE YEARS ENDED 31st March 2010
ASSET	BENCHMARK RETURN	OXFORDSHIRE TOTAL FUND	В	ENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE RETURN TOTAL FUND	BENCHMARK RETURN	OXFORDSHIRE TOTAL FUND	BENCHMARK RETURN	ENCHMARK OXFORDSHIRE RETURN TOTAL FUND
PRIVATE EQUITY	1.8	9.8	68.7	42.3	-12.8	-6.9	-1.2	4.8
TOTAL CASH*	0.1	0.2	0.4	4.1	3.2	3.8	3.8	5.6
TOTAL ASSETS	1.3	5.6	43.7	24.1	-6.8	-5.1	5	3.9

^{*} Cash within this portfolio includes all internally managed cash and the balance held at BoNY (including the liquidated TAA investment previously held by UBS).

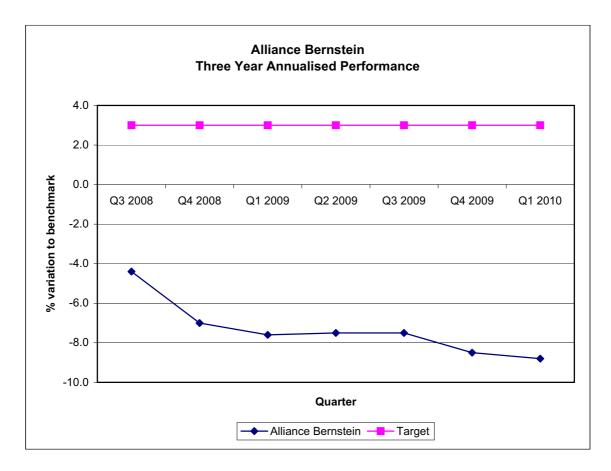
Target Objective - To seek to outperform the Benchmark by 1% over rolling 3 year periods.

Partners Group Real Estate SICAR - Property

	QUARTE	QUARTER ENDED	12 MONTE	12 MONTHS ENDED	THREE YEA	THREE YEARS ENDED	FIVE YEARS ENDED	S ENDED
	31st Ma	31st March 2010	31st Ma	31st March 2010	31st Me	31st March 2010	31st Ma	31st March 2010
	BENCHMARK	OXFORDSHIRE	BENCHMARK	BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE BENCHMARK OXFORDSHIRE	BENCHMARK	OXFORDSHIRE	BENCHMARK	OXFORDSHIRE
ASSET	RETURN	TOTAL FUND	RETURN	TOTAL FUND RETURN TOTAL FUND	RETURN	RETURN TOTAL FUND RETURN TOTAL FUND	RETURN	TOTAL FUND
PROPERTY	4.8	5.1						
TOTAL CASH								
TOTAL ASSETS*	4.8	5.1						

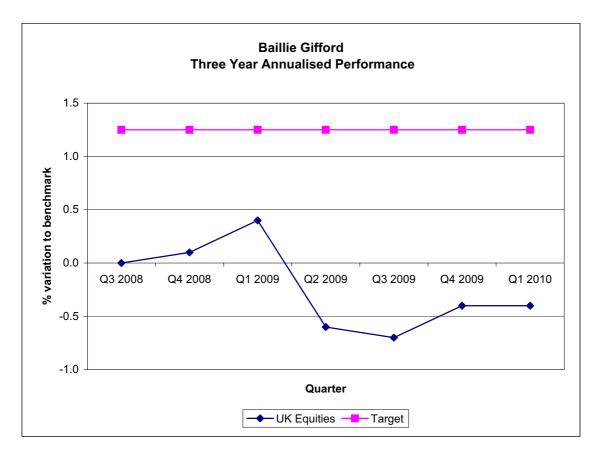


GRAPH 2



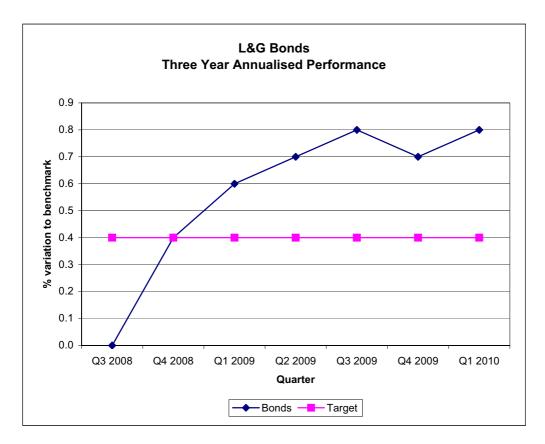
Alliance Bernstein Three Year Annualised Performance

	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



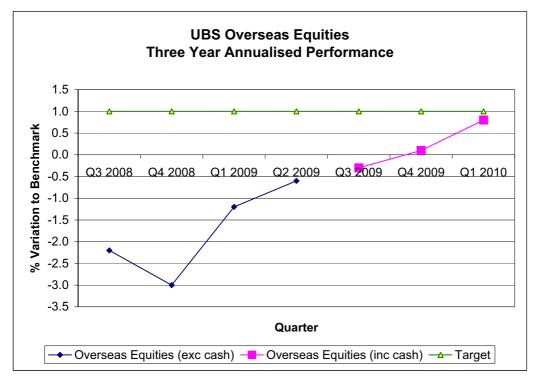
Baillie Gifford Three Year Annualised Performance

	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



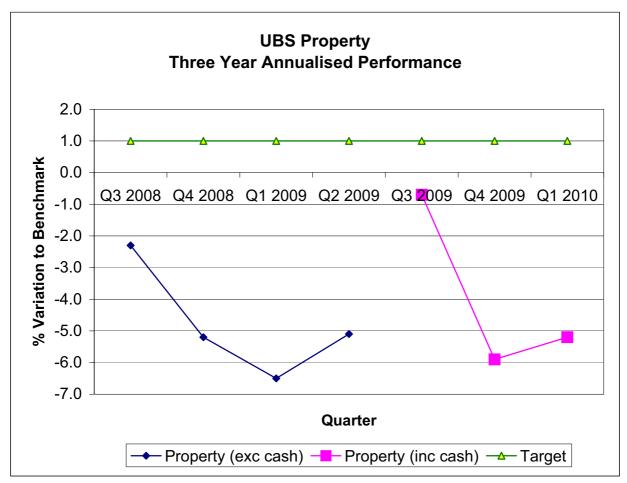
L&G Bonds Three Year Annualised Performance

	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



UBS Three Year Annualised Performance

	Overseas	Overseas	
	Equities	Equities	
	(exc cash)	(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



UBS Three Year Annualised Performance

	Property	Property	Taurat
	(exc cash)	(inc 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		-0.7	1.0
Q4 2009		-5.9	1.0
Q1 2010		-5.2	1.0

Division(s): N/A

PENSION FUND COMMITTEE – 25 JUNE 2010 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

The Economy

1. The global economic recovery is in progress, even though the rate of growth in the developed economies in 2010 and 2011 is likely to be at below-trend rates. In the emerging world, by contrast, economic growth has already returned to its pre-2008 pace, and in some of these countries monetary policy is being tightened in order to avoid overheating.

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

Consensus real growth (%)						Consumer prices (%)
	2007	2008	2009	2010E	2011E	
UK	+3.0	+0.7	- 4.7	(+1.4) +1.3	+ 2.1	+ 2.7 (CPI)
USA	+2.0	+1.2	- 2.5	(+3.0) +3.1	+ 2.9	+ 2.0
Eurozone	+2.6	+0.8	- 3.9	(+1.4) +1.2	+ 1.4	+ 1.3
Japan	+2.0	- 0.2	- 5.3	(+1.5) +1.9	+ 1.6	- 1.0
China	+11.9	+ 9.0	+ 8.7	(+9.6) +9.7	+ 8.2	+ 3.5

[Source of estimates: The Economist, 01.05.10]

- 2. In his Budget speech on 24 March, Alistair Darling forecast that UK government borrowing would be £167bn in the current fiscal year, or 11.8% of GDP, falling to 11.1% in 2010/11 and to 8.5% in 2011/12. These were based on GDP growth estimates of 1 -1.5% in calendar 2010, and 3 3.5% in 2011. The latter is some way ahead of the consensus forecast shown in the Table above.
- 3. Although it is acknowledged that severe cuts in government spending, together with tax rises, will be required in order to achieve the declared aim of halving the fiscal deficit within four years, the subsequent General Election campaign produced very little detail from any of the major parties on where these measures would fall. The main area of public disagreement concerned the relatively small sum of £6bn which Labour intended to raise from a further increase in National Insurance contributions next year.

- 4. In Europe, the situation regarding the Greek government's difficulty in servicing its borrowings intensified, with the ripples spreading from government bond markets to weakness in the Euro and, in April, to the equity markets, where banks and other companies with exposure to Greek credits were marked down sharply. The creditworthiness of other heavily-indebted Southern European countries was also brought into sharp focus.
- 5. In early May, the IMF and the Eurozone governments proposed a €110 bn rescue package, to head off the threat of immediate bankruptcy, in exchange for the introduction of a severe austerity package by the Greek government. The consequent civil unrest in Athens has alarmed investors around the world, and raises questions on whether such draconian cuts can be delivered.

Markets

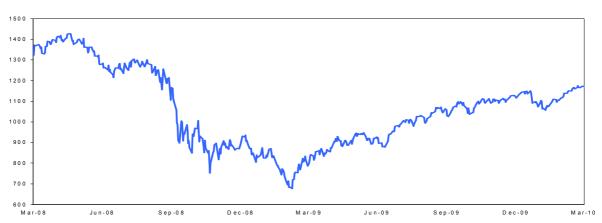
6. After a hesitant start to 2010, **equity markets** moved ahead strongly in March, to record solid gains for the quarter. All industrial sectors rose, with notable strength in Industrials and Consumer Services (both +13.8% in £), while laggard sectors were Oil & Gas (+4.5%), Telecoms (+3.4%) and Utilities (+2.1%).

Capital return (in £, %) to 31.03.10	3 months	12 months
FTSE All-World Index	+ 9.3	+ 44.5
FTSE All-World North America	+11.9	+ 40.2
FTSE All-World Asia Pacific	+10.7	+ 48.2
FTSE All-World Europe (ex-UK)	+ 4.0	+ 44.7
FTSE All-World UK	+ 4.9	+ 45.4
FTSE All-World Emerging Markets	+ 8.8	+ 70.9

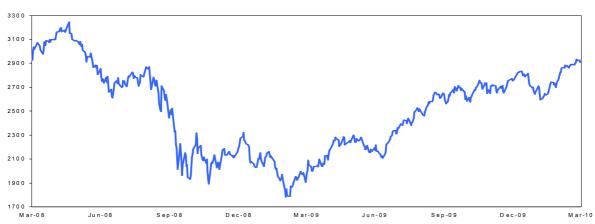
[Source: FTSE All-World Review, March 2010]

7. The strong rally of the past 12 months has lifted most equity markets to levels last seen in the summer of 2008, prior to the demise of Lehman Brothers. After the end of March, however, sentiment took a turn for the worse in most markets, as described in the final section of this report, so that those who believed that equities were being swept along on an ever-rising tide received a rude awakening.

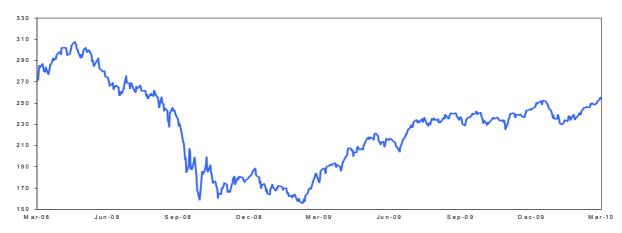
S&P 500



UK FTSE All-Share



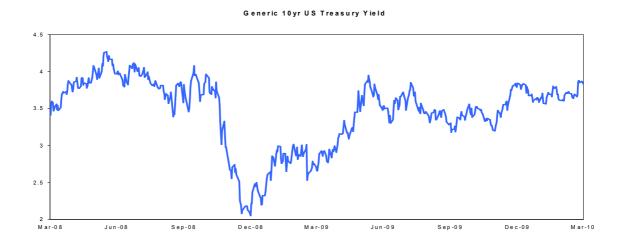
FTSE All-World Asia Pacific

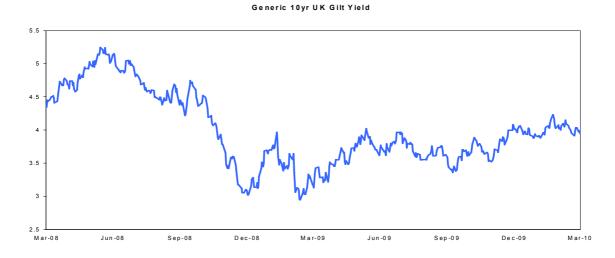


8. There was little net movement in US or UK **government bond** yields during the quarter, although the problems in Greece caused bond investors to favour the stronger Eurozone borrowers, such as Germany, at the expense of Greece, Portugal and Spain.

10-year government bond yields (%)	Sept 2008	Dec 2008	Dec 2009	March 2010
US	3.84	2.22	3.84	3.84
UK	4.46	3.02	4.01	3.95
Germany	4.04	2.95	3.40	3.09
Japan	1.48	1.18	1.29	1.41

[Source: Financial Times]

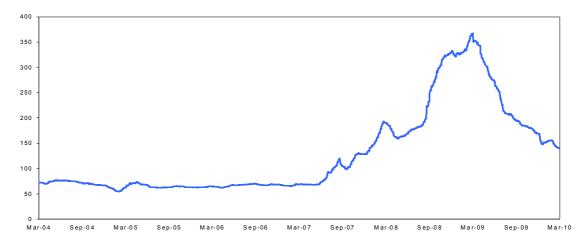




9. The spread on **UK Corporate Bonds** relative to gilts narrowed further, standing at some 150 basis points now as compared with over 350 basis points in March 2009.

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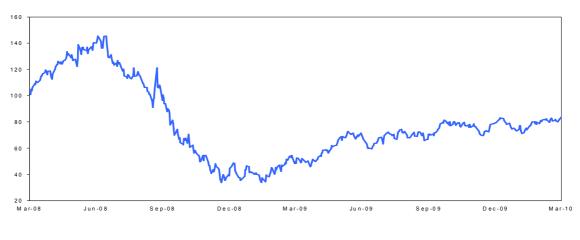
10. The recovery in **UK Property** values continued during the quarter, with the IPD All Property Monthly Index rising by some 6% on a total return basis. There were signs of stabilisation in office rental levels, after a long period of weakness, although retail and industrial rents are still edging lower. Several of the property pooled funds have reported sharp year-on-year price increases, although this usually reflects rebounds from heavy markdowns in 2008/09 when investor redemptions caused forced sales of properties.

Median fund returns to 31.03.10	3 months	12 months
Balanced Funds (n= 27)	+ 4.9%	+ 13.4%
Specialist Funds (n= 34)	+ 7.2%	+ 14.5%

[Source: IPD UK Pooled Property Funds]

11. In **Commodities**, Oil has continued to trade close to the \$80 level, while Gold has fluctuated narrowly either side of \$1100. (The strength of the \$ has of course caused an increase in the price in £ or € terms). The Copper price rose to \$8000 in March, but has since fallen back to \$7000, on lower expectations for industrial demand.

O il



10000 9000 8000 7000 6000 5000 4000 Mar-08 Jun-08 Sep-08 Dec-08 Mar-09 Jun-09 Sep-09 Dec-09 Mar-10

Copper

12. In the **currency** markets, the dollar and yen were the strongest denominations, while the Euro was hit hard by worries about the effect that Greece's problems would cause. The Euro had fallen by 6% against the dollar by the end of March, and fell further as the Greek crisis intensified in April. Sterling also fell 6% against the dollar, to \$1.517, on worries about the UK's deficit and the uncertainties of the forthcoming General Election.

Outlook

- 13. Sentiment in world equity and bond markets has deteriorated sharply since mid-April. The news that the Securities and Exchange Commission was pressing a civil suit for fraud against Goldman Sachs in connection with a collateralized debt obligations issue they led in 2007 reawakened memories of the credit crisis, and raised the spectre of further civil or even criminal actions against financial institutions. Meanwhile, the Greek debt crisis became increasingly serious as discussions over a rescue package appeared to stall, and credit ratings for Greece, Spain and Portugal were cut.
- 14. Against this background, equity markets fell by some 10% in late-April/early May, and the pound and Euro lost 5% in a week against the dollar. Sterling's move was also affected by the prospect of a hung parliament after the General Election.

- 15. The announcement early on 10 May of the € 750bn rescue package from the International Monetary Fund, the European Central Bank and the EU initially triggered a sharp rise in equities worldwide, and strength in the bonds of the weaker Eurozone members. Within a week, however, this euphoria had evaporated in the face of worries about the possible longer-term impact on European inflation from the injection of funds by the ECB. Equity markets declined once more, the Euro fell back to \$1.25 (having started 2010 at \$1.435) and the price of Gold surpassed the \$1200 level.
- 16. In the UK, meanwhile, the General Election on 6 May had not produced an overall majority for any single party, but on 11 May the Conservatives and the Liberal Democrats were able to form a coalition government commanding an overall Commons majority of 80. Early announcements of spending cuts are expected, with the aim of reducing the fiscal deficit, and the Budget on 22 June is likely to include sizeable tax increases.
- 17. At the Interim Meeting, held in Oxford on 13 May, the latest valuation of the portfolio showed that the weights of all asset classes lay within their permitted ranges. In particular, Equities were 1.5% above their target, while Bonds were 0.3% below theirs. Uninvested Cash stood at £35m, or £20m above its £15m minimum level, but it was decided that with the unattractive near-term outlook for Equities, Bonds and Property, the £20m (equal to 1.8% of the total Fund) should be retained in liquid form.
- 18. With so many serious issues weighing on investors' minds, and with little likelihood of a speedy resolution to any of them, I maintain my cautious view on risk assets. If equities fall much further, I would recommend investing part of the cash balance into the equity markets, but there is no urgent need to do so.

PETER DAVIES Independent Financial Adviser

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Agenda Item 13

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 – 25 JUNE 2010 OVERSEAS CUSTODY SERVICES

Report by Head of Finance & Procurement and County Solicitor

Introduction

1. As part of their mandate, Alliance Bernstein (AB) will clearly want to invest directly in overseas markets. This differs from UBS who invest through a pooled fund. Where AB invest in this way, the Fund's custodian, BNY Mellon (BNYM), makes arrangements for custody of the assets in the relevant country. Countries have different regulatory requirements, some of which are more onerous than others. An issue has arisen in relation to Poland that requires Committee consideration.

Investing in Poland

- 2. Alliance Bernstein have identified a stock in Poland that they wish to purchase as part of their global mandate. Because of the issues related to opening the market in Poland, I asked whether there was an alternative way of achieving this investment. They have confirmed that there is no alternative.
- 3. Where BNY Mellon do not have a presence in a particular country, they would normally appoint sub-custodians. The contract allows them to do this and BNYM's liabilities under the contract would not be diluted.
- 4. In relation to Poland, BNYM are not allowed to appoint another organisation to act as sub-custodian on behalf of the Fund. The relevant regulator in Poland will only allow an entity to carry out activities on behalf of another entity if a power of attorney (POA) has been granted in a specific form. Accordingly, in order to open the Polish market, Oxfordshire County Council would need to grant a POA to ING Slaski (a Polish bank) in order for ING Slaski to be able open an account etc in Poland on behalf of the Council.
- 5. AB have indicated that this is a decision for the Council. If the POA is not granted then it would just preclude the investment being made. As AB have confirmed that they would want to invest in Poland, officers would want the Council to grant the POA to ING Slaski and the Committee is recommended accordingly.

Future Arrangements

6. Similar issues may arise in the future for other markets, particularly if regulators tighten controls in the light of recent financial turmoil. The Committee is asked to consider whether it would be happy for this type of decision to be delegated to the Head of Finance & Procurement and the County Solicitor, after consultation with the Chairman and Deputy Chairman

of the Committee. Delegating the decision in this way does have the advantage of speeding up the decision-making process.

RECOMMENDATION

7. The Committee is RECOMMENDED to:

- (a) grant a Power of Attorney to ING Slaski to enable the Fund to make investments in Poland;
- (b) consider delegating 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.

PAUL GERRISH Head of Finance & Procurement

PETER CLARK County Solicitor

Background papers: Nil

Contact Officer: Paul Gerrish, Head of Finance & Procurement

Tel: (01865) 323969 Mob: 07717 888 631

June 2010

Division(s): N/A

PENSION FUND COMMITTEE - 25 JUNE 2010

INVESTMENT AND REPRESENTATION

Report by County Solicitor and Head of Legal & Democratic Services

Introduction

- 1. As a statutory public service scheme, the Local Government Pension Scheme has a different legal status compared with trust based schemes in the private sector. Matters of governance in the LGPS therefore need to be considered on their own merits and with a proper regard to the legal status of the scheme. This includes how and where it fits in with local democratic process through local government law and locally Elected Members who have a fiduciary duty to the fund, scheme members and local council taxpayers. The Elected Members retain overall responsibility for the management of the fund and its investment strategy, and individual decisions about investments.
- 2. The County Solicitor provided a detailed summary of the duties and responsibilities of the Pension Fund Committee Members in May 2008 and February 2009. This report updates those reports to take into account changes in the law and recent statutory guidance issued by the Department for Communities and Local Government.
- 3. Local Government Pension Schemes are administered under the Superannuation Act 1972, and subsequent regulations. Section 7 of the 1972 Act empowers the Secretary of State to make regulations for the provision of pensions for people employed in local government, and the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) ("the 2008 Regulations") contain detailed provisions for the administration of Pension Funds by "administering authorities". The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (the 2009 Regulations) impose specific duties on administering authorities as to the investment of the assets of the fund which is their responsibility. In addition to statutory obligations, the general law relating to Trusts and Trustees will also apply, subject to any contrary provision in the Regulations themselves.
- 4. The Pensions Ombudsman has specifically stated that the term "Trustee" is frequently used as a matter of convenience for those with the responsibility for administering the Scheme. Members of the Pension Fund Committee are not Trustees in the traditional sense of the word because the LGPS is a statutory scheme but nevertheless the term aptly describes the duties that apply to Council Members in the administration of the Scheme. (Hadley v Orkney Islands Council: Pensions Ombudsman determination)

The Management & Investment of Funds

- 5. Regulation 11 the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, requires the administering authority to invest fund monies which are not needed immediately and power is included to vary the pension fund investments. The 2009 Regulations contain a requirement for an investment policy to be formulated with a view:
 - (a) to the advisability of investing fund money in a wide variety of investments; and
 - (b) to the suitability of particular investments and types of investments.

The authority must obtain proper advice at reasonable intervals about its investments and must consider such advice in taking any steps in relation to its investments.

- 6. Regulation 8 expressly authorises administering authorities to appoint one or more investment managers to manage and invest the fund for them, provided that the appointment satisfies various conditions. Regulations 9 and 10 impose requirements for the appointment of the investment manager and for conducting performance reviews.
- 7. As already stated, administering authorities are required to invest pension fund monies not for the time being required for the payment of benefits. Limitations are imposed, however, to restrict the proportion of the fund's investments which may be placed in any category.

Statement of Investment Principles (SIP)

- 8. In accordance with regulation 12 of the 2009 Regulations, an administering authority must, after consultation with such persons as it considers appropriate, prepare, maintain and publish a written statement of the principles governing its decisions about the investment of fund money. The statement must cover its policy on—
 - (a) the types of investment to be held;
 - (b) the balance between different types of investments;
 - (c) risk, including the ways in which risks are to be measured and managed;
 - (d) the expected return on investments;
 - (e) the realisation of investments;
 - (f) the extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments;

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- (g) the exercise of the rights (including voting rights) attaching to investments, if the authority has any such policy; and
- (h) stock lending.
- 9. The SIP must also state the extent to which the authority's policy complies with guidance given by the Secretary of State. As from 1 January 2010, the relevant guidance is 'Investment Decision-Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles' published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The guidance sets out, in a way that is appropriate for the Local Government Pension Scheme Funds, the six revised principles on investment decision-making for occupational pension schemes that were agreed in 2009 by the Investment Governance Group's Local Government Pension Scheme (LGPS) sub-committee.
- 10. Elsewhere on this agenda, the Pension Fund Committee is asked to review its compliance with the new statutory guidance and to include the extent of its compliance in the Oxfordshire Pension Fund Statement of Investment Principles, which is also reviewed elsewhere on this agenda.

Governance Compliance Statements (GCS)

- 11. The Governance Compliance Statement should fully describe and explain the authority's arrangements for the delegation of their functions, the frequency of Committee Meetings, Terms of Reference and operational procedures of such delegations and the extent of scheme member representation on Committees. With effect from 1 April 2008, regulation 31 of the 2008 Regulations sets out the responsibility of administering authorities to keep the GCS under review and, where necessary, revise their governance compliance statements.
- 12. The GCS must also state the extent to which the authority's policy, as set out in that statement, complies with statutory guidance entitled 'Local Government Pension Scheme Governance Compliance Statements Statutory Guidance – November 2008'. The statutory guidance identifies 9 principles for the In 2007 CIPFA published "Delivering Good governance of scheme funds. Governance in Local Government: Framework" which identifies 6 Framework The Framework is regarded as "proper practice" in local principles. government. CIPFA has recently published 'Delivering Good Governance in Local Government Pension Funds' (2009), which seeks to set the statutory guidance in the context of the Framework. There is a clear linkage between the two sets of principles therefore, it is important that administering authorities have regard to both statutory guidance and CIPFA guidance when considering their GCS.
- 13. On 24 February 2006 The Pension Fund Committee formally approved a GCS under the Local Government Pension Scheme (Amendment) (No 2) Regulations 2005. The Statement was reviewed in May 2008. The Pension Fund Committee needs to review the Statement in light of the 2009 CIPFA Guidance and this is considered elsewhere on the agenda. The extent of its

compliance with statutory guidance should then be contained in the revised Oxfordshire Pension Fund Statement of Investment Principles.

The General Law Relating to Trustees

- 14. The word "trustee" is often used in a very general sense to mean somebody who acts on behalf of other people but in pensions law it has a more specific meaning. Most occupational pension schemes, primarily in the private sector, are established under trust law. Under a trust, named people (trustees) hold property on behalf of other people (beneficiaries). Trustees owe a duty of care to their beneficiaries and are required to act in their best interests, particularly in terms of their investment decisions. Although those entrusted to make statutory decisions under the LGPS are, in many ways, required to act in the same way as trustees in terms of their duty of care, they are subject to a different legal framework, which derives from public law. In particular, local authority members are subject to all the normal duties and responsibilities that come with their office. However, they are not trustees in the strict legal sense of that word.
- 15. The duties of trustees generally are based on case law and statute. Much of the case law over the years has been concerned with disputes in connection with private and family trusts and wills, as well as charities and there have been surprisingly few cases dealing with pension funds specifically. Whilst amendments to the Superannuation Regulations have removed many of the former restrictions on how investments were to be made, the general legal principles have remained largely unchanged over the years. The Court of Appeal in Roberts v. Hopwood (1925) said:
 - "A body charged with the administration for definite purposes of funds contributed in whole or part by persons other than the members of the body owes, in my view, a duty to those latter persons to conduct that administration in a fairly business-like manner with reasonable care, skill and caution, and with a due and alert regard to the interest of those contributors who are not members of the body. Towards these latter persons the body stands somewhat in the position of Trustees or managers of the property of others."

The Fiduciary Duty

- 16. Trustees of private sector schemes ensure better scheme security, prevent employer-led actions, which could undermine a scheme's solvency and seek to ensure that investment and other decisions are both prudent and fair. While the public law framework applying to LGPS schemes will require similar standards of behaviour and practice by members of pension committees, who in this respect also fulfil a fiduciary role, a key distinction to be made is that LGPS benefits are established and paid under statute.
- 17. On the one hand, Elected Members have legal responsibilities for the prudent and effective stewardship of LGPS funds and in more general terms, have a clear fiduciary duty in the performance of their functions. However, it is equally clear that the beneficiaries of the scheme have an interest in the beneficial

title to the assets and the legal right to require that the assets are held and managed on their behalf in accordance with the governing legal instrument, in this case, the LGPS regulations. In this respect, elected councillors have a duty of care that goes beyond the strict fiduciary duty to employers and tax payers.

- 18. The Audit Commission have special powers to inspect and to protect the interests of council taxpayers to ensure that the Local Authority has acted lawfully in its financial transactions. Elected Members are no longer susceptible to surcharge for negligence or misconduct which has now been replaced by the concept of wilful misconduct. Wilful misconduct was defined as "deliberately doing something which is wrong, knowing it to be wrong, or with reckless indifference as to whether it is wrong or not" (Graham v Teesdale (1981)) 81 LFR 117. It is generally held that wrongful omissions fall within the same category as wrongful acts.
- 19. Elected Members who are also Trustees of a pension scheme retain this responsibility not to engage in "wilful misconduct" and have the additional responsibility to have regard to their statutory obligation under the Superannuation Regulations and the obligations outlined in the case law above i.e. a duty to conduct the administration of the pension scheme in a fair business like manner with reasonable care, skill and caution and with a due and alert regard to the interest of others. These obligations are therefore higher than simply weighing up decisions and coming to a reasonable conclusion. There is an implicit expectation that proper care and skill will be applied in making decisions relating to the pension scheme. This is reinforced by the obligations to take proper advice at reasonable intervals and in addition to have regard to the investment principles as specified by CIPFA.
- 20. In addition the Pensions Ombudsman will investigate complaints of maladministration that has caused injustice to a party. Maladministration is defined as involving "bias, neglect, inattention, delay, incompetence, ineptitude, perversity, turpitude, arbitrariness and so on". The injustice does not only mean financial loss but it may include such things as distress, delay or inconvenience.

Elected Members' Liability

- 21. Elected and co-opted Members are covered by an insurance policy arranged by Oxfordshire County Council whereby they are indemnified against their legal liability for financial loss occasioned by any negligent act or accidental error or omission on the part of the Council, its employees or Members committed in good faith. The indemnity is up to £5,000,000.
- 22. In many cases, failure to comply with the statutory provisions can result in a fine being levied against an individual or against the Authority and where appropriate, criminal breaches of the provisions could result in prosecution.

Professional Advice & Training

- 23. In the discharge of their responsibility, Elected Members are under a statutory obligation to obtain "proper advice" at reasonable intervals about investments. They are also required to seek proper advice about appointments of investment managers and their performance reviews (the 2009 Regulations). "Proper advice", means the advice of a person whom the authority reasonably believes to be qualified by their ability in and practical experience of financial matters (including any such person who is an officer of the administering authority).
- 24. It is also important that Elected Members have sufficient expertise to be able to evaluate critically any advice they receive. In 2001, the Government accepted the ten investment principles recommended by Paul Myners in his report, "Institutional Investment in the UK". The first of those principles, Effective Decision Making", states:

"decisions should be taken only by persons or organisations with the skills, information and resources necessary to take them effectively. When Trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take... Trustees should assess whether they have the right set of skills, both individually and collectively, and the right structures and processes to carry out their role effectively."

- 25. Members of the Pension Fund Committee are expected to exercise due diligence, skill and expertise. Members may at some point be required to demonstrate how they have acquired sufficient skill and expertise and how they have kept up to date with developments in superannuation matters. Participation in relevant and approved training courses will be the most obvious and effective way of demonstrating necessary knowledge and understanding in order for members to carry out their duties and evaluate critically any advice they receive.
- Democratic Services organise general training for all County Council Members. In addition, the Pension Fund Committee agrees a more specific member training programme and budget each year in February to take effect for the following financial year. This training is organised by the Finance and Procurement Service. There are a number of external member training courses and conferences held throughout the year and members are encouraged to attend these. Internal training courses have also been introduced and these are normally held immediately before Pension Fund Committee meetings. In addition to training courses, officers regularly send out newsletters, which include training articles or newspaper cuttings of topical interest.

Existing Regulations on Membership

27. Under Section 102 of the Local Government Act 1972, it is for the appointing Council to decide upon the number of Members of the Committee and their

terms of office. They may include Committee Members who are not Members of the appointing Council and such Members may be given voting rights by virtue of Section 13 of the Local Government and Housing Act 1989. It is, therefore, open to the Pension Fund Committee to include representatives as voting Members on the Committee providing they are eligible to be Committee Members.

28. In addition to the County Councilor membership on the Committee, there are two co-opted members with full voting rights nominated by the Oxfordshire district councils.

Beneficiaries' Observer

29. In 1986 the Finance & General Purposes Sub-Committee agreed to invite a representative of the beneficiaries to attend and speak but not vote at meetings of the then Investment Sub-Committee. Since then, a beneficiaries observer has attended meetings of the Pension Fund Committee and its predecessors in this capacity. The beneficiaries observer represents the present contributors, pensioners and deferred beneficiaries. The reason the observer does not have voting rights is because, if they had such rights, it would preclude County Council employees from undertaking the role.

RECOMMENDATION

- 30. The Committee is RECOMMENDED:
 - (a) to continue to act within its agreed Statement of Investment Principles in the best interests of the Scheme; and
 - (b) to continue to act within its agreed Governance Compliance Statement in the best interests of the Scheme.

P G CLARK

County Solicitor and Head of Legal & Democratic Services

Background Papers Nil

Contact Officer: Peter Clark, County Solicitor and Head of Legal &

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May 2010

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Division(s): N/A

PENSION FUND COMMITTEE – 25 JUNE 2010 DELIVERING GOOD GOVERNANCE

Report by Head of Finance & Procurement

Background

- 1. Good governance in public services sets the framework within which public sector bodies can achieve and demonstrate good performance, sound management, the effective stewardship of public funds and, by extension, delivery against the expectations placed upon them.
- 2. Good governance is as important to the Local Government Pension Scheme as it is to any other public sector activity. With assets of over £1.1bn as at 31 March, the emphasis on the decision-making structures that surround the Oxfordshire Fund is critical to the exercise of sound stewardship and good financial performance.

Recent Publications

- 3. During the past year a number of guidance documents have been published on different aspects of governance. The intention of the guidance is to help Pension Funds assess themselves against what is deemed best practice. These guidance documents include:
 - Delivering Good Governance in Local Government Pension Funds (quidance on governance compliance statements)
 - Investment Decision Making and Disclosure (guidance on applying the Myners principles)
 - Pension Fund Knowledge and Skills Framework guidance for elected representatives
 - Pension Fund Knowledge and Skills Framework guidance for pension practitioners (officers)
- 4. As a consequence it is deemed appropriate for the Pension Fund to assess how it measures up to best practice. In doing so the over-riding objective will be to ensure that the various arrangements that are in place are reviewed with improvements made where there will be a beneficial impact on the Fund. No changes will be made where there is no perceived benefit, other than being able to comply with best practice.

Current Assessments / Reviews

- 5. Some work has been undertaken in the past few weeks to assess the Pension Fund against best practice guidance or to review existing policies or statements. These are:
 - Governance Compliance Statement

- Updated Myners Principles
- Statement of Investment principles
- Communications Policy
- 6. There is a report on each of these on today's agenda. In relation to the assessment against the updated Myners principles, there are a number of areas of non or partial compliance and that has generated proposals for further reviews to be undertaken or improvements to be made or considered.

Pension Fund Knowledge and Skills Framework

- 7. CIPFA has published guidance on the knowledge and skills that would be useful to members of Pension Fund Committees and also to officers involved in the administration and investment of pension funds. One of the Myners principles for effective decision-making requires administering authorities to ensure that decisions are taken by persons with the necessary skills and knowledge and that those persons have sufficient expertise to be able to evaluate and challenge the advice they receive. In order to do this, reference is made to CIPFA's knowledge and skills framework and suggests that the adoption of a training plan and an annual update of training needs would represent good practice. It also recommends a statement in the annual report describing actions taken and progress made.
- 8. About a month ago I circulated the details included in the knowledge and skills framework and asked members to complete a self-assessment. There was limited response to this, I suspect because the framework was quite daunting. To help members I propose, with the committee's approval, to prioritise the framework into a set of requirements which better fit the needs of the committee. We can then assess members against these priorities and any training that has been undertaken. A training plan can then be developed. In developing the training plan I would take into account the committee's preference for how training should be delivered, e.g. a training session prior to each committee.
- 9. I propose to undertake a similar exercise in relation to officers against their framework.

RECOMMENDATION

- 10. The Committee is RECOMMENDED to:
 - (a) note the work being undertaken to assess the Fund against best practice;
 - (b) agree that the objective is to make improvements for the benefit of the fund rather than simply complying with best practice;

(c) agree to the prioritisation of the knowledge and skills framework and the development of an improved training plan addressing members' needs.

PAUL GERRISH Head of Finance & Procurement

Background papers: Cipfa Publications:

Developing Good Governance in Local Government pension Funds

 Investment decision making and disclosure (updated Myners Principles)

• Pensions Finance Knowledge and Skill Framework

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June 2010

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Division(s): N/A

PENSION FUND COMMITTEE – 25 JUNE 2010 THE GOVERNANCE COMPLIANCE STATEMENT

Report by the Assistant Chief Executive and Chief Finance Officer

Introduction

- 1. Since 2006, all Administering Authorities for the LGPS have been required to publish Governance Policy Statements setting out the detailed arrangements for governance and stewardship for the Pension Fund. The Oxfordshire Policy is attached as Annex 1.
- 2. Initially under Regulation 73 of the 1997 LGPS Regulations, and subsequently under Regulation 31 of the LGPS (Administration) Regulations 2008, each Administering Authority is also required to publish and keep under review a Governance Compliance Statement which sets out the extent to which their Governance Policy reflects best practice, and reasons for any areas of noncompliance.
- 3. This Committee last reviewed its Governance Compliance Statement at its meeting in May 2008. A copy of that statement with minor drafting improvements is included at Annex 2. In light of the two year gap since the last review, it is felt appropriate to bring the Statement back to this Committee for a review at this time.

Areas of Non or Partial Compliance

- 4. Following the decisions of the May 2008 meeting, there are no areas where the Oxfordshire Governance Policy is not compliant with the best practice statutory guidance published by the Department for Communities and Local Government. There are though three areas where our policy is deemed to be only partially complaint with the guidance.
- 5. The first area of partial compliance is in the issue of representation, where the Committee has previously resolved not to extend membership rights to the Pension Fund Committee to all key stakeholder groups. Groups which are currently unrepresented include Oxford Brookes University and others in the Education sector, the Housing Associations, the Parish Councils, and the smaller admitted bodies. The Committee has previously agreed that inclusion of these key stakeholder groups would make the Committee unworkable. Other opportunities for engagement have been offered to these employers. It is not proposed to make any change at this time, and to accept the partial compliance finding.
- 6. The second area of partial compliance is in respect of the selection and role of members. Best Practice guidance states that decision-making members of the Pension Fund Committee are fully aware of their roles and responsibilities

as members of the Committee. Whilst a full briefing is provided to new Members of the Committee, not all Members have availed themselves of this briefing, and the briefing is not provided for substitute members. The Committee has previously considered and rejected proposals to limit membership of the Committee, including substitute membership, to those who have completed the briefing.

7. The third area of partial compliance is in respect of Training, where the Committee does not adopt a specific training programme as part of its governance planning. Members are recommended elsewhere on this Agenda to agree to the prioritisation of the knowledge and skills framework and the development of an improved training plan addressing members' needs. If the maintenance of such a framework, and its use to determining any annual training programme was established, it would mean that the Committee would become complaint against this governance principle.

RECOMMENDATION

8. The Committee is RECOMMENDED to note the report, and endorse the Governance Compliance Statement as contained in Annex 2.

SUE SCANE

Assistant Chief Executive & Chief Finance Officer

Background papers: Developing Good Governance in Local Government

Pension Funds (CIPFA)

Contact Officer: Sean Collins, Assistant Head of Shared Services

(Financial Services) Tel: (01865) 797190

June 2010

Oxfordshire Pension Fund

Governance Policy Statement

Introduction

- 1. This is the Governance Policy Statement of the Oxfordshire Local Government Pension Scheme (LGPS) Pension Fund, published under the Local Government Pension Scheme (Amendment) (No.2) Regulations 2005.
- 2. As required by the Regulations, the Statement covers:
 - Whether the Administering Authority delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the Authority;
 - The frequency of any committee/sub-committee meetings;
 - The terms of reference, structure and operational procedures in relation to the use of the delegated powers; and
 - Whether the Committee includes representatives of scheme employers, and scheme members, and if so, whether they have voting rights.

Governance of the Oxfordshire Pension Fund

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

Oxfordshire Pension Fund Committee - Terms of Reference

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

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

Membership of the Committee

- 7. The Committee's members shall be appointed by full Council and shall comprise
 - (a) 7 County Councillors appointed with political parties represented in proportion to their representation on the Council as a whole
 - (b) 2 Representatives of the City and District Councils of Oxfordshire.

These 9 members of the Committee shall have full voting rights

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

Operational Procedures

9. The Committee will operate under the terms of conduct set out for all Committees of the County Council. The Committee will meet quarterly, with formal agendas published in advance according to the requirements on all

County Council Committees. The Committee will meet in public, unless required to go into exempt session in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.

- 10. At each meeting, the Committee will receive reports on the investment performance of the Fund. Fund Managers will be invited to attend to present information on the performance of their own portfolio, and to answer all appropriate questions from the Committee. The Committee shall determine the frequency by which each fund manager will be required to attend its meetings.
- 11. Each meeting of the Committee will be attended by the appointed independent financial advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's attention, all appropriate matters associated with the performance of the individual fund managers.
- 12. Any member of the public has the right to seek to address the Committee by making a formal request in advance of the meeting.
- 13. The Committee will consult formally with all employers on issues where it has a statutory duty to do so, before it undertakes the responsibilities set out above. This includes the formal consultation with all employers before agreeing the Statement of Investment Principles, and the Funding Strategy Statement, and any significant subsequent changes.

Informal Governance Arrangements

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

June 2008

ANNEX 2

Oxfordshire Pension Fund

Governance Compliance Statement

Principle A - Structure

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

Please use this space to explain reasons for non-compliance		

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

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

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Principle B – Representation

a.	That all key stakeholders are afforded the opportunity to	Partly compliant
	be represented within the main or secondary committee	
	structure. These include:	
	 Employing authorities (including non-scheme employers e.g. admitted bodies) 	
	 Scheme members (including deferred and pensioner scheme members) 	
	 Where appropriate, Independent professional observers, and 	
	 Expert advisors (on an ad hoc basis) 	
b.	That where lay members sit on a main or secondary	Compliant
	committee, they are treated equally in terms of access to	
	papers and meetings, training and are given full	
	opportunity to contribute to the decision making process,	
	with or without voting rights.	

Please use this space to explain reasons for non-compliance

The Pension Fund Committee contains representatives of the County Council (7 Members) and the 5 City and District Councils (2 Members). The Committee is also attended by a Beneficiaries Observer, appointed by the Unions to represent all scheme members (including deferred and pensioners). The Committee though does not include any representation from other key stakeholders, including Brookes University, the colleges, the Housing Associations, the small scheduled bodies and the small scheduled bodies. It has been determined that given the decision to manage all functions through a single Committee, increasing representation to cover these other key stakeholder groups would make the Committee unworkable. These stakeholders are afforded the opportunity to contribute to significant decisions through consultation exercises, and the annual Forum for all employers.

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

Principle C – Selection and Role of Lay Members

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

Please use this space to explain reasons for non-compliance

A briefing is provided to all new members of the Committee members clearly setting out their role and responsibilities on the Pension Fund Committee.

However this briefing is not given where substitute members attend the Committee.

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

Principle D - Voting

a.	The policy on individual administering authorities on voting	Compliant
	rights is clear and transparent, including the justification	
	for not extending voting rights to each body or group	
	represented on main LGPS committees.	

Please use this space to explain reasons for non-compliance

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

Voting rights have been extended to the two District Council representatives on the Pension Fund Committee. As current employees of the County Council cannot have voting rights on a Council Committee, and as this group forms the largest single stakeholder group within the Fund, it has been determined that the Beneficiaries Observer does not have voting rights, to avoid any perverse incentive to appointing a current employee of the County Council to the position. This decision is clearly stated in the Fund's Governance Policy.

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Principle E – Training/Facility Time/Expenses

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

Please use this space to explain reasons for non-compliance

The Committee considers each year the allocation to be provided as part of the annual budget to be spent on Committee member training, but it does not adopt a specific training programme.

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

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

Principle F – Meetings (frequency/quorum)

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

Please use this space to explain reasons for non-compliance

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

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

Principle G – Access

a.	That subject to any rules in the council's constitution, all	Compliant
	members of main and secondary committees or panels	
	have equal access to committee papers, documents and	
	advice that falls to be considered at meetings of the main	
	committee.	

Please use this space to explain reasons for non-compliance

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

All information on which decisions at the main Committee are based is equally available to all Members. Under the Council's Constitution, the Chairman, Deputy Chairman and Opposition Spokesperson are invited to a briefing meeting in advance of each Committee meeting, and as such receive a briefing not available to other members, including representatives of the third political party.

Principle H - Scope

a.	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant	
Ple	ase use this space to explain reasons for non-compliance		
	ase use this space if you wish to add anything to explain or een above:	expand on the ratings	
The Pension Fund Committee is responsible for all aspects of managing the pension fund, and receives reports on both investment and scheme administration issues. The terms of reference include the wide power to consider all relevant investment and administration issues.			
Pri	nciple I – Publicity		
a.	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Compliant	
Ple	ase use this space to explain reasons for non-compliance		
	ase use this space if you wish to add anything to explain or een above:	expand on the ratings	

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Division(s): N/A

PENSION FUND COMMITTEE - 25 JUNE 2010

ASSESSMENT AGAINST THE SIX PRINCIPLES FOR PENSION FUND INVESTMENT

Report by Head of Finance & Procurement

Introduction

- 1. Following a review of the original 10 Myners's principles (published in 2001) administering authorities are required by the Department for Communities and Local Government (CLG) to prepare, publish and maintain a statement of compliance against a set of six principles for pension fund investment.
- 2. CIPFA has published guidance on the new principles as an aid to administering authorities in maintaining and updating their statements. Annex 1 to this report includes a proposed assessment of the extent to which the Fund complies with the principles.

Assessment

- 3. Overall the Committee is largely compliant, although there are a few areas where improvements could be made. It is proposed that improvements should only be made where they would be for the benefit of the fund rather than simply complying with the guidance.
- 4. The following improvements are proposed:

Improvement Proposed	Paragraph	Priority
Role of officers should be set out clearly	1.2, 1.6	Medium
Skills and knowledge audit should be undertaken against CIPFA framework and a training plan developed	1.7, 1.12	High
Members should be given a handbook with committee terms of reference, standing orders and operational procedures	1.9	Medium
An improved medium term business plan should be developed for the fund	1.16, 4.17	Medium
Review of administration strategy documents	1.17	Low
Consider risk controls for fund manager targets	3.2, 4.1, 4.3	Medium

A risk assessment should be undertaken for each of the fund's activities and risks mitigated	3.12	High
A performance framework should be developed for the actuary	4.12	Low
Review the need to review key decisions formally	4.15, 4.16, 4.18	Medium
Determine the circumstances when managers would intervene in a company	5.3	Low
Review stakeholders, their interests and the extent of their involvement in the committee's functions, including consultation	6.3	Low
Continue to review other fund's publications for examples of best practice.	6.4, 6.6	Medium
Further review of the Statement of Investment Principles as part of the next fundamental review	6.7, 6.9	Medium

5. The improvements have been given a priority rating. This is to reflect the fact that there are a significant number and prioritising enables officers to manage the programme of improvements over the next year or so. A number of the improvements are time critical. For example, the business plan is produced each year in February/March. It is proposed therefore to make improvements to the medium term business plan early in 2011 for reporting to the Committee in March 2011.

RECOMMENDATION

- 6. The Committee is RECOMMENDED to:
 - (a) review the assessment of compliance against the six principles for pension fund investment at Annex 1;
 - (b) subject to any changes the Committee wishes to make, agree the assessment;
 - (c) agree the programme of proposed improvements set out in paragraph 4.

PAUL GERRISH Head of Finance & Procurement

Background papers: CIPFA publication: Investment Decision Making and Disclosure

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June 2010

ANNEX 1

Six Principles of Pension Fund Investment (Updated Myners's Principles)

Statement of Compliance

Pri	nciple 1: Effective Decision Making	
Adr	Administering Authorities should ensure that:	
,	 Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation; and 	
,	 Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice the receive, and manage conflicts of interest. 	
Reg	gulatory framework	
	cted members have a fiduciary duty to the fund, scheme members and local tax payers. They can delegate functions to cers but they retain overall responsibility for the management of the fund and its investment strategy.	
	estment Regulations permit administering authorities to appoint one or more investment managers, provided the estment managers are suitably qualified.	
Adr	ninistering authorities are required to take proper advice to enable them to fulfil their obligations.	
	sons entrusted with discretion must direct themselves properly in law. They must act reasonably paying attention to vant considerations and avoiding matters that are irrelevant.	
	ry Local Authority must make arrangements for the proper administration of its financial affairs and ensure that one of its cers has responsibility for the administration of those affairs.	

	Key Issues to Consider		
1.1	There should be a designated group of elected members appointed to a committee to whom responsibility for the management and admin of the fund has been assigned.	Compliant	
1.2	The roles of chief finance officer, monitoring officer and clerk to the committee should be set out clearly. The framework for the committee's conduct of business should include a process for declaring conflicts of interest.	Partially compliant, some improvement required	
1.3	Authorities are required to prepare, publish and maintain statements of compliance against a set of good practice principles for scheme governance and stewardship.	Partially compliant, improvement required	
1.4	Authorities are required to publish a governance compliance statement.	Compliant	
1.5	Wherever possible, appointments to the committee should be based on consideration of relevant skills, experience and continuity.	Compliant	
1.6	The committee should be governed by specific terms of reference, standing orders and operational procedures that define those responsible for taking decisions, including officers and/or external investment managers. These should be included in the constitution and record of delegated powers, as well as in public documents such as the SIP.	Partially compliant, improvement required	
1.7	The committee should ensure that it has the appropriate skills and conduct skills and knowledge audits of its membership at regular intervals.	Partially compliant, improvement required	
1.8	Adopting a training plan and an annual update of training and development needs is good practice. The Annual Report should contain a statement of actions taken and progress made.	Partially compliant, improvement required	
1.9	The committee should review its structure and composition regularly and provide each	Partially compliant,	

	member with a handbook containing the committee's terms of reference, standing orders and operational procedures.	improvement required
1.10	The committee may wish to consider establishing subcommittees and/or panels to progress significant areas of activity between committee meetings, e.g. performance meetings.	Compliant
1.11	The committee should obtain proper advice from suitably qualified persons, including officers and external investment managers. The chief finance officer should assess the need for proper advice and recommend the committee as appropriate.	Compliant
1.12	The chief finance officer should provide a training plan for members to help them make effective decisions, and ensure they are aware of their statutory and fiduciary duties.	Compliant, but improvement required
1.13	There should be a published allowances scheme which should be reviewed regularly.	Compliant
1.14	Employees appointed as member representatives should be allowed adequate time off from their normal duties to read papers and attend meetings.	Compliant
1.15	Committee papers should be clear, comprehensive and circulated well before meetings.	Compliant
1.16	The chief finance officer should ensure that a medium term business plan is created for the fund. It should contain major milestones, issues to be considered by the committee and financial estimates for the investment and administration of the fund.	Partially compliant, improvement required
1.17	The fund's administration strategy documents should refer to all aspects of the committee's activities relevant to the relationship between the committee and the employing authorities, including references to governance and improving the skills and knowledge of the committee.	Partially compliant, improvements to be considered.

	Principle 2: Clear objectives An overall investment objective(s) should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local taxpayers, the strength of the covenant for non-local authority employers, and the attitude to risk of both the administering authority and scheme employers, and these should be clearly communicated to advisors and investment managers.	
	Regulatory framework	
	The LGPS (Administration) Regulations 2008 requires each administering authority to obtain an actuarial valuation of the assets and liabilities of the pension fund every three years	
	In determining the common rate of employer's contribution, the actuary must have regard to the existing and prospective liabilities of the fund arising from circumstances common to all employers and to the need to maintain as nearly constant rate as possible.	
	Investment regulations require administering authorities to publish their policy on risk in their SIP.	
	Administration authorities should consider a strategic asset allocation under the investment regulations.	
	The Investment Regulations require the fund's investment policy to have regard to the advisability of investing fund money in a wide range of investments and to the suitability of particular investments.	
	Investment Regulations do not prescribe in detail the way in which mandates for investment managers should be agreed.	

	Key Issues to Consider		
2.1	In setting an overall investment objective for the fund, consideration should be given to:	Compliant	
	The fund's liabilities in the context of expected net contribution inflows		
	The adequacy of the fund's assets to meet its liabilities		
	The maturity profile of the fund's liabilities and its cash flow situation.		
2.2	The committee should demonstrate it has sought proper advice, including from specialist independent advisors, as to how this might be expressed in terms of the required annual return on the fund and how it should be measured against stated benchmarks.	Partially compliant, to be revisited in the fundamental review in early 2011	
2.3	The committee should consider risk appetite when considering advice on the mix of asset classes and on active and passive mandates. In making asset allocation decisions, all asset classes currently available should be considered.	Partially compliant, to be revisited in the fundamental review in early 2011	
2.4	Peer group benchmarks should be for comparison only, not to define overall fund objectives.	Compliant	
2.5	The committee should seek to achieve value for money in all aspects of its operation.	Compliant	
2.6	Consideration of the impact of the funding level and contribution rate on council tax levels.	Compliant	
2.7	Consider different sub-funds for different employers with different investment objectives.	Compliant	
2.8	The committee should consider undertaking asset/liability studies.	Compliant	
2.9	The committee should evaluate the split between equities and bonds in the light of the fund's liabilities before considering any other asset class. It should consider which assets to include	Compliant	

	in the strategic asset allocation and why some asset classes have been excluded. The committee should consider diversification and suitability in reaching its allocation decision. The attention given to strategic asset allocation should fully reflect the contribution it makes towards achieving the investment objectives.	
2.10	The committee should take proper advice. Advisors should be appointed in open competition. The committee should set them clear strategic investment performance objectives. The committee should state clearly how the advisers' overall performance will be measured and the relevant short, medium and longer term performance measurement framework. All external procurement of advisers should be through EU procurement regulations.	Compliant
2.11	The committee should understand the transaction related costs incurred and have a strategy for ensuring these costs are controlled.	Compliant
2.12	Understanding transaction-related costs should be a clear consideration in letting and monitoring a contract for investment management, particularly in relation to transition.	Compliant

Principle 3: Risk and Liability
In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of their liabilities
These include the implications for local tax payers, the strength of covenant for participating employers, the risk of their default and longevity risk.
Regulatory framework
The LGPS Investment regulations provide a framework within which investments are to be managed and include measures intended to manage risk.
CIPFA has published guidance to funds undertaking liability studies to inform their investment strategies.
The 2008 Regulations set out the provisions for admitted bodies and in particular the requirement for securing guarantees.
The 2008 Regulations set out the arrangements for Fund valuations, reminding actuaries of the desirability of maintaining a constant employer contribution rate.

	Key Issues to Consider		
3.1	The committee should set out an overall investment objective for the fund that:	Compliant	
	Represents its best judgement of what is necessary to meet the fund's liabilities		
	 Takes account of the committee's attitude to risk, and specifically its willingness to accept underperformance due to market conditions. 		
3.2	The committee should be aware of its willingness to accept underperformance due to market conditions. If performance benchmarks are set against relevant indices, variations in market conditions will be built in, and acceptable tolerances above and below market returns will be stated explicitly.	Partially compliant	
3.3	Some benchmarks may also be stated in terms of absolute returns, in which case the committee must believe that a certain rate of return is acceptable and feasible, regardless of market conditions, from certain classes of asset.	Compliant	
3.4	The Fund's Statement of Investment principles should include a description of the risk assessment framework used for potential and existing investments.	Compliant	
3.5	Objectives for the overall fund should not be expressed in terms that have no relationship to the fund's liabilities, such as performance relative to other pension funds, or to a market index.	Compliant	
3.6	The committee should state whether a scheme specific benchmark has been considered and established and at what level of risk is acceptable to it.	Compliant	
3.7	The committee should receive a risk assessment in relation to the valuation of its assets and liabilities as part of the triennial valuation. Where there is any doubt about valuations at any	Compliant	

	stage, the chief financial officer should ensure a risk assessment is reported to committee.	
3.8	The committee should, at the time of the valuation, analyse factors affecting long-term performance and receive advice on how these impact on the scheme and its liabilities. The committee should ask questions about this during discussions on performance.	Compliant
3.9	The committee should use reports from internal and external auditors to satisfy itself about the standards of internal control on administration and investment operations.	Compliant
3.10	The committee should that its investment strategy is suitable for its objectives and takes account of the ability to pay of employers in the fund.	Compliant
3.11	The committee should consider the extent to which cash flow from the assets should match liabilities and the volatility of returns it is prepared to accept.	Compliant
3.12	The annual report should include an overall risk assessment for each of the fund's activities and factors expected to impact on the financial and reputational health of the fund. An analysis of the risks should be reported periodically to the committee, together with actions to mitigate risk.	Not compliant, to be reviewed

Principle 4: Performance assessment
Arrangements should be in place for the formal measurement of the investments, investment managers and advisors
Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision making body and report on this to scheme members.
Regulatory framework
Administering authorities should be considering the appropriateness of their index benchmarks as part of the requirement under the investment regulations to seek proper advice.
Under the investment regulations, the performance of individual investment managers is subject to periodic review and the investments made must be reviewed every three months.
Under the investment regulations, administering authorities are required to prepare, publish and maintain statements of compliance against a set of good practice principles for scheme governance and stewardship. These principles include reference to elected representatives receiving adequate training to discharge their duties.

	Key Issues to Consider Investments		
4.1	The committee should:		
	Consider in consultation with investment managers, whether the index benchmarks are appropriate, and whether the index creates incentives for sub-optimal strategies	Compliant	
	 If setting limits for divergence from an index, ensure they reflect the approximate nature of indexes. 	Compliant	
	Consider for each asset class whether active or passive management is appropriate		
	Where active management has the potential to achieve higher returns, set both targets	Compliant	
	and risk controls that reflect this, giving managers the freedom to pursue genuinely active strategies	Partially compliant	
4.2	The mandate instructs the manager as to how the portfolio is to be managed, covering the objective, asset allocation, benchmark flexibility, risk parameters, performance targets and measurement timescales.	Compliant	
4.3	Where active management is selected, divergence from a benchmark should not be so constrained as to imply index tracking or so widely as to imply unconstrained risk.	Not compliant, improvement to be considered	
4.4	Performance targets should be related to clear time periods and risk limits and monitoring arrangements should include reports on tracking errors.	Compliant	
4.5	Investment activity in relation to the benchmark should be monitored regularly to check divergence and any impact on overall asset allocation strategy.	Compliant	

4.6	Investment returns should be measured to enable regular monitoring against benchmarks	Compliant
4.7	The return achieved in each asset class should be measured so that the impact of different choices can be assessed.	Compliant
4.8	Although returns will be measured quarterly, a longer timeframe should be used to assess the effectiveness of the fund management arrangements and to review the compatibility of the asset/liability profile.	Compliant
4.9	Returns should be obtained from specialist independent performance management agencies.	Compliant
4.10	Investment manager returns should be independently measured against their benchmark and variations should be attributed to asset allocation, stock selection etc.	Compliant
	Advisors	
4.11	When assessing managers and advisors it is necessary to consider the extent to which decisions have been delegated and advice heeded by officers and elected members.	Compliant
4.12	The committee should devise a performance framework against which to measure the cost, quality and consistency of advice from its actuary.	Not Compliant, to be developed
4.13	It is necessary to distinguish between qualitative assessments and quantitative reviews.	Compliant
4.14	Consultants should be assessed on: appropriateness of asset allocation recommendations; quality of advice in choosing benchmarks and any related performance targets; the quality and appropriateness of investment managers recommended; the proactivity and consistency in recommending subsequent changes. 	Compliant

	Decision-making bodies	
4.15	The process of self-assessment involves both officers and members of the committee reviewing a range of items, including manager selection, asset allocation decisions, benchmarking decisions, employment of consultants and best value outcomes.	Partially compliant, options for improvement to be considered
4.16	The objective of the reviews would be to consider whether the outcomes were as anticipated, were appropriate or could have been improved.	Not compliant, to be considered in future
4.17	The committee should set out its expectations of its own performance in its business plan. This could include expected progress on certain matters, review of governance and performance and attendance targets. It should include standards relating to the administration of the committee's business such as: • attainment of standards set out in CIPFA's knowledge and skills framework; • achievement of required training outcomes; • achievement of administrative targets such as issuing agendas and minutes.	Partially compliant, improvement required
4.18	This assessment should be included in the fund's annual report to its stakeholders.	Not compliant, improvement required

	Principle 5: Responsible Ownership	
 Administering Authorities should: adopt, or ensure their investment managers adopt, the Institutional Shareholders' Committee Principles on the responsibilities of shareholders and agents; include a statement of their policy on responsible ownership in the statement of investment preport periodically to scheme members on the discharge of such responsibilities. 		
	Regulatory framework	
	The Investment regulations require the publication of the fund's policy on the exercise of rights attaching to investments and the inclusion of the policy in the statement of investment principles (SIP).	
	The regulations also require funds to disclose in the SIP the extent to which social, environmental, or ethical considerations are taken into account in the selection, retention and realisation of investments.	
	In taking forward any such policy the regulations required the administering authority to make clear in their terms of engagement with investment managers that they comply with the decision-making bodies instructions.	

	Key Issues to Consider		
5.1	Policies regarding responsible ownership must be disclosed in the SIP in the Annual Report.	Compliant	
5.2	The committee should discuss the potential for consideration of environmental, social and governance issues to add value when selecting and monitoring investment managers.	Not Compliant	
5.3	The committee should ensure that investment managers have an explicit strategy, setting out when they would intervene in a company, which is acceptable to the committee.	Not Compliant	

Administering authorities should:	
•	act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives
•	provide regular communication to scheme members in the form they consider most appropriate.
Reg	ulatory framework
SOL deve	issued guidance in 2007 regarding the requirement to complete a governance compliance statement. The CIPFA / ACE publication <i>Delivering Good Governance in Local Government: Framework (2007)</i> illustrates best practice for eloping and maintaining a local code of governance. CIPFA issued <i>Delivering Good Governance in Local Governmentsion Funds</i> in 2009 as the application of the CIPFA/SOLACE framework to the management of LGPS Funds.
	2008 Regulations contain requirements relating to policy and strategy statements. In relation to governance, investm transparency, they are as follows: pension funds governance compliance statement –must be submitted annually to the secretary of state pension fund annual report – the content that must be included is set out in the Regulations.
	LGPS regulations provide a statutory framework from which the administering authority is required to prepare a fundir egy statement (FSS). The key requirements are: the administering authority will publish the funding strategy after consulting with relevant interested parties. In preparing the FSS, regard must be made to the guidance issued by CIPFA and the scheme's SIP. The FSS must be revised whenever there is a material change in the policy matters set out in the FSS or the SIP.

 Representatives of members Prospective members Employing authorities.
The Investment Regulations require the preparation and publication of a statement of investment principles (SIP). Authorities are required to set out in their SIP the extent to which they comply with the updated Myners principles and give reasons for any non-compliance.
The Investment Regulations require authorities to consult with appropriate persons before publishing their SIP.
In the SIP, authorities are required to prepare written statements of the principles governing their decisions on investments.
Although the SIP does not have to be sent to scheme members, it is expected to be published in the annual report.

	Key Issues to Consider		
6.1	The Committee should ensure that its governance compliance statement is maintained regularly. It should challenge any non-compliance and be clear about its reasons for this.	Compliant	
6.2	The fund's communication statement must set out the administering authorities policy on:	Compliant	
	The provision of information and publicity about the scheme to members and employers		
	The format, frequency and method of distributing such information or publicity		
	The promotion of the scheme to prospective members and their employing authorities.		
6.3	The committee should have a view of who its stakeholders are and the nature of the interests they have in the scheme and the fund. There should be a clearly stated policy on the extent to which stakeholders will take a direct part in the committee's functions and those matters on	Partially compliant, to be reviewed	

	which they will be consulted or informed.	
6.4	The committee should have an integrated approach to its own governance and communicating all aspects of its work to its stakeholders.	Not compliant, improvement required
6.5	The committee should seek examples of good practice from the published reports and communications policies of other pension funds.	Compliant, but room for improvement
6.6	The committee should ensure its annual report complies with the regulations on content, agreeing action plans to rectify any non-compliance. The committee should ensure the content is useful and relevant to stakeholders.	Partially compliant, improvements planned
6.7	 The funding strategy statement and statement of investment principles should include: A description of how day to day investment decisions are delegated and authorised The role of members, officers, external advisers and managers The process for monitoring actions, decisions and performance of advisers and managers How the overall asset allocation is determined and assumptions as to future returns A description of individual manager mandates. 	Partially compliant, some improvements required
6.8	Fee structures should include the scale of charges, whether ad valorum or fixed. Where there is a performance element, consideration should be given to risk control implications.	Compliant
6.9	A copy of the SIP should be made available to members on request and its availability should be made clear in the publication process.	Partially Compliant, improvement required
6.10	The governance compliance statement should include details of any delegation of functions to a sub-committee or to officers	Compliant

6.11	The governance compliance statement must include whether any delegation complies with CLG guidance.	Compliant
6.12	Where there is non-compliance, reasons must be given.	Compliant
6.13	A copy of the statement must be sent to the CLG.	Compliant

Division(s): N/A

PENSION FUND COMMITTEE - 25 JUNE 2010

REVIEW OF THE STATEMENT OF INVESTMENT PRINCIPLES

Report by Head of Finance & Procurement

Introduction

- 1. The Fund publishes its Statement of Investment Principles (SIP) in the Annual Report each year. The SIP is usually amended for any changes that have taken place during the year.
- 2. The Government has published a revised set of investment regulations, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. In accordance with regulation 12 of the Regulations, an administering authority must, after consultation with such persons as it considers appropriate, prepare, maintain and publish a written statement of the principles governing its decisions about the investment of fund money. The statement must cover its policy on—
 - (a) the types of investment to be held;
 - (b) the balance between different types of investments;
 - (c) risk, including the ways in which risks are to be measured and managed;
 - (d) the expected return on investments;
 - (e) the realisation of investments:
 - (f) the extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments:
 - (g) the exercise of the rights (including voting rights) attaching to investments, if the authority has any such policy; and
 - (h) stock lending.
- 3. As a consequence of the change to the regulations, and the fact that the SIP had not been reviewed for a few years, a complete revision of the SIP has taken place in conjunction with Peter Davies.

Outcome from the Review

- 4. The revised SIP is attached at Annex 1. A large part of the review was structural, making the statement more logical in the way it was set out. There have been a few additions, although these were things that had previously been agreed by committee or statements of fact where inclusion was deemed helpful.
- 5. There are few additions or changes to policy that need to be specifically highlighted and agreed:

Investment Objectives – these were not explicit within the SIP previously. It is suggested that they should be fairly simple statements as follows:

- To achieve a 100% funding level;
- To ensure there are sufficient liquid resources available to meet the Fund's current liabilities and investment commitments; and
- For the overall fund to outperform the benchmark by 1.3% per annum over a rolling three year period.

The latter objective was not previously stated explicitly but is derived from the agreed targets set for the Fund Managers and the agreed strategic asset allocation.

Fundamental Review – the previous policy was to undertake a fundamental review of the Fund's investments once in the life of the Council. It seems that an appropriate time to undertake the review is when the outcome from the valuation is known, so that due regard can be made of the investment return required to meet liabilities, and the level of investment risk that is appropriate given the nature of the liabilities. As a consequence the revised SIP changes the policy so that a fundamental review is undertaken once every three years following the valuation.

6. The revised SIP complies with the guidance given by the Secretary of State.

RECOMMENDATION

7. The Committee is RECOMMENDED to approve the revised Statement of Investment Principles set out in Annex 1.

PAUL GERRISH
Head of Finance & Procurement

Background papers: LGPS (Management & Investment of Funds) Regulations

2009

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June 2010

Statement of Investment Principles

1 Introduction

Oxfordshire County Council has drawn up this Statement of Investment Principles to comply with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Authority has consulted its actuary and independent financial adviser in preparing this statement. Investment policy falls into two parts: strategic management and day-to-day management. The strategic management of the assets is the responsibility of the Authority and is driven by its investment objectives set out below. Day-to-day management of the assets is delegated to investment managers as described in the management of the assets section below.

2 Overall Responsibility

The County Council is the designated statutory body responsible for administering the Oxfordshire Pension Fund on behalf of the constituent Scheduled and Admitted Bodies. The Council is responsible for setting investment policy, appointing suitable persons to implement that policy and carrying out regular reviews and monitoring of investments.

The review and monitoring of investment performance and fund administration is delegated to the County Council's Pension Fund Committee. The Assistant Chief Executive & Chief Finance Officer has delegated powers for investing the Oxfordshire Pension Fund in accordance with the policies determined by the Pension Fund Committee. The Committee is comprised of seven County Councillors plus two District Council representatives. A beneficiaries' representative attends Committee meetings as a non-voting member.

The Committee meets quarterly and is advised by the Assistant Chief Executive & Chief Finance Officer and the Fund's Independent Financial Adviser. The Committee members are not trustees, although they have similar responsibilities.

3 Investment Objectives and Strategy

Investment Objectives

The investment objectives are:

- 1. to achieve a 100% funding level;
- 2. to ensure there are sufficient liquid resources available to meet the Fund's current liabilities and investment commitments;
- 3. for the overall Fund to outperform the benchmark, set out in the next section, by 1.3% per annum over a rolling three-year period.

In looking to deliver these objectives the Committee will take into account the fact that the Fund is immature with the cash received from employer and employee contributions exceeding the cash required to pay benefits and the costs of administering the Fund. This enables the Committee to take a long term view.

Risk

There are several risks to which any pension fund is exposed. The overriding risk is a deterioration of the funding level of the Fund. This could be caused by the differential movement of markets within the global economy or investment managers performing poorly and not achieving their target rate of return, or even their benchmark return.

To mitigate such risks, the following strategy has been adopted:

- retaining a proportion of investments in bonds to reflect potential changes in liabilities:
- investing a proportion of the fund passively to limit the impact of poor performance by investment managers;
- diversification of investments, including investing in alternative assets with a low degree of correlation;
- use of a number of different investment managers to spread the risk of poor performance.
- diversification of investment styles, e.g. growth and value

Investment managers are required to implement appropriate risk management measures and to operate in such a way that the possibility of undershooting the performance target is kept within acceptable limits. The managers report on portfolio risk each quarter.

Strategic asset allocation

In September 2009 the Pension Fund Committee agreed a customised benchmark for the strategic allocation of assets. This is set out in the table below:

Asset Class	Target asset allocation	Range
	%	%
UK Equities		
- passively managed	10	
- actively managed	21	
Total UK Equities	31	29 – 33
Overseas Equities	32	30 – 34
Total Equities	63	
UK Gilts	3	
Index Linked Gilts	5	
Overseas Bonds	2	
Corporate Bonds	6	
Total Bonds & Index Linked	16	14 - 18

Property	8	5 – 9
Private Equity	10	6 – 11
Hedge Funds	3	2 – 4
Cash	0	0 – 5
Total Other Assets	21	
Total All Assets	100	

4 Management of the Assets

Following a fundamental review of the management of the Fund's assets in 2003, the Committee decided to switch from investment managers with a balanced mandate to a specialist management structure. As part of this review the Committee, advised by the Independent Financial Adviser, took over responsibility for strategic asset allocation. Once every three years, following the actuarial valuation, there is a fundamental review of how the assets are managed. The last such review was undertaken in November 2007.

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

Asset Class	Investment Manager	Benchmark	Annual Target #
UK Equities	Baillie Gifford	FTSE Actuaries All-Share	+1.25%
	Legal & General	FTSE 100	Passive
Overseas Equities	UBS Global Asset Management	Various FTSE geographical indices	+1.0%
Global Equities	Alliance Bernstein	FTSE All World	+ 3.0%
Bonds & Index Linked - UK Gilts - Index Linked - Corporate bonds - Overseas bonds	Legal & General	FTSE A All Gilts Stocks FTSE A Over 5 year IBoxx Sterling Non-Gilts JPMorgan Global Govt (ex UK) traded bond	+ 0.4%
Property	UBS Global Asset Management	IPD UK All Balanced Funds Index weighted average	+1.0%

Private Equity			
- Quoted Inv. Trusts	Peter Davies	FTSE smaller	
- Limited Partnerships	Adams Street	companies (including investment trusts)	+ 1.0%
	Partners Group	,	
Hedge Funds	UBS Wealth Management	3 month Libor	+ 3.0%
Cash	Internal	3 month Libor	-

Target performance is based on rolling 3-year periods

Legal & General have been given control ranges for each of the four sub categories of bonds & index linked. UBS Global Asset Management have been given control ranges for overseas equities relating to investment in their Global Pooled Fund and emerging markets. These ranges have been drawn up to ensure the Fund's investments remain well diversified.

Restrictions on Investment

The investment managers are prohibited from holding investments not defined as 'investments' in the LGPS (Management and Investment of Funds) Regulations 2009. Use of derivatives and currency hedging is permitted within pre-agreed limits. Underwriting is permitted, provided that the underlying stock is suitable on investment grounds and complies with existing investment criteria.

The regulations limit the powers of the Council to invest. The key restrictions are:

- not more than 10% (15%) of the Fund may be invested in unlisted securities of companies;
- not more than 10% of the Fund may be held in any single holding;
- not more than 10% of the Fund may be held as a deposit in any single bank, institution or person;
- not more than 2% (5%) of the Fund may be contributed to a single partnership
- not more than 5% (15%) of the Fund may be contributed to partnerships in total.
- not more than 10% of the Fund may be deposited or loaned to local authorities

Where figures are quoted in brackets, the Council could increase its limit as long as certain conditions are met. The Council has not decided to exercise this power at this time.

Realisation of Investments

Investment managers are required to maintain portfolios which consist of assets that are readily realisable. Any investment within an in-house or pooled fund which is not

readily tradable requires specific approval. It is recognised that investment in Limited Partnership private equity funds are long term investments and as such are not readily realisable.

Monitoring and review

The individual manager's performance, current activity and transactions are monitored quarterly by the Pension Fund Committee. Investment management performance of the Fund is reviewed annually upon receipt of the annual report prepared by WM Performance Services.

5 Social, Environmental & Ethically Responsible Investment

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

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

6 Exercise of Rights attached to Investments

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

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

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

others, may make direct representation to the boards of companies through its Investment Managers in concert with others, on issues of social responsibility.

7 Custody & Stock Lending

Custodian services are provided by BNY Mellon. In accordance with normal practice, the Scheme's share certificates are registered in the name of the custodian's own nominee company with designation for the Scheme. Officers receive and review internal control reports produced by the custodian. The custodian regularly reconciles their records with the investment manager records, providing a regular report to officers which they in turn review.

The custodian holds the majority of the Fund's assets. Exceptions include some pooled funds, held by the relevant investment manager's custodian, hedge fund assets and a working cash balance, which is held by the County Council and invested in the wholesale money market.

The Council allows the custodian to lend stock and share the proceeds with the Council. This is done to generate income for the Fund and to minimise the cost of custody. To minimise risk of loss the counter party is required to provide suitable collateral to the custodian.

8 Compliance

The Council will monitor compliance with this statement annually. In particular it will obtain written confirmation from the investment managers that they exercised their powers of investment with a view to giving effect to the principles contained in the Statement so far as is reasonably practicable. The Council undertakes to advise the investment managers promptly and in writing of any material change to the Statement.

The Pension Fund Committee has assessed itself against the updated Principles of Pension Fund Investment in June 2010 and is broadly compliant. This statement also complies with the guidance given by the Secretary of State.

9 Review of this Statement

The Council will review this Statement in response to any material changes to any aspect of the Fund, its liabilities, finances and its attitude to risk, which has a bearing on its stated investment objectives. A formal review of the strategic asset allocation will be undertaken annually. In addition the Council will undertake a strategic review of this Statement every three years to coincide with the actuarial valuation.

Division(s): N/A

PENSION FUND COMMITTEE – 25 JUNE 2010 COMMUNICATION POLICY

Report by Assistant Chief Executive and Chief Finance Officer

Introduction

1. The Oxfordshire Local Government Pension Scheme Communication Policy Statement was first issued in 2006. The policy has been updated to reflect the changes in regulations and current practices (Appendix).

Changes to the Policy

- 2. The employing authorities have been updated to include Academy Schools in the list of scheduled employers.
- 3. Town and Parish Councils are now referred to in the regulations as Designating Bodies rather than Resolution Bodies.
- 4. The detail in the annex has been updated to reflect the introduction of the pension web pages and the information available to both scheme members and employers.

RECOMMENDATION

5. The Committee is RECOMMENDED to note this report.

SUE SCANE

Assistant Chief Executive and Chief Finance Officer

Background papers: Ni

Contact Officer: Sally Fox, Pension Services Manager

Tel: 01865 797111

1 June 2010

OXFORDSHIRE PENSION FUND

COMMUNICATION POLICY STATEMENT

Introduction

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

Purpose

- 1. This policy sets out the Oxfordshire Pension Fund's strategy for its communications with members, members' representatives and employing authorities.
- 2. The strategy also covers the promotion of the scheme to prospective members.
- 3. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations and, in turn, by section 124(1) of the Pensions Act 1995 to include:
 - Active members
 - Deferred members, and
 - Pensioner members
- 4. Employing authorities, as defined within the regulations, include non-scheme employers:
 - Statutory Scheduled Bodies such as the County and District Councils, Academy Schools, Colleges of Further Education and Oxford Brookes University;
 - Designating Bodies being the Town and Parish Councils
 - Admission Bodies, where the Pension Fund Committee have granted scheme admission

Aim

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

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

Communication Policy

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

Review of This Policy

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

June 2010

ANNEX 1

Communication Issue	Target audience	Method	Frequency	Target completed date
Communication Policy	 Employers Members – active, deferred and pensioner Prospective scheme members Employee representatives 	 County intranet County web site Make available for employers in the fund for their sites 	Initial publicity and then after any future changes to the policy.	First issued in 2006 – now available on website
Pensions Increase Notification – including summary of accounts	Pensioner members	PostCounty Web siteLoaded to website	Annually	February
Annual Benefit statements	ActiveDeferred members	 Post to individuals, either to home addresses via employers Notes to support statements posted to website 	Annually	Already operational
Employers Forum	 Employers in the Oxfordshire Pension Fund 	Meeting	Annually	Already operational

Communication Issue	Target audience	Method	Frequency	Target completed date
Regular, quarterly newsletters; (Will replace and incorporate current ad hoc bulletins and the summary leaflet of accounts)	Active Scheme members	 Paper distribution with assistance from employers or employer can request copy of PDF only. Employer responsibility to distribute. Available to download from County Web site 	Quarterly	31 March30 June30 September31 December
Beneficiaries Report from the Pension Fund Committee beneficiary's advisor.	 Active members Employee representatives 	 E mail distribution to Employers for notice boards and intra nets By post and information on intra nets 	Quarterly	 Already operational Available electronically from February 2006
Pensions User Group	Employer Human Resource and Payroll contacts	 Meeting Email distribution of agenda and action notes. 	Quarterly	Already operational

Communication	Target audience	Method	Frequency	Target completed date
Issue				
LGPS Summary information guide Membership forms	 Prospective scheme members Employers for new starters, job application packs 	Paper copiesDownload from County web siteEmail	All year.	Already operationalAvailable on website
Provide presentations and talks on LGPS matters to scheme members Provide support training to HR and payroll employer representatives on LGPS matters Facilitate pensions seminars for Prudential 'Basic LGPS scheme and AVC talks'	Active members Employers	 Staff meetings Part of pre retirement courses Induction meetings for new joiners Active members group meetings 	Ad hoc as required Timings as agreed with the Prudential and individual employer area	 Already operational Already in operation.
Development of electronic information systems, external	All targeted audiences should be able to access information, especially from the external site.		Regular reviews to keep up to date	 OCC intra net targets OCC employer information County web site pages divided into sections reflecting

County Council web site and intranet pages.				different membership groupsWill be consolidating this information during 2010/11
Support information administration	Employers in the pension fund	'Toolkit' pages to support administration function, Links to forms they need and why information	Maintained to report changes with User Groups	Continually reviewed and kept up to date to reflect changes

Agenda Item 21

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

Document is Restricted

Agenda Item 22

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

Document is Restricted

Division(s): N/A

PENSION FUND COMMITTEE – 25 JUNE 2010 INTERNAL AUDIT 2009/10

Report by the Assistant Chief Executive and Chief Finance Officer

Introduction

- 1. The annual internal audits of the Pension Fund Administration and Investment functions were undertaken in Quarter 3 and Quarter 4 of 2010 respectively.
- 2. The objectives of the Investments and Administration audits were to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place to manage financial and non-financial risks of the systems.

Scope

- 3. The investment audit activity focused on
 - Pension fund Governance and Strategy
 - Transactions
 - Pension Fund Assets.
- 4. The administration audit focused on:
 - Risk management
 - IT systems
 - Changes to Statutory Requirements
 - Scheme member lifecycles
 - Admitted bodies

Audit Conclusion

- 5. Internal Audit concluded that there is generally a sound system of internal controls in place in relation to pension fund investments. Risks are being mitigated to acceptable levels except in relation to the following activities:-
 - Gaps were identified in Pension Fund Committee Members training a review of training is required.
 - Weaknesses were identified in relation to the application of the eprocurement system.
- 6. The Head of Finance and Procurement has agreed to undertake annual reviews of Pension Fund Committee member training. It was noted that there had been a number of new committee members following the elections in May 2009 and at the time of the audit an insufficient time period had elapsed to

undertake a meaningful review. A review of training will be undertaken in conjunction with a review of the CIPFA knowledge and skills framework.

- 7. The Pension Fund Investments team began using the corporate eprocurement system shortly before the start of the internal audit. During the
 initial transition period, the auditor identified that an officer had not reviewed
 supporting paperwork prior to authorising a purchase order with the new
 system. To minimise the risk of an incorrect order, as with the previous
 manual system, authorisers will review supporting paperwork prior to
 authorising transactions.
- 8. The internal audit review identified a number of minor issues in relation to pension fund investments, which could improve the systems but do not present a material risk. The recommendations in relation to these activities have been implemented.
- 9. For Administration the Internal Audit conclusion was acceptable. Internal Audit identified that there is generally a sound system of internal control in place and that risks are being mitigated to acceptable levels.
- 10. One action arising from the audit report was for the completion of risk assessments for admitted bodies, which has now been finalised.
- 11. Two supplementary issues were also raised in the report. The first was to arrange for ICT to carry out a disaster recovery test for the pension system this was completed in March 2010 and has been scheduled annually for February from 2011 onwards.
- 12. The second issue highlighted the concerns that employers are not sending information about maternity and unpaid leave through to Pension Services and the impact this has to scheme members. This is being monitored.

RECOMMENDATIONS

13. The Committee is RECOMMENDED to note the report.

SUE SCANE

Assistant Chief Executive and Chief Finance Officer

Contact Officer: Donna Ross, Principal Financial Manager Tel: 01865 323976

May 2010

Division(s): N/A

PENSION FUND COMMITTEE – 25 JUNE 2010 WRITE OFFS

Report by Assistant Chief Executive and Chief Finance Officer

Introduction

- 1. In November 2007 a change was made to the Scheme of Financial Delegations to allow write offs, under £7,500, chargeable to the pension fund to be approved by the Assistant Head of Finance (Shared 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 / Head of Finance (Shared Services) and (Corporate Finance) have approved the write off of £176.14, chargeable to the pension fund in respect of the following case.
 - Member died January 2005 Pension Services were notified in March, although did not receive copy of death certificate until 2006. On receipt of this confirmation the repayment of overpaid pension, amounting to £176.14, was requested. Pension Services has been given information about how the estate was allocated which confirms that there is no available money to repay the overpaid pension.
 - Legal advice, given the history and amounts involved, is that it would be more problematic and costly to pursue payment.

RECOMMENDATION

5. The Committee is RECOMMENDED to note this report.

SUE SCANE

Assistant Chief Executive and Chief Finance Officer

Background papers: Nil

Contact Officer: Sally Fox, Pension Services Manager

Tel: (01865) 797111

June 2010

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