



To: **Members of the Pension Fund Committee**

Notice of a Meeting of the Pension Fund Committee

Friday, 14 March 2014 at 10.10 am

County Hall, New Road, Oxford

Peter G. Clark.

Peter G. Clark
County Solicitor

March 2014

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

Membership

Chairman – Councillor Stewart Lilly
Deputy Chairman - Councillor Patrick Greene

Councillors

Lynda Atkins
Surinder Dhesi
Jean Fooks

Nick Hards
Richard Langridge
Sandy Lovatt

Neil Owen

Co-optees

District Councillor Hywel Davies
District Councillor Jerry Patterson

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 6 June 2014***
- ***Anthony Dickson from Baillie Gifford will give a training session on Diversified Growth Funds at 9.30 am on the day of the meeting, in the meeting room itself.***

Declarations of Interest

The duty to declare.....

Under the Localism Act 2011 it is a criminal offence to

- (a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
- (b) provide false or misleading information on registration, or
- (c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?

The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**

- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.

The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *“You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself”* or *“You must not place yourself in situations where your honesty and integrity may be questioned.....”*.

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:

Employment (includes *“any employment, office, trade, profession or vocation carried on for profit or gain”*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members’ conduct guidelines. <http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/> or contact Rachel Dunn on (01865) 815279 or Rachel.dunn@oxfordshire.gov.uk for a hard copy of the document.

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

AGENDA

1. **Apologies for Absence and Temporary Appointments**
2. **Declarations of Interest - see guidance note**
3. **Minutes** (Pages 1 - 10)

To approve the Minutes of the meeting held on 6 December 2013 (**PF3**) and to receive information arising from them.

4. **Petitions and Public Address**
5. **Overview of Past and Current Investment Position** (Pages 11 - 36)

10:15

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

The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 31 December 2013 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2010
Tables 2 to 9	provide details of the individual manager's asset allocations and compare these against their benchmark allocations
Table 10	shows net investments/disinvestments during the quarter
Tables 11 to 12	provide details on the Pension Fund's Private Equity
Tables 13 to 24	provide investment performance for the consolidated Pension Fund and for the four Managers for the quarter ended 31 December 2013
Table 25	Provides details of the Pension Fund's top holdings

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 – 3 – Baillie Gifford
Graph 4 - Wellington
Graphs 5 – 6 - Legal & General
Graphs 7 and 10 – UBS

The Committee is RECOMMENDED to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they relate to items 9, 10 11 and 12 on the agenda.

6. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 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.

7. Exempt Minutes (Pages 37 - 40)

10:25

To approve the exempt Minutes of the meeting held on 6 December 2013 **(PF7)** and to receive information arising from it.

8. Overview and Outlook for Investment Markets (Pages 41 - 48)

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. It provides the context for consideration of the reports from the Fund Managers. 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. Baillie Gifford

10:40

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 5 and 8.
- (2) The representatives (Anthony Dickson and Iain McCombie) of the Fund Manager will:
 - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 December 2013;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 December 2013.

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. Wellington

11:20

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Wellington drawing on the tables at Agenda Items 5 and 8.
- (2) The representatives (Luke Stellini and Nicola Staunton) of the Fund Manager will:
 - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 December 2013;
 - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 December 2013.

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 (Pages 49 - 54)

12:00

The Independent Financial Adviser will report (PF11) on the officer meetings with Legal & General and UBS, as well as update the Committee on any other issues relating to the Fund Managers not present. These reports should be read in conjunction with information contained in the tables (Agenda Item 5).

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

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

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

12. Summary by the Independent Financial Adviser

12:05

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. Fundamental Asset Allocation (Pages 55 - 108)

12:10

The report (**PF13**) sets out information on the past performance of the Fund and its Fund Managers, and reviews the current asset allocation in light of the 2013 Valuation results and other key factors which impact on the Fund's ability to meet its future liabilities. The Committee are asked to agree the asset allocation to cover the next three years.

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 consider and agree the recommendations of the Independent Financial Adviser, as set out in his report.

14. Annual Review of the Independent Financial Adviser (Pages 109 - 112)

12:35

The report (**PF14**) reviews the activities and performance over the last year of the Independent Financial Adviser (IFA). Peter Davies was initially appointed to the position in February 2009 on a five year contract. Last year, the Committee agreed to exercise the option to extend the contract for a further five years. The contract has been amended to reflect the change in that Mr Davies is now contracted through AllenbridgeEpic Investment Advisers Limited.

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.*

The Committee is RECOMMENDED to note the report and consider if they wish to offer any feedback to Mr Davies in relation to his performance as IFA during the last year.

15. Employer Cessation (Pages 113 - 116)

12:45

The report (**PF15**) seeks the Committee's agreement to the write off of a cessation valuation of one of the Fund's Community Admission Bodies.

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.*

The Committee is RECOMMENDED to agree to write off the outstanding debt and cancel the outstanding invoice.

16. Additional Voluntary Contributions Scheme - Annual Review
(Pages 117 - 124)

12:50

The report (**PF16**) provides details of the annual review of the Fund's Additional Voluntary Contribution (AVC) Scheme, including issues regarding the performance of the individual funds and the Scheme Provider (Prudential) itself.

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 Scheme Provider involved and would prejudice the position of the authority's investments in funding the Pension Fund.*

The Committee is RECOMMENDED to note the report and to confirm the continued use of Prudential as the Council's AVC provider.

LUNCH

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

17. Annual Business Plan, Budget and Cash Management Strategy
2014/15 (Pages 125 - 148)

14:00

The report (**PF17**) sets out the Pension Fund annual business plan for the 2014/15 financial year which includes the business priorities, budget and cash management strategy for 2014/15 and the current risk register.

The annual Business Plan and Budget for 2014/15 (Annex 1)

The Risk Register (Appendix D of Annex 1)

The Pension Fund Cash Management Strategy for 2014/15 (Annex 2)

The Committee is RECOMMENDED to:

(a) approve the Business Plan and Budget for 2014/15 as set out at Annex 1;

(b) approve the Pension Fund Cash Management Strategy for 2014/15 as set out at Annex 2;

(c) delegate authority to the Chief Finance Officer to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;

(d) delegate authority to the Chief Finance Officer to open separate pension fund bank, deposit and investment accounts as appropriate; and

(e) delegate authority to the Chief Finance Officer to borrow money for the pension fund in accordance with the regulations.

18. Potential Scheme Merger (Pages 149 - 152)

14:10

The report (**PF18**) updates the Committee on the latest position in respect of the potential merger of the Oxfordshire Pension Fund with the Buckinghamshire and Berkshire Funds.

The Committee is RECOMMENDED to note the report, and the current position on the project, and identify any additional issues they wish to see in the business case to be presented to the 6 June 2014 meeting.

19. Local Government Pension Scheme (LGPS) 2014 Update (Pages 153 - 166)

14:15

The report (**PF19**) updates the Committee on the progress towards the implementation of the new Local Government Pension Scheme from 1 April 2014. Annex 1 to the report also includes recommendations for any changes which need to be made to the Administering Authority discretions.

The Committee is RECOMMENDED to:

a) note progress of the 2014 scheme implementation;

b) delegate to officers the option of refusing a request to pay APC by instalment, if impractical to do so;

- c) ***agree that a medical report, confirming the member is in good health, is required before an APC to buy additional pension can be signed;***
- d) ***agree that no medical report will be required where an APC to buy additional pension is by lump sum, but that the contract will not be valid until payment is received by the fund;***
- e) ***confirm that no charges should be introduced for estimates for the transfer of an in-house AVC where the arrangement was entered into prior to 1 April 2014;***
- f) ***amend the current delegation to officers to determine to whom payment should be made in the case of the death of a scheme member to cover all sums due, unless the case is contentious;***
- g) ***confirm all pension accounts should be kept in line with regulatory and system requirements;***
- h) ***confirm that in the absence of an election from a member, benefits should be merged with the next record, as determined by date of starting membership;***
- i) ***decide whether any changes should be made to the current arrangements of collecting capital costs, and specifically the capital costs relating to ill-health retirements;***
- j) ***extend the provisions in i) to include the upfront collection of any fund strain costs arising from an employer waiving an actuarial reduction;***
- k) ***maintain the current time limit of three months for member notification to draw retirement benefits;***
- l) ***introduce commutation of small pension amounts in line with HMRC limits and guidance on the request of the Member;***
- m) ***replace the service level agreement with an administration strategy to be approved by this Committee and to determine any other matters to be included;***
- n) ***agree that the fund continues to allow transfers in and that the administering authority discretion would mirror the employer discretion in whether transfers were allowed outside of 12 months;***
- o) ***agree that officers calculate best rate of pay to be used in payment of benefit where member has died before making an election; and***
- p) ***decide what financial information should be provided by co-habiting partners to confirm financial dependency and entitlement to benefits.***

20. Employer Issues (Pages 167 - 170)

14:25

The report (**PF20**) seeks Committee approval for any new admissions to the Fund. It also updates the Committee on the status of any current employer which impacts on future Scheme membership.

The Committee is RECOMMENDED to:

- (a) *note the progress of previously approved applications for admitted body status;*
- (b) *agree to the withdrawal of admission agreements, in certain circumstances as detailed in the report;*
- (c) *approve the application for admitted body status by Cara Cleaning Services; Carillion; The Cleaning Co-Op; D F Williams and PAM Wellbeing Limited subject to either pass through arrangements or bonds being put in place; and*
- (d) *note the progress of previously reported cessation cases.*

21. Write Offs (Pages 171 - 172)

14:30

The report (**PF21**) provides the Committee with summary details of the amounts written off in the last quarter in accordance with Financial Regulations of the Fund.

The Committee is RECOMMENDED to note the report.

22. Corporate Governance and Socially Responsible Investment

14:35

This item covers any issues concerning Corporate Governance and Socially Responsible Investment which needs to be brought to the attention of the Committee.

23. Annual Pension Forum

14:40

The 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 12 December 2014 at 10 am at Unipart House.**

Pre-Meeting Briefing

There will be a pre-meeting briefing at County Hall on **Wednesday 12 March 2014 at 2:00pm** in the Members Board Room for the Chairman, Deputy Chairman and Opposition Group Spokesman.

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PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 6 December 2013 commencing at 10.10 am and finishing at 13:05 pm

Present:

Voting Members: Councillor Stewart Lilly – in the Chair

Councillor Patrick Greene (Deputy Chairman)

Councillor Lynda Atkins

Councillor Surinder Dhesi

Councillor Jean Fooks

Councillor Nick Hards

Councillor Richard Langridge

Councillor Sandy Lovatt

Councillor Neil Owen

District Council Representatives: District Councillor Hywel Davies
District Councillor Jerry Patterson

By Invitation: Paul Gerrish (Beneficiaries Observer)
Peter Davies (Independent Financial Adviser)

Officers:

Whole of meeting S. Collins and S. Fox (Environment & Economy); L. Baxter, D. Ross and J. Dean (Chief Executive's Office)

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.

70/13 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS

(Agenda No. 1)

There were no apologies and temporary appointments.

71/13 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE

(Agenda No. 2)

Councillors Atkins, Fooks, Lilly, Owen and Patterson each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government & Housing Act 1989.

Councillor Fooks declared an interest in Agenda Item 14 'Death Grant' on the grounds that she is a fellow Oxfordshire Liberal Democrat Member to one of the persons having an interest in receipt of the Death Grant in question, and had assisted in the process for his election as a Councillor. She therefore chose to take no part in the meeting and to withdraw from the meeting whilst it was being discussed.

District Councillor Jerry Patterson declared an interest in Agenda Item 14 on the grounds that he was a fellow Oxfordshire Liberal Democrat Member to one of the persons having an interest in receipt of the Death Grant in question.

72/13 MINUTES

(Agenda No. 3)

The Minutes of the meeting held on 6 September 2013 were approved and signed as a correct record subject to the inclusion of Paul Gerrish, Beneficiaries Observer, into the list of attendees at the meeting.

73/13 PETITIONS AND PUBLIC ADDRESS

(Agenda No. 4)

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

74/13 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION

(Agenda No. 5)

Mr Davies reported that the third quarter that seen a very strong rise in equity appreciation. Since the end of the quarter there had been further appreciation in equity values, such that UK equities had reached the maximum of the allowed range when expressed as a proportion of the Fund as a whole. A decision to rebalance had therefore been taken at the end of November with the transfer of £16m or 1% of the Fund from the UK passive Equities mandate to Bonds.

Overall the Fund had performed 0.1% below its benchmark over the past year, but was 0.9% behind over the last 5 years.

75/13 EXEMPT ITEMS

(Agenda No. 6)

It was **AGREED** that the public be excluded for the duration of items 8, 9,10,11,12,13,14 and 15 in the Agenda since it was likely that if they were present during those items there would be a disclosure of exempt information as defined under Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it was considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

76/13 EXEMPT MINUTES

(Agenda No. 7)

The exempt Minute of the meeting held on 6 September was approved and signed as a correct record subject to the amendment of 'Stanska to 'Skanska' and subject to the

inclusion of Paul Gerrish, Beneficiaries Observer, into the list of the attendees of the meeting.

77/13 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 8)

The Committee considered a report of the Independent Financial Adviser (PF8) which set out an overview of the current and future investment scene and market developments across various regions and sectors. Members asked a number of questions, to which the Independent Financial Adviser responded.

The public were 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.

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

78/13 UBS

(Agenda No. 9)

The representatives, Malcolm Gordon, Eric Byrne and Anthony Sander reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended 30 September 2013.

The public were 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.

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

79/13 ADAMS STREET

(Agenda No. 10)

The representatives, Ana Maria Harrison and David Arcauz reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended 30 September 2013.

The public were 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.

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

80/13 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 11)

The Committee considered two notes of meetings which took place since the last meeting (PF 11) with representatives from Baillie Gifford and Wellington.

The public were 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.

RESOLVED: to note the reports.

81/13 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 12)

The Independent Financial Adviser raised a matter of concern with regard to the underperformance against a target by one of the Fund Managers.

The public were 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:

4. *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.

It was **RESOLVED** to note the oral summary and to request the officers to take the action identified in the meeting (this is the subject of an exempt Minute).

82/13 EMPLOYER CESSATION

(Agenda No. 13)

The Committee was asked to determine its approach to a recent employer cessation, and whether to accept the part payment offered as final settlement for the outstanding liabilities, or to seek recovery of the full sum due (PF13).

The public were 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:

5. *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 commercial position of the parties involved, and the ability of the parties to maintain the current provision of public services.

The Committee **RESOLVED** to request the officers to take the action identified in the meeting (this is the subject of an exempt Minute).

83/13 DEATH GRANT

(Agenda No. 14)

The Committee were asked to determine the payment of a death grant where payment had been contested (PF14).

The report contained personal and financial information relating to the former scheme member and his family members

The report contained personal and financial information relating to the late former scheme member and his family members and therefore the public were 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:

1. *Information relating to any individual;*
6. *Information relating to the financial or business affairs of any particular person (including the authority holding that information)*

and since it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information, in that such disclosure would infringe the rights of the individual to privacy contrary to the general law and the public duty of the authority to respect human rights and to comply with that law.

The Committee determined the beneficiaries due to receive payment of the death grant (this is the subject of an exempt minute).

84/13 IDR P UPDATE

(Agenda No. 15)

The Committee had before them a report (PF15) which gave information on the determination by the Pensions Ombudsman of a case which was initially considered by Members in December 2011. The Pensions Ombudsman had dismissed the complaint and supported the Council's right to recover the full overpayment initially made to the complainant.

The public were 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:

7. *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.

RESOLVED: to note the report and the final determination (this is the subject of an exempt Minute).

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

85/13 THE 2013 VALUATION

(Agenda No. 16)

The Committee had before them a report (PF16) which gave an update on the latest position in respect of the 2013 Valuation.

RESOLVED: to note the report.

86/13 POTENTIAL SCHEME MERGER

(Agenda No. 17)

The Committee had before them an update (PF17) on the on-going discussions in respect of the potential merger of the Oxfordshire Fund with those of Berkshire and Buckinghamshire.

RESOLVED: to note the report.

87/13 ANNUAL REPORT AND ACCOUNTS 2012/13

(Agenda No. 18)

The Committee was requested to formally adopt the Annual Report and Accounts for 2012/13, a draft of which had been presented to the last meeting for comment and a copy circulated in booklet form to all members of the Committee.

RESOLVED: (nem con) to adopt formally the Pension Fund Annual Report and Accounts 2012/13.

88/13 THE LGPS REGULATION UPDATE

(Agenda No. 19)

The Committee had previously received reports in March 2012, December 2012, June 2013 and September 2013 regarding the 2014 Local Government Pension Scheme (LGPS). The Committee were further updated (PF19) on the progress of the implementation of the 2014 LGPS and the Regulations which had been issued to date. The report also looked at the changes which needed to be made to Administering Authority policies as a result.

RESOLVED: to note the report.

89/13 EMPLOYER UPDATE

(Agenda No. 20)

The Committee considered a report (PF20) which gave an update on recent employer issues, on new requests for admission and employer cessations.

RESOLVED: to

- (a) note the progress of previously approved applications for admitted body status;
- (b) approve the application for admitted body status by Innovate Services Ltd;
- (c) approve the application for admitted body status by Cater Link Limited;
- (d) approve the application for admitted body status by April Cleaning Services; and
- (e) note the cessation of scheme employers.

90/13 PENSION FUND SCHEME OF DELEGATION

(Agenda No. 21)

The Committee's agreement was sought to a number of updates to the current scheme of delegation to reflect changed job roles in the Council, and a revised approach to the trade arrangements for Private Equity (PF21).

RESOLVED: to

- (a) note the report and the changes to the Scheme of Delegation following the management changes in Finance; and
- (b) approve the transfer of delegated responsibility for placing private equity trades to the pension fund investments team.

91/13 WRITE OFFS

(Agenda No. 22)

The Committee had before them a report (PF22) which provided summary details of the amounts written off in the last quarter, in accordance with the Financial Regulations of the Fund.

RESOLVED: to note the report.

92/13 FUND MANAGER MONITORING ARRANGEMENTS

(Agenda No. 23)

Each year this Committee considers the arrangements for monitoring the performance of its Fund Managers. Members considered a report (PF23) which set out the proposed schedule for 2014/15.

RESOLVED: to approve the Fund Manager Monitoring Arrangements as set out in the report PF23.

93/13 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT

(Agenda No. 25)

No issues concerning Corporate Governance and Socially Responsible Investment were raised.

94/13 ANNUAL PENSION FORUM

(Agenda No. 24)

Members of the Committee were reminded that the Annual Pension Fund Forum for all employers would take place at Unipart House on Friday 13 December 2013.

..... in the Chair

Date of signing

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TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 31st DECEMBER 2013

Investment	COMBINED PORTFOLIO 1.10.13		Baillie Gifford UK Equities		Wellington Global Equities		Legal & General Global Equity Passive		Legal & General Fixed Interest		UBS Overseas Equities and Property		Other Investments		COMBINED PORTFOLIO 31.12.13		OCC Customised Benchmark	
	Value £' 000	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000	% of Total Value	Value £' 000		% of Total Value
EQUITIES																		
UK Equities	490,466	327,810	97.2%	26,259	14.0%	146,986	51.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	501,055	31.6%	31.0%
North American Equities	89,537	0	0.0%	88,009	46.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	88,009	5.6%	
European & Middle Eastern Equities	23,203	0	0.0%	27,959	14.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	27,959	1.8%	
Japanese Equities	18,447	0	0.0%	20,994	11.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	20,994	1.3%	
Pacific Basin Equities	2,640	0	0.0%	1,585	0.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1,585	0.1%	
Emerging Markets Equities	39,083	0	0.0%	21,519	11.4%	0	0.0%	0	0.0%	17,667	5.7%	0	0.0%	0	0.0%	39,186	2.5%	
UBS Global Pooled Fund	195,578	0	0.0%	0	0.0%	0	0.0%	0	0.0%	204,260	66.4%	0	0.0%	0	0.0%	204,260	12.9%	
L&G World (ex UK) Equity Fund	130,164	0	0.0%	0	0.0%	136,788	48.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	136,788	8.6%	
Total Overseas Equities	498,652	0	0.0%	160,066	84.8%	136,788	48.2%	0	0.0%	221,927	72.1%	0	0.0%	0	0.0%	518,781	32.8%	32.0%
BONDS																		
UK Gilts	62,244	0	0.0%	0	0.0%	0	0.0%	71,941	28.9%	0	0.0%	0	0.0%	0	0.0%	71,941	4.5%	3.0%
Corporate Bonds	35,377	0	0.0%	0	0.0%	0	0.0%	44,959	18.1%	0	0.0%	0	0.0%	0	0.0%	44,959	2.8%	6.0%
Overseas Bonds	50,519	0	0.0%	0	0.0%	0	0.0%	42,675	17.2%	0	0.0%	0	0.0%	0	0.0%	42,675	2.7%	2.0%
Index-Linked	75,545	0	0.0%	0	0.0%	0	0.0%	77,430	31.2%	0	0.0%	0	0.0%	0	0.0%	77,430	4.9%	5.0%
Total Bonds	223,685	0	0%	0	0.0%	0	0.0%	237,005	95.4%	0	0.0%	0	0.0%	0	0.0%	237,005	14.9%	16.0%
ALTERNATIVE INVESTMENTS																		
Property	86,178	0	0.0%	0	0.0%	0	0.0%	0	0.0%	77,478	25.2%	12,761	5.8%	90,239	5.7%	90,239	5.7%	8.0%
Private Equity	139,181	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	138,618	63.1%	138,618	8.7%	138,618	8.7%	10.0%
Hedge Funds	33,646	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	34,539	15.7%	34,539	2.2%	34,539	2.2%	3.0%
Total Alternative Investments	259,005	0	0.0%	0	0.0%	0	0.0%	0	0.0%	77,478	25.2%	185,918	84.6%	263,396	16.6%	263,396	16.6%	21.0%
CASH	61,919	9,438	2.8%	2,325	1.2%	0	0.0%	11,303	4.6%	8,044	2.7%	33,822	15.4%	64,932	4.1%	64,932	4.1%	0.0%
TOTAL ASSETS	1,533,727	337,248	100.0%	188,650	100.0%	283,774	100.0%	248,308	100.0%	307,449	100.0%	219,740	100.0%	1,585,169	100.0%	1,585,169	100.0%	100.0%

% of total Fund

21.28%

11.90%

17.90%

15.66%

20.40%

13.86%

100.00%

TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**ASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2013****LEGAL and GENERAL**

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

Target Objective - To track the FTSE 100 Index

Market Value - at 31st December 2013 £146,986,000

TABLE 5

FIXED INCOME					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
UK Gilts	0 - 36	18.75%	28.9%	+10.2%	FTSE A All Gilts Stocks
Corporate Bonds	20 - 55	37.50%	18.1%	-19.4%	IBoxx Sterling Non-Gilt All Stocks Index
Index-Linked	15 - 46	31.25%	31.2%	-0.1%	FTSE A Over 5 Year Index-linked Gilts
Overseas Bonds	0 - 24	12.50%	17.2%	+4.7%	JP Morgan Global Gov't (ex UK) Traded Bond
Cash	0 - 10	0.00%	4.6%	+4.6%	
Total		100.0%	100.0%		

Target Objective - To outperform the Benchmark by 0.6% per annum over rolling 3 year periods (gross of management fees)

Market Value - at 31st December 2013 £248,308,000

TABLE 6

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**ASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2013****LEGAL and GENERAL**

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

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

Market Value - at 31st December 2013 £136,788,000

TABLE 7

ASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2013**WELLINGTON**

GLOBAL EQUITIES					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
Global Equities	N/A	100.0%	98.8%	-1.2%	MSCI All Countries World Index
Cash	Nil	0.0%	1.2%	+1.2%	
Total		100.0%	100.0%		

Target Objective - To seek to outperform the Benchmark by 2.0% per annum over rolling 3 year periods (net of management fees).

Market Value - at 31st December 2013 £188,650,000

TABLE 8

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**ASSET ALLOCATION AS AT QUARTER ENDED 31st DECEMBER 2013****UBS GLOBAL ASSET MANAGEMENT**

OVERSEAS EQUITY PORTFOLIO					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
	%	%	%	%	
Overseas Equities <i>Comprising</i>					
Global Pooled Fund	85 - 100	90.0%	92.0%	+2.0%	See Split below *
Emerging Markets	0 - 10	10.0%	8.0%	-2.0%	FTSE AW Emerging Markets
Cash	0 - 10	0.0%	0.0%		
Total		100.0%	100.0%		
* Global Pooled Fund Split:-					
North America		30.0%			FTSE North American Developed
Europe (ex UK)		30.0%			FTSE Europe (ex UK) Developed
Asia Pacific (inc. Japan)		30.0%			FTSE Asia-Pacific (inc Japan) Developed
Total Global Pooled		90.0%	92.0%	+2.0%	

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

Market Value - at 31st December 2013 £221,927,000

TABLE 9

PROPERTY PORTFOLIO					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
	%	%	%	%	
Property	90 - 100	100.0%	90.6%	-9.4%	IPD UK All Balanced Funds Index Weighted Average
Cash	0 - 10	0.0%	9.4%	+9.4%	
Total		100.0%	100.0%		

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

Market Value - at 31st December 2013 £85,522,000

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**TOTAL PORTFOLIO PROGRESS REPORT - 1 OCTOBER 2013 to 31 DECEMBER 2013**

Asset	Market Value 1.10.13	%	Net Purchases and Sales					Changes in Market Value					Market Value 31.12.13	%
			UBS	Baillie Gifford	Legal & General	Wellington	Other	UBS	Baillie Gifford	Legal & General	Wellington	Other		
	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
EQUITIES														
UK Equities	490,466	32	0	663	(16,000)	3,576	0	0	13,468	7,684	1,198	0	501,055	32
US Equities	89,537	6	0	0	0	(6,031)	0	0	0	0	4,503	0	88,009	6
European & Middle Eastern Equities	23,203	2	0	0	0	3,535	0	0	0	0	1,221	0	27,959	2
Japanese Equities	18,447	1	0	0	0	3,020	0	0	0	0	(473)	0	20,994	1
Pacific Basin Equities	2,640	0	0	0	0	(1,065)	0	0	0	0	10	0	1,585	0
Emerging Market Equities	39,083	3	0	0	0	1,108	0	(524)	0	0	(481)	0	39,186	2
Global Pooled Funds	325,742	21	0	0	0	0	0	8,682	0	6,624	0	0	341,048	22
Total Overseas Equities	498,652	33	0	0	0	567	0	8,158	0	6,624	4,780	0	518,781	33
BONDS														
UK Gilts	62,244	4	0	0	12,292	0	0	0	0	(2,595)	0	0	71,941	5
Corporate Bonds	35,377	2	0	0	2,698	0	0	0	0	6,884	0	0	44,959	3
Overseas Bonds	50,519	3	0	0	(3,773)	0	0	0	0	(4,071)	0	0	42,675	3
Index-Linked Bonds	75,545	5	0	0	2,777	0	0	0	0	(892)	0	0	77,430	5
ALTERNATIVE INVESTMENTS														
Property	86,178	6	0	0	0	0	1,440	2,705	0	0	0	(84)	90,239	6
Private Equity	139,181	9	0	0	0	0	(2,248)	0	0	0	0	1,685	138,618	9
Hedge Funds	33,646	3	0	0	0	0	0	0	0	0	0	893	34,539	2
SUB TOTAL	1,471,808	96	0	663	(2,006)	4,143	(808)	10,863	13,468	13,634	5,978	2,494	1,520,237	98
CASH *	61,919	4	837	245	1,393	(3,242)	3,780	0	0	0	0	0	64,932	4
GRAND TOTAL	1,533,727	100	837	908	(613)	901	2,972	10,863	13,468	13,634	5,978	2,494	1,585,169	102

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**VALUATION OF OTHER INVESTMENTS AS AT 31st DECEMBER 2013**

	HOLDING	COST £	AVERAGE COST £	MARKET PRICE £	MARKET VALUE £	UNREALISED GAIN/LOSS £
PRIVATE EQUITY						
Managed by Mr P Davies, IFA						
Quoted Investment Trusts						
3I Group	1,424,713	4,013,565	2.817	3.851000	5,486,570	1,473,005
Candover Investments	236,060	1,687,945	7.150	3.900000	920,634	(767,311)
Electra Private Equity	1,016,179	13,886,422	13.665	23.800000	24,185,060	10,298,638
F&C Private Equity Trust	4,160,000	7,339,178	1.764	2.075000	8,632,000	1,292,822
Graphite Enterprise Trust	852,512	2,420,093	2.839	5.950000	5,072,446	2,652,353
HarbourVest European Senior Loans	2,284,315	1,125,609	0.493	0.412500	942,280	(183,329)
HG Capital Trust	1,934,000	11,207,516	5.795	10.100000	19,533,400	8,325,884
KKR & CO LP	220,000	1,523,040	6.923	14.702419	3,234,532	1,711,492
Northern Investors	454,791	725,515	1.595	3.450000	1,569,029	843,514
Oxford Technology 3 Venture Capital Trust	593,612	582,797	0.982	0.650000	385,848	(196,949)
Oxford Technology 4 Venture Capital Trust	1,021,820	995,164	0.974	0.300000	306,546	(688,618)
Schroder Private Equity	1,210,575	783,780	0.647	1.924782	2,330,094	1,546,314
Standard Life European Private Equity Trust	4,434,448	5,174,666	1.167	2.040000	9,046,274	3,871,608
SVG Capital	1,569,164	5,341,722	3.404	4.320000	6,778,788	1,437,066
		56,807,012			88,423,501	31,616,489
Other Fixed Interest						
Electra Private Equity 5.000% 12/29/2017 DD 12/29/10	2,870	2,870,000	1,000	1185.000000	3,400,950	530,950
Limited Partnerships Fund of Funds						
Partners Group Secondary 2006 L.P.		1,497,965			3,389,372	1,891,407
Partners Group Secondary 2008 L.P.		5,855,349			9,757,031	3,901,682
Partners Group Asia-Pacific 2007 L.P.		5,904,415			6,225,736	321,321
Partners Group Secondary 2011 L.P.		2,509,275			3,409,845	900,570
Partners Group Asia-Pacific 2011 L.P.		2,600,986			2,251,626	(349,360)
Adams Street 2007 Non US Fund		3,552,533			4,288,906	736,373
Adams Street 2008 Global Fund						
Adams Street 2008 Direct Fund		1,059,590			1,432,644	373,054
Adams Street 2008 Non US Fund		2,864,640			3,142,258	277,618
Adams Street 2008 US Fund		2,609,628			4,554,275	1,944,647
Adams Street 2009 Global Fund						
Adams Street 2009 Direct Fund		676,580			903,235	226,655
Adams Street 2009 Non US Developed Mkts Fund		1,117,573			1,150,059	32,486
Adams Street 2009 Non US Emerging Mkts Fund		514,161			432,827	(81,334)
Adams Street 2009 US Fund		2,039,197			2,535,106	495,909
Adams Street 2013 Global Fund		1,202,867			1,045,074	(157,793)
Oxford Technology ECF Limited Partner AC		1,371,940			2,048,390	676,450
Longwall Ventures ECF Limited Partner AC		285,000			227,300	(57,700)
		35,661,699			46,793,684	11,131,985
Cash Held by Custodian for Private Equity		15,269,870			15,269,870	
CASH HELD IN HOUSE		18,552,182			18,552,182	
TOTAL OF ALL INVESTMENTS		129,160,763			172,440,187	43,279,424

TABLE 12

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PRIVATE EQUITY TRANSACTIONS DURING QUARTER ENDED 31st DECEMBER 2013**

DATE	HOLDING	TRANSACTION	BOOK COST £	PAYMENTS £	SALE PROCEEDS £	REALISED GAIN/LOSS £
		LIMITED PARTNERSHIP FUND OF FUNDS				
		DRAWDOWNS				
14/10/2013		Partners Group Asia - Pacific 2011 L.P.	251,033	251,033		
15/10/2013		Adams Street 2007 Non US Fund	159,804	159,804		
24/10/2013		Adams Street 2013 Global Fund	79,114	79,114		
24/10/2013		Partners Group Asia - Pacific 2007 L.P.	320,442	320,442		
25/10/2013		Adams Street 2009 Direct Fund	10,138	10,138		
29/10/2013		Longwall Ventures ECF Limited Partner AC	150,000	150,000		
11/11/2013		Adams Street 2009 Non US Emerging Mkts Fund	31,735	31,735		
15/11/2013		Adams Street 2008 US Fund	131,404	131,404		
15/11/2013		Adams Street 2009 US Fund	257,161	257,161		
15/11/2013		Adams Street 2013 Global Fund	176,806	176,806		
19/11/2013		Adams Street 2008 Direct Fund	22,902	22,902		
26/11/2013		Oxford Technology ECF Limited Partner AC	60,000	60,000		
11/12/2013		Adams Street 2009 Direct Fund	30,021	30,021		
12/12/2013		Adams Street 2013 Global Fund	217,877	217,877		
18/12/2013		Adams Street 2008 Non US Fund	210,684	210,684		
19/12/2013		Adams Street 2009 Non US Emerging Mkts Fund	48,197	48,197		
27/12/2013		Adams Street 2008 Direct Fund	7,104	7,104		
27/12/2013		Adams Street 2009 Direct Fund	4,731	4,731		
			2,169,153	2,169,153		
		SALES				
18/12/2013	(100,000)	3I Group	(281,710)		(368,345)	86,635
19/12/2013	(100,000)	3I Group	(281,710)		(376,169)	94,458
			(563,420)	0	(744,514)	181,093
		LIMITED PARTNERSHIP FUND OF FUNDS				
		CAPITAL DISTRIBUTIONS				
15/10/2013		Adams Street 2007 Non US Fund	(198,575)		(198,575)	
24/10/2013		Partners Group Asia - Pacific 2007 L.P.	(106,806)		(106,806)	
28/10/2013		Partners Group Secondary 2006 L.P.	(189,928)		(189,928)	
28/10/2013		Partners Group Secondary 2008 L.P.	(300,501)		(300,501)	
15/11/2013		Adams Street 2008 US Fund	(171,783)		(171,783)	
15/11/2013		Adams Street 2009 US Fund	(161,695)		(161,695)	
29/11/2013		Partners Group Secondary 2006 L.P.	(161,255)		(161,255)	
02/12/2013		Partners Group Asia - Pacific 2007 L.P.	(80,636)		(80,636)	
13/12/2013		Oxford Technology ECF Limited Partner AC	(318,180)		(318,180)	
18/12/2013		Adams Street 2008 Non US Fund	(99,235)		(99,235)	
27/12/2013		Adams Street 2008 Direct Fund	(46,348)		(46,348)	
27/12/2013		Adams Street 2009 Direct Fund	(29,609)		(29,609)	
27/12/2013		Partners Group Secondary 2006 L.P.	(170,274)		(170,274)	
27/12/2013		Partners Group Secondary 2008 L.P.	(744,384)		(744,384)	
			(2,779,209)		(2,779,209)	
		CORPORATE ACTION				
01/11/2013		HarbourVest European Senior Loans - Return of Capital	(302,900)		(302,900)	0.000
11/11/2013	(132,519)	Henderson Private Equity - Liquidation	(79,377)		(198,779)	119,402
19/11/2013	(180,139)	Schroder Private Equity - Repurchase	(116,630)		(349,187)	232,557
20/11/2013		West Midlands Growth Fund - Final Distribution	(306,253)		(9,933)	(296,320)
21/11/2013		KKR - Return of Capital	(31,366)		(31,366)	0
			(836,526)		(892,165)	55,639
		TOTALS	(2,010,002)	2,169,153	(4,415,888)	236,732

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PERFORMANCE TO 31st DECEMBER 2013****COMBINED PORTFOLIO (BY ASSET CLASS)**

ASSET	% weighting of fund as at 31st December 2013	QUARTER ENDED 31st December 2013			12 MONTHS ENDED 31st December 2013			THREE YEARS ENDED 31st December 2013			FIVE YEARS ENDED 31st December 2013		
		BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
GLOBAL EQUITIES	10.1%	5.0	3.9	-1.1	21.0	19.4	-1.6	8.2	7.5	-0.7	12.4	11.9	-0.5
UK EQUITIES	31.6%	5.5	4.9	-0.6	20.8	23.5	2.7	9.4	12.0	2.6	14.3	16.3	2.0
OVERSEAS EQUITIES	22.6%	5.0	4.3	-0.7	21.2	21.7	0.5	8.1	6.3	-1.8	12.0	12.2	0.2
UK GOVERNMENT BONDS	4.6%	-1.4	-1.2	0.2	-4.0	-4.1	-0.1	4.5	4.0	-0.5	3.8	3.7	-0.1
UK CORPORATE BONDS	2.8%	0.0	-0.2	-0.2	0.9	-0.5	-1.4	6.8	6.8	0.0	7.9	8.5	0.6
OVERSEAS BONDS*	2.7%	0.1	0.4	0.3	0.1	0.4	0.3	3.5	3.3	-0.2	0.9	4.0	3.1
UK INDEX LINKED GILTS	4.9%	-0.9	-0.9	0.0	0.6	0.5	-0.1	7.6	8.1	0.5	7.5	8.3	0.8
TOTAL PRIVATE EQUITY	8.7%	6.0	1.3	-4.7	32.8	16.4	-16.4	14.1	10.3	-3.8	22.2	15.0	-7.2
HEDGE FUNDS	2.2%	0.9	2.7	1.8	3.5	8.4	4.9	3.7	3.4	-0.3	3.8	5.3	1.5
PROPERTY ASSETS	5.7%	4.3	3.7	-0.6	9.1	9.0	-0.1	5.6	6.2	0.6	5.4	5.1	-0.3
TOTAL CASH	4.1%	-	0.0	-	-	0.0	-	-	1.3	-	-	0.6	-
TOTAL FUND	100%	4.1	3.2	-0.9	17.0	15.8	-1.2	8.6	8.4	-0.2	12.2	11.6	-0.6

* This includes L&G Currency Hedging for Overseas bonds

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PERFORMANCE TO 31st DECEMBER 2013****COMBINED PORTFOLIO (BY FUND MANAGER)**

FUND MANAGER	% Weighting of Fund as at 31st December 2013	QUARTER ENDED 31st December 2013			12 MONTHS ENDED 31st December 2013			THREE YEARS ENDED 31st December 2013			FIVE YEARS ENDED 31st December 2013		
		BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
BAILLIE GIFFORD UK EQUITIES	21.3%	5.5	4.5	-1.0	20.8	25.2	4.4	9.4	13.4	4.0	14.3	17.8	3.5
WELLINGTON GLOBAL EQUITIES	11.9%	4.9	3.8	-1.1	20.5	19.0	-1.5	7.7	-	-	11.7	-	-
L&G UK EQUITIES - PASSIVE	9.3%	5.1	5.1	0.0	18.7	18.7	0.0	8.5	8.5	0.0	12.8	13.0	0.2
L&G GLOBAL EX UK EQUITIES - PASSIVE	8.7%	5.2	5.2	0.0	22.7	22.7	0.0	8.8	-	-	12.3	-	-
L&G FIXED INCOME	15.7%	-0.5	-0.5	0.0	-0.2	-0.6	-0.4	6.3	6.4	0.1	6.5	7.0	0.5
PARTNERS GROUP PROPERTY	0.8%	4.3	-1.4	-5.7	9.1	1.3	-7.8	5.6	11.9	6.3	5.4	0.0	-
PRIVATE EQUITY	8.7%	6.0	1.3	-4.7	32.8	16.4	-16.4	14.1	10.3	-3.8	22.2	15.0	-7.2
UBS OVERSEAS EQUITIES	14.0%	3.8	3.8	0.0	19.8	21.1	1.3	7.1	6.4	-0.7	11.1	12.3	1.2
UBS PROPERTY	5.4%	4.3	4.1	-0.2	9.1	9.5	0.4	5.6	5.6	0.0	5.4	4.3	-1.1
UBS HEDGE FUNDS	2.2%	0.9	2.7	1.8	3.5	8.4	4.9	3.7	3.3	-0.4	3.8	5.2	1.4
IN-HOUSE CASH	2.1%	0.1	0.0	-0.1	0.4	0.5	0.1	0.4	1.2	0.8	0.4	1.4	1.0
TOTAL FUND	100.0%	4.1	3.2	-0.9	17.0	15.8	-1.2	8.6	8.4	-0.2	12.2	11.6	-0.6

* This includes L&G Currency Hedging for Overseas bonds

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PERFORMANCE TO 31st DECEMBER 2013****BAILLIE GIFFORD - UK EQUITIES ACTIVE MANDATE**

TABLE 15

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
UK EQUITIES	5.5	4.7	-0.8	20.8	25.9	5.1	9.4	13.9	4.5	14.3	18.2	3.9
TOTAL CASH	-	0.1	-	-	0.4	-	-	0.5	-	-	0.7	-
TOTAL ASSETS	5.5	4.5	-1.0	20.8	25.2	4.4	9.4	13.4	4.0	14.3	17.8	3.5

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

WELLINGTON - GLOBAL EQUITIES ACTIVE MANDATE

TABLE 16

ASSET	QUARTER ENDED 31/12/2012			12 MONTHS ENDED 31/12/2012			THREE YEARS ENDED 31/12/2012			FIVE YEARS ENDED 31/12/2012		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
GLOBAL INC UK EQUITIES	4.9	3.9	-1.0	20.5	19.4	-1.1	-	-	-	-	-	-
TOTAL CASH	-	-2.3	-	-	-3.0	-	-	-	-	-	-	-
TOTAL ASSETS	4.9	3.8	-1.1	20.5	19.0	-1.5	-	-	-	-	-	-

Target Objective - To seek to outperform the Benchmark by 2.0% per annum over rolling 3 year periods (gross of management fees)

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PERFORMANCE TO 31st DECEMBER 2013****LEGAL & GENERAL - PASSIVE EQUITY INDEX FUNDS**

TABLE 17

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
1 FTSE 100 EQUITY INDEX FUND	5.1	5.1	0.0	18.7	18.7	0.0	8.5	8.5	0.0	12.8	13.0	0.2
2 L&G WORLD (EX-UK) EQUITY FUND	5.2	5.2	0.0	22.7	22.7	0.0	-	-	-	-	-	-

Target Objective - 1. To track the FTSE 100 Index 2. To track the FTSE AW-World (ex-UK) Index

LEGAL & GENERAL - BONDS

TABLE 18

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
UK GILTS	-1.4	-1.2	0.2	-4.0	-4.1	-0.1	4.5	4.0	-0.5	3.8	3.7	-0.1
UK CORPORATE BONDS	0.0	-0.2	-0.2	0.9	-0.5	-1.4	6.8	6.8	0.0	7.9	8.5	0.6
OVERSEAS BONDS*	0.2	0.4	0.2	0.1	0.4	0.3	3.5	3.3	-0.2	3.2	3.9	0.7
UK INDEX LINKED	-0.9	-0.9	0.0	0.6	0.5	-0.1	7.6	8.1	0.5	7.5	8.3	0.8
CASH/ALTERNATIVES*	0.0	n/a	-	0.0	n/a	-	0.0	n/a	-	0.0	n/a	-
TOTAL ASSETS	-0.5	-0.5	0.0	-0.2	-0.6	-0.4	6.3	6.4	0.1	6.5	7.0	0.5

* 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 0.6% per annum over rolling 3 year periods (gross of management fees)

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PERFORMANCE TO 31st DECEMBER 2013****INDEPENDENT ADVISOR - PRIVATE EQUITY****TABLE 19**

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
PRIVATE EQUITY	6.0	1.2	-4.8	32.8	21.3	-11.5	14.1	11.6	-2.5	22.2	19.8	-2.4
LIMITED LIABILITY PARTNERSHIPS	-	1.5	-	-	7.3	-	-	8.8	-	-	1.8	-
TOTAL ASSETS	6.0	1.3	-4.7	32.8	16.4	-16.4	14.1	10.3	-3.8	22.2	15.0	-7.2

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

PARTNERS GROUP REAL ESTATE - PROPERTY**TABLE 20**

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
PROPERTY	-	-1.4	-	-	1.3	-	-	11.9	-	-	-	-
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS*	4.3	-1.4	-5.7	9.1	1.3	-7.8	5.6	11.9	6.3	-	-	-

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**PERFORMANCE TO 31st DECEMBER 2013****UBS GLOBAL ASSET MANAGEMENT- OVERSEAS EQUITIES**

TABLE 21

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
OVERSEAS EQUITIES	3.8	3.8	0.0	19.8	21.1	1.3	7.1	6.4	-0.7	11.1	12.3	1.2
TOTAL CASH	-	0.1	-	-	0.4	-	-	0.5	-	-	0.7	-
TOTAL ASSETS	3.8	3.8	0.0	19.8	21.1	1.3	7.1	6.4	-0.7	11.1	12.3	1.2

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

UBS GLOBAL ASSET MANAGEMENT - PROPERTY

TABLE 22

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
PROPERTY	4.3	4.5	0.2	9.1	10.4	1.3	5.6	6.3	0.7	5.4	5.3	-0.1
TOTAL CASH*	-	-0.3	-	-	5.1	-	-	0.9	-	-	-	-
TOTAL ASSETS**	4.3	4.1	-0.2	9.1	9.5	0.4	5.6	5.6	0.0	5.4	4.3	-1.1

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

** Total Assets for this mandate reflect Cash from June 2009 only.

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR PERIODS ENDED 31st DECEMBER 2013****UBS GLOBAL ASSET MANAGEMENT - HEDGE FUNDS**

TABLE 23

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
HEDGE FUNDS	0.9	2.7	1.8	3.5	8.4	4.9	3.7	3.4	-0.3	3.8	5.3	1.5
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	0.9	2.7	1.8	3.5	8.4	4.9	3.7	3.3	-0.4	3.8	5.2	1.4

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

INTERNALLY MANAGED CASH

TABLE 24

ASSET	QUARTER ENDED 31/12/2013			12 MONTHS ENDED 31/12/2013			THREE YEARS ENDED 31/12/2013			FIVE YEARS ENDED 31/12/2013		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
INTERNALLY MANAGED CASH*	0.1	0.5	0.4	0.4	0.5	0.1	0.4	1.2	0.8	0.4	1.4	1.0
TOTAL ASSETS	0.1	0.5	0.4	0.4	0.5	0.1	0.4	1.2	0.8	0.4	1.4	1.0

* This portfolio includes cash held at the Custodian

OXFORDSHIRE COUNTY COUNCIL PENSION FUND**TOP 20 HOLDINGS AT 31/12/2013**

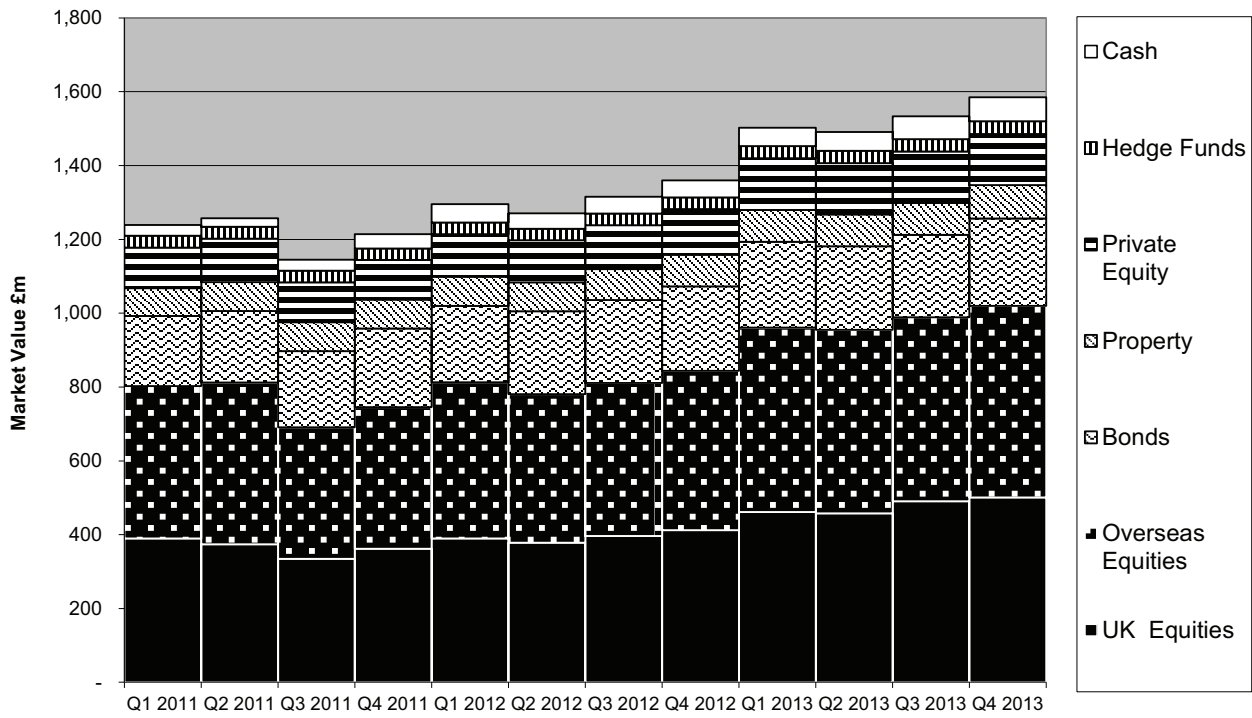
ASSET DESCRIPTION	MARKET VALUE	TOTAL FUND
	£	%
<u>DIRECT HOLDINGS</u>		
1 ELECTRA PRIVATE EQUITY PLC	24,185,060	1.53
2 HGCAPITAL TRUST PLC	19,533,400	1.23
3 BG GROUP PLC	15,793,793	1.00
4 BRITISH AMERICAN TOBACCO PLC	15,105,098	0.95
5 HSBC HOLDINGS PLC	13,447,021	0.85
6 ASHTEAD GROUP PLC	11,307,436	0.71
7 PRUDENTIAL PLC	10,681,149	0.67
8 ST JAMESS PLACE PLC	9,785,750	0.62
9 ROYAL DUTCH SHELL PLC-B SHS	9,737,363	0.61
10 BUNZL PLC	9,702,699	0.61
11 STANDARD LIFE EURO PR EQ ORD	9,046,274	0.57
12 F&C PRIVATE EQUITY TRUST-B	8,632,000	0.54
13 VODAFONE GROUP PLC	8,475,331	0.53
14 MEGGITT PLC	8,298,815	0.52
15 ROLLS-ROYCE HOLDINGS PLC	8,202,270	0.52
16 IMPERIAL TOBACCO GROUP PLC	7,899,060	0.50
17 SABMILLER PLC	7,742,500	0.49
18 BHP BILLITON PLC	7,725,986	0.49
19 RIO TINTO PLC	7,199,227	0.45
20 SVG CAPITAL PLC	6,778,788	0.43
TOP 20 HOLDINGS MARKET VALUE *	219,279,021	13.82
* Excludes investments held within Pooled Funds		
<u>POOLED FUNDS AT 31/12/2013</u>		
1 UBS LIFE GLOBAL OPTIMAL THIRDS A FUND	204,259,985	12.89
2 LEGAL & GENERAL FTSE 100 EQUITY INDEX FUND	146,985,834	9.27
3 LEGAL & GENERAL WORLD (EX UK) EQUITY INDEX FUND	136,787,605	8.63
4 LEGAL & GENERAL CORE PLUS FUND	93,257,520	5.88
5 UBS GLOBAL EMERGING MARKETS EQUITY FUND	17,667,420	1.11
TOTAL POOLED FUNDS MARKET VALUE	598,958,364	37.78
TOTAL FUND MARKET VALUE	1,585,169,000	

GRAPH 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

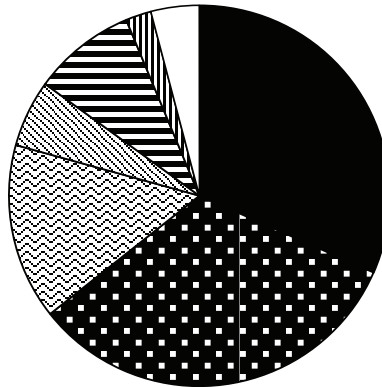
MARKET VALUE OF TOTAL FUND

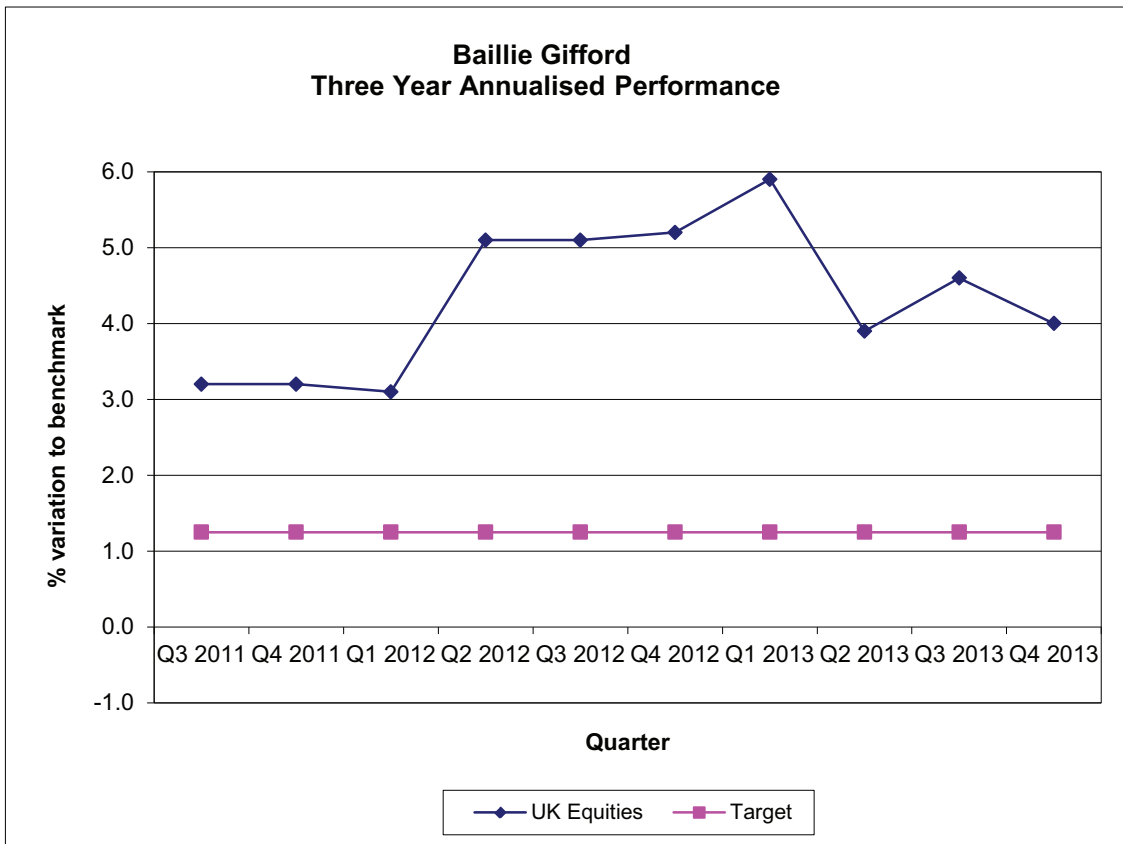
TOTAL FUND MARKET VALUE BY ASSET CLASS



Asset Allocation Latest Quarter

<u>Quarter</u>	<u>Market Value</u> <u>£m</u>
Q1 2011	1,239.0
Q2 2011	1,257.2
Q3 2011	1,145.3
Q4 2011	1,214.3
Q1 2012	1,295.7
Q2 2012	1,270.6
Q3 2012	1,316.0
Q4 2012	1,359.8
Q1 2013	1,503.0
Q2 2013	1,491.4
Q3 2013	1,533.7
Q4 2013	1,585.2



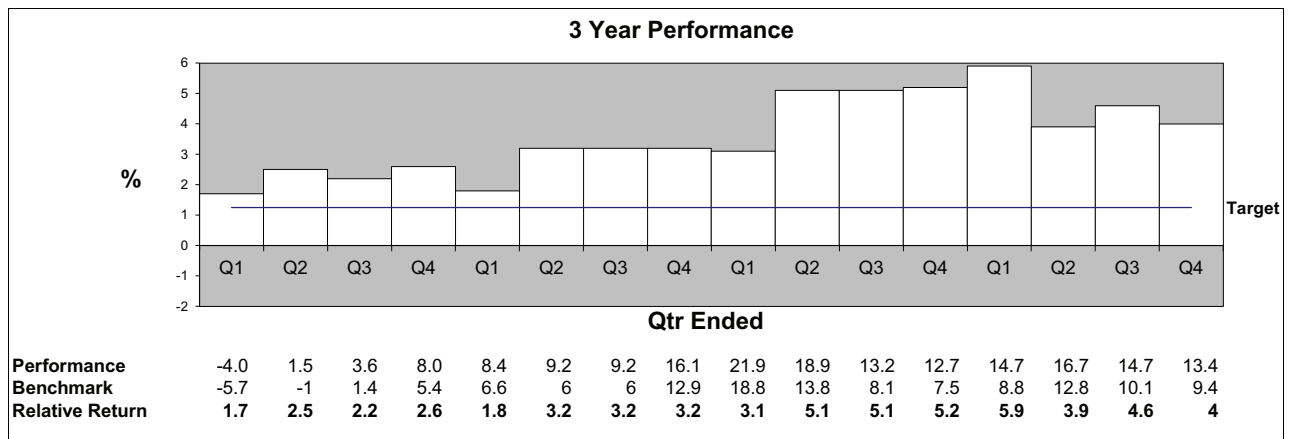
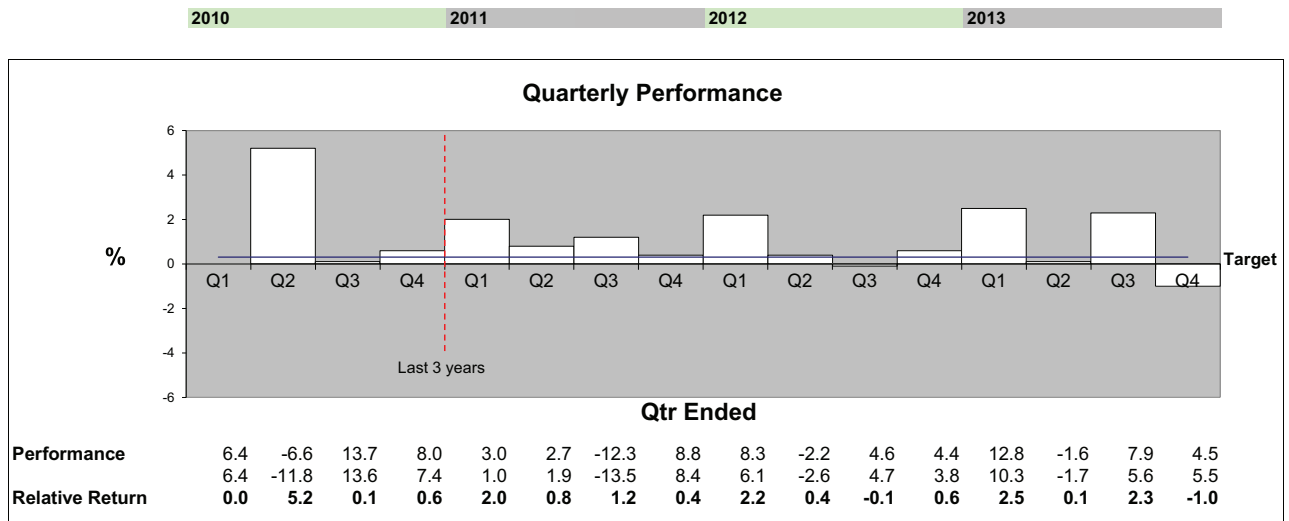


Baillie Gifford Three Year Annualised Performance

	UK Equities	Target
Q3 2011	3.2	1.25
Q4 2011	3.2	1.25
Q1 2012	3.1	1.25
Q2 2012	5.1	1.25
Q3 2012	5.1	1.25
Q4 2012	5.2	1.25
Q1 2013	5.9	1.25
Q2 2013	3.9	1.25
Q3 2013	4.6	1.25
Q4 2013	4.0	1.25

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 3



Target Returns

Rolling annual target of 1.25% above benchmark

Top 10 holdings at 31/12/2013

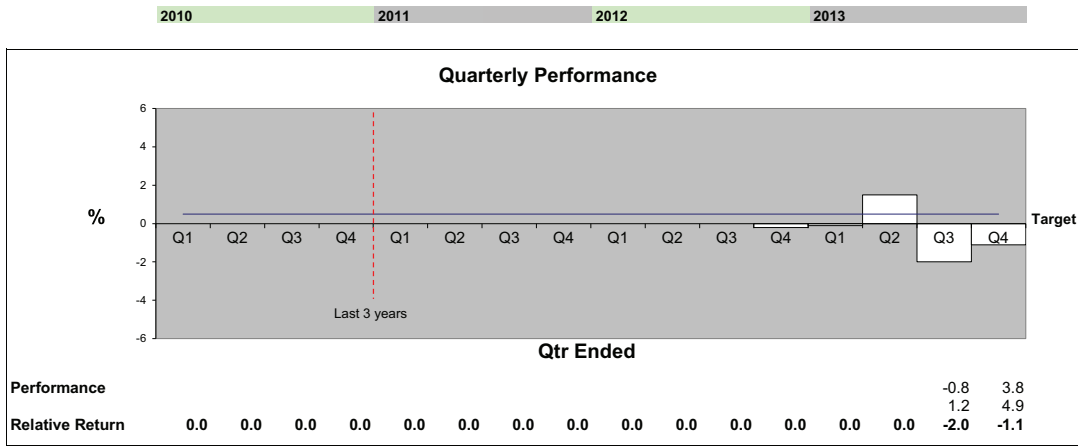
Holding	Value £	% of portfolio
1 BG GROUP PLC	13,860,479	4.11
2 BRITISH AMERICAN TOBACCO PLC	12,393,880	3.68
3 ASHTEAD GROUP PLC	11,307,436	3.35
4 HSBC HOLDINGS PLC	10,958,416	3.25
5 PRUDENTIAL PLC	10,681,149	3.17
6 LEGAL & GENERAL GROUP PLC	10,101,588	3.00
7 ST JAMESS PLACE PLC	9,785,750	2.90
8 ROYAL DUTCH SHELL PLC-B SHS	9,737,363	2.89
9 BUNZL PLC	9,702,699	2.88
10 MEGGITT PLC	8,298,815	2.46
Top 10 Holdings Market Value	106,827,575	31.68
Total Baillie Gifford Market Value	337,248,000	



Top 10 holdings excludes investments held within pooled funds.

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 4



Target Returns

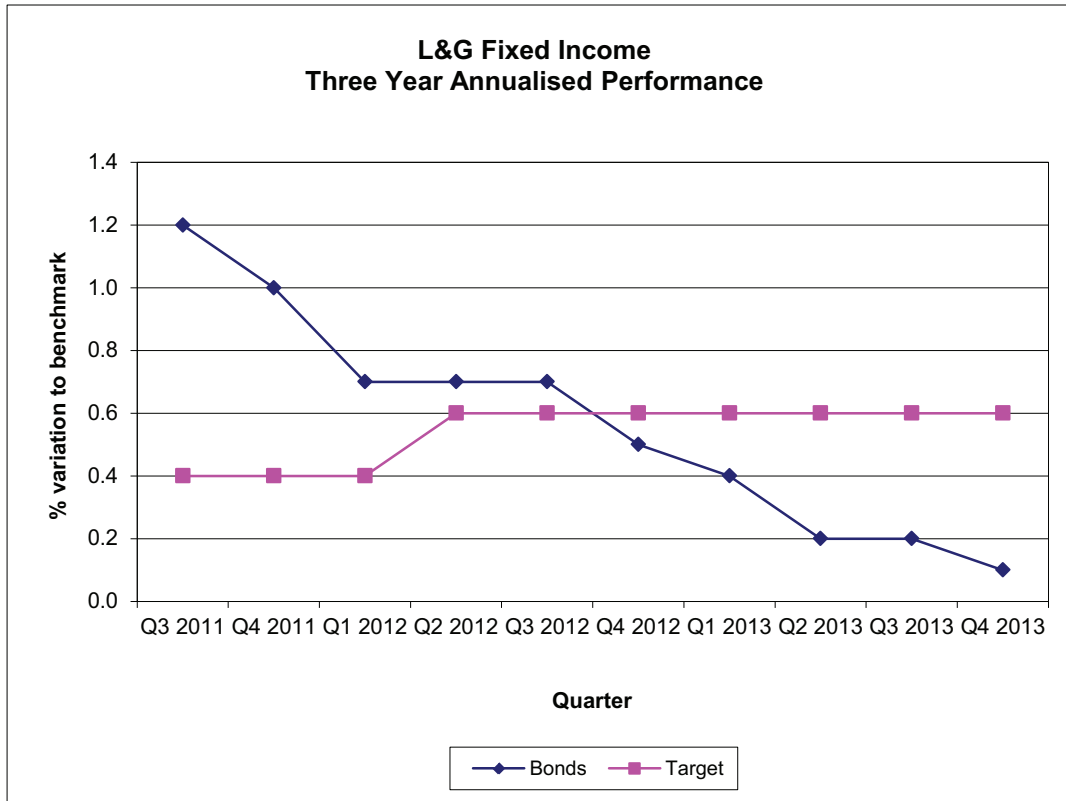
Rolling annual target of 2% above benchmark

Top 10 holdings at 31/12/2013

Holding	Value £	% of portfolio
1 MERCK & CO. INC.	4,961,236	2.63
2 WELLS FARGO & CO	3,689,680	1.96
3 JPMORGAN CHASE & CO	3,576,782	1.90
4 INTERNATIONAL PAPER CO	3,304,356	1.75
5 PNC FINANCIAL SERVICES GROUP	3,165,439	1.68
6 ISUZU MOTORS LTD	3,121,066	1.65
7 ACE LTD	2,992,321	1.59
8 MICROSOFT CORP	2,907,106	1.54
9 CISCO SYSTEMS INC	2,898,899	1.54
10 SAMSUNG ELECTR-GDR	2,897,584	1.54
Top 10 Holdings Market Value	33,514,468	17.77
Total Wellington Market Value	188,650,000	

Wellington

Top 10 holdings excludes investments held within pooled funds.

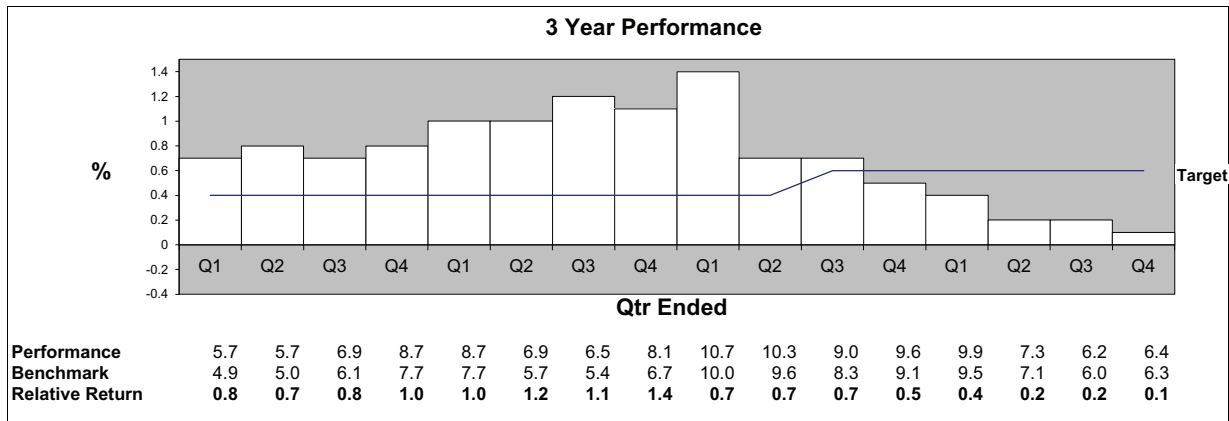
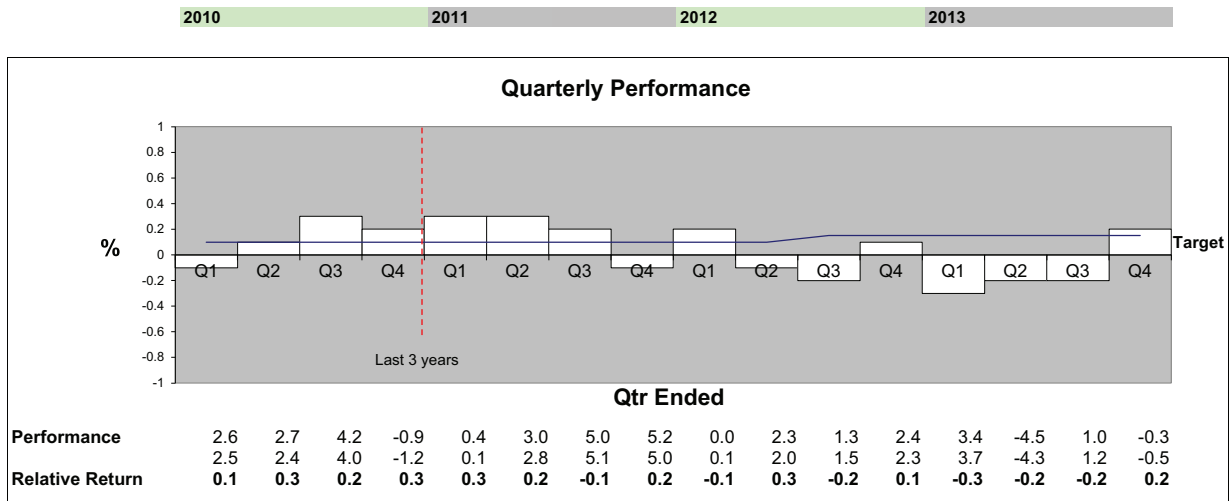


L&G Fixed Income Three Year Annualised Performance

	Bonds	Target
Q3 2011	1.2	0.4
Q4 2011	1.0	0.4
Q1 2012	0.7	0.4
Q2 2012	0.7	0.6
Q3 2012	0.7	0.6
Q4 2012	0.5	0.6
Q1 2013	0.4	0.6
Q2 2013	0.2	0.6
Q3 2013	0.2	0.6
Q4 2013	0.1	0.6

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 6



Target Returns

Rolling annual target of 0.60% above benchmark

Top 10 holdings at 31/12/2013

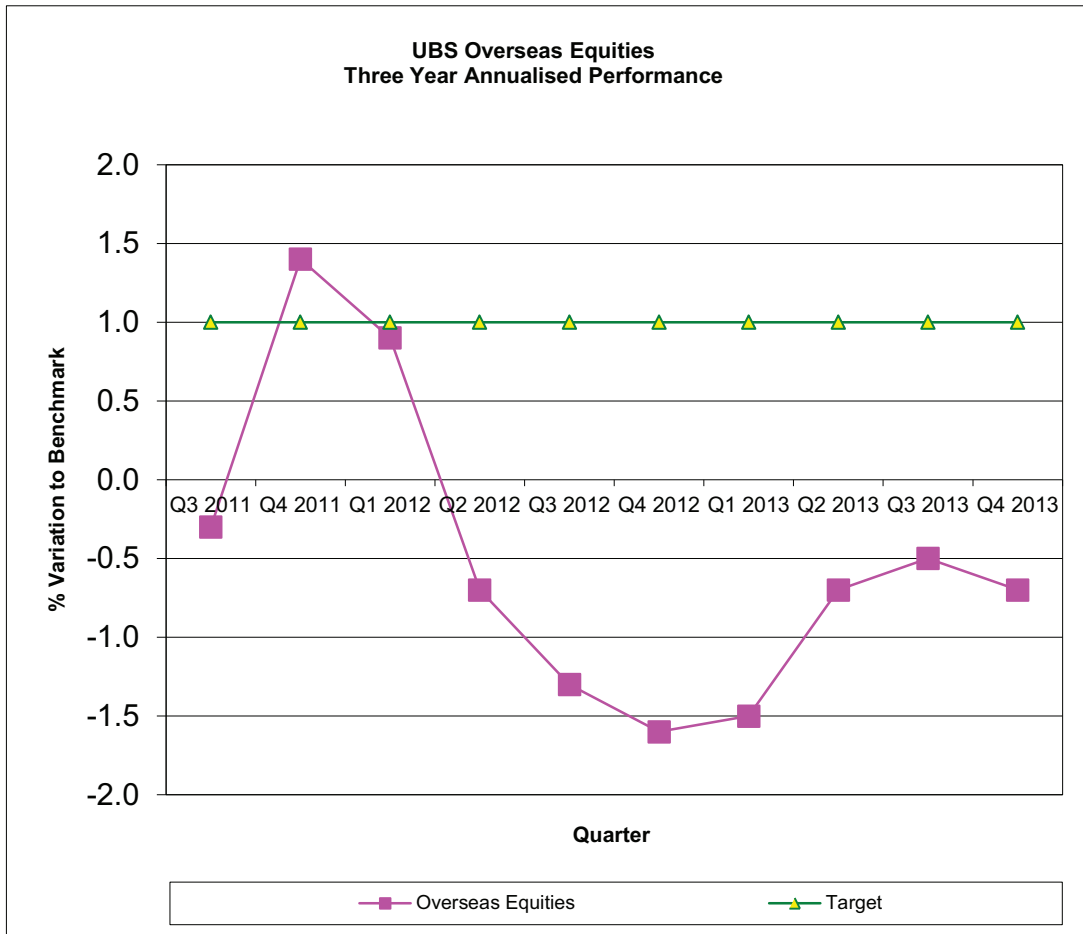
Rank	Holding	Value £	% of portfolio
1	UK TSY I/L STOCK 2.5% 83-16/04/2020	6,507,968	2.62
2	UK TSY I/L STOCK 2.5% 86-17/07/2024	5,554,944	2.24
3	CASH AT SIGHT DE - BPSS LONDON	5,294,075	2.13
4	UK TSY I/L GILT 1.25% 06-22/11/2027	4,711,799	1.90
5	UK TSY I/L GILT 1.25% 05-22/11/2055	4,426,932	1.78
6	UK TSY I/L GILT 1.25% 08-22/11/2032	4,341,758	1.75
7	UK TSY I/L STOCK 1.875% 07-22/11/2022	4,241,184	1.71
8	UK TSY I/L GILT 1.125% 07-22/11/2037	4,125,592	1.66
9	UK TSY I/L STOCK 2% 02-26/01/2035	3,973,700	1.60
10	UK TSY I/L GILT 0.125% 12-22/03/2044	3,807,122	1.53
Top 10 Holdings Market Value		46,985,074	18.92
Total Legal & General Market Value		248,308,000	

Legal & General

Top 10 holdings excludes investments held within pooled funds.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 7

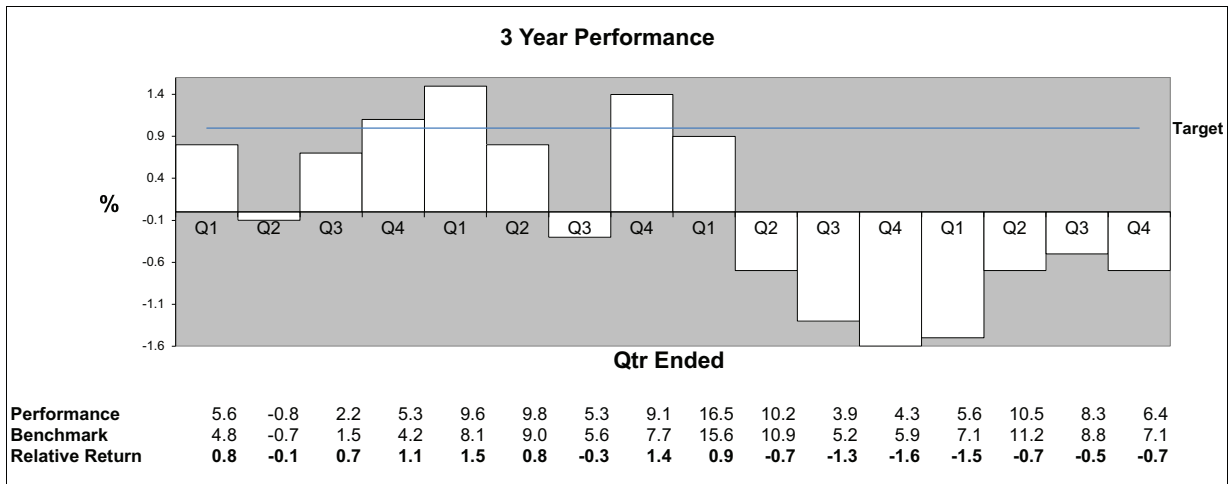
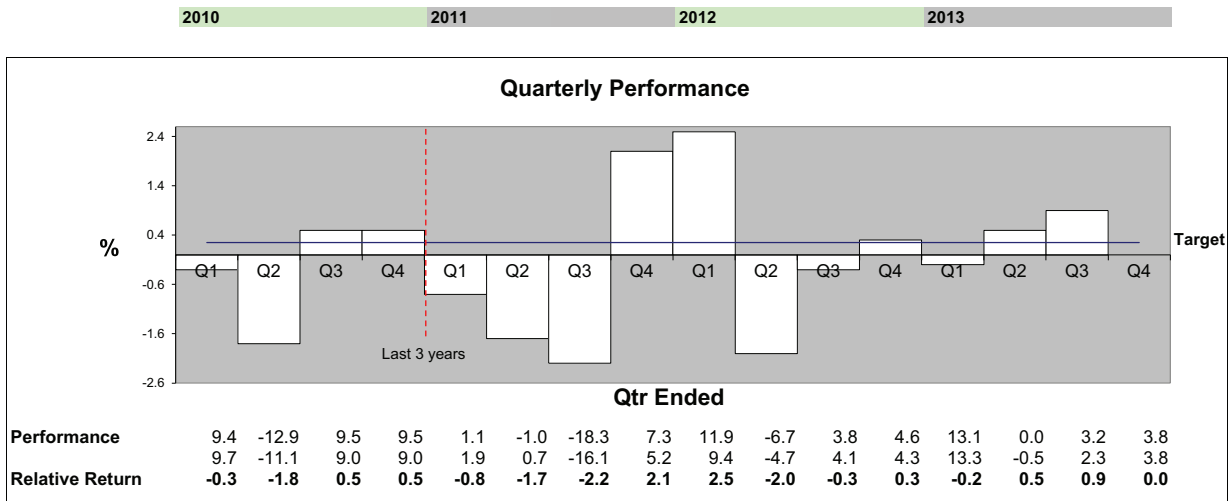


UBS Three Year Annualised Performance

	Overseas Equities	Target
Q3 2011	-0.3	1.0
Q4 2011	1.4	1.0
Q1 2012	0.9	1.0
Q2 2012	-0.7	1.0
Q3 2012	-1.3	1.0
Q4 2012	-1.6	1.0
Q1 2013	-1.5	1.0
Q2 2013	-0.7	1.0
Q3 2013	-0.5	1.0
Q4 2013	-0.7	1.0

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 8



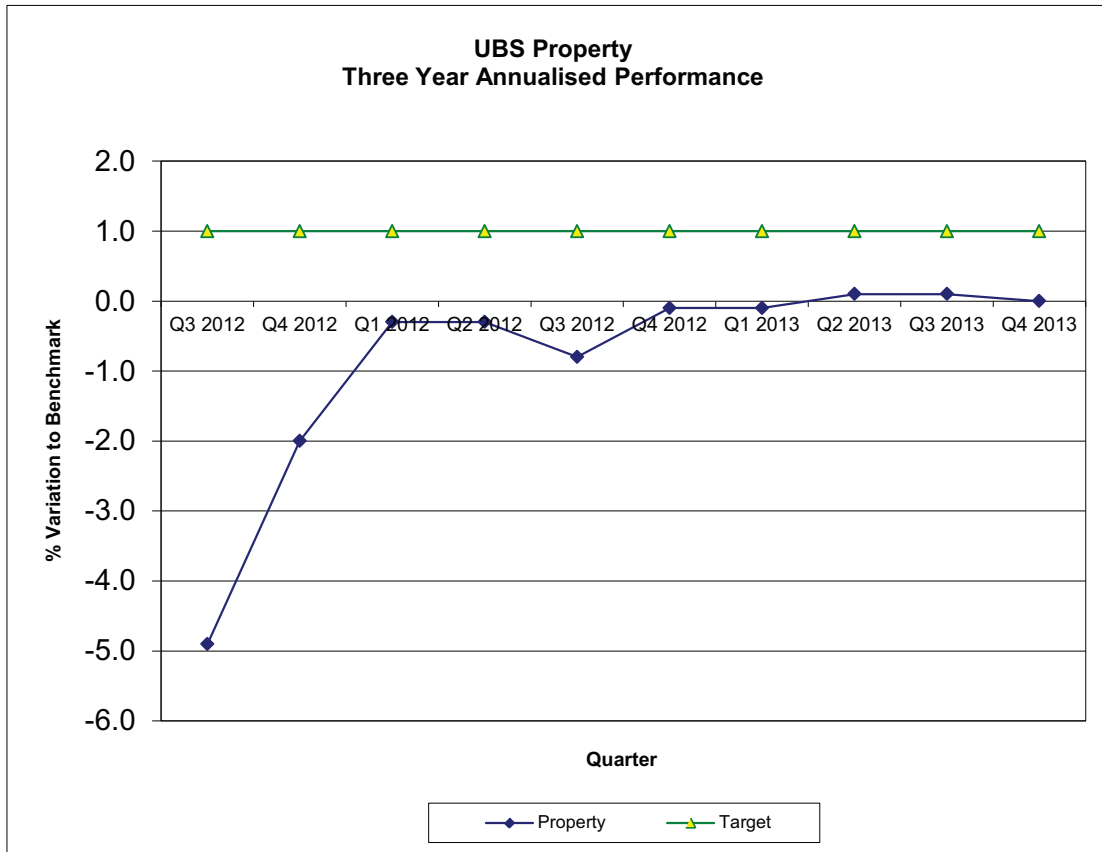
Target Returns

Rolling annual target of 1.00% above benchmark

**UBS -
Overseas
Equities**

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 9

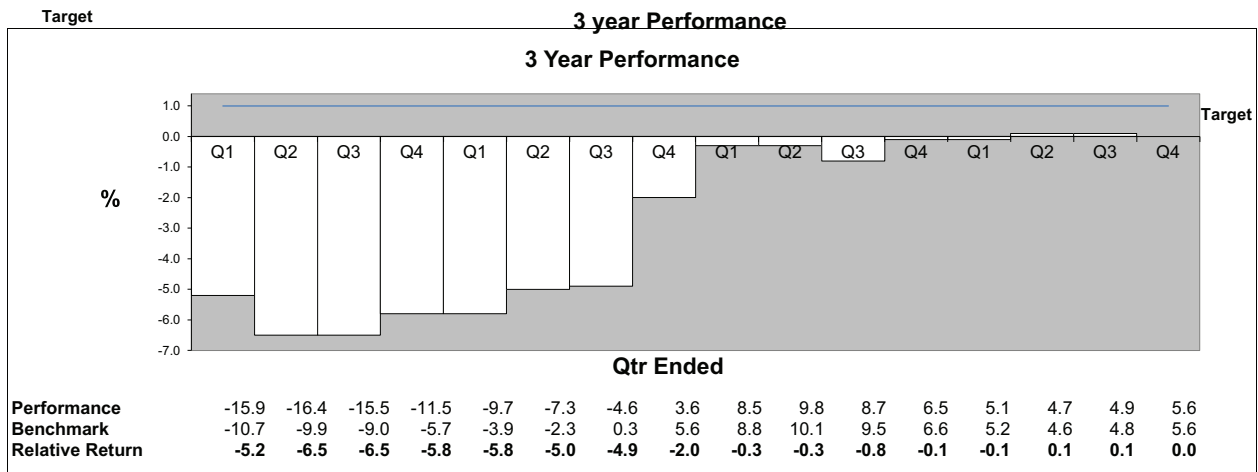
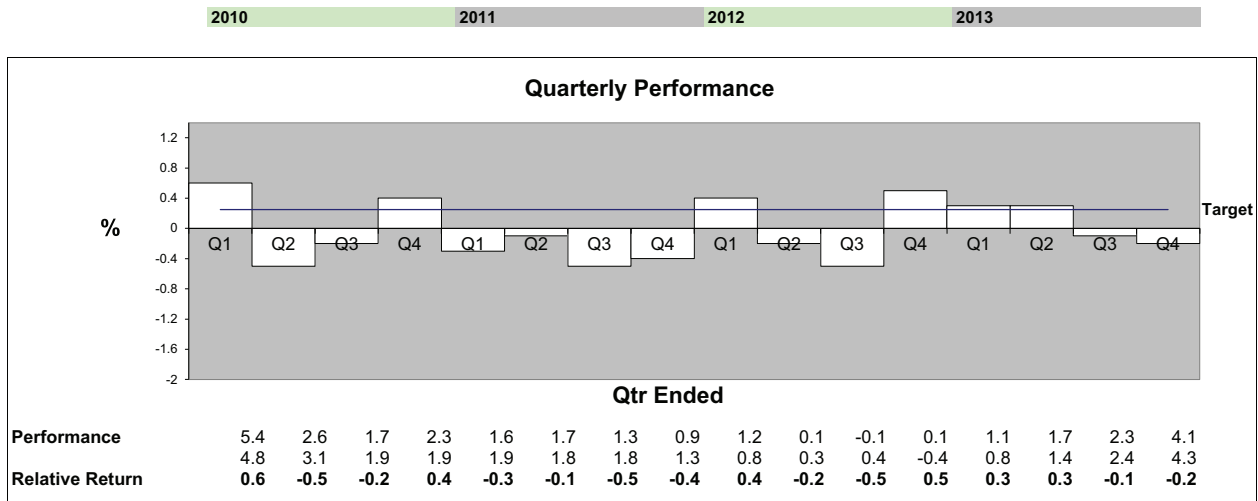


UBS Three Year Annualised Performance

	Property	Target
Q3 2012	-4.9	1.0
Q4 2012	-2.0	1.0
Q1 2012	-0.3	1.0
Q2 2012	-0.3	1.0
Q3 2012	-0.8	1.0
Q4 2012	-0.1	1.0
Q1 2013	-0.1	1.0
Q2 2013	0.1	1.0
Q3 2013	0.1	1.0
Q4 2013	0.0	1.0

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 10



Target Returns

Rolling annual target of 1.0% above benchmark

Top 10 holdings at 31/12/2013

Rank	Holding	Value £	% of portfolio
1	BLACKROCK UK PROPERTY FUND-I	10,349,292	12.10
2	SCHRODER UK PROPERTY-INC	6,506,288	7.61
3	STANDARD LIFE POOLED PPTY FD	6,386,129	7.47
4	PRUDENTIAL MGD PROP CORP-P	5,709,855	6.68
5	HENDERSON OUTLET MALL FUND CL	5,287,226	6.18
Top 10 Holdings Market Value		34,238,790	40.04
Total UBS Property Market Value		85,522,000	

**UBS -
Property**

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

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QUARTERLY REVIEW PREPARED FOR

Oxfordshire Council Pension Fund

Q4 2013

12 February 2014

Peter Davies

AllenbridgeEpic Investment Advisers Limited (AllenbridgeEpic)

peter.davies@allenbridgeepic.com

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PENSION FUND COMMITTEE - 14 MARCH 2014

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

Economy

1. The UK economy grew by a provisional 0.7% in the fourth quarter, with all areas of the economy contributing. This was ahead of expectations, and forecasts for growth in 2014 have also been revised upwards. After the upturn in the second-quarter, the Eurozone was flat in the third quarter; the ECB has kept interest rates unchanged in February. The Japanese and Chinese economies have maintained their growth levels, and there has been an upward revision in the outlook for the United States.

(In the table below, bracketed figures show the forecasts at the time of the report to the December Committee)

Consensus real growth (%)	2011	2012	2013E	2014E	Consumer prices latest (%)
UK	+0.9	-0.1	(+1.4) 1.8	+2.7	+2.0 CPI)
USA	+1.7	+2.2	(+1.6) 1.9	+2.9	+1.5
Eurozone	+1.5	-0.5	(-0.4) -0.4	+1.0	+0.7
Japan	-0.7	+1.9	(+1.9) 1.7	+1.6	+1.6
China	+9.2	+7.8	(+7.7) 7.7	+7.2	+2.5

[Source: The Economist 8th February 2014]

2. In his Autumn Statement on December 5th, George Osborne was able to forecast a budget deficit of £111bn this fiscal year (from £120bn previously expected) as a result of the improvement in economic growth. The deficit is forecast to reduce to £96bn in 2014/15 and to £79bn in 2015/16, and even to turn into a small surplus in 2018/19. Other measures included an earlier raising of the state pension age to 68 (in the mid-2030's), the freezing of fuel duty for the remainder of this Parliament, and increasing the personal allowance to £10,000 from April 2014.
3. At the end of November the UK government announced that under the 'Funding for Lending' programme banks must only lend to companies, and no longer lend on property. UK unemployment data for December showed a fall of 167,000 to 2.23m, and a reduction of the unemployment rate to 7.1%. Since the Governor of the Bank of England has mentioned a rate of 7% as a possible trigger for interest rate rises – but that this level was not expected to

be attained until 2016 - it now appears that his 'forward guidance' may be due for a reassessment. The UK inflation rate, as measured by the CPI, fell to 2% in December, hitting its target rate after four years of above-target rises. This suggests that there is no imminent danger of 'over-heating' in the present economic recovery.

4. In December, strong US industrial production data, and a reduction in the rate of unemployment to 7.0%, prompted the Federal Reserve to announce that it would be 'tapering' its \$85bn per month bond-buying programme by \$10bn in January. Despite sluggish growth in US jobs in January, the unemployment rate has now fallen to 6.7% and a further \$10bn reduction in QE in February has been announced.

Markets

5. **Equity** markets in the US and Europe ended the year strongly, while Pacific Basin and Emerging Markets were flat or slightly down. For the full year there has been a wide divergence between the performance of Emerging Markets and Asia Pacific ex-Japan (affected by relatively weak currencies as well as slowing economies) when compared with the gains of 20% and more in Japan, Europe and North America. In the UK, mid-and small-cap shares rose slightly more during the 4th quarter than the large-cap FTSE 100 stocks, and by considerably more for the year as a whole.

(Capital return in % to 31.12.13)	3 months	12 months
FTSE 100	+ 4.4	+14.4
FTSE 250	+ 6.9	+28.8
FTSE Small Cap	+ 5.4	+29.6
FTSE All-Share	+ 4.8	+16.7

	Capital return (in £, %) to 31.12.13		
Weight %	Region	3 months	12 months
100.0	FTSE All-World Index	+ 4.5	+ 17.9
51.4	FTSE All-World North America	+ 6.9	+25.6
8.4	FTSE All-World Japan	- 0.1	+22.6
11.5	FTSE All-World Asia Pacific ex Japan	-0.4	- 1.7
17.5	FTSE All-World Europe (ex-UK)	+ 4.9	+19.8
8.1	FTSE All-World UK	+ 4.4	+14.6
8.9	FTSE All-World Emerging Markets	-1.0	- 8.1

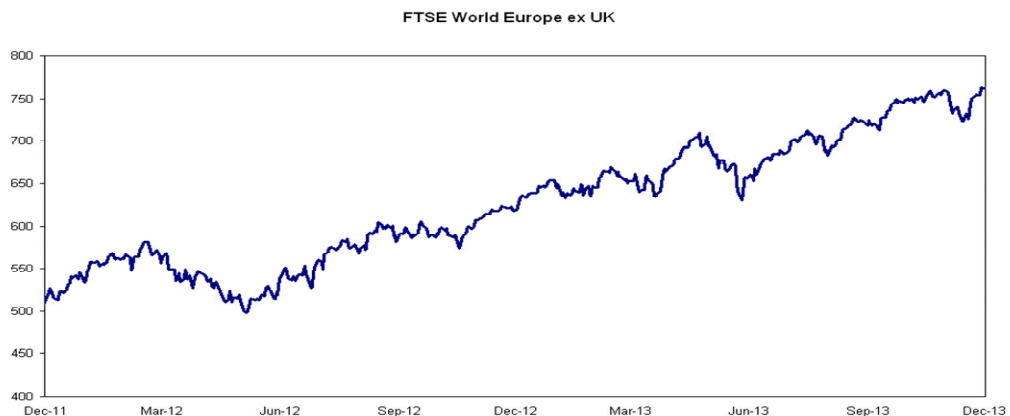
[Source: FTSE All-World Review, December 2013]

6. All industry groups except Utilities registered gains in the quarter, but for the full year it was noticeable that Oil & Gas, Utilities and Basic Materials performed considerably worse than the other sectors.

Capital return (in £, %) to 31.12.13		
Industry Group	3 months	12 months
Health Care	+5.6	+29.9
Consumer Services	+5.9	+28.8
Industrials	+6.2	+24.5
Technology	+9.0	+23.0
FTSE All-World	+4.5	+17.9
Financials	+4.2	+17.8
Telecommunications	+4.4	+17.1
Consumer Goods	+2.2	+16.3
Oil & Gas	+2.7	+8.7
Utilities	-0.9	+4.7
Basic Materials	+2.0	- 4.9

[Source: FTSE All-World Review, December 2013]

7. Despite the uncertainties surrounding the euro, shares in Continental Europe have risen strongly over the past two years (see graph below).

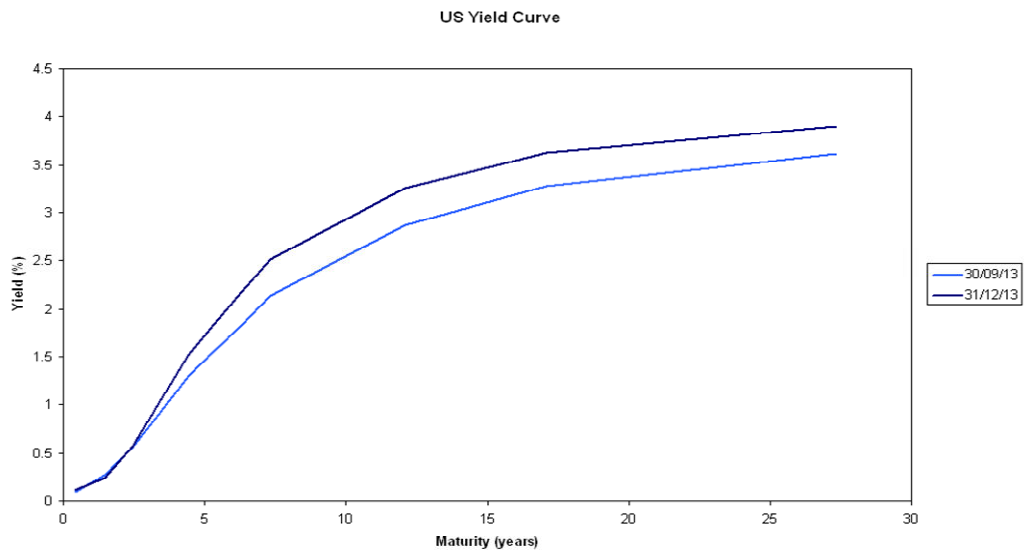


8. **Government Bond** yields rose again in the 4th quarter, as economic recovery became more established in the US and UK, while the confirmation that tapering would begin in January 2014 gave a further upward push to yields in December.

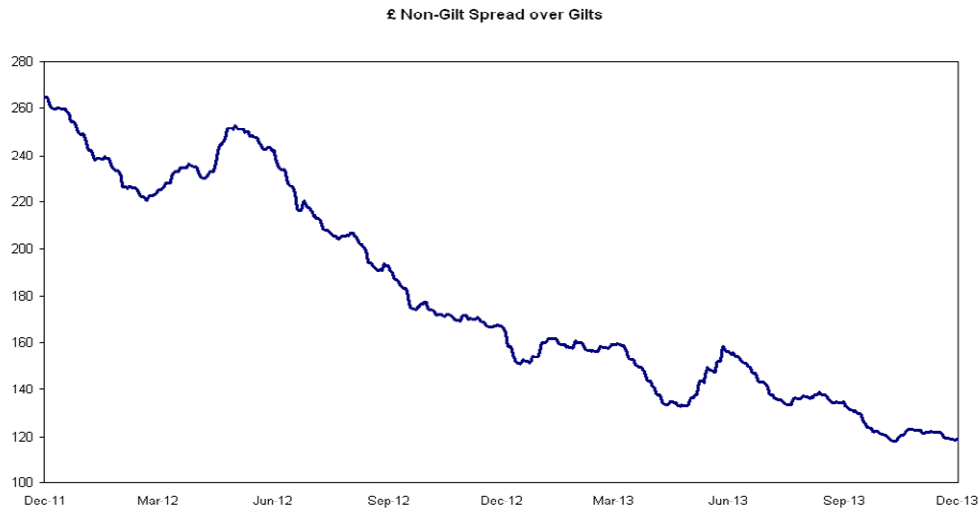
10-year government bond yields (%)					
	Dec 11	Dec 12	June 2013	Sept 2013	Dec 2013
US	1.88	1.76	2.49	2.62	3.03
UK	1.98	1.85	2.45	2.73	3.04
Germany	1.83	1.32	1.73	1.78	1.94
Japan	0.98	0.79	0.86	0.69	0.74

[Source: Financial Times]

Yields on US government bonds of all durations have risen during the past quarter.



9. Meanwhile, the UK corporate bond market has been rising strongly relative to gilts during the past two years. The graph below shows how the non-gilt spread has narrowed during the past two years – so that the average corporate bond yield has hardly changed during this period.

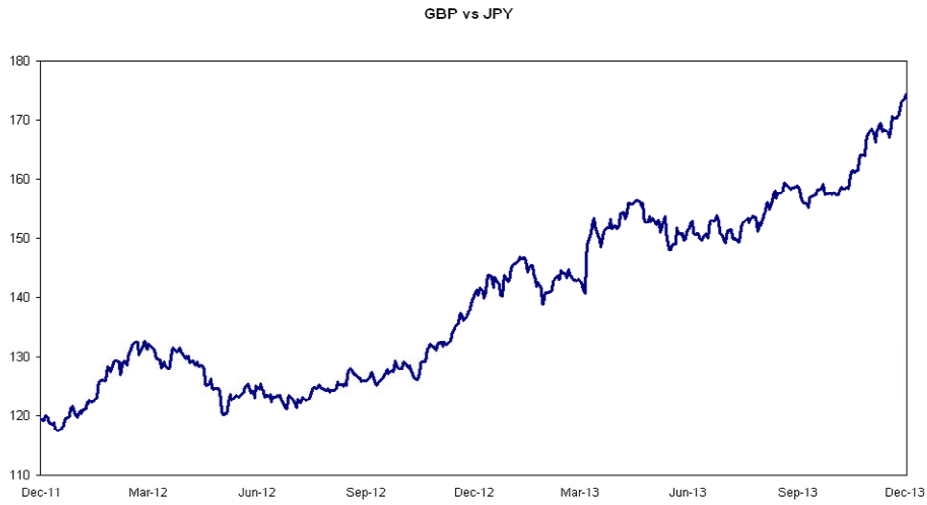


Currencies

10. The pound rose to its highest level for the year against the dollar, although there was little change in the parity compared with its end-2012 level. The yen continued to weaken against all the other major currencies.

	31.12.12	30.09.13	31.12.13	3-month	£ move 12-month
\$ per £	1.625	1.619	1.656	+ 2.3%	+ 1.9%
€ per £	1.233	1.196	1.202	+ 0.5%	- 2.5%
Y per £	140.5	158.9	174.1	+ 9.6%	+23.9%

The pound has gained 45% against the yen in the past two years, as shown in the graph below.



Commodities

11. Gold lost a further 10% during the quarter, to complete a year when it fell by almost 30% in dollar terms. The prices of copper and oil were little changed in the quarter.



Property

12. The UK market has continued to strengthen, with an overall total return of 4.7% for the 3 months to end-December, according to the IPD UK Monthly Property Index. This means that the total return for the full year was +10.9% - the best figure for several years. The bulk of this gain was achieved in the second half of the year, pointing to an accelerating market. By sector the annual returns were:

Retail	+ 7.6%
Office	+14.4%
Industrial	+14.2%

Outlook

13. The air of optimism pervading markets at the end of 2013 has been rudely shattered by several developments in January. On the 23rd, the Argentinian peso fell by 10% after the Central Bank scaled back its support for the currency in an attempt to preserve its dwindling foreign exchange reserves. This triggered weakness in several other currencies – in Turkey, South Africa, Brazil and Chile – as part of a general withdrawal of capital from Emerging Markets. Turkey increased its interest rates by no less than 5%, while South Africa and India announced slight increases. These measures failed to placate investors, and pictures of violent demonstrations in Turkey, Brazil and Ukraine did little to burnish perceptions of Emerging Markets.
14. A further cause of nervousness has been the release of disappointing data on US manufacturing activity and Chinese Purchasing Managers Indices. While equity markets initially fell by 5 – 15%, they have recovered some of the lost ground, and on February 11th, the year-to-date declines in equity markets (in £) were approximately 1% in UK, Europe and North America, and 3-5% in Pacific Basin, Japan and Emerging Markets. In the government bond markets there has been a ‘flight to quality’ with 10-year yields on US, UK and German sovereigns *falling* by 25-30 bps.
15. The recent setbacks do not, in my opinion, herald the start of a major equity market fall. Instead they act as a reminder that there can always be unexpected events which change the mood of equity investors – especially after the exceptionally strong run in developed market equities during the past year. Looking ahead, I feel that the progress of China’s economy and its financial system will be the main catalyst for sentiment towards equities, while the pronouncements of the Federal Reserve and the Bank of England will be closely scrutinised for any hints of impending rises in interest rates.

Peter Davies

Senior Adviser – AllenbridgeEpic Investment Advisers

February 12th 2014

[All graphs supplied by Legal & General Investment Management]

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Division(s):

PENSION FUND COMMITTEE – 14 MARCH 2014

OXFORDSHIRE PENSION FUND BUSINESS PLAN FOR 2014/15

Report by the Chief Finance Officer

Introduction

1. The business plan for 2014/15 is set out at Annex 1. The plan includes the key objectives of the Fund, details of the service activities, the service priorities for the coming year, a budget for 2014/15 and the latest risk register for the service.

Key objectives

2. The key high level objectives of the fund remain consistent with the 2013/14 plan. The objectives are shown on the front page of the plan and are summarised as:
 - Administer pension benefits in accordance with the LGPS regulations;
 - Achieve a 100% funding level;
 - Ensure there are sufficient liquid resources available to meet the Fund's liabilities and commitments; and
 - Maintain as near a constant employer contribution rate as is possible.
3. In approving the Business Plan the Committee will be endorsing these objectives.
4. Part A of the plan includes a broad summary of the service activity undertaken. Part B includes the service priorities along with the relevant action plans to deliver on the priorities. These priorities represent improvements or developments that the officers are planning for the coming year. By definition they exclude business as usual.

Oxfordshire Pension Fund 2014/15 Budget

5. Part C sets out the Fund's investment management and scheme administration budget for 2014/15 and compares it with the budget set for 2013/14. The budget increase is predominantly due to an expected rise in fund management fees resulting from an increase in the value of the fund's assets. A report comparing the scheme administration and investment management actual expenses figures, against the budget for 2013/14, will be produced for the September 2014 Committee meeting.

6. The administration and investment team staffing budgets have increased to reflect the estimated increase in salary costs due to pay awards and increments due during 2014/15. Staffing budgets include senior management and other staffing related support service recharges, including H.R., Learning and Development, training costs etc.
7. The Support Service and ICT budget has increased for expected system developments and software licence costs in relation to improvements to the pensions administration system.
8. The Actuarial fees budget has been reduced to reflect that the triennial valuation work was completed in 2013/14.
9. The budget for Advisory and Consultancy fees has been increased to make provision for additional costs associated with implementing any changes to the strategic asset allocation, agreed by the pension fund committee, following consideration of the fundamental review report. In addition provision has been made for legal and advisory costs associated with investigating the implications of potential fund merger and increased collaborative working.

Risk Register

10. The risk register for the Pension Fund is included as Part D of the Business Plan. This has been reviewed, and some minor changes have been made to update the text.
11. The likelihood of risk 27 (absence of key staff) has been increased to reflect the current vacancies within the investments team and the increased staffing risks associated with uncertainty surrounding the future of the Oxfordshire fund.
12. Risk 30 (failure to complete transferee admission agreements) has been added to highlight the additional risks resulting from the increased use of outsourcing by fund employers. All risks are regularly monitored to mitigate against negative results for the Pension Fund.

Cash Management

13. Annex 2 to this report provides the annual Cash Management Strategy for the Pension Fund. This Strategy is broadly in line with that proposed for the County Council for 2014/15, though with a more restricted set of potential counter-parties reflecting the lower sums of cash involved, and the fact that the Pension Fund already has wider investment opportunities established as part of its asset allocation.

RECOMMENDATION

The Committee is **RECOMMENDED** to:

(a) **approve the Business Plan and Budget for 2014/15 as set out at Annex 1;**

(b) **approve the Pension Fund Cash Management Strategy for 2014/15 as set out at Annex 2;**

(c) **delegate authority to the Chief Finance Officer to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;**

(d) **delegate authority to the Chief Finance Officer to open separate pension fund bank, deposit and investment accounts as appropriate; and**

(e) **delegate authority to the Chief Finance Officer to borrow money for the pension fund in accordance with the regulations.**

LORNA BAXTER
Chief Finance Officer

Background papers: Nil

Contact Officers:
Sally Fox – Pensions Administration Manager, Tel: (01865)797111
Donna Ross – Principal Financial Manager, Tel: (01865) 323976

March 2014

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Oxfordshire Pension Fund: Business Plan 2014/15

Service Manager - Pensions & Treasury Management: Sean Collins

Service Definition:

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

Our Customers:

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

Key Objectives:

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

Part A: Service Activities

Service Activity	Outputs	Outcomes
Investment Management		
Management of the Pension Fund Investments	<p>The Fund is invested in assets in accordance with the Committee's wishes.</p> <p>The Fund's assets are kept securely.</p> <p>Quarterly reports to the Pension Fund Committee.</p>	Pension Fund deficit is minimised by securing favourable returns on investments (compared to benchmarks).
Management of the Pension Fund Accounts	Completion of the Annual Report and Accounts.	No adverse comments from the Fund's auditors.
Management of the Pension Fund Cash	<p>Cash management strategy and outturn reports.</p> <p>Cash Managed in accordance with the strategy.</p>	The Pension Fund cash is managed securely and effectively.
Scheme Administration		
Management of the Pension Fund Administration	<p>The administration procedures are robust and in accordance with regulations and service standards</p> <p>Changes to regulatory framework of the scheme</p>	<p>The workload is completed & checked in accordance with regulations and procedures. Work is completed within specified time scales</p> <p>No adverse comments from the Fund's auditors</p> <p>Implementation of actions arising from regulation changes / New Look LGPS 2014</p>

Part B – Service Priorities

Task	Actions	Measures of Success
Investment Management		
Implement any investment strategy changes agreed by the Committee following the fundamental review	<p>Ensure that regulations and the Council's procurement policies are followed for any new fund management arrangements.</p> <p>Agree contractual arrangements and legal documentation.</p> <p>Set up custody, performance monitoring and accounting arrangements.</p> <p>Manage transition of assets.</p>	<p>No procedure breaches</p> <p>Contracts agreed and signed.</p> <p>Custody, performance monitoring and accounting processes operating effectively.</p> <p>All assets transferred or liquidated as appropriate to minimise costs.</p>
Develop performance and accounting, custody system reports	Work with the fund custodian to develop accounting and performance monitoring reports.	Reports available for efficient performance monitoring, accounting and completion of regular returns.
Produce Pension Fund Final Accounts in accordance with CIPFA guidance, using data from old and new custody systems.	<p>Assess CIPFA guidance.</p> <p>Identify changes, obtain required data and amend procedures to comply with recommendations.</p> <p>Reconcile and consolidate data and ensure transparent audit trail.</p>	<p>Final accounts produced on time and in compliance with CIPFA recommendations.</p> <p>No adverse comments from auditors</p>
Explore efficiencies through partnership working/scheme merger	Provide support for project investigating potential benefits of fund merger and joint working	

Task	Actions	Measures of Success
Scheme Administration		
Implementation of new regulations	Implement LGPS regulatory changes, whilst maintaining service standards Communicate changes to customers and actions for participating employers	New regulation implemented by the relevant due date. Stakeholders kept up to date with the proposed changes and what action they need to take
Develop administration system	Implement new Altair system modules and develop member self-service option	New system modules successfully implemented. Improved customer satisfaction
Explore efficiencies through partnership working/scheme merger	Provide support for project investigating potential benefits of fund merger and joint working.	

Part C. Budget:

	2014/15 Budget	2013/14 Budget
	£'000	£'000
Administrative Expenses		
Employee Costs		
- Administrative	876	844
- Investment	223	198
Support Services including ICT	313	263
Actuarial Fees	50	90
External Audit Fees	57	57
Internal Audit Fees	14	14
Printing and Stationery	40	40
Advisory and Consultancy Fees	275	133
Other	112	98
	1,960	1,737
Investment Management Expenses		
Management Fees	3,800	2,900
Custody Fees	100	100
Performance Monitoring Service	14	13
Other	42	42
	3,956	3,055
Total Pension Fund Budget	5,916	4,792

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Part D: Risk Register

Identification of Risks:

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

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

Key to Scoring

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

Likelihood

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

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

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
6	Increase in number of early retirements due to public service cuts and/or ill health leading to pension liabilities increasing.	3	3	9	Employers are charged the extra capital cost of non ill health retirements following each individual decision. Employer ill health retirement experience is monitored.
7	Pension Fund unaware of structural changes in an employer's membership (e.g. large fall in employee members, large number of retirements) leading to non-recovery of past service deficits.	2	1	2	The Pension Fund monitors membership movements. There will be a requirement under the 2013 rates and adjustments certificate for all small admitted and designated bodies to pay past service deficits by a cash sum rather than a percentage of pay.
8	Growth in number of academies as free standing employers within the fund with uncertain financial futures, potentially leading to inability to fund pension deficits.	3	1	3	Monitoring number of academies. Currently low number doesn't present significant risk. Pooling options to be put in place for some academies from April 2014. Commitment provided by Secretary of State for Education to under-write fund deficits.
	Investment				
9	Failure of investment strategy to produce long-term returns assumed by Funding Strategy leading to a failure to reduce the deficit.	4	2	8	Investment Strategy reviewed every three years by the Pension Fund Committee with advice from the IFA. Investment strategy will be reviewed in light of 2013 actuarial valuation results.

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
10	Failure of investment markets (market crash) leading to a failure to reduce the deficit.	5	2	10	Diversification between asset classes. Reporting and monitoring arrangements for investment performance in place. Flexibility in quarterly rebalancing.
11	Failure of individual investments leading to a failure to reduce the deficit.	3	2	6	Diversified investment strategy and investment manager structure minimises impact at fund level of any individual investment failure.
12	Failure in investment performance by individual investment managers leading to a failure to reduce the deficit.	4	3	12	Thorough manager selection and due diligence process. Regular monitoring of manager performance using external advisers with knowledge of manager performance.
13	Negligence, fraud or default by individual investment manager leading to a failure to reduce the deficit and potential adverse media interest.	3	1	3	Legal requirements on fund managers set out in investment management agreements; FSA and other regulatory requirements. Separation of investment management arrangements from custody of assets through use of global custodian.
14	Failure of custodian leading to losses resulting in a failure to reduce the deficit and potential adverse media interest.	5	1	5	Regular review and periodic re-tendering of custodian contract. Banking and FSA regulation of custodian. Pension fund assets in custody are held in nominee accounts.

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
15	Counterparty default in securities lending programme leading to a failure to reduce the deficit and potential adverse media interest.	3	1	3	Programme managed by experienced third party, BNP Paribas (Fund custodian). All securities in programme are over-collateralised (by 5%).
16	Non-compliance with LGPS investment regulations on investments permitted to pension fund leading to legal challenge.	1	1	1	Investment management mandates structured to ensure compliance. Robust monitoring arrangements for investment managers.
	Governance				
17	Inadequate investment and actuarial advice leading to: <ul style="list-style-type: none"> • Pension Fund Committee and officers making decisions based on inaccurate or incomplete advice • Inappropriate decisions being taken leading to increased employer costs 	3	1	3	Officer and member training programme in place to help with: <ul style="list-style-type: none"> • Challenge and review of advice given; and • Decision making
18	Pension Fund Committee members have insufficient knowledge and advice to make correct decisions	3	2	6	Training programme and budget in place. IFA appointed and performance reviewed annually
	Operational				
19	Failure of pensions administration IT systems leading to complaints from beneficiaries and potential costs.	2	1	2	ICT business continuity plan / disaster recovery plan in place

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
20	Failure to comply with LGPS pensions benefits regulations (e.g. as the result of incorrect benefit calculations and the holding of incorrect data) leading to potential losses and complaints from beneficiaries.	2	2	4	Pensions administration procedures. Independent internal and external audit review of internal control arrangements.
21	County Council failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body and losing the opportunity to call in a debt	3	1	3	System of monitoring of employers in place.
22	Inability or refusal of an employer to pay the cessation valuation.	3	3	9	Action through the courts.
23	Breach of data protection legislation leading to complaints from members of the scheme.	1	1	1	County Council data security protocol.
24	Failure to comply with pension fund accounting requirements leading to the accounts being qualified.	2	1	2	Staff awareness of changes to legislative requirements via networks, professional press and training. External audit review of pension fund accounts.
25	Employers' failure to carry out their responsibilities for scheme administration leading to complaints from members of the scheme. Particularly given the further requirements placed on employers under 2014 scheme	1	1	1	Regular communication to employers on LGPS matters. SLA. Training for employers Internal Dispute Resolution Procedure for formal complaints

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
26	Failure by Prudential to provide AVC services to the Pension Fund leading to complaints from members of the scheme and potential media interest.	2	1	2	Annual review undertaken and reported to Pension Fund Committee
27	Concentration of knowledge in a small number of officers and risk of departure of key staff.	2	3	6	Ensure the review of CIPFA's knowledge and skills framework relating to officers results in key outcomes being delivered. Merger of Pensions Investment and Treasury Management provided some mitigation to this risk. For administration staff qualifications via IPPM or LPFA in benefits administration.
	Regulatory				
28	Changes to LGPS Regulations plus auto enrolment) could lead to: <ul style="list-style-type: none"> ▪ Increase in workload ▪ Variation in liability and liability profile ▪ Recruitment and retention issues ▪ Admitted bodies opting out 	1 1 1 2	3 3 1 1	3 3 1 2	The Pension Fund responds to all consultation papers on structural change to the LGPS issued by the Department of Communities and Local Government. Risks will need to be addressed if the regulations change.

Risk ID	Risk	Impact	Likelihood	Risk Score	Existing Risk Control Measures
29	An employer ceasing to exist with insufficient funding or adequacy of a bond.	1	3	3	<p>The risk is mitigated by:</p> <ul style="list-style-type: none"> • Seeking a funding guarantee from another scheme employer, or external body, where possible. • Vetting prospective employers before admission. • Admitted bodies' contribution rates are based on the same assumptions as scheduled bodies
30	Ceding employers fail to understand / comply with their statutory requirements in respect of outsourcing; failure to be party to the admission agreement	2	4	8	<p>This risk is (partly) mitigated by</p> <ul style="list-style-type: none"> • Information sent out to scheme employers • Training of employing body staff

Oxfordshire Pension Fund Cash Management Strategy 2014/15

Introduction

1. The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions exceeding the amount of payments made on behalf of the Fund. The cash managed in-house by the Administering Authority, provides a working balance for the fund to meet its short term commitments and forms 0-5% of the Fund's strategic asset allocation.
2. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 S.I.No. 3093 state that from 1 April 2011 the administering authority must hold in a separate bank account all monies held on behalf of the Pension Fund. The regulations also state that the Administering Authority must formulate an investment policy to govern how the authority invests any Pension Fund money that is not needed immediately to make payments from the fund. This report sets out the strategy for the financial year 2014/15.

Management Arrangements

4. The pension fund cash balances are managed by the Council's Treasury Management and Pension Fund Investments team. Cash balances are reviewed on a daily basis and withdrawals and deposits arranged in accordance with the current strategy. Pension Fund cash deposits are held separately from the County Council cash.

Rebalancing

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

Investment Strategy

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

Investment of Pension Fund Cash

9. Management of the Pension Fund's cash balances will be in accordance with the Administering Authority's approved Treasury Management Strategy and policies and procedures. Lending limits relating to the council's in-house deposits will however not apply due to differences in the levels of cash held. The Pension Fund cash balances managed in-house will be deposited with a minimum of two counterparties.
10. The pension fund cash balances will be held predominantly in short-term instruments such as notice accounts, money market funds and short-term fixed deposits. Approved instruments for pension fund cash deposits will be the County Council's list of specified investments for maturities up to 1 year, excluding the Debt Management Account deposit facility which is not available to pension funds and UK Government Gilts which are managed by an external fund manager. The County Council's approved list of specified investments is attached at appendix 1.
11. Pension Fund deposits will be restricted to the County Council's approved counterparties at the time of deposit. Approved counterparties as at 25 February 2014 are shown in appendix 2.

Borrowing for Pension Fund

12. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 gives administering authorities a limited power to borrow on behalf of the pension fund for up to 90 days. The power cannot be used to invest, but only for cashflow management in specified circumstances which should in practice be exceptional, i.e. to ensure that benefits are paid on time, and in transition management situations when the allocation of a pension fund's assets is being amended. Money can only be borrowed for these purposes if, at the time of borrowing, the administering authority reasonably believes that the sum borrowed, and any interest charged as a result, can be repaid out of the pension fund within 90 days of the date when the money is borrowed.
13. Pension Fund management arrangements presume no borrowing normally, but the possibility remains of unexpected pressures occurring and in these

circumstances the power would enable the Pension Fund to avoid becoming forced sellers of fund assets due to cashflow requirements.

14. The Chief Finance Officer (S.151 Officer) has delegated authority to borrow money for the Pension Fund in accordance with the regulations but only in exceptional circumstances. It is proposed that the authority to borrow on behalf of the Pension Fund continues to be delegated to the Chief Finance Officer during 2014/15.

Appendix 1

Oxfordshire County Council 2014/15 Approved Specified Investments for Maturities up to one year

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

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

Approved Counterparties as at 25/02/14

Ignis Sterling Liquidity Fund

Bank of Montreal
Bank of Nova Scotia
Barclays Bank Plc
Canadian Imperial Bank of Commerce
Close Brothers
Commonwealth Bank of Australia
Credit Suisse
Development Bank of Singapore
HSBC Bank plc
Lloyds TSB Bank plc
National Australia Bank
National Bank of Canada
Nationwide Building Society
Oversea-Chinese Banking Corp
Royal Bank of Canada
Royal Bank of Scotland
Santander UK plc
Standard Chartered Bank
Svenska Handelsbanken
Toronto-Dominion Bank
United Overseas Bank

English, Welsh and Scottish Local Authorities

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Division(s): N/A

PENSION FUND COMMITTEE – 14 MARCH 2014

POTENTIAL SCHEME MERGER

Joint Report by the Chief Financial Officer and County Solicitor

Introduction

1. This report updates the Committee on the progress in exploring the potential merger of the Oxfordshire Pension Fund with the Buckinghamshire and Berkshire Funds.

National Picture

2. As discussed in the update report to the December meeting, the Government had issued both a Call for Evidence and a contract with Hymans to undertake a specific review of options on the future structure of the LGPS. The Call for Evidence was jointly published by the Department for Communities and Local Government (DCLG) and the Local Government Association, whereas the Hymans work was jointly commissioned by DCLG and the Cabinet Office.
3. At the time of writing this report, there has been no formal response from the Government to either the Call for Evidence or the Hymans report. The LGPS Shadow Scheme Advisory Board has published its analysis of the Call for Evidence and its recommendations to the Minister.
4. The Board's analysis suggested a strong consensus on a need for some reform, but a divergence of views on the shape that reform should take. There was strong argument against a "big bang" approach or forced mergers. There was though acceptance of the benefits of:
 - Greater collaboration
 - Increased use of Passive Mandates
 - Use of Collective Investment Vehicles
 - Development of structures to allow increased use of in-house investment
5. The majority of responses argued that there was a clear lack of consistent data against which to make decisions, and supported a call for the collection of a national consistent data set. In commenting on current data, the consensus was that there whilst there was evidence of indirect benefits of larger fund sizes, there was no conclusive evidence of a direct link between fund size and investment returns in the LGPS.

6. The Board report highlighted that a large number of respondents referred to the importance of retaining local political accountability, and the direct link between investment decisions and council tax payers. However the report went on to state that there was little, if any, empirical evidence to support this position. As previously noted, these views are strongest in London where each Borough Council is responsible for its own fund, whereas outside London, there is no such one to one relationship between Council and Fund.
7. There was also an argument that a greater degree of separation between scheme manager and lead authority may lead to an improvement in governance, through a reduction in the potential conflicts of interest.
8. The report draws 7 recommendations which cover:
 - The need for the Government to consult on options as soon as possible
 - The need by the end of this summer for the Government to set out a realistic timescale for implementing reforms
 - The development of a national Scheme Annual Report by the Board setting out an agreed base line of data and measurement
 - The need for the Government to find time to introduce proportionate and appropriate legislation to support reform
 - In issuing its consultation, the Government should consider alternative methods for managing deficits, and analyse the costs/benefits and barriers to greater passive management, collective investment vehicles and in-house investment strategies
 - The support of the Board in developing feasible options for managing deficits and conducting further research on the options for reform
 - The need for the Government to ensure consistency with the other strands of LGPS policy work including the new governance regulations and any reform of the investment regulations.

Local Issues

9. In our most recent meeting with officials from DCLG and the Local Government Association, there was a strong view that, without prejudging the views of ministers, it was unlikely that statutory mergers of administering authorities would be supported in the short term given the costs and time associated with the need to produce primary legislation.
10. However, it was felt by all parties that a similar result could be achieved through the development of a Joint Committee, to whom all three Administering Authorities delegate their responsibilities in respect of the LGPS. Such a model would still involve a single governance arrangement for the current three funds, and increase the size of the Fund so increasing the potential for in-house investment management and the scope for investing in alternatives. The model should therefore be capable of delivering the savings/increased returns initially envisaged (c£2.5m).
11. A key issue to resolve would be how to ensure the sustainability of the new arrangement, if the change is no longer underwritten on a statutory basis.

This is critical as any benefits will only be achievable over the long term. (Our concern over the alternative option of a collective investment vehicle is that each fund retains its own governance arrangements and as such multiple investment strategies are likely to be retained, and be subject to regular change, so defeating many of the benefits of economies of scale).

12. A second key issue is the management of the transition under the Joint Committee option, as the initial intention was that issues of concern (e.g. the novation of all current contracts to the new fund) would have been dealt with through the supporting statutory provisions.
13. The other key issues to determine in respect of the Joint Committee will revolve around membership and the relationship with the new Pension Boards as required under the Public Services Pensions Act 2013.
14. The second main strand of work is to develop the options by which the Joint Committee would be supported. These include appointing a lead authority, establishing a new wholly owned company or looking to appoint a third party.
15. It is our current intention to develop a full business case covering all the above points, to be presented to the June meeting of this Committee. The development of the business case will be supported by the Local Government Association and external advisers as required. We will also continue to work with the officials from DCLG to ensure the project remains consistent with the likely overall policy direction to be determined by Government, and to access other support as appropriate.

RECOMMENDATION

16. **The Committee is RECOMMENDED to note the report, and the current position on the project, and identify any additional issues they wish to see in the business case to be presented to the 6 June 2014 meeting.**

Lorna Baxter
Chief Finance Officer

Peter Clark
County Solicitor

Background papers:

Contact Officer: Sean Collins, Pensions Insurance and Money Management
Tel: (01865) 797190

February 2014

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Division(s): N/A

PENSION FUND COMMITTEE – 14 MARCH 2014

THE LGPS REGULATION UPDATE

Report by the Chief Finance Officer

Introduction

1. The Committee previously received reports in March 2012, December 2012, June 2013, September 2013 and December 2013 regarding the 2014 Local Government Pension Scheme (LGPS). This report is to further update the Committee on the progress of the implementation of the 2014 Local Government Pension Scheme (LGPS) and the Regulations which have been issued to date.
2. This report also looks at some of the discretions the Administering Authority needs to make and publish.

LGPS 2014

3. The LGPS Regulations 2013 were made on 12 September 2013 and laid before Parliament on 19 September 2013. These regulations will come into force on 01 April 2014 when they will be deemed to have been made under the Public Service Pensions Act 2013.
4. Transitional Regulations which will set out how scheme members transfer from the 2008 scheme to the 2014 scheme, along with details of how any proposed protections of rights and entitlement will work, were due to be issued in September.
5. There has been weekly speculation about the date of issue but, at the time of writing this report, no transitional regulations have been received; although a working draft copy has been circulated to Administering Authorities.
6. The Department of Communities and Local Government (DCLG) has yet to publish the factors to support the full working of the regulations.
7. On a positive note the final employee contribution bandings for April 2014 have been confirmed.
8. Whilst this is a far from ideal situation Pension Services has been working with scheme employers and scheme members to tell them about the 2014 scheme, what it means both administratively and personally.

Administering Authority Policies

9. The update report submitted to this Committee in December 2013 confirmed that the 2013 Scheme Regulations do not currently require any changes to be made to the Administering Authority policies other than updating of references to the Regulation number. This is in progress and a report will be made at the next committee meeting.

Administering Authority Discretions

10. Attached at annexe1 is the list of Administering Authority discretions detailed in the 2013 Regulations, many of which are unchanged from the 2008 Regulations. In these cases this Committee's previous decision has been noted alongside the regulation. However the following are either new discretions, or require updating.
11. Additional Pension Contributions (APC) or Shared Cost Additional Pension Contributions (SCAPC) are used in the new regulations to cover a number of situations where a member, and/or the employer will make payments to cover a shortfall in contributions. These shortfalls can arise from a variety of situations such as maternity leave; paternity leave; adoption leave; unpaid leave and reserve forces leave.
12. Regulation R16 (1) give the administering authority the discretion to refuse a request to pay an APC over a period of time where it is impractical to do so. Recommend that this decision is delegated to officers, who will be able to assess any such requests.
13. APCs will also replace the previous options, known as Added Years and Additional Regular Contributions, allowing members to buy additional membership or pension respectively.
14. Under previous regulations where a member has asked to purchase additional membership or pension any application has been subject to receipt of a medical report, confirming the member is in good health. This is because once a contract has started if the member then has to retire on grounds of ill-health, or dies the contract is deemed to be fully paid up. It is therefore recommended that committee approve the need for a medical report before any such contract is agreed. However, if payment was due to be made in one lump sum no medical report would be required since the contract would not be valid unless the payment had been received by the fund.
15. The draft transitional regulations have introduced the option to charge members for the provision of an estimate of additional pension that would be provided in return for a transfer of an in-house Additional Voluntary Contribution (AVC) or Shared Cost Additional Voluntary Contribution (SCAVC), where the arrangement was entered into before 01 April 2014. These estimates are provided at retirement, and very few, if any, are requested at an earlier time. Given the low volume it is not thought to be worthwhile to introduce a charge at this time.

16. Regulation R17(12) introduces a new discretion for the administering authority to determine where AVC monies should be paid on the death of a member. This is further extending the current provision where the administering authority is required to decide to whom a death grant is paid. It is recommended that the new provision is also delegated to officers unless it is a contentious case.
17. The decision as to whether to pay the death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965 is currently delegated to officers unless in a contentious case.
18. Regulation 22(3)(c) requires the administering authority to open and maintain pension accounts for each member of the scheme. The regulation further specifies the types of accounts which must be kept and that they may be kept in any form that the administering authority considers appropriate. It is therefore recommended that the committee confirms all pension accounts should be kept in line with regulatory and system requirements.
19. Regulation TP10 (9) allows the administering authority to decide, in the absence of an election from the member, to which on-going record the benefits should be merged. This will only apply where there is more than one on-going record. It is recommended that merger should be made with the next record, as determined by date of starting membership.
20. Regulation R68(2) gives the administering authority the option of requiring any strain on fund costs arising from early retirements; flexible retirements or redundancies to be paid up front. Previously this committee has determined that
 - the maximum length of any repayment period is the lesser of 5 years, or the period starting from the day after retirement to age 60 or the earliest retirement date if later; and
 - there will be no interest added to any monies not paid immediately
21. This regulation also applies to the capital costs arising from early retirement strain costs on the grounds of ill-health, although, historically, no upfront charge has ever been made on the basis that this retirement decisions are based on health rather than management decisions. Therefore any additional costs would be picked up as part of the valuation process. The committee is asked whether they wish to make any changes to the current arrangements.
22. The draft transitional regulations also give the administering authority the option to decide whether any strain on fund costs are to be paid upfront by employers when they have decided to waive the actuarial reduction. Whilst this is not yet finalised within the regulations it is recommended that this included in the current arrangements for strain costs.

23. Regulation R32(7) give the option to extend time limits in which member gives notice of wish to draw benefits before the normal retirement age, or on flexible retirement. It is recommended that the current time limit of three months is maintained.
24. Regulation R34(1) refers to allowing the option of commutation of small pensions. Since the introduction of the three month vesting period, there has been a significant rise in the number of small deferred pensions held by the Fund. Given the administrative effort involved in making payment of small pensions, it is recommended to allow the commutation of small pensions in line with HMRC limits and guidance, on the request of the scheme member.
25. The approval of medical advisors used by employers to determine cases of ill-health is currently delegated to officers. No change is recommended.
26. Regulations TP12 (6); R38 (3) and R38 (6) would require the administering authority to make decisions regarding cases of ill-health where the scheme employer is no longer active. In any such cases a report would be submitted to committee for their decision.
27. Regulation 49(1)(c) - the decision as to under which regulation any benefit would be paid in cases where a member has not made an election is currently delegated to officers. It is not recommended that this is changed.
28. The discretion as to whether to set up a separate admission agreement fund has not been discussed previously and would form part of the fundamental review. There is no proposal to set up a separate fund at this time.
29. The administering authority can decide whether to have a written pension administration strategy and, if so, what matters it should include. To date Pension Services has used the service level agreement which was required to be put in place by the directorate. It is recommended that the service level agreement should be replaced with an administration strategy approved by this committee.
30. Any administration strategy would incorporate the current arrangements for frequency of payments to be made to the fund (regulation R69(1)); the form and frequency of the information to accompany the payments to the fund (regulation R69(4)); any charges to be made arising from the employer's level of performance (regulation R70 and TP22(2)); whether to charge interest on payments overdue from the employer (regulation R71(1)) and what information should be provided to the administering authority to enable it to discharge its functions (regulation R80(1)(b) and TP22(22(1)).
31. The option to obtain a revised employer contribution rate in circumstances where a scheme employer is likely to become an exiting employer is currently delegated to officers.

32. However, the decision to obtain a new rates and adjustments certificate if the Secretary of State amends the benefit regulations as part of the cost sharing under regulation 63 would be subject to a report submitted to this committee for consideration.
33. The procedure to be followed in exercising stage 2 Internal Dispute Resolution Procedures (IDRP) follows national guidelines and is delegated to officers, as is the decision to appeal against employer decisions, or lack of decisions. Regulations R76(4) ad Regulation R79(2).
34. In cases where a person is incapable of managing their affairs the option to pay all, or part of their pension to another person for their benefit would be subject to a report to this committee for their decision.
35. Regulation R100 introduces new discretions relating to transfers in:
 - (7) Giving the administering authority the discretion as to whether they will allow the transfer of pension rights into the fund.
 - (68) To extend the normal time limit (in conjunction with the scheme employer) for acceptance of a transfer value beyond 12 months from joining LGPS
36. The introduction of the first decision was, I understand, to meet requirement of some funds who have already introduced a ban on transfers in, whilst the second bullet point is simply extending the current employer discretion. It is recommended that the fund continues to allow transfers in and that the administering authority discretion would mirror the employer discretion in whether transfers were allowed outside of 12 months.
37. The agreement to make a bulk transfer (regulation R98(1)(b)), or to agree to set aside assets or cash for bulk transfer (R98(4)9a)) is already delegated to officers in conjunction with fund actuary.
38. The draft transitional regulations introduce two new discretions in cases where members have died before making an election to determine best pay figures to be used in calculation of their benefits. It is recommended this should be delegated to officers to calculate best option to be used.
39. Currently for co-habiting partners to receive a benefit after the death of the member they must complete and return a nomination form to be held on the pension record. Regulation RSch1 & TP17 (9)(b) now turns this around so that benefits would be paid on evidence of financial interdependence provided after members death. Committee are asked what information they would require.
40. There are no changes to current arrangements relating to regulation R89(5); RSch1 & TP17 (9) and TP15(1)(c) & TSch1 & L83(5).

RECOMMENDATIONS

41. The Committee is RECOMMENDED to:

- a) note progress of the 2014 scheme implementation;**
- b) delegate to officers the option of refusing a request to pay APC by instalment, if impractical to do so;**
- c) agree that a medical report, confirming the member is in good health, is required before an APC to buy additional pension can be signed;**
- d) agree that no medical report will be required where an APC to buy additional pension is by lump sum, but that the contract will not be valid until payment is received by the fund;**
- e) confirm that no charges should be introduced for estimates for the transfer of an in-house AVC where the arrangement was entered into prior to 1 April 2014;**
- f) amend the current delegation to officers to determine to whom payment should be made in the case of the death of a scheme member to cover all sums due, unless the case is contentious;**
- g) confirm all pension accounts should be kept in line with regulatory and system requirements;**
- h) confirm that in the absence of an election from a member, benefits should be merged with the next record, as determined by date of starting membership;**
- i) decide whether any changes should be made to the current arrangements of collecting capital costs, and specifically the capital costs relating to ill-health retirements;**
- j) extend the provisions in i) to include the upfront collection of any fund strain costs arising from an employer waiving an actuarial reduction;**
- k) maintain the current time limit of three months for member notification to draw retirement benefits;**
- l) introduce commutation of small pension amounts in line with HMRC limits and guidance on the request of the Member;**
- m) replace the service level agreement with an administration strategy to be approved by this Committee and to determine any other matters to be included;**

- n) agree that the fund continues to allow transfers in and that the administering authority discretion would mirror the employer discretion in whether transfers were allowed outside of 12 months;**
- o) agree that officers calculate best rate of pay to be used in payment of benefit where member has died before making an election; and**
- p) decide what financial information should be provided by co-habiting partners to confirm financial dependency and entitlement to benefits.**

Lorna Baxter
Chief Finance Officer

Background papers: Nil
Contact Officer: Sally Fox, Pension Services Manager; Tel: (01865)
797111

February 2014

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Discretion	Regulation	Exercised by	Notes
Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or care Quality Commission	R4(2)(b)		Report will be submitted to PFC for decision
Whether to agree to an admission agreement with a body applying to be an admission body	R5(5) & RSch 2, Part 3, para 1		Report will be submitted to PFC for decision
Whether to terminate a transferee admission agreement in the event of - insolvency, winding up or liquidation of the body - breach by that body of its obligations under the admission agreement - failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so	RSch 2, Part 3, para 9(d)		Report will be submitted to PFC for decision
Define what is meant by "employed in connection with"	RSch 2, Part 3, para 12(a)		Previously determined that this would mean that work would be same as prior to any TUPE and relate to Oxfordshire.
Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment)	R16(1)		NEW – Recommend decision delegated to Officers
Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC	R16(10)		Previously determined that any scheme member wishing to buy additional benefits would require medical to confirm fitness ahead of signing the contract.
Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	R16(10)		NEW - Linked to above decision
Whether to charge member for provision of estimate of additional pension that would be provided by the Scheme in return for transfer of in house AVC/SCAVC funds (where AVC/SCAVC arrangement was entered into before 1/4/14)	TP15(1)(d) & A28(2)		NEW – this information is provided at retirement. Do not see the need for a charge to be introduced
Decide to whom any AVC/SCAVC monies (including	R17(12)		NEW – links to TP17(5) to (8) & R40(2), R43(2) & R46(2) which

Discretion	Regulation	Exercised by	Notes
life assurance monies) are to be paid on death of the member			is delegated to Officers unless a contentious case
Pension account may be kept in such form as is considered appropriate	R22(3)(c)		NEW - Pension accounts will kept in line with regulatory and system requirements
Decide, in the absence of an election from the member within 12 months of ceasing a concurrent employment, which on-going employment benefits from the concurrent employment which has ceased should be aggregated (where there is more than one on-going employment)	TP10(9)		NEW – Recommend merge with next record, determined by start date – check with managers
Whether to require any strain on Fund costs to be paid “up front” by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement	R68(2)		<p>This committee has previously determined that the maximum length of any repayment period for a Capital Cost is</p> <ul style="list-style-type: none"> • The lesser of 5 years; or • The period starting from the day after retirement to: • The later of age 60; or • The earliest retirement date. <p>Also that there will be no interest added to any Capital Cost not paid immediately.</p> <p>Also refers to ill-health – see report</p>
Whether to require any strain on Fund costs to be paid “up front” by employing authority following waiver of actuarial reduction under TPSch 2, para 2(3)	TPSch 2, para 2(5)		NEW – unlikely that employers would want to bear this cost. However, include in above if they wish to waive reduction.
Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement	R32(7)		Currently 3 months
Decide whether to commute small pension	R34(1)		To commute , on member request, in line with HMRC rules

Discretion	Regulation	Exercised by	Notes
			and limits.
Approve medical advisors used by employers (for ill health benefits)	R36(3)		Delegated to Officers
Whether to use a certificate produced by an IRMP under the 2008 Scheme for the purposes of making an ill health determination under the 2014 Scheme.	TP12(6)	Employer (or Admin. Authority where Employer has become defunct)	Yes
Decide whether deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is sooner	R38(3)	Employer (or Admin. Authority where Employer has become defunct)	Report will be submitted to PFC for decision
Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health	R38(6)	Employer (or Admin. Authority where Employer has become defunct)	Report will be submitted to PFC for decision
Decide to whom death grant is paid	TP17(5) to (8) & R40(2), R43(2) & R46(2)		Currently delegated to Officers unless contentious case
Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership	R49(1)(c)		Currently delegated to Officers
Whether to set up a separate admission agreement fund	R54(1)		Not decided
Whether to have a written pensions administration strategy and, if so, the matters it should include	R59(1) & (2)		Previous relied upon SLA
Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer	R64(4)		Currently delegated to Officers

Discretion	Regulation	Exercised by	Notes
Decide whether to obtain a new rates and adjustments certificate if the Secretary of State amends the Benefits Regulations as part of the "cost sharing" under R63	R65		Report will be submitted to PFC for decision
Decide frequency of payments to be made over to Fund by employers and whether to make an admin charge.	R69(1)		Payments required monthly to be paid over by 19 month following deduction. Currently only administration charge made is for employers who make more than one payment to OCC bank account rather than the fund account.
Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance.	R70 & TP22(2)		Recommend members to authorise implementing charges in cases where employers consistently fail to provide information.
Decide form and frequency of information to accompany payments to the Fund	R69(4)		Paperwork to be provided detailing monthly payments by 19 month following deduction.
Whether to charge interest on payments by employers which are overdue	R71(1)		Propose that any employer making a late payment on three occasions in a rolling six month period is charged base rate + 2%
Decide procedure to be followed by admin authority when exercising its stage two IDRPs functions and decide the manner in which those functions are to be exercised	R76(4)		Currently delegated to officers
Whether admin. authority should appeal against employer decision (or lack of a decision)	R79(2)		Current delegated to officers
Specify information to be supplied by employers to enable admin. authority to discharge its functions	R80(1)(b) & TP22(1)		Detailed spreadsheet request sent out to all employers
Whether to pay death grant due to personal representatives or anyone appearing to be beneficially entitled to the estate without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965	R82(2)		Currently delegated to officers

Discretion	Regulation	Exercised by	Notes
Whether, where a person (other than an eligible child) is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.	R83		Report will be submitted to PFC for decision
Date to which benefits shown on annual benefit statement are calculated	R89(5)		End of Scheme Year – 31 March
Agree to bulk transfer payment	R98(1)(b)	Employer / Admin. Authority / trustees of new scheme	Currently delegated to officers in conjunction with Fund Actuary
Agree set aside of bulk transfer assets / cash and acquisition of rights in new scheme	R98(4)(a)	Employer / Admin. Authority / trustees of new scheme	Currently delegated to officers in conjunction with Fund Actuary
Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	R100(68)	Employer and Admin. Authority	NEW - Previously an employer only decision – recommend that administering authority endorses employer decision
Allow transfer of pension rights into the Fund	R100(7)		NEW – recommend committee continue to allow transfers in
Where member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B10(2)		NEW – recommend delegate to officers to use best option for member
Make election on behalf of deceased member with a certificate of protection of pension benefits i.e. determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre 01.04.08)	TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9)		NEW – recommend delegate to officers to use best option for member
Decide to treat child as being in continuous education or vocational training despite a break	RSch 1 & TP17(9)		Committee has previously agreed that a gap year does not constitute a break
Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member	RSch 1 & TP17(9)(b)		CHANGE – current system is by nomination. Regulation changes this to evidence of financial dependence after death of member.

Discretion	Regulation	Exercised by	Notes
Extend time period for capitalisation of added years contract	TP15(1)(c) & TSch1 & L83(5)		Currently part of the retirement process – very few cases – no need to extend time period.

Division(s): N/A

PENSION FUND COMMITTEE – 14 March 2014

EMPLOYER UPDATE

Report by the Chief Finance Officer

Introduction

1. This report is to update members on recent employer issues including applications for admission and the closures of scheme employers.

Update on Previous Applications for Admission

2. Admission agreements are in progress, but not finally signed / sealed for the following employers:
 - Fresh Start Catering – one admission is still to be finalised.
 - Hayward Cleaning Services for St Birinus– admission agreement still to be finalised
 - Civica for the St Birinus ICT contract, admission is still to be finalised.
 - Carillion – a revision to the admission agreement to include the additional 61 staff has been circulated but not yet signed.
 - The School Lunch Company for two contracts
 - Innovate
 - Caterlink
 - April Cleaning
3. The contract for services with Ecocleen Ltd. has not yet been finalised and so the admission agreement process is on hold. These contract issues also apply to Edwards and Ward.
4. Members will be aware that some of the above have been long standing agenda items. This is as a result of some ceding employers either not understanding, or not acknowledging their responsibilities around pension issues when they outsource staff to a contractor.
5. Obviously delays are not only a major concern but can have a huge impact on the scheme member. Therefore it is important to reduce the time taken to finalise these admission agreements, given that the correspondence can, and often is, passed to different people within the ceding body meaning that it is necessary to back track over the regulatory requirements.

6. Part of the solution is making sure the information available reaches those who are responsible for outsourcing of staff and there is an understanding of the financial implications of pensions in an outsourcing situation, all of which takes a large amount of resource.
7. Despite this it remains that there are admission agreements which are still not signed and some of the current discussions do not give any reassurance that they will be signed in the near future.
8. To force issues to conclusion the proposal to members is, in circumstances where no resolution can be found, to withdraw the admission agreement which would then force the employer to notify staff that their pension protection was not valid.

New Requests for Admission

9. Cara Cleaning Services – took one member of staff from Aspirations Academy in August 2013. The Service Manager (PIMMS) approved the admission on the basis that either a pass through arrangement or bond was put in place. This was not previously reported to committee.
10. Carillion now has a contract with East Oxford Primary School to provide cleaning services. The contract means that two members of staff transferring to Carillion from 01.02.14. The Service Manager (PIMMS) approved the admission on the basis that either a pass through arrangement or bond is put in place.
11. The Cleaning Co-Op has won a contract to provide cleaning services at Ducklington Primary School from 24 February 2014. This will result in the transfer of 2 members of staff, one of whom is a current member of the LGPS. The contract is for a rolling period of one year. The Service Manager (PIMMS) approved the admission on the basis that either a pass through arrangement or bond is put in place.
12. D F Williams has a five year contract with Our Lady of Lourdes School in Witney to provide cleaning services from 01 March 2014. This will affect one member of staff who is currently a member of the LGPS. The Service Manager (PIMMS) approved the admission on the basis that either a pass through arrangement or bond is put in place.
13. PAM Wellbeing Limited has three contracts with Oxfordshire County Council to provide occupational health services to both Oxfordshire County Council and Oxfordshire Fire Service and Staff Care Services.
14. There are no staffs to transfer in respect of either of the occupational health service contracts. Three members are being transferred under the Staff Care Service contract, two of whom are active members within the LGPS.

15. The contract is due to start on 1 April 2014. At the time of writing this report no information is available on the length of contract, or whether this will be agreed on a pass through basis.

Employer Cessation

16. There are no new cases in the last quarter and work is continuing to bring the following to conclusion:
- AAA Norcap
 - SOLL Leisure – subject to a separate report on this agenda
 - Stonhams
 - Oxfordshire Council for Voluntary Action (OCVA)
 - Oxfordshire Community Foundation

RECOMMENDATIONS

17. **The Committee is RECOMMENDED to:**
- (a) note the progress of previously approved applications for admitted body status;**
 - (b) agree to the withdrawal of admission agreements, in certain circumstances as detailed in the report;**
 - (c) approve the application for admitted body status by Cara Cleaning Services; Carillion; The Cleaning Co-Op; D F Williams and PAM Wellbeing Limited subject to either pass through arrangements or bonds being put in place; and**
 - (d) note the progress of previously reported cessation cases.**

Lorna Baxter
Chief Finance Officer

Background papers: Nil

Contact Officer: Sally Fox, Pension Services Manager: Tel: (01865) 797111

February 2014

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Division(s): N/A

PENSION FUND COMMITTEE – 14 March 2014

WRITE OFF's

Report by the Chief Finance Officer

Introduction

1. In December 2012 a change was made to the Scheme of Financial Delegations to allow write offs under £500, chargeable to the Pension Fund, to be approved by the Pension Services Manager. (Under the Scheme of Financial Delegation, such write offs need to be reported to this Committee for information).
2. For debts between £500 and £7,500 approval is required by the Service Manager (Pensions) and The Deputy Chief Finance Officer. For debts between £7,500 and £10,000 chargeable to the Pension Fund, approval would need to be sought from the 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 Pension Services Manager has approved the write off of £103.86 chargeable to the pension fund in respect of eleven cases.
5. In all cases the member has died and a small over payment of pension has been made but could not be recovered. The amounts ranged between £1.41 and £33.19

RECOMMENDATION

6. The Pension Fund Committee is RECOMMENDED to note the report

Lorna Baxter
Chief Finance Officer

Background papers: Nil
Contact Officer: Sally Fox, Pension Services Manager; Tel: (01865) 797111
February 2014

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