



To: Members of the Pension Fund Committee

***Notice of a Meeting of the Pension Fund Committee***

**Friday, 6 June 2014 at 10.10 am in Meeting Rooms 1 & 2**

**County Hall, New Road, Oxford**

*Peter G. Clark.*

Peter G. Clark  
County Solicitor

May 2014

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

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**Membership**

Chairman –  
Deputy Chairman -

*Councillors*

Lynda Atkins  
Surinder Dhese  
Jean Fooks

Patrick Greene  
Nick Hards  
Richard Langridge  
Sandy Lovatt

Stewart Lilly  
Sandy Lovatt  
Neil Owen

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*Co-optees*

District Councillor Hywel Davies  
District Councillor Jerry Patterson

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**Notes:**

- ***A lunch will be provided***
- ***Date of next meeting: 5 September 2014***
- ***This meeting will be preceded by a training session for members of the Committee starting at 9:30 in the meeting room itself. This will be in the form of an 'Ask the Expert Panel' session. Members will be invited to submit questions in advance.***

## 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](mailto: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. Election of Chairman for 2014/15

To elect a Chairman for this municipal year to the first meeting of the next municipal year 2015.

## 2. Election of Deputy Chairman 2014/15

To elect a Deputy Chairman for this municipal year to the first meeting of the next municipal year.

## 3. Apologies for Absence and Temporary Appointments

## 4. Declarations of Interest - see guidance note

## 5. Minutes (Pages 1 - 10)

To approve the minutes of the meeting held on 14 March 2014 (PF5) and to receive information arising from them.

## 6. Petitions and Public Address

## 7. 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 March 2014 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 31 March 2014
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 March 2014
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  
Graph 5 - 6 – Legal & General  
Graphs 7 - 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, 12 and 13 on the agenda.***

## 8. EXEMPT ITEMS

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

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

**NOTE:** In the case of items 10 and 11, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

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

10:25

Report of the Independent Financial Adviser (PF9).

The report sets out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself does not contain exempt information and is available to the public. The Independent

Financial Adviser will also report orally and any information reported orally will be exempt information.

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

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

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

## 10. UBS

10:40

- (1) The Independent Financial Adviser will report orally on the performance and strategy of UBS drawing on the tables at Agenda Items 7 and 9.
- (2) The representatives (Malcolm Gordon and Nick Irish) of the Fund Manager will:
  - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 March 2014;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2014.

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. Legal & General**

**11:15**

- (1) The Independent Financial Adviser will report orally on the performance and strategy of Legal & General drawing on the tables at Agenda Items 7 and 9.
- (2) The representatives (Jonathan Cloke and Nick Griffiths) of the Fund Manager will:
  - (a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 31 March 2014;
  - (b) give their views on the future investment scene.

In support of the above is their report for the period to 31 March 2014.

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:*

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

## **12. Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting (Pages 45 - 56)**

**11:55**

The Independent Financial Adviser will report (**PF12**) on the officer meetings with Baillie Gifford and Wellington, 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 7).

This item also includes a report (**PF12**) highlighting potential issues surrounding a decision of HM Revenue & Customs (HMRC) to remove the Venture Capital Trust (VCT) status from one of the Fund's investments and seeks the Committee's views on a draft letter to be sent to the HMRC on behalf of the Committee.

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

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**The Committee is RECOMMENDED to:**

- (a) ***note the main issues arising from the reports on the officer meetings with Baillie Gifford and Wellington and to take any necessary action, if required;***
- (b) ***note the key issue set out in the report arising from one of the Fund's investments and to determine whether to send the attached draft response to the HMRC.***

## **13. Summary by the Independent Financial Adviser**

**12:00**

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:*

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**14. Urgent Decision by Chief Executive under Delegated Powers - Application for Release of a Deferred Benefit (Pages 57 - 60)**

**12:05**

To report a decision made by the Chief Executive under her delegated powers in respect of an urgent request to grant payment of deferred benefits on the grounds of ill-health (**PF14**).

*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:**

- (a) **note the report; and**
- (b) **determine whether future cases should be delegated to the Chief Finance Officer, following consultation with the Chairman of this Committee, in the first instance.**

**15. Employer Update (Pages 61 - 62)**

**12:10**

The report (**PF15**) updates the Committee on closures of recent scheme employers.

*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 progress of cessation cases.**



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

### 16. DCLG Consultation Paper - Opportunities for Collaboration, Cost Savings and Efficiencies (Pages 63 - 70)

12:10

The report (**PF16**) provides details of the Government's current consultation document on the future structure of the Local Government Pension Scheme, and the potential implications for the on-going discussions with the Buckinghamshire and Berkshire Funds. The Committee are invited to agree a response for submission to the consultation.

For reference purposes, please find below a link to the government consultation paper:

<https://www.gov.uk/government/consultations/local-government-pension-scheme-opportunities-for-collaboration-cost-savings-and-efficiencies>

***The Committee is RECOMMENDED to***

- (a) ***note the report;***
- (b) ***offer any views it wishes to see incorporated into the final response;***
- (c) ***ask Officers to continue with the joint work with the Buckinghamshire and Berkshire Funds to the extent that it is consistent with the approach included in the consultation response; and***
- (d) ***delegate to the Service Manager (Pensions, Insurance and Money Management) the authority to finalise and submit the response to the consultation, having consulted the Chairman, Deputy Chairman and Opposition Spokesperson on the final draft.***

### 17. Annual Review of Pension Fund Policies (Pages 71 - 122)

12:30

This annual report (**PF17**) provides the Committee with the opportunity to undertake a formal review of its major policy documents held in line with the LGPS Regulations. The last such comprehensive review of policies was in September 2013 and the report provides an update of any key changes since that date, including the introduction of an Administration Strategy for the Fund. Members will be asked to approve all policy documents.

***The Committee is RECOMMENDED to approve the revised policy documents as set out in Annexes 1-7 to the report PF17, noting the main changes in the documents as discussed in the covering report.***

## **18. Corporate Governance (Pages 123 - 134)**

**12:40**

The report (**PF18**) sets out the latest advice regarding the Administering Authority's fiduciary duty and provides a summary of voting activity for 2013.

***The Committee is RECOMMENDED to:***

- (a) note the Opinion of Nigel Giffin QC, provided to the Local Government Association, on the duties of administering authorities under the Local Government Pension Scheme; and***
- (b) note the proxy voting activity of the Fund Managers during 2013 provided in annexes 1 and 2.***

## **19. Employer Update (Pages 135 - 136)**

**12:50**

The report (**PF19**) seeks Committee approval for any new admissions to the Fund, as well as update members 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; and***
- (b) approve the application for admitted body status by Proclean Limited subject to either pass through arrangements or bonds being put in place.***

## **20. Write Offs (Pages 137 - 138)**

**13:00**

The report (**PF20**) provides the Committee with summary details of the amounts written off in the last quarter in accordance with the Financial Regulations of the Fund.

***The Committee is RECOMMENDED to note the report.***

## **21. Corporate Governance and Socially Responsible Investment**

**13:05**

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

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

## **22. Annual Pension Forum**

**14:45**

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 10.00am at Unipart House.**

**LUNCH**

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### **Pre-Meeting Briefing**

There will be a pre-meeting briefing at County Hall on **Wednesday 4 June 2014** at **1:00pm** 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, 14 March 2014 commencing at 10.10 am and finishing at 2.45 pm

**Present:**

**Voting Members:** Councillor Stewart Lilly – in the Chair

Councillor Patrick Greene (Deputy Chairman)

Councillor Surinder Dhesi

Councillor Jean Fooks

Councillor Nick Hards

Councillor Sandy Lovatt

Councillor Mark Gray (In place of Councillor Lynda Atkins)

Councillor David Wilmshurst (In place of Councillor Neil Owen)

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

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

**Officers:**

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

Part of meeting S. Fox (Environment & Economy)

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

### 1/14 **APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS**

(Agenda No. 1)

Cllr David Wilmshurst attended for Councillor Neil Owen, Cllr Mark Gray for Cllr Lynda Atkins and an apology was received from Cllr Richard Langridge.

**2/14 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE**

(Agenda No. 2)

Councillors Fooks, Lilly 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.

**3/14 MINUTES**

(Agenda No. 3)

The Minutes of the meeting held on 6 December 2013 were approved and signed as a correct record.

There were no matters arising from the last meeting.

**4/14 PETITIONS AND PUBLIC ADDRESS**

(Agenda No. 4)

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

**5/14 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION**

(Agenda No. 5)

Mr Davies reported that the current overall valuation of the Fund at 31 December 2014 was £1,585, 69, an increase of £51m from the previous quarter, which comprised mostly from appreciation in Equities. Since then there had been a fall of £10m. Overall the Fund had performed -0.9% below benchmark over the quarter, - 1.2% over 12 months, - 0.2% over 3 years and was - 0.6 behind over the last 5 years.

**6/14 EXEMPT ITEMS**

(Agenda No. 6)

It was **AGREED** that the public be excluded for the duration of items 7, 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.

**7/14 EXEMPT MINUTES**

(Agenda No. 7)

The exempt Minutes of the meeting held on 6 December 2013 were approved and signed as a correct record.

**8/14 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.

**9/14 BAILLIE GIFFORD**

(Agenda No. 9)

The representatives, Anthony Dickson and Iain McCombie reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended 31 December 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.

**10/14 WELLINGTON**

(Agenda No. 10)

The representatives, Luke Stellini and Nicola Staunton 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 31 December 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:*

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.*

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

**11/14 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 (PF11) with representatives from Legal & General Investment Management – Fixed Interest and UBS Global Asset Management – Overseas Equities.

*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.



## **12/14 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER**

(Agenda No. 12)

The Independent Financial Adviser stated that no further summary was required.

*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.*

## **13/14 FUNDAMENTAL ASSET ALLOCATION**

(Agenda No. 13)

The Committee considered a report (PF13) which set out information on the past performance of the Fund and its Fund Managers, and which reviewed the current asset allocation in light of the 2013 Valuation results and other key factors that impacted on the Fund's ability to meet its future liabilities. The Committee were asked to agree the asset allocation to cover the next three years.

The Committee **RESOLVED** (nem con) to:

- (a) approve the recommendations of the Independent Financial Adviser as set out in the exempt report PF13;
- (b) delegate the required action to the officers, following consultation with the Chairman, Deputy Chairman and Opposition Spokesperson, and request that they report back to Committee; and
- (c) request the officers to report annually to the Committee reviewing performance following the asset allocation.

## **14/14 ANNUAL REVIEW OF THE INDEPENDENT FINANCIAL ADVISER**

(Agenda No. 14)

(Mr Davies left the room for the duration of this item)

The Committee had before them a report (PF14) which reviewed the activities and performance over the last year of the Independent Financial Adviser (IFA), Peter Davies. Mr Davies had been 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 had been amended to reflect the change that Mr Davies was now contracted through AllenbridgeEpic Investment Advisers Limited.

*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.*

**RESOLVED:** to thank Mr Davies for his excellent performance over the last year, also for his approachable manner, his speedy response to issues raised and for his clear and reliable advice.

#### **15/14 EMPLOYER CESSATION**

(Agenda No. 15)

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

*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.*

The Committee **AGREED** to write off the outstanding debt and to cancel the outstanding invoice.

#### **16/14 ADDITIONAL VOLUNTARY CONTRIBUTIONS SCHEME - ANNUAL REVIEW**

(Agenda No. 16)

The Committee considered a report (PF16) which provided details of the annual review of the Fund's Additional Voluntary Contribution (AVC) Scheme including issues concerning the performance of the individual funds and the Scheme Provider (Prudential) itself.

*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.*

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

## **ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC**

### **17/14 ANNUAL BUSINESS PLAN, BUDGET AND CASH MANAGEMENT STRATEGY 2014/15**

(Agenda No. 17)

The Committee considered the Pension Fund Annual Business Plan for the 2014/15 financial year (PF17). It included the key objectives of the Fund; detailed the service activities and the service priorities for the coming year; provided a budget for 2014/15 and set out the latest risk register for the service. Annex 2 of the report PF17 set out the Cash Management Strategy for 2014/15.

**RESOLVED:** 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;
- (e) delegate authority to the Chief Finance Officer to borrow money for the pension fund in accordance with the regulations;
- (f) highlight the risk (number 27 in the risk register – absence of key staff) as set out in paragraph 11 of the report, as an issue to keep under scrutiny.

**18/14 POTENTIAL SCHEME MERGER**

(Agenda No. 18)

The Committee had before them a report (PF18) which gave an update on the latest position in respect of the potential merger of the Oxfordshire Pension Fund with the Buckinghamshire and Berkshire Funds. Members were also asked to identify any additional issues they wished to see in the business case to be presented to the 6 June 2014 meeting.

**RESOLVED:**

- (a) to note the report and the current position on the project;
- (b) to request the officers to include in the outline business case a perceived timeline for the potential future stages for the options to be presented and how the issue of accountability to the various employers would be addressed; and
- (c) the officers be requested to report to the next meeting on the project costs to date and projected costs to the Pension Fund in the future.

**19/14 LOCAL GOVERNMENT PENSION SCHEME (LGPS) 2014 UPDATE**

(Agenda No. 19)

The Committee considered a further update report (PF19) on progress towards the implementation of the new Local Government Pension Scheme from 1 April 2014. Also before them at Annex 1, for decision, were some proposed changes which needed to be made to the Administering Authority discretions.

**RESOLVED 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) make no change 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;
- (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) defer the decision relating to what financial information should be provided by co-habiting partners to confirm financial dependency and entitlement to benefits to the next meeting following legal guidance.

## **20/14 EMPLOYER ISSUES**

(Agenda No. 20)

The Committee's approval was sought in relation to a number of proposed new admissions to the Fund (PF20). The report also updated members on the status of any current employer which impacted on future Scheme membership.

### **RESOLVED 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.

**21/14 WRITE OFFS**  
(Agenda No. 21)

The Committee had before them a report (PF21) 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.

**22/14 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT**  
(Agenda No. 22)

There were no issues brought to the attention of the Committee concerning Corporate Governance and Socially Responsible Investment.

**23/14 ANNUAL PENSION FORUM**  
(Agenda No. 23)

Members of the Committee noted that the Annual Pension Forum would take place at **Unipart House on Friday 12 December 2014, at 10.00am.**

..... in the Chair

Date of signing .....

TABLE 1

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND**  
**OVERALL VALUATION OF FUND AS AT 31st MARCH 2014**

Investment	COMBINED PORTFOLIO 1.01.14	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 31.03.14		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	Current %	Target %
<b>EQUITIES</b>																	
<b>UK Equities</b>	<b>501,055</b>	<b>325,864</b>	<b>96.4%</b>	<b>23,202</b>	<b>12.2%</b>	<b>145,112</b>	<b>51.3%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>494,178</b>	<b>30.7%</b>	<b>31.0%</b>	<b>29.0%</b>
North American Equities	88,009	0	0.0%	92,574	48.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	92,574	5.8%		
European & Middle Eastern Equities	27,959	0	0.0%	30,752	16.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	30,752	1.9%		
Japanese Equities	20,994	0	0.0%	19,035	10.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	19,035	1.2%		
Pacific Basin Equities	1,585	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
Emerging Markets Equities	39,186	0	0.0%	21,799	11.4%	0	0.0%	0	0.0%	17,365	5.6%	0	0.0%	39,164	2.4%		
UBS Global Pooled Fund	204,260	0	0.0%	0	0.0%	0	0.0%	0	0.0%	205,355	66.0%	0	0.0%	205,355	12.8%		
L&G World (ex UK) Equity Fund	136,788	0	0.0%	0	0.0%	137,950	48.7%	0	0.0%	0	0.0%	0	0.0%	137,950	8.6%		
<b>Total Overseas Equities</b>	<b>518,781</b>	<b>0</b>	<b>0.0%</b>	<b>164,160</b>	<b>86.0%</b>	<b>137,950</b>	<b>48.7%</b>	<b>0</b>	<b>0.0%</b>	<b>222,720</b>	<b>71.6%</b>	<b>0</b>	<b>0.0%</b>	<b>524,830</b>	<b>32.7%</b>	<b>32.0%</b>	<b>30.0%</b>
<b>BONDS</b>																	
UK Gilts	71,941	0	0.0%	0	0.0%	0	0.0%	70,652	27.7%	0	0.0%	0	0.0%	70,652	4.4%	3.0%	3.0%
Corporate Bonds	44,959	0	0.0%	0	0.0%	0	0.0%	51,216	20.0%	0	0.0%	0	0.0%	51,216	3.2%	6.0%	6.0%
Overseas Bonds	42,675	0	0.0%	0	0.0%	0	0.0%	42,497	16.6%	0	0.0%	0	0.0%	42,497	2.6%	2.0%	2.0%
Index-Linked	77,430	0	0.0%	0	0.0%	0	0.0%	80,201	31.3%	0	0.0%	0	0.0%	80,201	5.0%	5.0%	5.0%
<b>Total Bonds</b>	<b>237,005</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>244,566</b>	<b>95.6%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>244,566</b>	<b>15.2%</b>	<b>16.0%</b>	<b>16.0%</b>
<b>ALTERNATIVE INVESTMENTS</b>																	
Property	90,239	0	0.0%	0	0.0%	0	0.0%	0	0.0%	83,776	27.0%	12,325	5.4%	96,101	6.0%	8.0%	8.0%
Private Equity	138,618	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	145,897	63.6%	145,897	9.1%	10.0%	9.0%
Hedge Funds	34,539	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	35,421	15.4%	35,421	2.2%	3.0%	0.0%
Multi Asset - DGF	-	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	5.0%
Infrastructure	-	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%	3.0%
<b>Total Alternative Investments</b>	<b>263,396</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>83,776</b>	<b>27.0%</b>	<b>193,643</b>	<b>84.4%</b>	<b>277,419</b>	<b>17.3%</b>	<b>21.0%</b>	<b>25.0%</b>
<b>CASH</b>	<b>64,932</b>	<b>12,060</b>	<b>3.6%</b>	<b>3,459</b>	<b>1.8%</b>	<b>0</b>	<b>0.0%</b>	<b>11,311</b>	<b>4.4%</b>	<b>4,050</b>	<b>1.3%</b>	<b>35,630</b>	<b>15.6%</b>	<b>66,510</b>	<b>4.1%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TOTAL ASSETS</b>	<b>1,585,169</b>	<b>337,924</b>	<b>100.0%</b>	<b>190,821</b>	<b>100.0%</b>	<b>283,062</b>	<b>100.0%</b>	<b>255,877</b>	<b>100.0%</b>	<b>310,546</b>	<b>99.9%</b>	<b>229,273</b>	<b>100.0%</b>	<b>1,607,503</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

% of total Fund

21.02%

11.87%

17.61%

15.92%

20.32%

14.26%

100.00%

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND**

**TABLE 2**

**ASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2014**

**ALTERNATIVE ASSETS**

<b>PRIVATE EQUITY AND HEDGE FUNDS</b>					
<b>Asset</b>	<b>Control Range</b>	<b>Benchmark Allocation</b>	<b>Actual Allocation</b>	<b>+ or - Benchmark</b>	<b>Index</b>
	%	%	%	%	
Private Equity	6-11	10.0%	9.1%	-0.9%	FTSE Smaller Companies (inc investment trusts) 3 month LIBOR + 3%
Hedge Funds	2-4	3.0%	2.2%	-0.8%	
<b>Total</b>		<b>13.0%</b>	<b>11.3%</b>	<b>-1.7%</b>	

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

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

**Market Value - at 31st March 2014**                      £145,897,000 Private Equity  
                                                                                                                         £35,421,000 Hedge Funds

**TABLE 3**

**ASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2014**

**BAILLIE GIFFORD**

<b>UK EQUITIES</b>					
<b>Asset</b>	<b>Control Range</b>	<b>Benchmark Allocation</b>	<b>Actual Allocation</b>	<b>+ or - Benchmark</b>	<b>Index</b>
	%	%	%	%	
UK Equities	N/A	100.0%	96.4%	-3.6%	FTSE Actuaries All-Share
Cash	Nil	0.0%	3.6%	+3.6%	
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		

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

**Market Value - at 31st March 2014**                      £337,924,000



TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2014LEGAL 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%	
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		

Target Objective - To track the FTSE 100 Index

Market Value - at 31st March 2014 £145,112,000

TABLE 5

FIXED INCOME					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
UK Gilts	0 - 36	18.75%	27.7%	+9.0%	FTSE A All Gilts Stocks
Corporate Bonds	20 - 55	37.50%	20.0%	-17.5%	IBoxx Sterling Non-Gilt All Stocks Index
Index-Linked	15 - 46	31.25%	31.3%	+0.1%	FTSE A Over 5 Year Index-linked Gilts
Overseas Bonds	0 - 24	12.50%	16.6%	+4.1%	JP Morgan Global Gov't (ex UK) Traded Bond
Cash	0 - 10	0.00%	4.4%	+4.4%	
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		

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

Market Value - at 31st March 2014 £255,877,000

TABLE 6

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2014LEGAL 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%	
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		

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

**Market Value - at 31st March 2014** £137,950,000

TABLE 7

ASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2014WELLINGTON

GLOBAL EQUITIES					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
Global Equities	N/A	100.0%	98.2%	-1.8%	MSCI All Countries World Index
Cash	Nil	0.0%	1.8%	+1.8%	
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		

**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 March 2014** £190,821,000

TABLE 8

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDASSET ALLOCATION AS AT QUARTER ENDED 31st MARCH 2014UBS GLOBAL ASSET MANAGEMENT

OVERSEAS EQUITY PORTFOLIO					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
	%	%	%	%	
<b>Overseas Equities</b> <i>Comprising</i>					
Global Pooled Fund	85 - 100	90.0%	92.2%	+2.2%	See Split below *
Emerging Markets	0 - 10	10.0%	7.8%	-2.2%	FTSE AW Emerging Markets
<b>Cash</b>	0 - 10	<b>0.0%</b>	0.0%		
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		
<b>* Global Pooled Fund Split:-</b>					
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
<b>Total Global Pooled</b>		<b>90.0%</b>	<b>92.2%</b>	+2.2%	

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

**Market Value - at 31st March 2014** £222,720,000

TABLE 9

PROPERTY PORTFOLIO					
Asset	Control Range	Benchmark Allocation	Actual Allocation	+ or - Benchmark	Index
	%	%	%	%	
<b>Property</b>	90 - 100	100.0%	95.4%	-4.6%	IPD UK All Balanced Funds Index Weighted Average
<b>Cash</b>	0 - 10	0.0%	4.6%	+4.6%	
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		

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

**Market Value - at 31st March 2014** £87,826,000

## OXFORDSHIRE COUNTY COUNCIL PENSION FUND

## TOTAL PORTFOLIO PROGRESS REPORT - 1 JANUARY 2014 to 31 MARCH 2014

Asset	Market Value 1.01.14	%	Net Purchases and Sales					Changes in Market Value					Market Value 31.03.14	%
			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	
<b>EQUITIES</b>														
UK Equities	501,055	32	0	450		(2,546)	0	0	(2,396)	(1,874)	(511)	0	494,178	31
US Equities	88,009	6	0	0	0	2,108	0	0	0	0	2,457	0	92,574	6
European & Middle Eastern Equities	27,959	2	0	0	0	2,393	0	0	0	0	400	0	30,752	2
Japanese Equities	20,994	1	0	0	0	(521)	0	0	0	0	(1,438)	0	19,035	1
Pacific Basin Equities	1,585	0	0	0	0	(1,517)	0	0	0	0	(68)	0	0	0
Emerging Market Equities	39,186	2	0	0	0	421	0	(302)	0	0	(141)	0	39,164	2
Global Pooled Funds	341,048	22	0	0	0		0	1,095	0	1,162	0	0	343,305	21
Total Overseas Equities	518,781	33	0	0	0	2,884	0	793	0	1,162	1,210	0	524,830	33
<b>BONDS</b>														
UK Gilts	71,941	5	0	0	324		0	0	0	(1,613)	0	0	70,652	4
Corporate Bonds	44,959	3	0	0	0		0	0	0	6,257	0	0	51,216	3
Overseas Bonds	42,675	3	0	0	1,288		0	0	0	(1,466)	0	0	42,497	3
Index-Linked Bonds	77,430	5	0	0	106		0	0	0	2,665	0	0	80,201	5
<b>ALTERNATIVE INVESTMENTS</b>														
Property	90,239	6	4,512	0	0		(443)	1,786	0	0	0	7	96,101	6
Private Equity	138,618	9	0	0	0		(193)	0	0	0	0	7,472	145,897	9
Hedge Funds	34,539	3	0	0	0			0	0	0	0	882	35,421	2
SUB TOTAL	1,520,237	96	4,512	450	1,718	338	(636)	2,579	(2,396)	5,131	699	8,361	1,540,993	96
CASH *	64,932	4	(3,994)	2,622	8	1,134	1,808	0	0	0	0	0	66,510	4
<b>GRAND TOTAL</b>	<b>1,585,169</b>	<b>100</b>	<b>518</b>	<b>3,072</b>	<b>1,726</b>	<b>1,472</b>	<b>1,172</b>	<b>2,579</b>	<b>(2,396)</b>	<b>5,131</b>	<b>699</b>	<b>8,361</b>	<b>1,607,503</b>	<b>100</b>

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

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND****VALUATION OF OTHER INVESTMENTS AS AT 31st MARCH 2014**

	<u>HOLDING</u>	<u>COST</u> £	<u>AVERAGE</u> <u>COST</u> £	<u>MARKET</u> <u>PRICE</u> £	<u>MARKET</u> <u>VALUE</u> £	<u>UNREALISED</u> <u>GAIN/LOSS</u> £
<b>PRIVATE EQUITY</b>						
Managed by Mr P Davies, IFA						
<b>Quoted Investment Trusts</b>						
3I Group	1,424,713	4,013,565	2.817	3.979000	5,668,933	1,655,368
Candover Investments	236,060	1,687,945	7.150	5.200000	1,227,512	(460,433)
Electra Private Equity	1,016,179	13,886,422	13.665	26.020000	26,440,978	12,554,556
F&C Private Equity Trust	4,160,000	7,339,178	1.764	2.265000	9,422,400	2,083,222
Graphite Enterprise Trust	852,512	2,420,093	2.839	6.030000	5,140,647	2,720,554
HarbourVest European Senior Loans	2,284,315	991,977	0.434	0.350000	799,510	(192,467)
HG Capital Trust	1,934,000	11,207,516	5.795	10.510000	20,326,340	9,118,824
KKR & CO LP	220,000	1,459,598	6.635	13.693856	3,012,648	1,553,050
Northern Investors	293,247	467,808	1.595	3.850000	1,129,001	661,193
Oxford Technology 3 Venture Capital Trust	593,612	582,797	0.982	0.425000	252,285	(330,512)
Oxford Technology 4 Venture Capital Trust	1,021,820	995,164	0.974	0.400000	408,728	(586,436)
Schroder Private Equity	1,035,428	670,382	0.647	1.912520	1,980,277	1,309,895
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	4.193000	6,579,505	1,237,783
		<b>56,238,833</b>			<b>91,435,038</b>	<b>35,196,205</b>
<b>Other Fixed Interest</b>						
Electra Private Equity 5.000% 12/29/2017 DD 12/29/10	2,870	<b>2,870,000</b>	1,000	1300.000000	<b>3,731,000</b>	<b>861,000</b>
<b>Limited Partnerships Fund of Funds</b>						
Partners Group Secondary 2006 L.P.		1,376,569			3,370,850	1,994,281
Partners Group Secondary 2008 L.P.		4,976,927			9,353,734	4,376,807
Partners Group Asia-Pacific 2007 L.P.		5,705,622			6,146,568	440,946
Partners Group Secondary 2011 L.P.		3,707,936			4,772,302	1,064,366
Partners Group Asia-Pacific 2011 L.P.		3,084,122			2,726,486	(357,636)
Adams Street 2007 Non US Fund		3,426,710			4,493,567	1,066,857
<b>Adams Street 2008 Global Fund</b>						
Adams Street 2008 Direct Fund		1,050,645			1,595,404	544,759
Adams Street 2008 Non US Fund		2,864,640			3,389,171	524,531
Adams Street 2008 US Fund		2,509,478			4,863,898	2,354,420
<b>Adams Street 2009 Global Fund</b>						
Adams Street 2009 Direct Fund		727,924			1,056,860	328,936
Adams Street 2009 Non US Developed Mkts Fund		1,164,456			1,256,317	91,861
Adams Street 2009 Non US Emerging Mkts Fund		565,182			510,077	(55,105)
Adams Street 2009 US Fund		2,114,868			2,775,081	660,213
Adams Street 2013 Global Fund		1,664,957			1,555,269	(109,688)
Oxford Technology ECF Limited Partner AC		1,371,940			2,504,400	1,132,460
Longwall Ventures ECF Limited Partner AC		435,000			361,000	(74,000)
		<b>36,746,976</b>			<b>50,730,984</b>	<b>13,984,008</b>
Cash Held by Custodian for Private Equity		<b>16,769,714</b>			<b>16,769,714</b>	
CASH HELD IN HOUSE		<b>18,860,382</b>			<b>18,860,382</b>	
<b>TOTAL OF ALL INVESTMENTS</b>		<b>131,485,905</b>			<b>181,527,118</b>	<b>50,041,213</b>

TABLE 12

## OXFORDSHIRE COUNTY COUNCIL PENSION FUND

## PRIVATE EQUITY TRANSACTIONS DURING QUARTER ENDED 31st MARCH 2014

DATE	HOLDING	TRANSACTION	BOOK COST £	PAYMENTS £	SALE PROCEEDS £	REALISED GAIN/LOSS £
		<b>LIMITED PARTNERSHIP FUND OF FUNDS</b>				
		<b>DRAWDOWNS</b>				
17/01/2014		Adams Street 2008 US Fund	107,321	107,321		
27/01/2014		Adams Street 2009 Direct Fund	24,713	24,713		
27/01/2014		Partners Group Asia - Pacific 2011 L.P.	241,038	241,038		
29/01/2014		Longwall Ventures ECF Limited Partner AC	90,000	90,000		
31/01/2014		Adams Street 2009 US Fund	113,430	113,430		
31/01/2014		Adams Street 2013 Global Fund	231,150	231,150		
17/02/2014		Adams Street 2009 Non US Developed Mkts Fund	96,971	96,971		
20/02/2014		Adams Street 2009 Non US Emerging Mkts Fund	51,021	51,021		
28/02/2014		Adams Street 2007 Non US Fund	170,069	170,069		
03/03/2014		Adams Street 2009 Direct Fund	14,750	14,750		
13/03/2014		Longwall Ventures ECF Limited Partner AC	60,000	60,000		
19/03/2014		Adams Street 2008 Direct Fund	14,844	14,844		
19/03/2014		Adams Street 2009 Direct Fund	11,881	11,881		
19/03/2014		Adams Street 2013 Global Fund	230,940	230,940		
26/03/2014		Partners Group Asia - Pacific 2011 L.P.	242,098	242,098		
28/03/2014		Partners Group Secondary 2011 L.P.	1,522,616	1,522,616		
			<b>3,222,842</b>	<b>3,222,842</b>		
		<b>SALES</b>				
		<b>LIMITED PARTNERSHIP FUND OF FUNDS</b>				
		<b>CAPITAL DISTRIBUTIONS</b>				
17/01/2014		Adams Street 2008 US Fund	(207,470)		(207,470)	
23/01/2014		Partners Group Secondary 2008 L.P.	(483,848)		(483,848)	
31/01/2014		Adams Street 2009 US Fund	(37,759)		(37,759)	
17/02/2014		Adams Street 2009 Non US Developed Mkts Fund	(50,088)		(50,088)	
20/02/2014		Adams Street 2008 Direct Fund	(23,789)		(23,789)	
28/02/2014		Adams Street 2007 Non US Fund	(295,892)		(295,892)	
19/03/2014		Partners Group Asia - Pacific 2007 L.P.	(198,793)		(198,793)	
19/03/2014		Partners Group Secondary 2006 L.P.	(121,396)		(121,396)	
19/03/2014		Partners Group Secondary 2008 L.P.	(394,575)		(394,575)	
28/03/2014		Partners Group Secondary 2011 L.P.	(323,955)		(323,955)	
			<b>(2,137,565)</b>		<b>(2,137,565)</b>	
		<b>CORPORATE ACTION</b>				
17/01/2014		HarbourVest European Senior Loans - Return of Capital	(133,632)		(133,632)	0.000
06/02/2014	(175,147)	Schroder Private Equity - Repurchase	(113,398)		(345,984)	232,587
12/02/2014	(132,519)	Henderson Private Equity - Liquidation	0.000		(64,934)	64,934
07/03/2014	(161,544)	Northern Investors - Repurchase	(257,706)		(670,408)	412,701
14/03/2014		KKR - Return of Capital	(63,442)		(63,442)	0
			<b>(568,178)</b>		<b>(1,278,400)</b>	<b>710,222</b>
		<b>TOTALS</b>	<b>517,099</b>	<b>3,222,842</b>	<b>(3,415,965)</b>	<b>710,222</b>

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND****PERFORMANCE TO 31st MARCH 2014****COMBINED PORTFOLIO (BY ASSET CLASS)**

ASSET	% weighting of fund as at 31st March 2014	QUARTER ENDED 31st March 2014			12 MONTHS ENDED 31st March 2014			THREE YEARS ENDED 31st March 2014			FIVE YEARS ENDED 31st March 2014		
		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	10.2%	0.5	0.9	0.4	6.8	5.7	-1.1	7.7	7.2	-0.5	14.9	14.8	-0.1
UK EQUITIES	30.7%	-0.6	-0.3	0.3	8.8	9.9	1.1	8.8	11.0	2.2	16.3	18.2	1.9
OVERSEAS EQUITIES	22.4%	0.7	0.7	0.0	6.8	7.7	0.9	7.6	6.1	-1.5	14.9	14.2	-0.7
UK GOVERNMENT BONDS	4.5%	2.1	2.3	0.2	-2.6	-2.5	0.1	5.5	5.0	-0.5	4.5	4.3	-0.2
UK CORPORATE BONDS	3.2%	2.4	2.9	0.5	1.5	0.9	-0.6	7.3	7.4	0.1	9.5	10.0	0.5
OVERSEAS BONDS*	2.6%	2.0	7.0	5.0	-8.5	-3.7	4.8	0.6	2.5	1.9	1.4	3.0	1.6
UK INDEX LINKED GILTS	5.0%	3.6	3.6	0.0	-4.4	-4.5	-0.1	8.9	9.3	0.4	8.8	9.4	0.6
TOTAL PRIVATE EQUITY	9.1%	1.4	5.6	4.2	20.4	7.6	-12.8	14.5	10.3	-4.2	23.7	18.7	-5.0
HEDGE FUNDS	2.2%	0.9	2.6	1.7	3.5	7.9	4.4	3.7	3.4	-0.3	3.7	5.9	2.2
PROPERTY ASSETS	6.0%	3.3	2.4	-0.9	11.9	10.5	-1.4	6.1	6.0	-0.1	7.8	8.4	0.6
TOTAL CASH	4.1%	-	0.4	-	-	8.3	-	-	3.6	-	-	2.1	-
<b>TOTAL FUND</b>	100%	<b>0.9</b>	<b>1.4</b>	<b>0.5</b>	<b>7.5</b>	<b>6.7</b>	<b>-0.8</b>	<b>8.5</b>	<b>8.2</b>	<b>-0.3</b>	<b>14.2</b>	<b>13.5</b>	<b>-0.7</b>

\* This includes L&amp;G Currency Hedging for Overseas bonds

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND****PERFORMANCE TO 31st MARCH 2014****COMBINED PORTFOLIO ( BY FUND MANAGER)**

FUND MANAGER	% Weighting of Fund as at 31st March 2014	QUARTER ENDED 31st March 2014			12 MONTHS ENDED 31st March 2014			THREE YEARS ENDED 31st March 2014			FIVE YEARS ENDED 31st March 2014		
		BENCHMARK	OXFORDSHIRE	VARIATION	BENCHMARK	OXFORDSHIRE	VARIATION	BENCHMARK	OXFORDSHIRE	VARIATION	BENCHMARK	OXFORDSHIRE	VARIATION
		RETURN %	TOTAL FUND %	%	RETURN %	TOTAL FUND %	%	RETURN %	TOTAL FUND %	%	RETURN %	TOTAL FUND %	%
BAILLIE GIFFORD UK EQUITIES	21.0%	-0.6	0.1	0.7	8.8	11.1	2.3	8.8	12.3	3.5	16.3	19.4	3.1
WELLINGTON GLOBAL EQUITIES	11.9%	0.4	1.0	0.6	6.2	5.5	-0.7	-	-	-	-	-	-
L&G UK EQUITIES - PASSIVE	9.0%	-1.3	-1.3	0.0	6.7	6.7	0.0	7.6	7.7	0.1	15.0	15.2	0.2
L&G GLOBAL EX UK EQUITIES - PASSIVE	8.6%	0.9	0.8	-0.1	7.7	7.7	0.0	-	-	-	-	-	-
L&G FIXED INCOME	15.9%	2.7	2.7	0.0	-1.1	-1.4	-0.3	7.2	7.2	0.0	7.6	8.2	0.6
PARTNERS GROUP PROPERTY	0.8%	3.3	0.7	-2.6	11.9	1.1	-10.8	6.1	7.6	1.5	-	-	-
PRIVATE EQUITY	9.1%	1.4	5.6	4.2	20.4	7.6	-12.8	14.5	10.3	-4.2	23.7	18.7	-5.0
UBS OVERSEAS EQUITIES	13.9%	0.3	0.5	0.2	6.0	7.7	1.7	6.5	6.2	-0.3	13.9	14.3	0.4
UBS PROPERTY	5.5%	3.3	2.4	-0.9	11.9	11.0	-0.9	6.1	5.7	-0.4	7.8	7.5	-0.3
UBS HEDGE FUNDS	2.2%	0.9	2.6	1.7	3.5	7.9	4.4	3.7	3.4	-0.3	3.7	5.8	2.1
IN-HOUSE CASH	2.2%	0.1	0.2	0.1	0.4	0.5	0.1	0.4	0.9	0.5	0.4	1.2	0.8
<b>TOTAL FUND</b>	<b>100.0%</b>	<b>0.9</b>	<b>1.4</b>	<b>0.5</b>	<b>7.5</b>	<b>6.7</b>	<b>-0.8</b>	<b>8.5</b>	<b>8.2</b>	<b>-0.3</b>	<b>14.2</b>	<b>13.5</b>	<b>-0.7</b>

\* This includes L&amp;G Currency Hedging for Overseas bonds



**OXFORDSHIRE COUNTY COUNCIL PENSION FUND**

**PERFORMANCE TO 31st MARCH 2014**

**BAILLIE GIFFORD - UK EQUITIES ACTIVE MANDATE**

**TABLE 15**

ASSET	QUARTER ENDED 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	-0.6	0.1	0.7	8.8	11.5	2.7	8.8	12.8	4.0	16.3	19.9	3.6
TOTAL CASH	-	0.1	-	-	0.4	-	-	0.5	-	-	0.6	-
<b>TOTAL ASSETS</b>	<b>-0.6</b>	<b>0.1</b>	<b>0.7</b>	<b>8.8</b>	<b>11.1</b>	<b>2.3</b>	<b>8.8</b>	<b>12.3</b>	<b>3.5</b>	<b>16.3</b>	<b>19.4</b>	<b>3.1</b>

**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 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	0.4	0.9	0.5	6.2	5.7	-0.5	-	-	-	-	-	-
TOTAL CASH	-	13.6	-	-	2.1	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>0.4</b>	<b>1.0</b>	<b>0.6</b>	<b>6.2</b>	<b>5.5</b>	<b>-0.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**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 MARCH 2014**

**LEGAL & GENERAL - PASSIVE EQUITY INDEX FUNDS**

**TABLE 17**

ASSET	QUARTER ENDED 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	-1.3	-1.3	0.0	6.7	6.7	0.0	7.6	7.7	0.1	15.0	15.2	0.2
2 L&G WORLD (EX-UK) EQUITY FUND	0.9	0.8	-0.1	7.7	7.7	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 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	2.1	2.3	0.2	-2.6	-2.8	-0.2	5.5	4.9	-0.6	4.5	4.3	-0.2
UK CORPORATE BONDS	2.4	2.9	0.5	1.5	0.5	-1.0	7.3	7.3	0.0	9.5	10.0	0.5
OVERSEAS BONDS*	2.2	2.1	-0.1	1.5	1.8	0.3	4.5	4.41	-0.1	3.7	2.9	-0.8
UK INDEX LINKED	3.6	3.6	0.0	-4.4	-4.5	-0.1	8.9	9.3	0.4	8.8	9.4	0.6
CASH/ALTERNATIVES*	-	n/a	-	-	n/a	-	-	n/a	-	-	n/a	-
<b>TOTAL ASSETS</b>	<b>2.7</b>	<b>2.7</b>	<b>-0.1</b>	<b>-1.1</b>	<b>-1.4</b>	<b>-0.3</b>	<b>7.2</b>	<b>7.2</b>	<b>0.0</b>	<b>7.6</b>	<b>8.2</b>	<b>0.6</b>

\* 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 MARCH 2014**

**INDEPENDENT ADVISOR - PRIVATE EQUITY**

**TABLE 19**

ASSET	QUARTER ENDED 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	1.4	5.4	4.0	20.4	8.3	-12.1	14.5	11.8	-2.7	23.7	23.6	-0.1
LIMITED LIABILITY PARTNERSHIPS	-	6.1	-	-	6.4	-	-	7.9	-	-	5.2	-
<b>TOTAL ASSETS</b>	<b>1.4</b>	<b>5.6</b>	<b>4.2</b>	<b>20.4</b>	<b>7.6</b>	<b>-12.8</b>	<b>14.5</b>	<b>10.3</b>	<b>-4.2</b>	<b>23.7</b>	<b>18.7</b>	<b>-5.0</b>

**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 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	-	0.7	-	-	1.1	-	-	7.6	-	-	-	-
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS*</b>	<b>3.3</b>	<b>0.7</b>	<b>-2.6</b>	<b>11.9</b>	<b>1.1</b>	<b>-10.8</b>	<b>6.1</b>	<b>7.6</b>	<b>1.5</b>	<b>-</b>	<b>-</b>	<b>-</b>

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND**

**PERFORMANCE TO 31st MARCH 2014**

**UBS GLOBAL ASSET MANAGEMENT- OVERSEAS EQUITIES**

**TABLE 21**

ASSET	QUARTER ENDED 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	0.3	0.5	0.2	6.0	7.7	1.7	6.5	6.2	-0.3	13.9	14.3	0.4
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>0.3</b>	<b>0.5</b>	<b>0.2</b>	<b>6.0</b>	<b>7.7</b>	<b>1.7</b>	<b>6.5</b>	<b>6.2</b>	<b>-0.3</b>	<b>13.9</b>	<b>14.3</b>	<b>0.4</b>

**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 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	3.3	2.7	-0.6	11.9	12.2	0.3	6.1	6.3	0.2	7.8	8.6	0.8
TOTAL CASH*	-	-0.7	-	-	3.9	-	-	1.4	-	-	-	-
<b>TOTAL ASSETS**</b>	<b>3.3</b>	<b>2.4</b>	<b>-0.9</b>	<b>11.9</b>	<b>11.0</b>	<b>-0.9</b>	<b>6.1</b>	<b>5.7</b>	<b>-0.4</b>	<b>7.8</b>	<b>7.5</b>	<b>-0.3</b>

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

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

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

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND**

**INVESTMENT PERFORMANCE TIME WEIGHTED RATES OF RETURN FOR PERIODS ENDED 31st MARCH 2014**

**UBS GLOBAL ASSET MANAGEMENT - HEDGE FUNDS**

**TABLE 23**

ASSET	QUARTER ENDED 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	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	2.6	1.7	3.5	7.9	4.4	3.7	3.4	-0.3	3.7	5.9	2.2
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>0.9</b>	<b>2.6</b>	<b>1.7</b>	<b>3.5</b>	<b>7.9</b>	<b>4.4</b>	<b>3.7</b>	<b>3.4</b>	<b>-0.3</b>	<b>3.7</b>	<b>5.8</b>	<b>2.1</b>

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

**INTERNALLY MANAGED CASH**

**TABLE 24**

ASSET	QUARTER ENDED 31/03/2014			12 MONTHS ENDED 31/03/2014			THREE YEARS ENDED 31/03/2014			FIVE YEARS ENDED 31/03/2014		
	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
INTERNALLY MANAGED CASH*	0.1	0.2	0.1	0.4	0.5	0.1	0.4	0.9	0.5	0.4	1.2	0.8
<b>TOTAL ASSETS</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.4</b>	<b>0.5</b>	<b>0.1</b>	<b>0.4</b>	<b>0.9</b>	<b>0.5</b>	<b>0.4</b>	<b>1.2</b>	<b>0.8</b>

\* This portfolio includes cash held at the Custodian

OXFORDSHIRE COUNTY COUNCIL PENSION FUNDTOP 20 HOLDINGS AT 31/03/2014

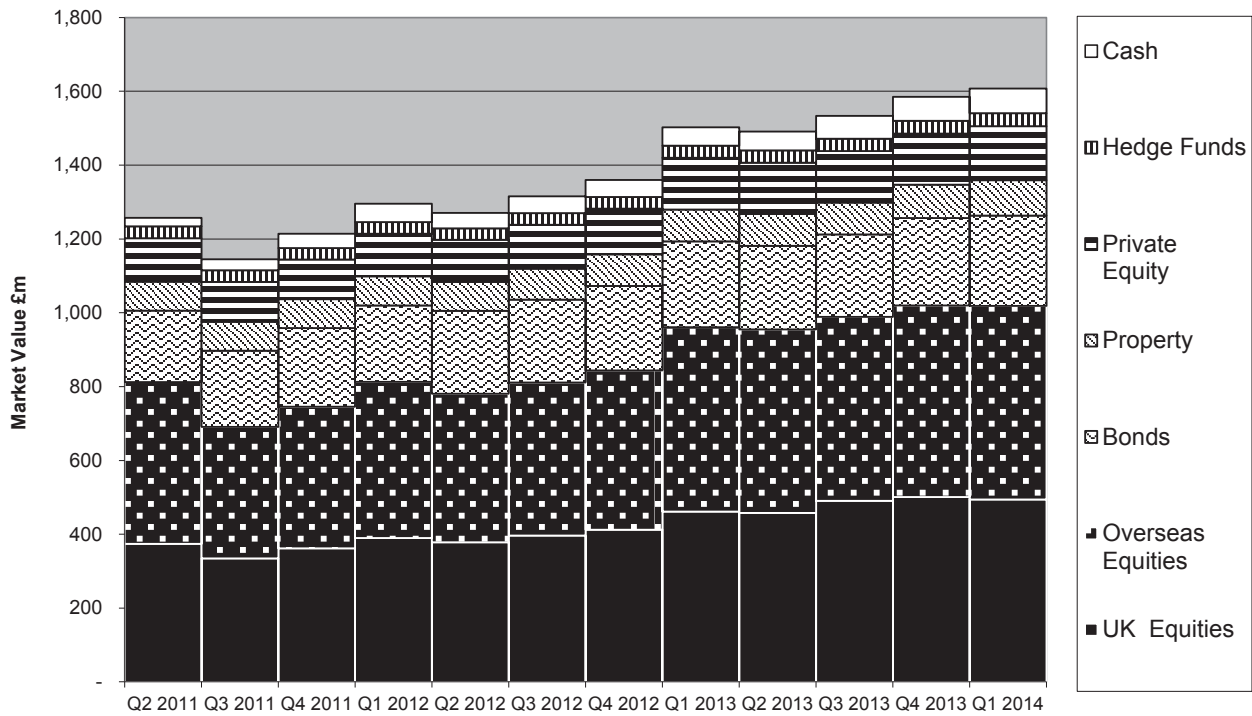
ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
<b><u>DIRECT HOLDINGS</u></b>		
1 ELECTRA PRIVATE EQUITY PLC	26,440,978	1.64
2 HGCAPITAL TRUST PLC	20,326,340	1.26
3 BRITISH AMERICAN TOBACCO PLC	15,567,213	0.97
4 BG GROUP PLC	14,742,881	0.92
5 ASHTEAD GROUP PLC	12,576,997	0.78
6 HSBC HOLDINGS PLC	11,887,741	0.74
7 ST JAMESS PLACE PLC	11,151,832	0.69
8 BUNZL PLC	10,701,802	0.67
9 PRUDENTIAL PLC	10,118,774	0.63
10 ROYAL DUTCH SHELL PLC-B SHS	9,997,937	0.62
11 F&C PRIVATE EQUITY TRUST-B	9,422,400	0.59
12 LEGAL & GENERAL GROUP PLC	9,289,286	0.58
13 STANDARD LIFE EURO PR EQ ORD	9,046,274	0.56
14 IMPERIAL TOBACCO GROUP PLC	8,186,360	0.51
15 BHP BILLITON PLC	7,634,898	0.47
16 MEGGITT PLC	7,546,808	0.47
17 WEIR GROUP PLC/THE	7,280,856	0.45
18 UNILEVER PLC	7,061,804	0.44
19 RIO TINTO PLC	7,054,418	0.44
20 ROLLS-ROYCE HOLDINGS PLC	6,920,061	0.43
<b>TOP 20 HOLDINGS MARKET VALUE *</b>	<b>222,955,661</b>	<b>13.86</b>
* Excludes investments held within Pooled Funds		
<b><u>POOLED FUNDS AT 31/03/2014</u></b>		
1 UBS LIFE GL OPT THIRDS-A	205,354,381	12.77
2 HP UK FTSE 100 EQUITY INDEX	145,111,685	9.03
3 L&G WORLD (EX UK) EQUITY INDEX	137,950,442	8.58
4 LEGAL AND GENERAL TD CORE PLUS	96,387,956	6.00
5 UBS GLB EMER MKT EQ ACCUM SHS CLASS K	17,365,301	1.08
<b>TOTAL POOLED FUNDS MARKET VALUE</b>	<b>602,169,765</b>	<b>37.46</b>
<b>TOTAL FUND MARKET VALUE</b>	<b>1,607,503,000</b>	

**OXFORDSHIRE COUNTY COUNCIL PENSION FUND**

**GRAPH 1**

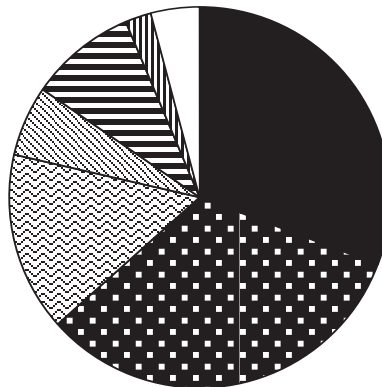
**MARKET VALUE OF TOTAL FUND**

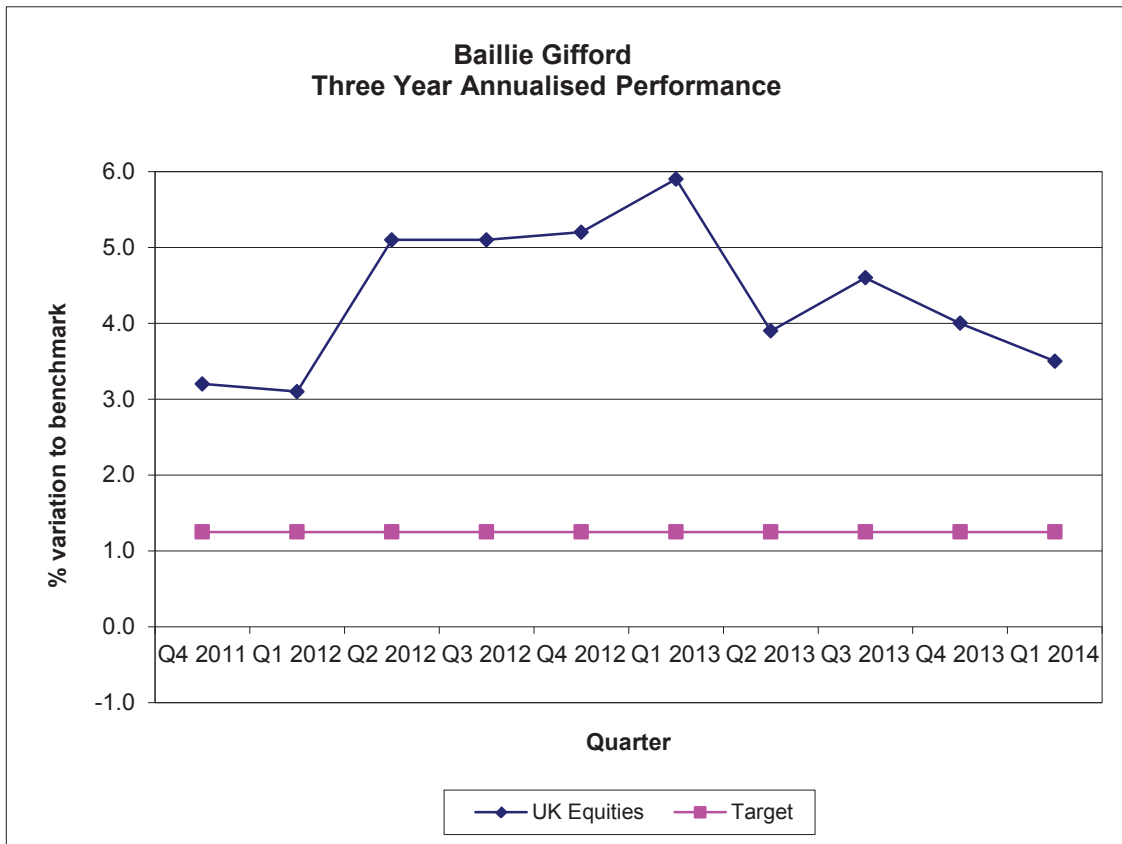
**TOTAL FUND MARKET VALUE BY ASSET CLASS**



**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	1,607.5





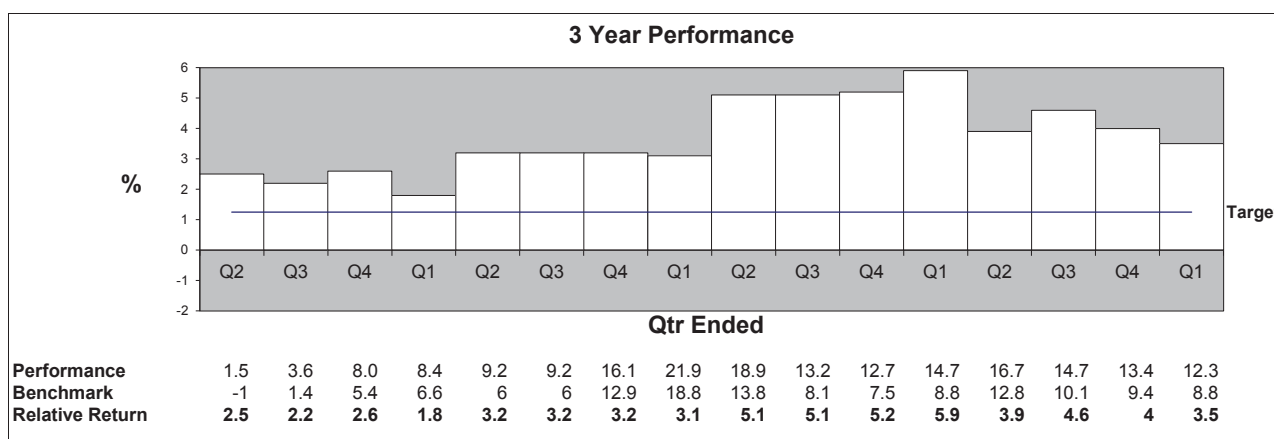
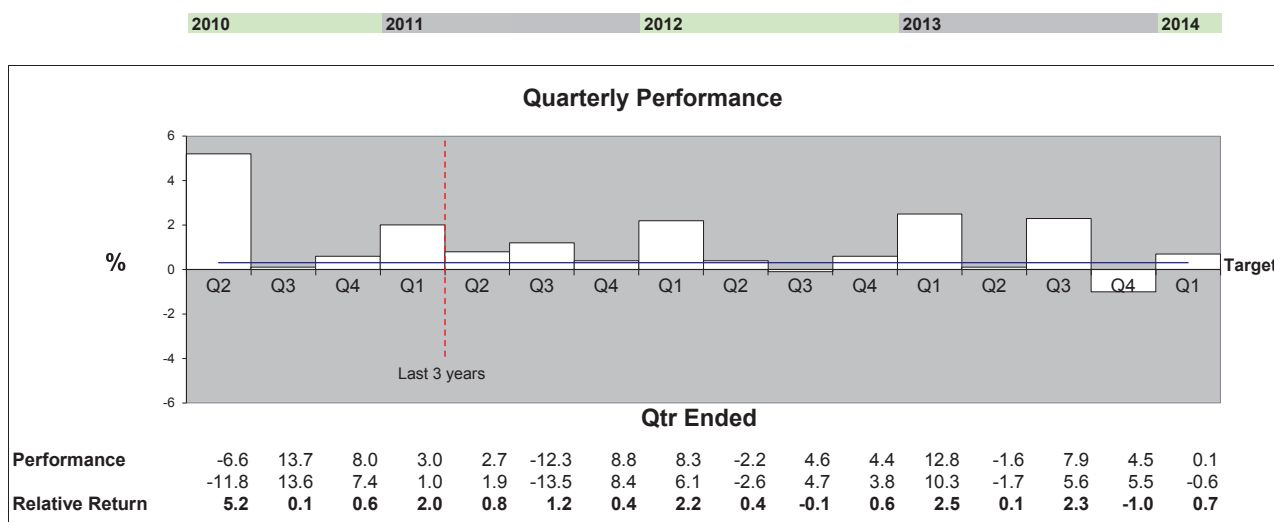
**Baillie Gifford Three Year Annualised Performance**

	UK Equities	Target
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
Q1 2014	3.5	1.25



PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 3



**Target Returns**

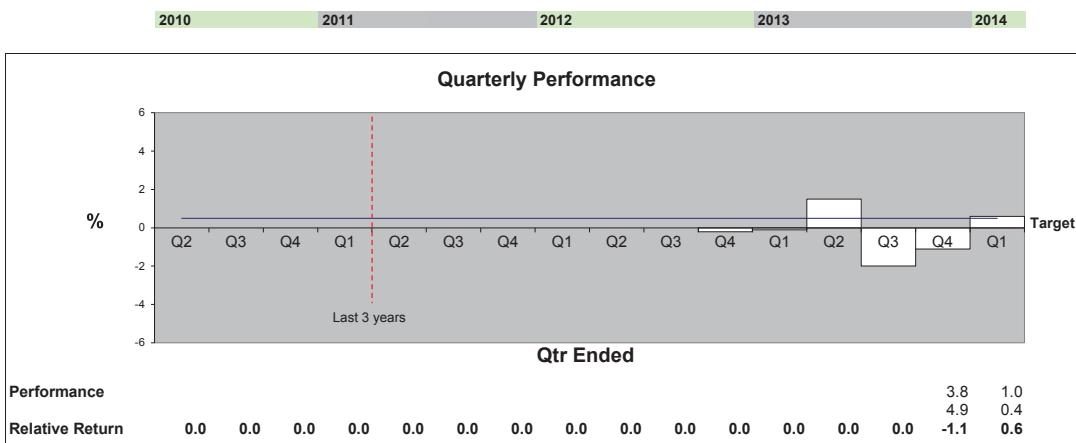
Rolling annual target of 1.25% above benchmark

**Top 10 holdings at 31/03/2014**

Rank	Holding	Value £	% of portfolio
1	BRITISH AMERICAN TOBACCO PLC	12,773,050	3.78
2	ASHTHEAD GROUP PLC	12,576,997	3.73
3	BG GROUP PLC	11,932,297	3.53
4	ST JAMESS PLACE PLC	11,151,832	3.30
5	BUNZL PLC	10,701,802	3.17
6	PRUDENTIAL PLC	10,118,774	2.99
7	HSBC HOLDINGS PLC	10,050,040	2.97
8	ROYAL DUTCH SHELL PLC-B SHS	9,997,937	2.96
9	LEGAL & GENERAL GROUP PLC	9,289,286	2.75
10	IMPERIAL TOBACCO GROUP PLC	8,186,360	2.42
<b>Top 10 Holdings Market Value</b>		<b>106,778,376</b>	<b>31.60</b>
<b>Total Baillie Gifford Market Value</b>		<b>337,924,000</b>	



Top 10 holdings excludes investments held within pooled funds.



**Target Returns**

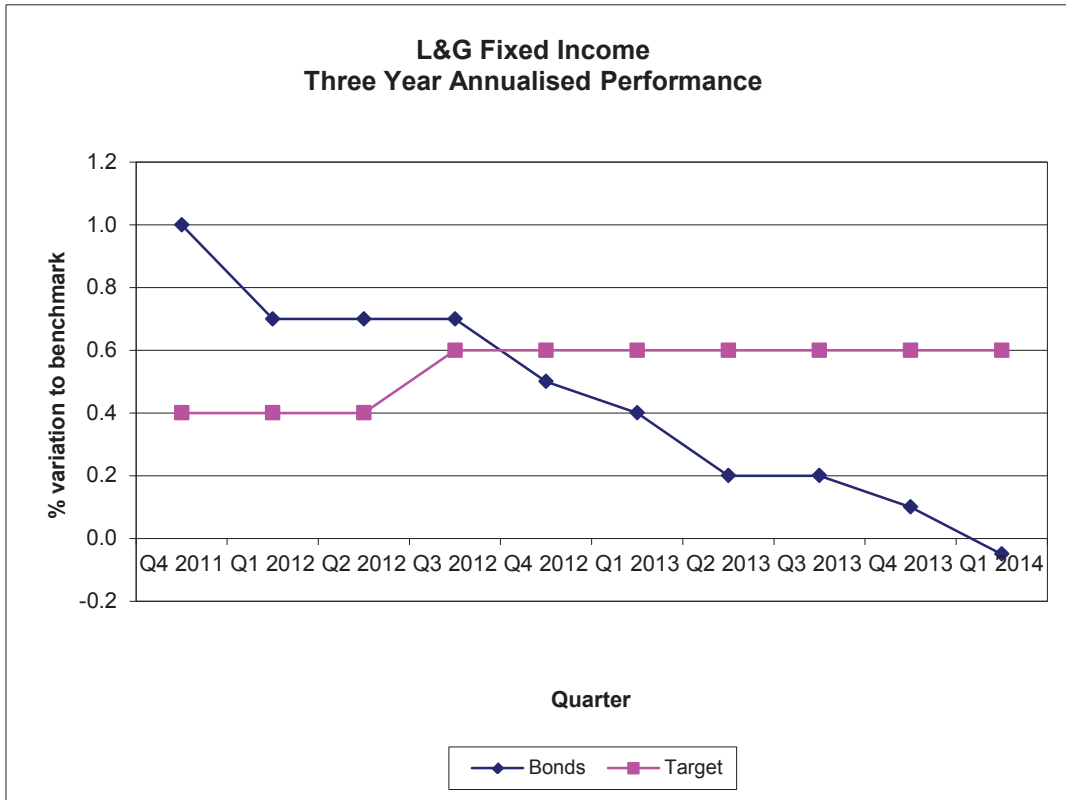
Rolling annual target of 2% above benchmark

**Top 10 holdings at 31/03/2014**

Holding	Value £	% of portfolio
1 MERCK & CO. INC.	5,591,147	2.93
2 WELLS FARGO & CO	4,016,653	2.10
3 MAXIM INTEGRATED PRODUCTS	3,936,847	2.06
4 JPMORGAN CHASE & CO	3,689,348	1.93
5 PNC FINANCIAL SERVICES GROUP	3,526,870	1.85
6 MICROSOFT CORP	3,163,480	1.66
7 TAIWAN SEMICONDUCTOR-SP ADR	3,120,616	1.64
8 ROCHE HOLDING AG-GENUSSCHEIN	3,073,661	1.61
9 INTERNATIONAL PAPER CO	3,072,324	1.61
10 EMC CORP/MASS	3,068,192	1.61
<b>Top 10 Holdings Market Value</b>	<b>36,259,139</b>	<b>19.00</b>
<b>Total Wellington Market Value</b>	<b>190,821,000</b>	

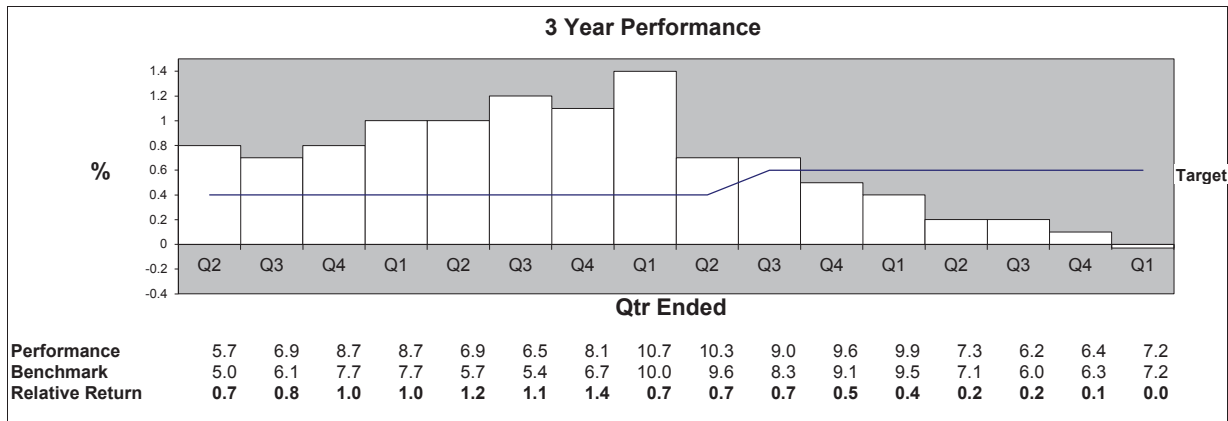
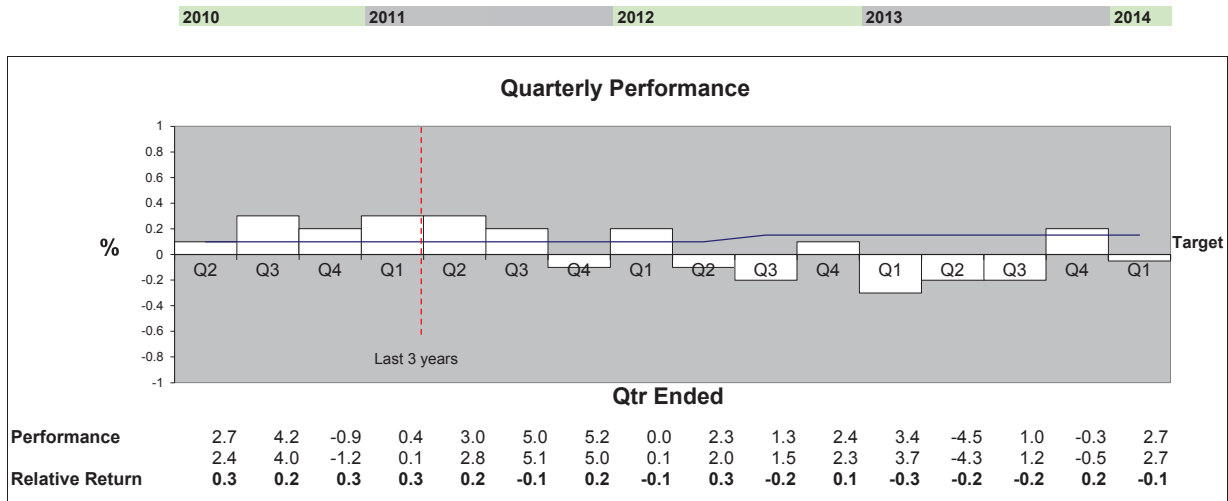


Top 10 holdings excludes investments held within pooled funds.



**L&G Fixed Income Three Year Annualised Performance**

	Bonds	Target
Q4 2011	1.0	0.4
Q1 2012	0.7	0.4
Q2 2012	0.7	0.4
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
Q1 2014	-0.1	0.6



**Target Returns**

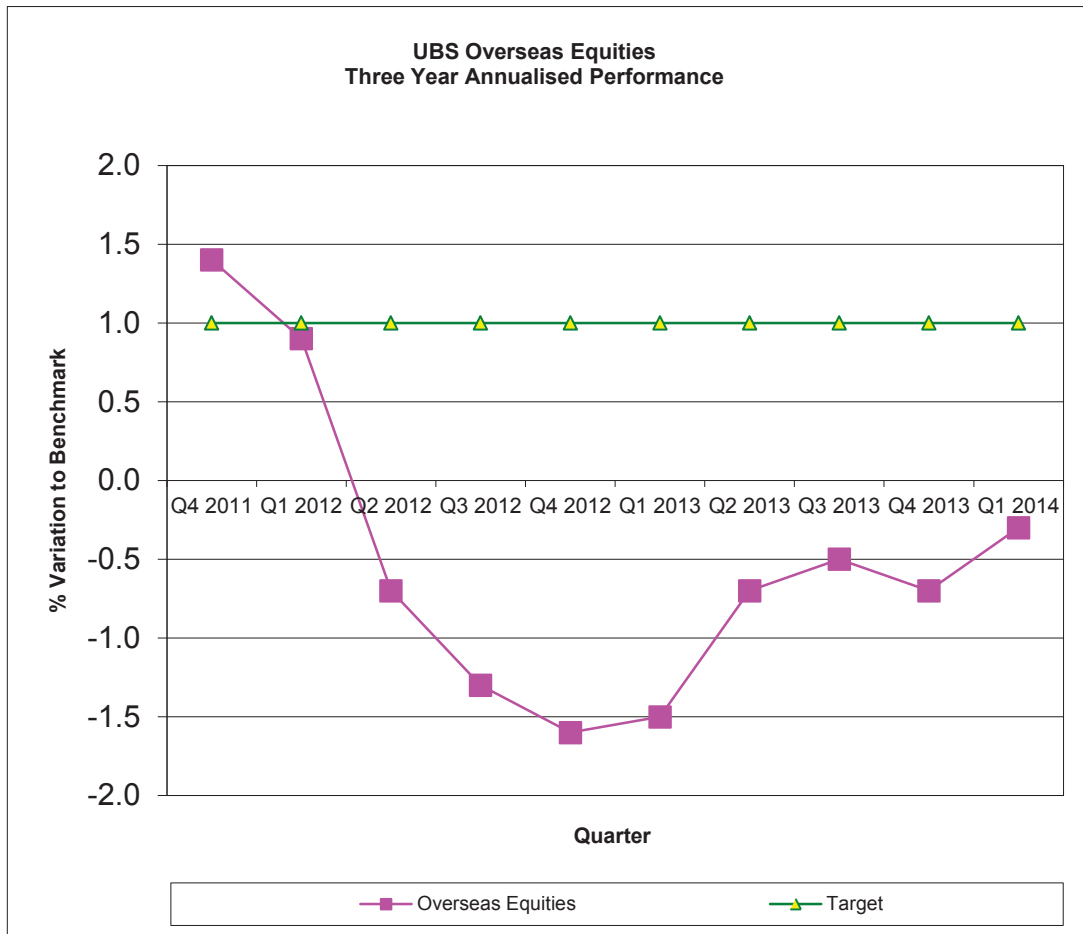
Rolling annual target of 0.60% above benchmark

**Top 10 holdings at 31/03/2014**

Holding	Value £	% of portfolio
1 UK TSY I/L STOCK 2.5% 83-16/04/2020	6,579,966	2.57
2 UK TSY I/L STOCK 2.5% 86-17/07/2024	5,406,998	2.11
3 UK TSY I/L GILT 1.25% 06-22/11/2027	4,725,893	1.85
4 UK TSY I/L GILT 1.25% 05-22/11/2055	4,620,353	1.81
5 UK TSY I/L GILT 1.25% 08-22/11/2032	4,459,650	1.74
6 UK TSY I/L GILT 1.125% 07-22/11/2037	4,266,294	1.67
7 UK TSY I/L GILT 0.125% 12-22/03/2044	3,983,297	1.56
8 UK TSY I/L STOCK 2% 02-26/01/2035	3,846,950	1.50
9 UK TREASURY 4.25% 06-07/12/2046	3,840,165	1.50
10 UK TSY I/L GILT 0.375% 11-22/03/2062	3,779,255	1.48
<b>Top 10 Holdings Market Value</b>	<b>45,508,822</b>	<b>17.79</b>
<b>Total Legal &amp; General Market Value</b>	<b>255,877,000</b>	

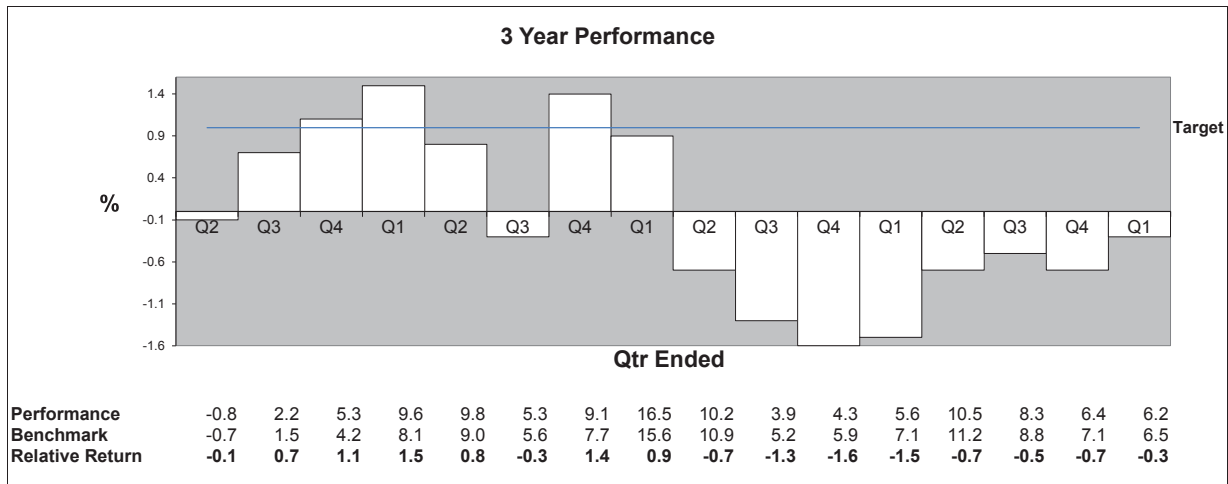
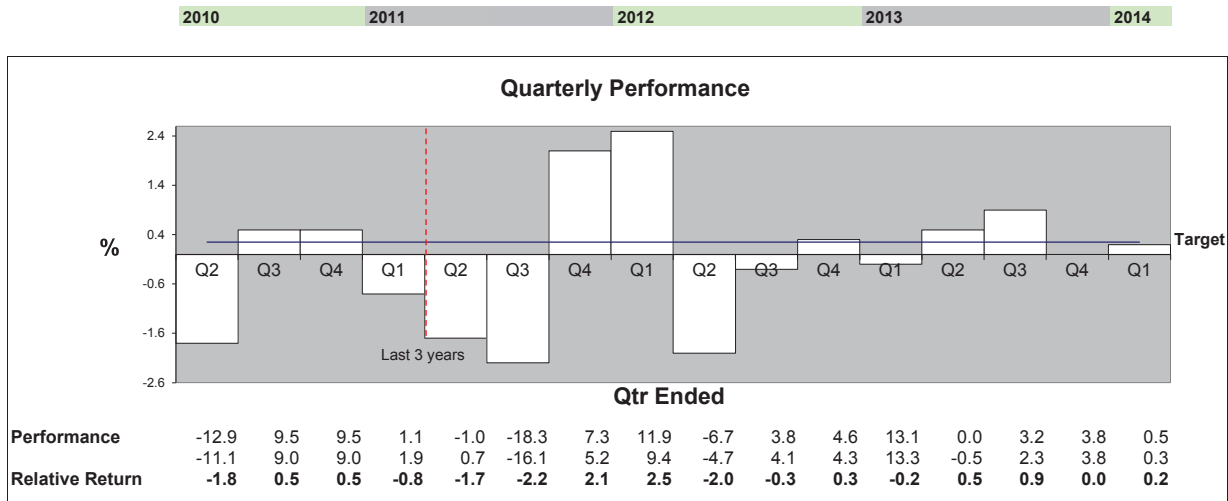
**Legal & General**

Top 10 holdings excludes investments held within pooled funds.



**UBS Three Year Annualised Performance**

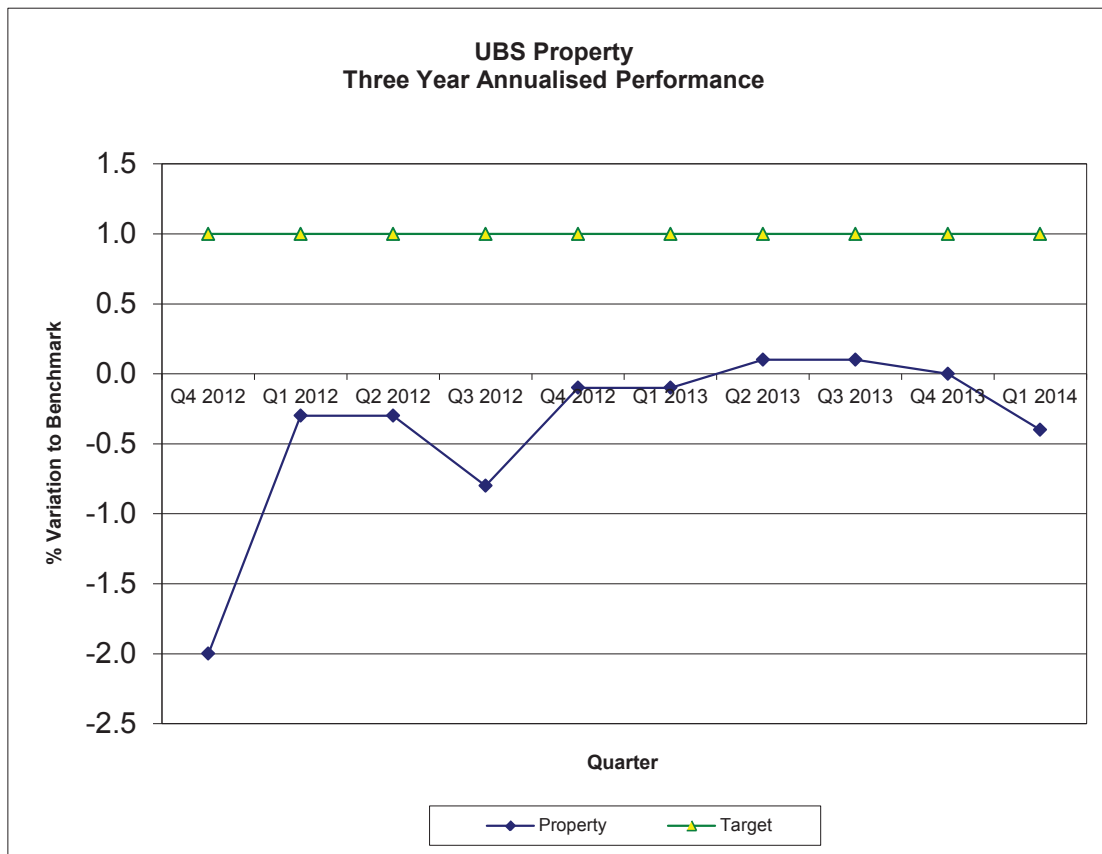
	Overseas Equities	Target
Q4 2011	1.4	1.0
Q1 2012	0.9	1.0
Q2 2012	-0.7	1.0
Q3 2012	-1.3	1.0
Q4 2012	-1.6	1.0
Q1 2013	-1.5	1.0
Q2 2013	-0.7	1.0
Q3 2013	-0.5	1.0
Q4 2013	-0.7	1.0
Q1 2014	-0.3	1.0



**Target Returns**

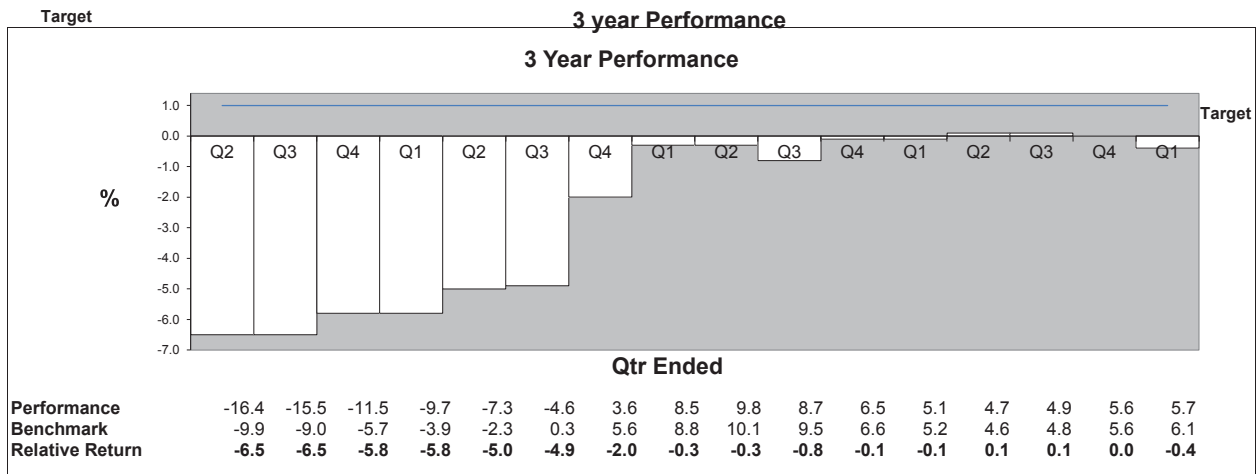
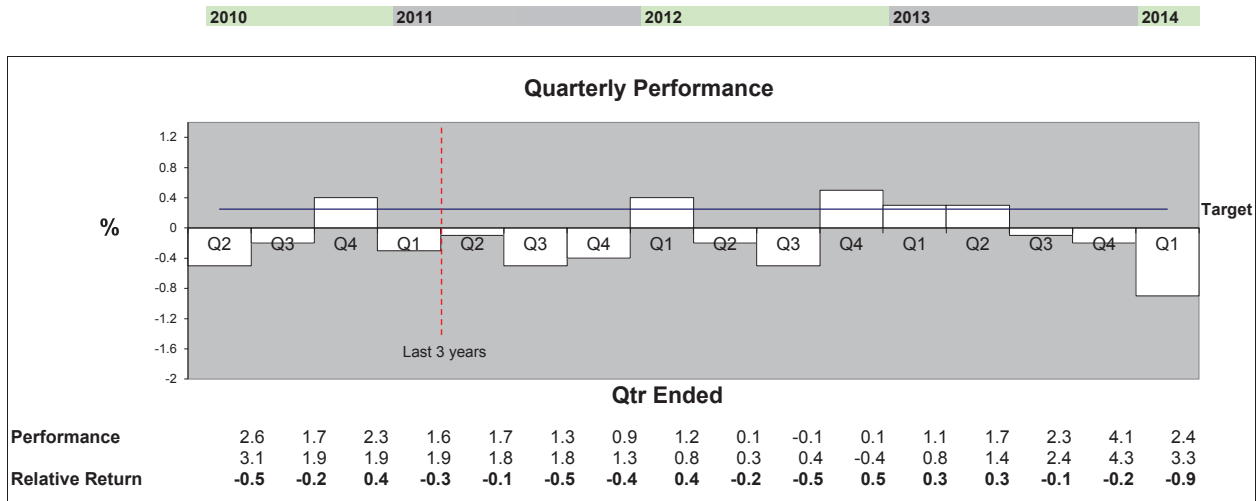
Rolling annual target of 1.00% above benchmark

**UBS -  
Overseas  
Equities**



**UBS Three Year Annualised Performance**

	Property	Target
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
Q1 2014	-0.4	1.0



**Target Returns**

Rolling annual target of 1.0% above benchmark

**Top 10 holdings at 31/03/2014**

Holding	Value £	% of portfolio
1 BLACKROCK UK PROPERTY FUND-I	10,554,335	12.02
2 SCHRODER UK PROPERTY-INC	6,818,920	7.76
3 STANDARD LIFE POOLED PPTY FD	6,454,181	7.35
4 PRUDENTIAL MGD PROP CORP-P	5,879,066	6.69
5 HENDERSON OUTLET MALL FUND CL	5,477,554	6.24
<b>Top 10 Holdings Market Value</b>	<b>35,184,056</b>	<b>40.06</b>
<b>Total UBS Property Market Value</b>	<b>87,826,000</b>	

**UBS -  
Property**



QUARTERLY REVIEW PREPARED FOR

**Oxfordshire Council Pension Fund**

**Q1 2014**

9 May 2014

**Peter Davies**

**AllenbridgeEpic Investment Advisers Limited (AllenbridgeEpic)**

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## OXFORDSHIRE PENSION FUND COMMITTEE - 6 June 2014

### OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

#### Report by the Independent Financial Adviser

#### Economy

1. The UK economy grew by 1.7% in 2013, well ahead of forecasts made even as recently as last summer, while the Office of Budget Responsibility expects 2.7% growth in 2014, and the Bank of England 3.4%. Meanwhile, the rate of UK inflation, as measured by CPI, fell to its target level of 2% in December and has since fallen to 1.6% for the year to March. Growth in the United States is on an improving path, while Europe looks to be coming out of its recession. The concern of European policymakers is the low rate of inflation, for which further measures may need to be taken. In Japan the effects of the 3% increase in consumption tax introduced on April 1 will be closely watched.

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

<b>Consensus real growth (%)</b>					<b>Consumer prices latest (%)</b>
	<b>2012</b>	<b>2013</b>	<b>2014E</b>	<b>2015E</b>	
<b>UK</b>	-0.1	+1.7	(+2.7) +2.9	+2.5	<b>+1.6 (CPI)</b>
<b>USA</b>	+2.2	+1.9	(+2.9) +2.6	+3.0	+1.7
<b>Eurozone</b>	-0.5	-0.4	(+1.0) +1.2	+1.5	+0.9
<b>Japan</b>	+1.9	+1.7	(+1.6) +1.2	+1.3	+2.6
<b>China</b>	+7.8	+7.7	(+7.2) +7.3	+6.9	+2.8

Source of Estimates: The Economist 10<sup>th</sup> May 2014]

2. In the UK Budget on March 19<sup>th</sup>, George Osborne reaffirmed the tight controls on government spending. While the fiscal deficit is expected to fall to 5.5% of GDP in 2014/15, there will not be a fiscal surplus until the 2018/19 tax year. The most significant change he announced was the removal of the obligation on retirees to buy an annuity with part of their pension pot. There were also large increases in the annual ISA allowance, and several measures to encourage individuals to save.

3. The new Chairman of the US Federal Reserve, Barbara Yellen, has continued to taper the amount of Quantitative Easing by \$10bn per month; she also hinted in March that the first rise in US interest rates may occur in the first half of 2015, rather than at the end of 2015 as markets had anticipated. US employment data has been strong, with an average of 202,000 new jobs per month in the six months to March, while the rate of unemployment has fallen to 6.3%.
4. In Europe there have been changes in the Italian and French cabinets. In Italy the Prime Minister Mario Letta was ousted by party colleague Matteo Renzi, the youthful mayor of Florence, who has promised to introduce structural reforms to the Italian economy. Changes along these lines may also be imminent in France, where President Hollande responded to poor results for his Socialist Party in local elections by reshaping his cabinet, and installing Manuel Valls as Prime Minister.
5. After several days of increasingly violent street demonstrations in Kiev, President Yanukovich departed for Russia on February 22nd. The province of Crimea was then encircled by pro-Russian forces and, after a referendum on March 16<sup>th</sup>, annexed by Russia. There remains a distinct possibility that Russia will try to persuade the eastern part of Ukraine to re-align with Russia, in opposition to the wishes of Western European and US governments. Investors are concerned that further escalation could have an impact on the gas and oil supplies which Russia exports via Ukraine, as well as on trade with Russia. The EU and USA have begun to impose financial sanctions on Russia.

## Markets

6. **Equity** markets ended the quarter little changed, although Japan was a notable faller, and the UK market weakened slightly. Emerging Markets recovered some of the losses they had suffered after the Argentine currency crisis in January, although they remain very sensitive to the Ukraine situation. Unsurprisingly Russian shares lost 16% in sterling terms during the quarter, but within Europe there were good gains from some of the peripherals - Greece (+17%), Ireland (+16%) and Italy (+14%). April saw very little net movement in equities, the only outlier being Japan which fell by 4%.

	<b>Capital return (in £, %) to 31.03.14</b>		
<b>Weight %</b>	<b>Region</b>	<b>3 months</b>	<b>12 months</b>
<b>100.0</b>	<b>FTSE All-World Index</b>	<b>- 0.1</b>	<b>+ 4.0</b>
51.7	FTSE All-World North America	+ 0.7	+ 8.0
7.8	FTSE All-World Japan	- 6.8	- 3.4

11.6	FTSE All-World Asia Pacific ex Japan	- 0.2	- 9.3
17.9	FTSE All-World Europe (ex-UK)	+ 1.8	+11.8
7.8	FTSE All-World UK	- 2.4	+ 2.8
9.0	FTSE All-World Emerging Markets	- 1.1	- 13.5

[Source: FTSE All-World Review, March 2014]

In the US, the S&P 500 Index reached a new high of 1872 at the end of March, having risen 33% during the past two years.



Within the UK equity market, mid- and small-cap companies continued to outperform the FTSE 100 shares, as shown in the following table.

(Capital only %, to 31.03.14)	3 months	12 months
<b>FTSE 100</b>	<b>- 2.2</b>	<b>+ 2.9</b>
<b>FTSE 250</b>	<b>+ 2.1</b>	<b>+16.9</b>
<b>FTSE Small Cap</b>	<b>+ 0.9</b>	<b>+17.5</b>
<b>FTSE All-Share</b>	<b>- 1.5</b>	<b>+ 5.2</b>

7. The strongest sectors during the quarter were Utilities (+6.2%) and Health Care (+4.9%), while Basic Materials (-1.4%) was again among the weakest sectors, and remains the laggard over the past 12 months.

<b>Capital return (in £, %) to 31.03.14</b>		
<b>Industry Group</b>	<b>3 months</b>	<b>12 months</b>
Technology	+2.2	+13.4
Health Care	+4.9	+12.3
Industrials	-0.8	+8.3
Consumer Services	-2.4	+ 6.7
<b>FTSE All-World</b>	<b>-0.1</b>	<b>+4.0</b>
Financials	-0.6	+3.2
Telecommunications	-3.5	+1.6
Utilities	+6.2	-1.0
Consumer Goods	-1.4	-1.2
Oil & Gas	-0.4	-1.7
Basic Materials	-1.4	-6.4

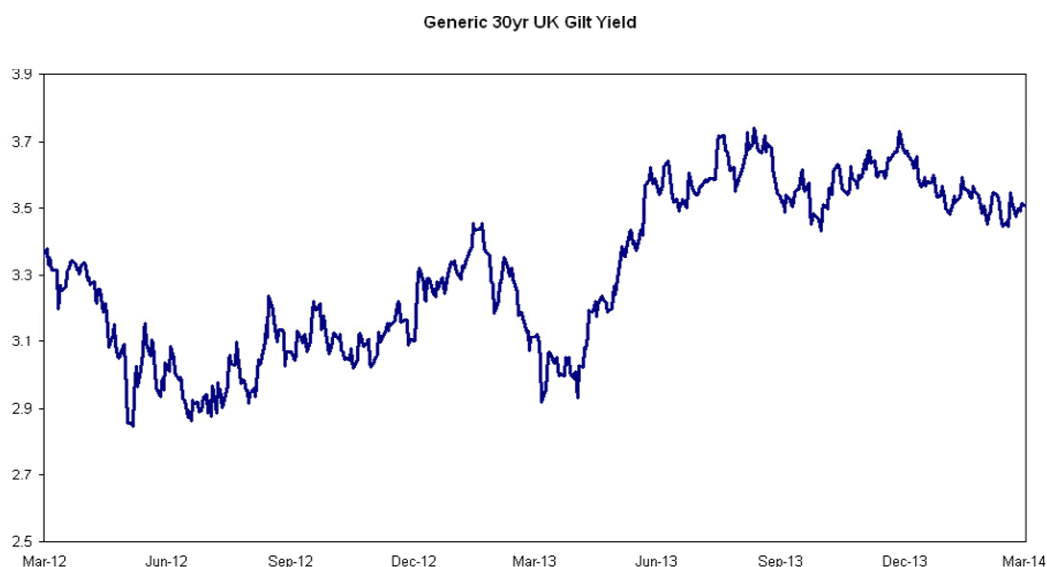
[Source: FTSE All-World Review, March 2014]

8. Contrary to expectations, **Government Bonds** were strong during the first quarter, with yields on 10-year UK, US and German bonds falling by 30-40 basis points (0.3 – 0.4%). Bonds issued by Italy, Spain and Greece were in demand, and their yield differentials with German bunds narrowed even further. **Corporate Bonds** were also firm, and yields on sub-investment grade bonds fell to levels not seen since 2007.

<b>10-year government bond yields (%)</b>					
	<b>Dec 11</b>	<b>Dec 12</b>	<b>June 2013</b>	<b>Dec 2013</b>	<b>Mar 2014</b>
<b>US</b>	1.88	1.76	2.49	3.03	2.72
<b>UK</b>	1.98	1.85	2.45	3.04	2.73
<b>Germany</b>	1.83	1.32	1.73	1.94	1.57
<b>Japan</b>	0.98	0.79	0.86	0.74	0.65

[Source: Financial Times]

Even at the long end of the gilt market, the 30-year bond only yields 3.6%.



## Currencies

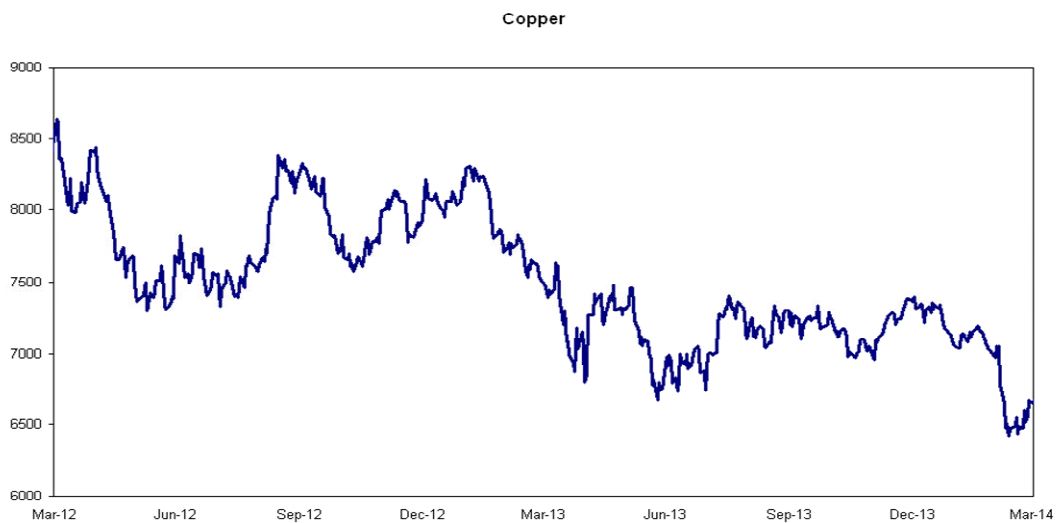
9. The pound gained slightly against the dollar and euro during the quarter, as the UK economic outlook improved. In early May the pound reached \$1.70 – its highest level since 2010.

	<b>31.12.13</b>	<b>31.03.14</b>	<b>£ move</b>
\$ per £	1.656	1.667	+ 0.7%
€ per £	1.202	1.210	+ 0.7%
¥ per £	174.1	171.7	- 1.4%



## Commodities

10. The **oil** price moved within a narrow range, while **gold** gained 8% to \$1294, recouping most of its loss during the previous quarter. **Copper**, however, weakened sharply, as shown in the graph below. The main reason was the situation in China, where demand for copper was slowing but, more importantly, the use of copper by companies as collateral against loans led to selling as the credit market in China was tightened.



## Property

11. The **UK Property** market continues to advance strongly, and one-year returns on Property are exceeding those on Equities for the first time for several years. The IPD UK Monthly Property All-Property Index to end-March 2014 gave a 12-month total return of **14.0%**. Sectoral returns were:

<b>Retail</b>	<b>+ 9.6%</b>
<b>Office</b>	<b>+18.9%</b>
<b>Industrial</b>	<b>+18.2%</b>

## Outlook

12. The situation in Ukraine is likely to remain the focus of attention for some months to come, with the potential for weakness in European equities if the level of confrontation escalates. Elsewhere, economic data from China will be scrutinised closely for any sign of a slowdown in the economy, and the bond markets will be watching the US and UK central banks for hints about the timing of the first increase in interest rates. After the recent strength in most equity markets, and the falling yields on government and corporate bonds, it is easier to foresee setbacks in the next few months than further appreciation of asset values.

**Peter Davies**

**Senior Adviser – AllenbridgeEpic Investment Advisers**

**May 9th, 2014**  
Management]

[All graphs supplied by Legal & General Investment



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of the Local Government Act 1972.

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Division(s): N/A

## **PENSION FUND COMMITTEE – 6 JUNE 2014**

### **GOVERNMENT CONSULTATION – LGPS: OPPORTUNITIES FOR COLLABORATION, COST SAVINGS AND EFFICIENCIES**

#### **Report by the Chief Financial Officer**

##### **Introduction**

1. On 1 May 2014, the Department for Communities and Local Government (DCLG) published their consultation document on the options for the future structure of the Local Government Pension Scheme (LGPS). The document, under the title Local Government Pension Scheme: Opportunities for Collaboration, Cost Savings and Efficiencies, invites responses by 11 July 2014. This report details the key elements of the consultation, the potential impact in exploring the closer working with the Buckinghamshire and Berkshire Funds, and invites the Committee to agree the basis for a response.

##### **Consultation Document**

2. The consultation document builds on last year's Call for Evidence and the work commissioned from Hymans Robertson to undertake a specific review of options on the future structure of the LGPS. The Government have also drawn on the analysis of the call for evidence responses provided by the Shadow Scheme Advisory Board.
3. 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
4. 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 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.

5. 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.
6. 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.
7. The latest consultation document builds on these views, as well as the findings from the Hyman's work. In particular, the Government believes there are savings of £660m per year to be made through reform of the current arrangements. The potential savings are based on a combination of the use of collective investment vehicles and a switch from active to passive mandates for all listed investments. The consultation document has indicated that formal mergers should not be taken forward at this time.
8. Based on the Hyman's work, the consultation document argues that in aggregate across the LGPS, active managers have failed to deliver value for money, with performance levels broadly in line with those of the market, for fees considerably higher than those of passive managers. Using the Hyman's work, the document projects savings in manager fees of £230m per year if all Funds switch their listed investments to a passive manager, invested through a single collective investment vehicle.
9. The second potential benefit of a single collective investment vehicle for listed investments is a £190m per year saving on transaction costs, based on reduced stock selection decisions, as well as the ability to match the purchase and redemption of new units in the Fund between schemes without the need for market transactions.
10. The Hyman's work indicated that the greatest scope for investment fee savings was in the area of alternative assets. Fees in this area accounted for 40% of total fees, although the asset class only made up 10% of the overall allocation. The consultation projects an annual saving of £240m from moving all alternative asset investments into a second collective investment vehicle, and out of the current Fund of Fund arrangements.
11. After allowing for the costs of transition, the consultation document suggests that the fee savings accruing from the switch to passive management could be deliverable within 2 years. The savings on the switch to the collective investment vehicle for alternative assets is projected to take up to 10 years to fully materialise, allowing for existing contractual arrangements to conclude without the need for excessive termination costs.
12. The decision not to pursue formal mergers at this time is based in part on a longer projected timescale to deliver the savings compared to the collective

investment vehicle model. Hyman's suggest an 18 month longer implementation period. There is also an acknowledgement of the importance given to local accountability in the responses to the Call for Evidence, and the wish to take decisions on asset allocations linked to local funding level and cash flow issues.

13. The Government do though acknowledge the need to improve the transparency and comparability of performance information around the LGPS as a means to ensuring local Pension Fund Committees can be better held to account. They have asked the Shadow Scheme Advisory Board to continue to develop their work in this area, including the publication of a scheme-wide annual report.
14. The Government considered the merits of consulting on options in respect of administration costs, but the document notes that the level of potential savings is significantly lower, and at this time of major change in the scheme regulations, it is important to allow the administrative arrangements for the 2014 Scheme to mature before considering reform any further.
15. The consultation document asks 5 specific questions:
  - Q1. Do you agree that common investment vehicles would allow funds to achieve economies of scale and deliver savings for listed and alternative investments? Please explain and evidence your view.
  - Q2. Do you agree with the proposal to keep decisions about asset allocation with the local fund authorities?
  - Q3. How many common investment vehicles should be established and which asset classes do you think should be separately represented in each of the listed asset and alternative asset common investment vehicles?
  - Q4. What type of common investment vehicle do you believe would offer the most beneficial structure? What governance arrangements should be established?
  - Q5. In light of the relative costs and benefits of active and passive management, including Hyman's Robertson's evidence on aggregate performance, which of the options set out above offers best value for taxpayers, Scheme members and employers?
16. In respect of the fifth question, the options outlined in the consultation document are as follows:
  - Funds could be required to move all listed assets into passive management, in order to maximise the savings achieved by the scheme.
  - Alternatively, funds could be required to invest a specified percentage of their listed assets passively; or to progressively increase their passive investments.
  - Fund authorities could be required to manage listed assets passively on a "comply or explain" basis.

- Funds could simply be expected to consider the benefits of passively managed listed assets, in light of the evidence set out in this paper and the Hymans Robertson report.

### **Initial Issues for Consideration**

17. Whilst there was broad support for the need for reform, there is some question as to whether this consultation document is too narrowly focused on costs as opposed to the wider objective of ensuring a scheme that is affordable and sustainable in the long term, and able to meet the liabilities of current and future scheme members.
18. There is also a concern that the projected savings on fees are over-simplified, as is the argument for a whole scale switch from active to passive management for all listed assets, with a number of potential unintended consequences overlooked.
19. A significant criticism of the consultation document is that there is limited focus on the issue of scheme governance. The Government approach also appears to be inconsistent in its acceptance of the argument on the importance of local accountability on asset allocation, alongside its argument that local Committees should have reduced flexibility of decisions between active and passive management.
20. A second significant criticism of the document is the apparent acceptance of a standardisation around average performance rather than a drive to improve performance as a key element to address current funding deficits. There is very limited analysis of the variations in performance between funds, and a simply assumption that the active management industry fails to deliver value for money, as aggregate performance is no better than that achieved by passive management for considerably higher fees.
21. By definition, active managers cannot outperform the market in aggregate. Key questions therefore include:
  - To what extent do active managers drive market performance as a whole, a performance which is then simply reflected in the performance of passive managers. i.e. if there were no active managers, would the market have achieved the same investment returns?
  - Are there clear lessons to be learnt from those Funds where active managers have outperformed the index? It is accepted practice that Funds tend to fire managers at the trough of their performance and hire managers at the peak of their performance. Good governance models will therefore ensure that managers are judged over the longer term and turnover of managers limited to issues of strategic change, or where a manager changes style/approach and is no longer delivering against the objectives set for them. What therefore is the pattern of manager turnover amongst high performing funds and low performing funds, and do poor aggregate results reflect more on poor scheme governance than the active management industry?

- What levels of target outperformance have been set for Fund managers? Many funds target out-performance of 1%-1.5%, encouraging managers to closet track indices and deliver performance close to the market. Aggregate levels of out-performance need to be assessed in line with the risk levels taken by individual funds, and the level of risks expected of their active managers.
22. Rather than simply accepting average performance, the consultation should be seeking views on how to improve governance within the Scheme as a whole, to ensure that the benefits of active management are achieved across all funds to the benefit of all stakeholders.
  23. This issue could suggest that the Government are wrong to park for now the issue of scheme mergers and retaining the current 89 local administering authorities. Looking to reduce the numbers of administering authorities either through full mergers, or the creation of Joint Committees could have the benefit of allowing for greater specialism amongst Committee members, improving the oversight of active fund managers, and driving sustainable out-performance. The potential improved investment performance if all Funds deliver at the level of the best performing funds could dwarf the £600m fee savings of standardising at average performance levels.
  24. The issue of the skills and knowledge of Committee members is an issue the Pension Regulator will be looking at as part of his new responsibilities for the LGPS from next year, and further attention maybe focussed on this issue if IORP 2 requires all Committee members to be professionally qualified.
  25. Other benefits which would stem from a reduction in the current 89 decision making bodies would be greater consistency of decision making in respect of scheme employers who belong to more than one fund at present, including a number of Housing Associations and Academy Trusts
  26. In terms of the financial savings, the targets are based on the assumption of 100% take up of passive investment of listed assets through a common investment vehicle, and all alternative assets managed through an investment vehicle. If the Government determine not to mandate the solution on all Funds, a 100% take up is unlikely.
  27. Firstly, where local schemes remain accountable for their own asset allocation there are likely to be significant variations in choices. Running a restrictive set of choices through the collective investment vehicles is therefore likely to discourage funds from investing. On the other hand, an overly flexible offering will remove many of the advantages of the economies of scale so reducing the delivered savings. A key question here is the definition of passive investment, with today's market offering a significant number of smart beta options, with numerous alternatives to market capitalisation weightings including equal weightings, ethical only investments, growth focused benchmarks, income focused benchmarks etc.

28. It is also likely that those Funds who have seen their active managers out-perform will opt not to join the collective investment vehicle. Similarly, the fees the largest funds have currently been able to negotiate with their managers, means that they too will have little incentive to join the collective investment vehicle.
29. Another factor which requires further analysis is the level of the potential savings quoted for the introduction of a single collective investment vehicle for alternative assets, as opposed to the current fund of fund models. Where the Government is still looking to determine the nature of the collective investment vehicle, there is a clear risk that it simply becomes a fund of funds by another name, retaining the double fee level structure, and delivering little of the potential savings. The alternative of running an in house structure to directly manage the complexity of the alternative asset markets is likely to lead to significant in-house costs.
30. The final point on reducing fund manager fees is the extent that fund managers can look outside of the LGPS for business at existing fee levels. Most managers take business across the global market, and not all will happily agree a fee reduction to retain LGPS business, where they can sell the service elsewhere.
31. Of the non-financial factors, one of the key issues of the switch from active to passive mandates is in respect of environmental and social governance (ESG) issues. Principle 1 of the United Nations Principles of Responsible Investment states “we will incorporate ESG issues into investment analysis and decision making processes”. How this is evidenced becomes less clear when investment decisions are all made passively and religiously follow an index. Whilst we encourage all our fund managers to engage with companies to resolve all ESG concerns, active managers also hold the ultimate weapon to dis-invest where sufficient improvements are not forthcoming. Such an option is not open to the passive manager.
32. On the fixed income side, the passive manager may also be forced by following an index to increase an investment in a company the more indebted it becomes, and its debt becomes a larger share of the index. Whilst passive management plays an important part of an overall asset allocation, it is not clear that sole reliance on a passive approach solves more issues than it creates.

### **Implications for the joint work with the Buckinghamshire and Berkshire Funds**

33. So where does this consultation leave the joint work with the Buckinghamshire and Berkshire Funds? Whilst the headlines of no mergers and the focus on collective investment vehicles would appear to run counter to the approach taken by the Government, closer analysis may suggest otherwise. Indeed, the current preferred model for the establishment of a Joint Committee to taken on delegated responsibility from the three current Pension Fund Committees and

the development of a joint investment strategy potentially addresses many of the benefits of the Government's approach, plus the issues identified above.

34. The establishment of a single investment strategy for the three funds is in itself a form of collective investment vehicle, but unlike the Government model, also has the benefit of a collective governance model. This automatically addresses the risk of too much flexibility in the asset allocations of the administering authorities to deliver the scale required to make a collective investment vehicle cost effective.
35. The increased scale of the support arrangements for the joint committee also increases the potential in the future for developing in-house management for part of the investment portfolio, which in turn should reduce the overall level of investment fees. There is nothing in the current project planning to limit the work of the support body to a single joint committee, (or indeed to limit the numbers of funds who could delegate their current responsibilities to the Joint Committee). The model for Buckinghamshire, Oxfordshire and Berkshire therefore has the potential to be of a scale to deliver savings in excess of those envisaged by the Government proposals, whilst addressing a number of the concerns with the Government model.

### **Consultation Response**

36. The publication of the Government Consultation Document and the 106 page report from Hymans on 1 May 2014, has been followed up by the NAPF Conference which was addressed by Brandon Lewis MP on 20 May 2014. A number of stakeholders in the industry are currently working on consultation responses, and in particular, looking to collate the evidence to support their views as called for in the specific consultation questions.
37. Given the level and timing of this activity, it has not been possible to complete an initial draft response to the consultation document to be included with the publication of these papers. However it is intended to complete the first draft along the lines of the issues identified above, and have this circulated in advance of the Committee. It is then proposed to prepare the final response taking into account the views expressed by the Committee and the subsequent evidence produced by the various stakeholders, ready for submission by the 11 July 2014 deadline.

### **RECOMMENDATION**

38. **The Committee is RECOMMENDED to**
  - (a) note the report;**
  - (b) offer any views it wishes to see incorporated into the final response;**
  - (c) ask Officers to continue with the joint work with the Buckinghamshire and Berkshire Funds to the extent that it is**

**consistent with the approach included in the consultation response; and**

**(d) delegate to the Service Manager (Pensions, Insurance and Money Management) the authority to finalise and submit the response to the consultation, having consulted the Chairman, Deputy Chairman and Opposition Spokesperson on the final draft. .**

Lorna Baxter  
Chief Finance Officer

Background papers: Department for Communities and Local Government Consultation document - Local Government Pension Scheme: Opportunities for Collaboration, Cost Savings and Efficiencies.

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

May 2014



Division(s): N/A

## **PENSION FUND COMMITTEE – 6 JUNE 2014**

### **REVIEW OF PENSION FUND POLICIES**

#### **Report by the Assistant Chief Executive and Chief Financial Officer**

##### Introduction

1. Under the Local Government Pension Scheme Regulations, the Pension Fund Committee, acting as the Administering Authority of the Oxfordshire Pension Scheme, is required to produce and maintain a number of key policy documents. These policies are subject to an annual review, which is scheduled for the June meeting of the Committee cycle (although the last review was delayed until September 2013 following the establishment of the new Committee after the Council elections. This report presents the latest version of these policies for them to be formally endorsed by the Committee.
2. Whilst not a formally required policy under the LGPS Regulations, this report also presents a formal Scheme of Delegation to be endorsed by the Committee. This Scheme of Delegation brings together those areas previously agreed by this Committee where decisions have been delegated to officers of the Council.

##### Policies for Endorsement

3. The key policies to be reviewed and endorsed are set out as Annexes to this report. The key issues with each policy, including any changes to the Policy is set out below. All policies have been updated to include the relevant sections of the Local Government Pension Scheme Regulations 2013.

##### Annex 1 – The Funding Strategy Statement.

4. The Funding Strategy Statement sets out the Fund's approach to managing the solvency of the Fund, and is the framework which guides the work of the Fund Actuary in completing the Triennial Valuation of the Pension Fund.
5. The initial Funding Strategy Statement was prepared in 2005 with considerable support from the Fund's then Actuary. The Committee carried out a consultation exercise as part of a fundamental review of the Statement in 2009/10 and agreed a number of changes to the Statement to increase flexibility around recovery periods, stepping arrangements and the treatment of admitted bodies. In March 2013 the Committee determined changes in respect of the pooling arrangement for academy schools.

6. There have been no significant changes to the Funding Strategy Statement as part of this current review.

#### Annex 2 – The Statement of Investment Principles

7. The Statement of Investment Principles sets out the Committee's approach to the investment of the Fund's resources. This document was also subject to a review in March 2013 when changes were agreed to reflect the outperformance target for the Fund as a whole, the voting policy and changes to the investment limits.
8. There are two significant changes at this review to draw to the Committee's attention. The first is to include the revised asset allocation agreed at the March 2014 Committee meeting, alongside the current allocation. Further changes will be required here as new managers are appointed.
9. The second change is a proposed further extension to the increase in the allocation to a single insurance contract from 25% to 35%. This increase to the higher figure allowed under the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 is to provide sufficient flexibility to both Legal & General and to the Fund as a whole. Legal & General currently manage the passive equity mandates and the corporate bond element of the fixed income mandate through a single insurance contract. The current asset allocation of 24% is set to reduce to 22%, but leaves limited flexibility for Legal & General to increase the allocation to corporate bonds from government gilts etc where they deem such a change appropriate within the ranges provided to them. The extension of the 35% limit, would also allow the Fund to place further money in the passive equity funds as a transitional measure where funds are redeemed from the hedge fund allocation in advance of finalising the new diversified growth mandates.

#### Annex 3 - Governance Policy and Governance Compliance Statement

10. The Governance Policy sets out the arrangements for the management of the Pension Fund, and the Governance Compliance Statement sets out the extent that this policy complies with best practice.
11. The only changes to the documents since the review in June 2010 have been to reflect the recent decision to increase the size of the Pension Fund Committee from 9 to 11 Members, and to note the growing number of Academy schools as a distinct group with no direct representation on the Pension Committee
12. The Fund remains only partially compliant in respect of scheme member representation and Committee member training. The latter issue arises from the fact that substitute members of the Committee are not restricted to those who have undergone specific pension fund training, and the Committee does not approve a specific training programme for the Committee members themselves.

#### Annex 4 – Communication Policy

13. The Communication Policy sets out the Fund's key communication messages and channels. It has been tidied up this year, although there are no fundamental changes in approach, though greater use is being made of the web-site and on-line media.

#### Annex 5 – Early Release of Benefits Policy

14. The Early Release of Pension Benefits Policy covers the Administering Authorities approach to dealing with cases for early release of pension benefits where the last employer of the scheme member is no longer in existence. This Policy was initially approved by the Pension Fund Committee at its meeting in December 2012. There are no significant changes as part of this annual review.

#### Annex 6 - Scheme of Delegation

15. The Scheme of Delegation was introduced in June 2012 to bring together all areas where the Pension Fund Committee has previously delegated decisions to Officers of the Council.
16. The Scheme has been updated to reflect the various decisions of this Committee. The latest version included at Annex 6 includes the proposed change to the delegation to the Chief Finance Officer for decisions on the early payment of benefits where the scheme member's previous employer no longer exists. (see Agenda Item 14 above).
17. The only other significant change is to switch the delegation for the approval of new admission bodies to the Service Manager (Pensions, Insurance & Money Management). This delegation was previously to the Chairman, Deputy Chairman and Opposition Spokespersons, and is deemed impractical given the number of admission requests now being received, where employers (and schools in particular) are outsourcing services to private contractors, and then seeking admission body status for the new contractor to meet their obligations to protect the pension provision of the transferring staff. In all cases, the previous employer is a signatory to the new transferee admission agreement, and will remain responsible for any deficit to the Pension Fund in the event the contractor cannot meet their financial liabilities.

#### Annex 7 – Administration Strategy

18. As discussed at the March meeting of this Committee, this Council now requires an Administration Strategy to set out the various responsibilities of the Administering Authorities, and the Scheme employers, and to establish a charging policy to allow the Administering Authority to recover costs of additional work where scheme employers fail to meet their responsibilities in an accurate and timely manner.

19. The first draft strategy is included at Annex 7, alongside the current Service Level Agreement which sets out the key performance indicators. As noted in the Strategy, the delivery of service against the performance targets is dependent on the timely publication by the Government of the Regulations and statutory guidance, as well as the financial factors from the Government's Actuarial Department (GAD). Following the introduction of the New Look LGPS from 1 April 2014, there were a number of delays in receiving GAD factors and guidance notes, which has created a backlog of work and shortfalls against the performance targets, particularly where members are looking to arrange the transfer of pension benefits between funds.
20. The Administration Strategy sets out a table of charges. However the Committee should note that it remains the intention of the Pension Services Team to resolve all issues without the need to resort to charges, and the Strategy allows them to waive charges where the scheme employer is deemed to be undertaking best endeavours to meet their responsibilities, or exceptional circumstances have led to the missing of deadlines.

## **RECOMMENDATION**

21. **The Committee is RECOMMENDED to approve the revised policy documents as set out in Annexes 1-7 to this report, noting the main changes in the documents as discussed above.**

LORNA BAXTER  
Chief Financial Officer

Background papers: None  
Contact Officer: Sean Collins, Service Manager (Pensions, Insurance & Money Management) – (01865) 797190

May 2014

## **Oxfordshire Pension Fund**

### **Funding Strategy Statement**

#### **Introduction**

1. The Oxfordshire Pension Fund is administered by Oxfordshire County Council under the relevant Local Government Pension Scheme Regulations. Under regulation 58 of the Local Government Pension Scheme Regulations 2013, the Administering Authority must publish and keep under a review a Funding Strategy Statement. The Regulations further stipulate that this statement must be prepared with due reference to the relevant CIPFA guidance as published in 2004.
2. This current version of the Funding Strategy Statement for the Oxfordshire Pension Fund was approved by the Pension Fund Committee at its meeting on 6 September 2013. This statement replaces all previous versions of the Funding Strategy Statement, and is based on the initial version agreed in 2005, plus the changes agreed at the Pension Fund Committee meetings on 19 March 2010 and 8 March 2013 following a full consultation exercise with the scheme employers.
3. The Funding Strategy Statement will be subject to further review to allow for the impact of the forthcoming proposals for changes to the Local Government Pension Scheme itself, as well as the changing nature of membership of the Fund and the growing maturity of the Fund. Any change will only be made after full consultation with all scheme employers.

#### **Purpose of the Funding Strategy Statement**

4. The three main purposes of this Funding Strategy Statement are to:
  - Establish a clear and transparent strategy, specific to the Fund, which will identify how employer pension liabilities are best met going forward.
  - Support the regulatory requirement in relation to the desirability of maintaining as nearly constant employer contribution rates as possible.
  - Take a prudent longer-term view of the funding of the Fund's liabilities.

#### **Aims and Purpose of the Pension Fund**

5. The aims of the Pension Fund are to:
  - Enable employer contribution rates to be kept as near stable as possible, at a reasonable cost to the scheme employers and taxpayers, whilst ensuring the overall solvency of the Fund. The Administering Authority recognises a number of conflicting aspects within this aim, and is responsible for managing the balance between such conflicts. Balance needs to be struck between investing in higher risk assets which over the long term reduce the cost to scheme employers and the tax-payer, against investing in low risk assets which will reduce short term fluctuations in contribution levels required. Similarly a balance

needs to be struck between maintaining stable contribution rates and raising rates to ensure solvency.

- Ensure there are sufficient resources available to meet all pension liabilities as they fall due. This includes ensuring sufficient liquid resources to meet regular pension payments, transfer payments out of the Fund, lump sum payments on retirement etc. as well as meeting any drawdown calls on the Fund's investments. It is the Administering Authority's policy that all payments are met in the first instance from incoming employer and employee contributions to avoid the expense of dis-investing assets. At the present time the annual contributions to the Fund significantly exceed the payments out, so facilitating this aim. The Fund also retains a working balance of cash to ensure sufficient resources are available to manage the irregular nature of the payments out of the Fund.
- Manage the individual employer liabilities effectively. This is undertaken by receiving regular advice from the actuary, and ensuring employers are separately billed in respect of ad hoc liabilities outside those taken into account as part of the tri-annual valuation e.g. hidden costs associated with early retirements.
- Maximise the income from investments within reasonable risk parameters. As noted above, the achievement of this aim needs to be balanced against the need to maintain as near stable employer contribution rates. To minimise risk, all investments are made within the restrictions imposed by the Management and Investment of Funds Regulations, alongside a number of Fund specific restrictions to ensure a diversification of investment classes, and individual assets. The Fund cannot restrict investments solely on social or ethical grounds. The Fund's principal concern is to invest in the best financial interests of its employing bodies and beneficiaries. Investment Managers should monitor and assess the social, environmental and ethical considerations which may impact on the reputation of a particular company, as well as the company's sensitivities to its various stakeholders. Investment Managers should engage with companies on these issues where appropriate. Such a policy should ensure the sustainability of a company's earnings, and hence its merits as an investment.

6. The purpose of the Fund is to:

- Pay out monies in respect of pension benefits, transfer values and the costs of scheme administration and investments; and
- Receive monies in respect of contributions, transfer values and investment income.

### **Responsibilities of Key Parties**

7. The effective management of the Pension Fund relies on all interested parties fully exercising their duties and responsibilities. The key parties involved are the Administering Authority, the individual employers within the Fund, and the Fund's Actuary.

8. The key responsibilities of the Administering Authority are to:
- Collect of all contributions due to the Fund. This includes making sure all employers within the Fund are aware of the requirement under the Pensions Act that all contributions are paid over by the 19<sup>th</sup> of each month following the month the member was paid, and escalating matters of non-compliance to the Pension Fund Committee. The Administering Authority is also responsible for the collection of final contributions once an employer ceases membership of the Fund.
  - Invest all surplus monies within the Fund in accordance with the relevant Regulations, and the Fund's Statement of Investment Principles.
  - Ensure there is sufficient cash available to meet all liabilities as they fall due.
  - Maintain adequate records for each individual scheme member.
  - Pay all benefits and transfer payments in accordance with the Regulations.
  - Manage the Valuation process in consultation with the Fund's Actuary, providing all membership and financial information as requested by the Actuary, and managing all necessary communication between the Actuary and the individual Scheme Employers.
  - Prepare and maintain all policy documents as required under the Regulations including the Funding Strategy Statement, the Statement of Investment Principles, the Communication Policy, and Governance Compliance Statement, consulting scheme employers and other stakeholders as required.
  - Monitor all aspects of the performance of the Fund, and in particular the funding level of the Fund.
9. The key responsibilities of individual employers are to:
- Correctly deduct contributions from employee pay.
  - Pay all contributions due to the Fund, including both employee and employer contributions, and additional contributions in respect of the hidden costs of early retirements, promptly by their due date.
  - Exercise their discretion in line with the Regulatory Framework, including maintaining policies for early retirement, ill-health retirement, awarding of additional benefits etc.
  - Provide adequate membership records to the Administering Authority as required.
  - Notify the Administering Authority of all changes in membership details.
  - Notify the Administering Authority of all issues which may impact on future funding, or future membership of the scheme at the earliest possible date.
10. The key responsibilities of the Fund Actuary are to:
- Prepare triennial valuations including setting employer contribution rates, after agreeing assumptions with the Administering Authority and having regard to the Funding Strategy Statement.

- Prepare advice and calculations in connection with bulk transfers and individual benefit-related matters.

### **Solvency and Target Funding Levels**

11. The Fund must determine the level at which the Fund will be deemed solvent, and should then aim for a target funding level whereby the assets of the Fund, and anticipated future income streams (by way of investment income and contributions) meet this solvency level in respect of the anticipated liabilities of the Fund.
12. The Funding Strategy Statement must set out how solvency and target funding issues will be addressed across different classes of scheme employer, and the timescales against which any deficit recovery plan must be delivered.
13. Solvency Level – The Pension Fund Committee has determined that the solvency level should be set such that the value of current assets, and anticipated income streams is equal to 100% of the anticipated value of future liabilities. Any lower figure cannot be sustained in the longer term, and therefore would introduce an unacceptable level of risk into the management of the Fund and the delivery of the Funds aims.
14. Funding Level – The funding level is the percentage the current assets and future income streams form of the anticipated liabilities at any given time. The Actuary will calculate the current funding level based on a series of financial assumptions to be agreed with the Administering Authority. In particular the Actuary will seek to smooth short term variations in asset values rather than taking the strict market value at the point of valuation.
15. In discounting the value of the liabilities back to the point of the valuation, the Actuary will in general allow for an assumed premium investment return from equity and other higher risk assets held in the Fund. Where the future participation within the Fund is not assured, or at the point a cessation valuation is required, the Administering Authority retains the right to instruct the Actuary to complete a valuation on a low risk basis, such that the future liabilities are discounted by reference to current gilt yields, with no allowance for the premium investment return from higher risk assets. Where an employer is pooled, or where another scheme employer is prepared to underwrite the financial risks, valuations can still be undertaken on an on-going/higher risk basis, even where there is a question about the long term participation of an employer within the Fund.
16. The funding level of individual employers will in general be based on a shared investment experience (i.e. it is assumed that the total assets allocated to each employer have an identical proportion of each asset class), but the individual membership experience of each employer's individual scheme members (i.e. liabilities will reflect the individual retirement decisions of scheme employers/members, patterns of ill-health retirements etc, so that no one employer is required to subsidise the decisions of another – although see pooling arrangements below).



17. Deficit Recovery Plans – Where the triennial valuation identifies the funding level of any given employer has fallen below the target funding level a deficit recovery plan must be agreed. The Committee has agreed that in normal circumstances any deficit recovery plan must aim to restore the funding level to the 100% target within a maximum of 25 years. This was set as the standard Recovery Period in the 2007 Valuation.
18. The Administering Authority retains the right to require a shorter recovery period where it has concerns about the financial standing of the employer, or where it has concerns regarding the level of an employer's participation in the Fund going forward (e.g. significant decline in membership numbers, admission is linked to a short term service contract etc). Individual employers have the right to negotiate a lower recovery period than the standard period if they so wish.
19. In cases of exceptional financial hardship, and where the fall in funding level is seen to have been heavily influenced by short term factors which will not remain in the longer term, the Administering Authority does have the discretion to agree a longer recovery period than the standard 25 years, to maintain a more stable employer contribution rate. It should be noted that this discretion will not be exercised where the Administering Authority believes the nature of the pressure on the funding level is long term in nature, and the extension of the recovery period is simply going to shift the increase in contribution rates to a later period.
20. The Actuary, in consultation with the Administering Authority may choose to vary the recovery period downwards for any individual employer in order to maintain as near stable contribution rate as possible.
21. The Administering Authority also has the discretion to agree stepping arrangements with individual employers, to enable them to manage an increase in their contribution rate over a number of years. The standard stepping period will be a period of 3 years, but in exceptional circumstances the Administering Authority has the discretion to increase this to 6 years. This again should be seen as a mechanism for maintaining as near stable contribution rates as possible, rather than a means for delaying an inevitable increase in contribution rates.
22. The Administering Authority has the discretion to instruct the Actuary to set a contribution rate that recovers the deficit to the target funding level by way of a cash figure, rather than the traditional percentage of pensionable pay. This protects the Fund from the risk of under-recovery where the pensionable pay of the employer falls during the recovery period. Since the 2010 Valuation, the Administering Authority agreed that the deficit payments for all smaller employers must be made by way of a cash amount, whilst allowing the larger employers to determine between a cash amount and a percentage of pensionable pay.

23. Pooling – Whilst in general the funding level of each individual employer will be based on its own membership experience, it is recognised that this can create high volatility in an employer's contribution rate, and therefore their financial standing and/or their continued participation in the Fund.
24. Some of the most vulnerable employers within the Fund are the small transferee admission bodies, who have been admitted to the Fund following the successful bid for an outsourcing contract from one of the scheduled scheme employers. Not only are such employers exposed to the risks associated with their size, but because of the fixed term nature of their participation in the Fund (in line with the length of their service contract) they are less able to benefit from the discretions available in managing any subsequent deficit recovery plan.
25. The Administering Authority therefore has the discretion, following consultation with the sponsoring scheme employer, to allow such transferee admission bodies to be pooled with their sponsoring employer. As transferee admission agreements require the sponsoring employer to under-write any future pension costs associated with the transferee admission body, such pooling arrangements involve no greater risk whilst maintaining more stable contribution rates in regards to the delivery of the outsourced service. At the end of any such admission agreement, any cessation valuation can be undertaken on the standard high risk basis, or the assets and liabilities can be retained within the pool and the deficit carried forward and allocated as part of the re-tendering of the service.
26. The Fund has also pooled together the smaller scheduled/designated employers, and separately the remaining smaller admitted bodies. Each employer within the pool shares the same membership experience, so for example the costs of a single expensive ill-health retirement are shared across all employers in the pool rather than falling to the employer who employed the scheme member at the point of their retirement.
27. Following a consultation exercise at the beginning of 2013, the Administering Authority determined that all Academy Schools with 50 or less LGPS members should be required to pool as a standalone group. A small Academy School can seek the approval of the Administering Authority to permanently opt out of the pool where the Administering Authority is satisfied there is a suitable financial case, with all future pension liabilities underwritten by the Academy Trust. Any Academy School with over 50 LGPS members has the right to opt to join the pool on a permanent basis.
28. The Administering Authority will also consider applications from individual academy schools under a single Umbrella Trust to operate a single pool for all academies within the Umbrella Trust. (The Administering Authority will treat a Multi-Academy Trust as a single employer and therefore with its own individual employer contribution which applies to all schools within the Trust – subject to total members exceeding 50).

29. If an employer ceases to be a member of the Fund (whether through choice, the ending of a service contract, or the departure of their last active member), the Administering Authority will instruct the Actuary to carry out a cessation valuation, unless the deficit is held as part of a pooling arrangement for a transferee admission body. As noted above, the cessation valuation will be undertaken on a low risk basis, unless another scheme employer has underwritten the financial risk, or the employer is a member of a pool. The Administering Authority will explore payment plan proposals to meet the cessation cost over an agreed period of time, to reduce the risk of non-payment and ensure the Fund maximises the receipt of money due.
30. Where a scheme employer fails to meet the cessation valuation, the cost will fall to the sponsoring employer in the case of a transferee admission body, the other members of the pool for a pooled body, and the Fund as a whole in all other cases. Similarly, where liabilities accrue in respect of scheme members where their former employer is no longer a scheme employer (orphan liabilities), these liabilities will fall to be met by a sponsoring employer, specific pool or Fund as a whole in line with unmet cessation costs.

#### **Links to Investment Policy as set out in the Statement of Investment Principles**

31. This Funding Strategy Statement has been prepared in light of the Fund's Statement of Investment Principles (SIP). This document sets out the strategic allocation of the Fund's investments, the restrictions on investment, and the benchmarks against which Fund Management performance will be measured. A target outperformance of 1.0% above these benchmarks has been set for the Fund as a whole.
32. As noted above, the Actuary takes note of the actual investment allocation and the split between high and low risk assets in determining the discount factor to be applied to scheme liabilities. This allocation is in turn determined by the Statement of Investment Principles. As the Fund becomes more mature (i.e. the ratio of pensioners/deferred members to active members increases), the investment approach as set out in the Statement of Investment Principles will move to reduce the overall level of risk. This in turn will worsen the funding level, and require an increase in contribution rates to ensure solvency of the Fund as a whole.
33. The Fund has previously consulted on changing the Funding Strategy Statement to allow multiple investment approaches to reflect the different levels of maturity of individual scheme employers. The consultation identified no real appetite for such a change, nor a current need, and as such, the Fund maintains a single investment strategy for the whole Fund.

#### **Identification of Risks and Counter-Measures**

34. The Administering Authority recognises a number of risk areas in the establishment of its funding strategy. These risks fall broadly under the headings of financial, demographic, regulatory and governance.

35. The key financial risks are around the variations to the main financial assumptions used by the actuary in completing their valuation. This includes the financial markets not achieving the expected rate of return, and/or individual Fund Managers failing to meet their performance targets. The main approach to counter this risk is to ensure diversification of the investment portfolio, and the employment of specialist Fund Managers. The Pension Fund Committee with advice from their officers, and their Independent Financial Advisor monitor performance on a quarterly basis.
36. In completing their valuation, the Actuary does provide a sensitivity analysis around the key financial assumptions, including future inflation forecasts. The Actuary also produces a quarterly monitoring report to consider movements in the Funding Level since the last valuation.
37. The demographic risks largely relate to changing retirement patterns and longevity. The Actuary reviews past patterns at each Valuation and adjusts their future forecasts accordingly. Where possible, employers are charged with the cost of retirement decisions made outside the valuation assumptions and in particular, are required to meet the hidden costs of early retirements.
38. The regulatory risks are in respect of changes to the LGPS Regulations themselves, as well as the impact of changes in taxation and national insurance rules, and national pension issues (e.g. the current auto-enrolment changes). The Administering Authority monitors all consultation documents which impact on the Fund, and responds directly to the Government where appropriate. The Administering Authority will seek advice from the Actuary on the potential impact of regulatory changes.
39. The main governance risks arise through unexpected structural changes in the Fund membership through large scale out-sourcings, redundancy programmes or closure of admission agreements. The main measures to counter such risks are regular communications between the Administering Authority and scheme employers, as well as monitoring of the monthly contribution returns to indicate changing trends in membership.
40. The main governance risks can be mitigated to an extent, by the ability to set shorter recovery periods where there are doubts about an employer's future participation in the Fund, as well as the requirement to pay all deficit contributions by way of a cash figure rather than as a percentage of the pensionable pay bill.

### **Monitoring and Review**

41. The Administering Authority has undertaken to review this Funding Strategy Statement at least once every three years, in advance of the formal valuation of the Fund.

42. The Administering Authority will also monitor key events and consider an interim review of the Funding Strategy Statement where deemed necessary. Such key events include:

- a significant change in market conditions,
- a significant change in Fund membership,
- a significant change in Scheme benefits, and
- a significant change to the circumstances of one or more scheme employers.

June 2014

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# ◆ STATEMENT OF INVESTMENT PRINCIPLES - ANNEX 2

## 1 Introduction

Oxfordshire County Council has drawn up this Statement of Investment Principles to comply with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. The Authority has consulted its actuary and independent financial adviser in preparing this statement.

Investment policy falls into two parts: strategic management and day-to-day management. The strategic management of the assets is the responsibility of the Authority and is driven by its investment objectives set out below. Day-to-day management of the assets is delegated to investment managers as described in the management of the assets section below.

## 2 Overall Responsibility

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

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

The Committee meets quarterly and is advised by the Chief Finance Officer and the Fund's Independent Financial

Adviser. The Committee members are not trustees, although they have similar responsibilities.

## 3 Investment Objectives and Strategy

### Investment Objectives

The investment objectives are:

1. to achieve a 100% funding level;
2. to ensure there are sufficient liquid resources available to meet the Fund's current liabilities and investment commitments;
3. for the overall Fund to outperform the benchmark, set out in the next section, by 1.0% per annum over a rolling three-year period.

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

### Risk

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

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

- retaining a proportion of investments in bonds to reflect potential changes in liabilities;
- investing a proportion of the fund passively to limit the impact of poor performance by investment managers;
- diversification of investments, including investing in alternative assets with a low degree of correlation;

- use of a number of different investment managers to spread the risk of poor performance.
- diversification of investment styles, e.g. growth and value

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

### Strategic asset allocation

In March 2014, the Pension Fund Committee reviewed the benchmark for the strategic allocation of assets, following the results of the 2013 Valuation. As the Fund is currently in the process of transition to the new benchmark, both the existing benchmark and the revised benchmark are set out in the table below:

Asset Class	Current Target asset allocation	Range	Revised Target Asset Allocation	Range
	%	%	%	%
UK Equities				
- passively managed	10		9	
- actively managed	21		20	
<b>Total UK Equities</b>	<b>31</b>	<b>29 - 33</b>	<b>29</b>	<b>27 - 31</b>
Overseas Equities				
- passively managed	8		7	
- actively managed	24		23	
<b>Total Overseas Equities</b>	<b>32</b>	<b>30 - 34</b>	<b>30</b>	<b>28 - 32</b>
<b>Total Equities</b>	<b>63</b>	<b>59 - 67</b>	<b>59</b>	<b>55 - 63</b>
UK Gilts	3		3	
Index Linked Gilts	5		5	
Overseas Bonds	2		2	
Corporate Bonds	6		6	
<b>Total Bonds &amp; Index Linked</b>	<b>16</b>	<b>14 - 18</b>	<b>16</b>	<b>14 - 18</b>
Property	8	5 - 9	8	5 - 9
Private Equity	10	6 - 11	9	6 - 11
Hedge Funds	3	2 - 4	0	
Diversified Growth Fund	0		5	4 - 6
Infrastructure	0		3	2 - 4
Cash	0	0 - 5	0	0 - 5
<b>Total Other Assets</b>	<b>21</b>		<b>25</b>	
<b>Total All Assets</b>	<b>100</b>		<b>100</b>	



#### 4 Management of the Assets

Following a fundamental review of the management of the Funds assets in 2003, the Committee decided to switch from investment managers with a balanced mandate to a specialist management structure. As part of this review the Committee, advised by the Independent Financial Adviser, took over responsibility for strategic asset allocation. Once every three years, following the actuarial valuation, there is a fundamental review of how the assets are managed. The last such review was undertaken in March 2014.

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

Asset Class	Investment Manager	Benchmark	Annual Target
UK Equities	Baillie Gifford Legal & General	FTSE Actuaries All-Share FTSE 100	+1.25% Passive
Overseas Equities	UBS Global Asset Management	Various FTSE geographical indices	+1.0%
Global Equities	Wellington Legal & General	FTSE All World FTSE All World	+ 2.0% Passive
Bonds & Index Linked - UK Gilts - Index Linked - Corporate bonds - Overseas bonds	Legal & General	FTSE A All Gilts Stocks FTSE A Over 5 year IBoxx Sterling Non-Gilts JPMorgan Global Govt (ex UK) traded bond	+ 0.6%
Property	UBS Global Asset Management	IPD UK All Balanced Funds Index weighted average	+1.0%
Private Equity - Quoted Inv. Trusts  - Limited Partnerships	Assistant Chief Executive & Chief Finance Officer  Adams Street Partners Group	FTSE smaller companies (including investment trusts)	+ 1.0%
Hedge Funds	UBS Wealth Management	3 month Libor	+ 3.0%
Cash	Internal	3 month Libor	-

# Target performance is based on rolling 3-year periods

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

As noted above, notice has been served to terminate the Hedge Fund mandate, and new mandates for Diversified Growth and Infrastructure are currently being sought.

## Restrictions on Investment

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

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

- not more than 10% (15%) of the Fund may be invested in unlisted securities of companies;
- not more than 10% of the Fund may be held in any single holding;
- not more than 10% of the Fund may be held as a deposit in any single bank, institution or person;
- not more than 2% (5%) of the Fund may be contributed to a single partnership
- not more than 5% (30%) of the Fund may be contributed to partnerships in total.
- not more than 10% of the Fund may be deposited or loaned to local authorities
- not more than 25% (35%) of the Fund may be invested in open ended investment companies where the collective investment schemes constituted by the companies are managed by one body.
- Not more than 25% (35%) in any single insurance contract.

Where figures are quoted in brackets, the Council could increase its limit as long as certain conditions are met.

The Council has determined to increase its limits as follows:

- to increase the limit on the proportion of the Fund that may be invested in any single insurance contract
- the limit on this investment has been increased to 35%
- this increase has been agreed to ensure that Legal and General retain the flexibility to manage their fixed income mandate within the limits previously set. Currently, Legal and General manage the allocations for passive UK and overseas equities, and the allocation for corporate bonds through a single insurance contract. Whilst the benchmark figure for the combined allocation to these funds is 24%, the flexibility provided to Legal and General to switch between corporate bonds and other elements of the fixed income mandate means the total allocation could rise above 25%. As the three component parts of the Legal and General contract are diversified, and operated within strict limits, it is not felt that this increase in overall limit exposes the Fund to undue risk.
- The increase was agreed for a period not exceeding 18 months, and followed on from an agreement which covered the previous 2 years which included the transition period where Legal & General held additional funds in the passive mandate, whilst awaiting the appointment of a new global equity manager.

- It is proposed that the increase should be retained for the next three year period. The reduction in the revised asset allocation in the total allocation to the passive funds is not thought to be sufficient to ensure that Legal & General would retain sufficient flexibility to manage their fixed income mandate within the lower limits. The higher level will also provide flexibility in managing the transition to the Diversified Growth Fund and Infrastructure mandates, allowing cash released by the termination of the Hedge Fund mandate to be managed passively whilst finalising new mandate arrangements. The increase will be reviewed as part of the 2017 Fundamental Asset Allocation Review and expires no later than 30 June 2017.
- The decision to increase the limit has been made in accordance with the Regulations.

### **Realisation of Investments**

Investment managers are required to maintain portfolios which consist of assets that are readily realisable. Any investment within an in-house or pooled fund which is not readily tradable requires specific approval. It is recognised that investment in Limited Partnership private equity funds are long term investments and as such are not readily realisable.

### **Monitoring and review**

The individual manager's performance, current activity and transactions are monitored quarterly by the Pension Fund Committee. Investment management performance

of the Fund is reviewed annually upon receipt of the annual report prepared by WM Performance Services.

### **5 Social, Environmental & Ethically Responsible Investment**

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

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

### **6 Exercise of Rights attached to Investments**

The Council takes an interest in the way the companies in which it has made investments manage their affairs. It will always exercise its

voting rights to promote and support good corporate governance and socially responsible corporate behaviour.

In practice its Investment Managers are delegated authority to exercise voting rights in respect of the Council's holdings. Voting decisions are fully delegated to fund managers, subject to an annual review by the Pension Fund Committee.

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

## **7 Custody & Stock Lending**

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

The custodian holds the majority of the Fund's assets. Exceptions include some pooled funds, held by the relevant Investment Manager's custodian, hedge fund assets and a working cash balance, which is held

by the County Council and invested in the wholesale money market.

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

## **8 Compliance**

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

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

## **9 Review of this Statement**

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

## **Annex 3**

### **Oxfordshire Pension Fund Governance Policy Statement**

#### **Introduction**

1. This is the Governance Policy Statement of the Oxfordshire Local Government Pension Scheme (LGPS) Pension Fund, as required under Section 55 of the Local Government Pension Scheme Regulations 2013.
2. As required by the Regulations, the Statement covers:
  - Whether the Administering Authority delegates its functions in relation to maintaining a pension fund to a committee, sub-committee or officer of the Authority;
  - The frequency of any committee/sub-committee meetings;
  - The terms of reference, structure and operational procedures in relation to the use of the delegated powers; and
  - Whether the Committee includes representatives of scheme employers, and scheme members, and if so, whether they have voting rights.

#### **Governance of the Oxfordshire Pension Fund**

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

## **Oxfordshire Pension Fund Committee – Terms of Reference**

5. Under the terms of the County Council's constitution, the terms of reference for the Pension Fund Committee are:
  - The functions relating to local government pensions etc specified in Paragraph 1 in Schedule H of Schedule 1 to the Functions Regulations, together with functions under Section 21 of the Oxfordshire Act 1985 (division of county superannuation fund).
  - The functions under the Fireman's Pension Scheme specified in Paragraph 2 in Section H of Schedule 1 to the Functions Regulations.
  
6. A more detailed interpretation of these terms of reference includes the following:
  - a) respond as appropriate to the Government on all proposed changes to the Local Government Pension Scheme
  - b) regularly review and approve the asset allocation for the pension fund's investment
  - c) approve and maintain the fund's Statement of Investment Principles
  - d) approve and maintain the fund's Funding Strategy Statement
  - e) approve and maintain the fund's Governance Policy Statement
  - f) approve and maintain the fund's Communications Policy Statement
  - g) appoint fund managers to manage the fund's investments, and to agree and review the terms of appointment for each fund manager
  - h) review the performance of the fund, and its fund managers
  - i) appoint an actuary, independent financial advisor(s), and custodians for the fund
  - j) approve an annual report and statement of accounts for the fund
  - k) approve an annual budget and business plan for the investment and administration of the fund
  - l) consider, and if appropriate, approve applications of employers to become admitted bodies to the fund
  - m) consider all other relevant matters to the investment and administration of the fund.

## **Membership of the Committee**

7. The Committee's members shall be appointed by full Council and shall comprise
  - 9 County Councillors
  - 2 Representatives of the City and District Councils of Oxfordshire.

These 11 members of the Committee shall have full voting rights. The County Councillors will be appointed such that the majority party on the Council has a majority of seats on the Committee before taking into account the political party of the City/District representatives.

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

## **Operational Procedures**

9. The Committee will operate under the terms of conduct set out for all Committees of the County Council. The Committee will meet quarterly, with formal agendas published in advance according to the requirements on all County Council Committees. The Committee will meet in public, unless required to go into exempt session in accordance with Part 1 of Schedule 12A of the Local Government Act 1972.
10. At each meeting, the Committee will receive reports on the investment performance of the Fund. Fund Managers will be invited to attend to present information on the performance of their own portfolio, and to answer all appropriate questions from the Committee. The Committee shall determine the frequency by which each fund manager will be required to attend its meetings.
11. Each meeting of the Committee will be attended by the appointed independent financial advisor(s) who will provide advice on all investment matters. This advice will include drawing to the committee's attention, all appropriate matters associated with the performance of the individual fund managers.
12. Any member of the public has the right to seek to address the Committee by making a formal request in advance of the meeting.

13. The Committee will consult formally with all employers on issues where it has a statutory duty to do so, before it undertakes the responsibilities set out above. This includes the formal consultation with all employers before agreeing the Statement of Investment Principles, and the Funding Strategy Statement, and any significant subsequent changes.

#### **Informal Governance Arrangements**

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

June 2014



## Oxfordshire Pension Fund - Annex 3

### Governance Compliance Statement

#### Principle A – Structure

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

Please use this space to explain reasons for non-compliance

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

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

## Principle B – Representation

a.	<p>That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:</p> <ul style="list-style-type: none"> <li>• Employing authorities (including non-scheme employers e.g. admitted bodies)</li> <li>• Scheme members (including deferred and pensioner scheme members)</li> <li>• Where appropriate, Independent professional observers, and</li> <li>• Expert advisors (on an ad hoc basis)</li> </ul>	Partly compliant
b.	<p>That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p>	Compliant

Please use this space to explain reasons for non-compliance

The Pension Fund Committee contains representatives of the County Council (9 Members) and the 5 City and District Councils (2 Members). The Committee is also attended by a Beneficiaries Observer, appointed by the Unions to represent all scheme members (including deferred and pensioners). The Committee though does not include any representation from other key stakeholders, including Brookes University, the colleges, the Housing Associations, the small scheduled bodies and small admitted bodies, and the Academy schools. It has been determined that given the decision to manage all functions through a single Committee, increasing representation to cover these other key stakeholder groups would make the Committee unworkable. These stakeholders are afforded the opportunity to contribute to significant decisions through consultation exercises, and the annual Forum for all employers.

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

**Principle C – Selection and Role of Lay Members**

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

Please use this space to explain reasons for non-compliance

A briefing is provided to all new members of the Committee members clearly setting out their role and responsibilities on the Pension Fund Committee. However this briefing is not given where substitute members attend the Committee.

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

**Principle D – Voting**

a.	The policy on individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliant
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Please use this space to explain reasons for non-compliance

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

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

## Principle E – Training/Facility Time/Expenses

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

Please use this space to explain reasons for non-compliance

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

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

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

### Principle F – Meetings (frequency/quorum)

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

Please use this space to explain reasons for non-compliance

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

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

### Principle G – Access

a.	That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Compliant
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Please use this space to explain reasons for non-compliance

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

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

## Principle H – Scope

a.	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliant
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Please use this space to explain reasons for non-compliance

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

The Pension Fund Committee is responsible for all aspects of managing the pension fund, and receives reports on both investment and scheme administration issues. The terms of reference include the wide power to consider all relevant investment and administration issues.

## Principle I – Publicity

a.	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Compliant
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Please use this space to explain reasons for non-compliance

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

**OXFORDSHIRE PENSION FUND**  
**COMMUNICATION POLICY STATEMENT**

**Introduction**

1. This is the Communication Policy Statement of the Oxfordshire Local Government Pension Scheme Pension Fund, established within the 1995 Regulations and now prepared under Regulation 61 of the Local Government Pension Scheme Regulations 2013.

**Purpose**

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

**Aim**

6. To ensure that all individual employers and scheme members, as defined above, have access to scheme information, their benefits, and proposed and actual changes.
7. To enable the Scheme Manager / Administering Authority to discharge efficiently their respective responsibilities under the regulations.

## **Communication Policy**

8. The development and introduction of the 2013 scheme was supported nationally by websites and guidance for both employers and scheme members. All Oxfordshire County Council Pension Fund communications do, and will continue to, make reference to these central resources.
9. Local communication will focus on specific administration for employers and members of the Oxfordshire County Council Pension Fund. The key local communications, publication media and frequency are detailed in the annex to this policy.
10. This emphasis does not materially alter this policy but will affect the content of local communications. The continuing encouragement to use the national websites will avoid duplication of development.

## **Review of This Policy**

11. The Regulations require the policy statement is prepared, written and published, and for these purposes publish means being accessible on the publically available pensions website.





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## Communications Policy Annex - Local Communications

	Available to:	Method of Distribution	Frequency
Communication Policy	Scheme members* Scheme employers Employee representatives	Website	Annual review, or earlier where there is a material change
Pension Fund Report & Accounts	Scheme employers Pension Fund Committee DCLG	Website Hard Copy Post / Email	Annual
Pension Fund Report & Accounts Summary Leaflet	Scheme members*	Website Hard Copy Post / Email	Annual
Pension Increase Notification	Pensioner members	Website Hard Copy Post / Email	Annual
Annual Benefit Statement	Scheme members*	Post	Annual
Newsletter - Members	Scheme members*, except pensioner members	Website Hard Copy Post / Email	Quarterly
Newsletter - Employers	Scheme employers	Website Hard Copy Post / Email	Monthly
Employer Forum	Scheme employers	Meeting	Annual
Employer User Group	Scheme employers	Meeting	Quarterly
Employer Administration Training	Scheme employers	Meeting	Quarterly
Presentation/Training	Scheme members * Scheme employers	Meeting	As requested

**Notes:**

Scheme members includes prospective members; active members; deferred members and pensioner  
Website - [www.oxfordshire.gov.uk/pensions](http://www.oxfordshire.gov.uk/pensions)

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## OXFORDSHIRE COUNTY COUNCIL PENSION FUND – ANNEX 5

### EARLY RELEASE OF BENEFITS POLICY STATEMENT

#### Introduction

1. This Early Release of Benefits Policy Statement of the Oxfordshire County Council Local Government Pension Scheme Pension Fund is published under Regulation 38(2) of the Local Government Pension Scheme Regulations 2013. SI 2013 No. 2356 (as last amended by SI 2014 No. 44)
2. The Local Government Pension Scheme Regulations 2013 refers only to members with a deferred benefit due under the LGPS Regulations 2013. However, to ensure consistency the Oxfordshire County Council Pension Fund will also apply this policy to deferred and pensioner members to whom the 1995, 1997 and 2007 Regulations apply.

#### Purpose

3. This policy sets out the Oxfordshire County Council Pension Fund's strategy to deal with request for the early release of member benefits in cases where the former employer no longer exists, and there is no successor body, within the Oxfordshire County Council Pension Fund.
4. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations to include:
  - Deferred members
  - Pensioner members with deferred benefits
  - Credit members
5. Employing authorities, as defined within the regulations: -
  - Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
  - Designating Bodies being the Town and Parish Councils
  - Admission Bodies, where the Pension Fund Committee have granted scheme admission

#### Aim

6. To ensure that any scheme member, leaving after 01 April 2014, whose former employer is no longer an active scheme employer, has access to a procedure to request early payment of their benefits on grounds of ill-health; release of deferred benefit, or waiving of the 85 year rule reduction.
7. To ensure that all scheme members, who left before 01 April 2014, whose former employer is no longer an active scheme employer, have access to a procedure to request early payment of their benefits, in the following circumstances: -
  - a. Where a scheme member applies for early payment of benefits on, or after age 55 but prior to age 60, which requires the consent of their former employer for payment to be made.

- b. Where a scheme member applies for early payment of benefits on the grounds of ill-health.
8. Note: Where a scheme member has deferred benefits under the 1995, 1997 or 2007 regulations, the provision of those regulations will apply to any application

#### **Decision Making**

9. In making any decision the Oxfordshire County Council Pension Fund will take account of:
  - Employing authorities' policy statements relating to the exercise of discretion, where available.
  - The cost of making any such decision (if these costs are not justifiable Oxfordshire County Council Pension Fund can refuse the request for early release of benefits)
  - How the costs will be met, doubtless by all current fund employers.
  - Waiving, on compassionate grounds, of any actuarial reduction to be applied on the payment of deferred benefits before Normal Retirement Age under the LGPS Regulations 1997, or
  - The early release of (unreduced) deferred benefits on compassionate grounds under the LGPS Regulations 1995.

#### **Review of this Policy**

10. This policy will be reviewed if there is a material change as a result of changes to the Regulations.

## **Pension Fund Scheme of Delegation**

### **Introduction**

1. The Council's Constitution sets out the general Scheme of Delegation to the Strategic Directors and a small number of other Officers. These named posts are therefore authorised by the Council to exercise the specific powers and functions of the Council.
2. It is not possible for such a small number of people to take all the necessary decisions and authorise expenditure, and therefore further delegation of these powers is allowed. The Scheme of Delegation is the formal record of that authorisation.
3. The Scheme of Financial Delegation is made by Joanna Simons, Chief Executive, in accordance with the Contract Procedure Rules (part 8.3) of the Council's Constitution, to enable delegation of her authority to sign contracts and other financial authorisations. The levels of delegation applicable to pension fund authorisations and financial transactions are shown within the Chief Executive's Office Scheme of Delegation and the Oxfordshire Customer Services Scheme of Delegation. Appendix (a) shows the main extracts of the schemes of delegation which were relevant to usual pension fund administration and investment activities, at the date of the report.
4. Schemes of Financial Delegation are reviewed and amended throughout the year. Amendments are signed off by relevant service directors, the section 151 officer and the county solicitor.
5. In addition to the responsibilities listed in the Council's schemes of delegation, some additional responsibilities for functions specifically related to pension fund activities have been delegated to officers by the Pension Fund Committee.

### **Internal Disputes Resolutions Procedure (IDRP)**

6. Under the Local Government Pension Scheme Regulations 2013, a member of the Pension Scheme has a right to raise a complaint in respect of their pension entitlement with their employer (or previous employer where they have left the employment to which the dispute relates).

7. The complaints procedure has 3 stages. Stage 1 will be determined by the relevant scheme employer or the Administering Authority depending on the nature of the complaint. Stage 2 is an independent review of the complaint by a person with delegated authority from the Administering Authority. Stage 3 is determined by the Pensions Ombudsman.
8. At their meeting in December 2012, the Pension Fund Committee delegated authority to the Pensions Services Manager to determine cases on behalf of the Administering Authority at Stage 1, and the Service Manager (Pensions, Insurance & Money Management) to determine all cases at stage 2. In both cases, the Committee determined that the relevant offer can agree an award of compensation up to £5,000 subject to a report back to the next meeting of the Pension Fund Committee. Any award of compensation above £5,000 must be determined by the full Pension Fund Committee.

### **Death Benefits**

9. The Local Government Pension Scheme Regulations 2013 state that if a scheme member dies before his 75th birthday, the administering authority at their absolute discretion may make payment, in respect of the death grant to or for the benefit of the member's nominee or personal representatives or any person appearing to the authority to have been his relative or dependant at any time.
10. In accordance with the Council's Constitution and Scheme of Delegated Powers, death grant decisions can be made by the Chief Executive in consultation with the Chairman of the Pension Fund Committee.
11. At their meeting in June 2012, the Pension Fund Committee delegated authority to the Team Leaders in the Pension Services Team to determine all non-contentious cases. (N.B. Delegation was made to this level to avoid potential conflict in the case of complaint which would be heard by the Pension Services Manager at Stage 1 – see complaints delegation above).

### **Power of Attorney – Custody Accounts**

12. The Pension Fund's Global Custodian makes arrangements for the custody of assets in relevant countries. Where they do not have a presence in a particular country, a sub-custodian may be appointed. In some countries regulators require the Pension Fund to grant a Power of Attorney to allow the sub-custodian open an account on behalf of the Fund.
13. In March 2011, the Pension Fund Committee delegated decision-making related to the custody of assets to the Chief Finance Officer and Monitoring Officer, after consultation with the Chairman of the Committee.

### **Pension Fund Cash Management Strategy**



14. 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 balances held by the administering authority are managed by the Council's Treasury Management and Pension Fund Investment team. The Pension Fund Committee have delegated authority to the Chief Finance Officer to make changes necessary to the Pension Fund Cash Management Strategy.
15. To avoid cashflow deficits or the excessive build up of cash over the strategic asset allocation, the level of cash balances is reviewed as part of a quarterly asset allocation by the Independent Financial Adviser and the Pension Fund Investments officers.

### **Strategic Asset Allocation**

16. The Pension Fund strategic asset allocation is approved by the Pension Fund Committee and is periodically reviewed by the Independent Financial Adviser. Due to market volatility and the varying performance levels of fund managers, the actual asset allocation fluctuates on a daily basis.
17. The Independent Financial Adviser and officers review the actual asset allocation on a quarterly basis and make arrangements to transfer assets or cash to fund managers, to rebalance the fund.
18. Decisions to rebalance the fund within approved strategic asset allocation ranges are delegated to officers. Arrangements to rebalance the fund outside the strategic asset allocation ranges, are taken after consultation with the Chairman of the Pension Fund Committee, and reported to the next Committee.

### **Voting rights**

19. Investment Managers are delegated authority to exercise voting rights in respect of the Pension Fund's holdings. At their meeting in March 2013, the Committee removed the requirement to refer all voting decisions where the decision was to vote against RREV recommendations to the Service Manager (Pensions, Insurance & Money Management) to determine under delegated powers.

### **Private Equity**

20. In February 2011, the Pension Fund Committee resolved to transfer the responsibility for private equity fund management decisions to the lead officer for Pensions Investment. The Fund's Independent Financial Adviser is responsible for advising officers on the management of the private equity portfolio. Officers consider the advice and decide whether or not to act on the recommendations. In practice, private equity decisions are delegated to the Service Manager, Pensions Insurance and Money Management, or in his absence the Principal Financial Manager, Treasury Management and Pension Fund Investments.

### **Early Release of Benefits**

21. At its meeting in June 2014, the Pension Fund Committee delegated decision making to the Chief Finance Officer to determine cases under the Early Release of Benefits Policy where the scheme member's previous employer no longer existed.

### **Admission of new Admitted Bodies**

22. At its meeting in June 2014, the Committee delegated the authority to agree admission of new admitted bodies to the Oxfordshire County Council Pension Fund to the Service Manager (Pensions).

### **Payment of Benefits to an Authorised Person**

23. At its meeting in September 2012, the Pension Fund Committee delegated to the Chief Financial Officer, following consultation with the Chairman, Deputy Chairman and Opposition Group Spokesperson, the authority to determine payments to an authorised person in instances where the scheme member is incapable of managing their own affairs.

### **Reports back to the Committee**

24. In all cases where decision has been delegated to Officers, decisions made will be reported back to the Committee at the next meeting for information only.

**Scheme of Financial Delegation - Extracts Appendix (a)  
Authority to Sign Purchase Orders, Invoices and Contracts for the Oxfordshire  
County Council Pension Fund**

**Sole signatories for Pension Fund Goods and Services**

Up to £500,000 for Goods and Services,  
Chief Executive  
Chief Finance Officer  
Director for Environment & Economy

Up to £200,000 for Goods and Services  
Deputy Chief Finance Officer  
Service Manager – Pensions, Insurance and Money Management  
Principal Financial Manager – Treasury Management & Pension Fund Investments  
Pension Services Manager

Up to £25,000  
Team Leader – Pensions Administration  
Team Leader – Pensions Administration

**Joint signatories for Pension Fund Goods and Services**

Up to £500,000,  
Deputy Chief Finance Officer  
Service Manager – Pensions, Insurance and Money Management

With the Chief Executive for Goods and Services over £500,000.  
Chief Finance Officer  
Deputy Chief Finance Officer

With the s151 officer for Goods and Services over £500,000  
Director for Environment and Economy

**Income (Debt) Write Offs**

Write off of outstanding debts to the Local Government Pension Scheme above £10,000 need the approval of the Pension Fund Committee.

The authorisation of debt write offs from £500 up to and including £10,000 is delegated to the Service Manager – Pensions, Insurance and Money Management in conjunction with:

Chief Finance Officer for amounts between £7,500 and £10,000 and with the Deputy Chief Finance Officer for amounts below £7,500.

For Debts below £500, authorisation of debt write off is delegated to the Pension Services Manager.

## **Cash Management**

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009, state that the Administering Authority must hold in a separate bank account all monies held on behalf of the Pension Fund and formulate an investment policy to govern how the authority invests any Pension Fund cash. Management of the Oxfordshire Pension Fund cash balances is delegated to the Treasury Management team. The Treasury Management team responsible officers list is authorised by the Section 151, or Deputy Section 151 Officer. Officers authorised to enter into Money Market arrangements are listed as Dealers on the Treasury Management Responsible Officers List.

## **Fund Management and Custody Agreements – 2 signatories required**

Service Manager – Pensions, Insurance and Money Management  
Principal Financial Manager – Treasury Management and Pension Fund Investments  
Authorisers listed in the approved Treasury Management Responsible Officers List.

## Administration Strategy – Annex 7

### Introduction

Oxfordshire County Council Pension Fund has prepared this administration strategy to set out their role and responsibilities as the Scheme Manager (referred to in this document as the Administering Authority) and the role and responsibility of all Scheme Employers to ensure effective administration of the Local Government Pension Scheme. Thereby ensuring that both the Administering Authority and the Scheme Employers meet the statutory requirements of the regulations and work to agreed levels of performance so that scheme members can have confidence in the information and service that they receive.

### Regulatory Framework

This strategy is prepared in line with regulation 59 of The Local Government Pension Scheme Regulations 2014, which includes

- (a) procedures for liaison and communication with Scheme employers in relation to which it is the **administering authority** ("its Scheme employers");
- (b) the establishment of levels of performance which the **administering authority** and its Scheme employers are expected to achieve in carrying out their Scheme functions by—
  - (i) the setting of performance targets,
  - (ii) the making of agreements about levels of performance and associated matters, or
  - (iii) such other means as the **administering authority** considers appropriate;
- (c) procedures which aim to secure that the **administering authority** and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
- (d) procedures for improving the communication by the **administering authority** and its Scheme employers to each other of information relating to those functions;
- (e) the circumstances in which the **administering authority** may consider giving written notice to any of its Scheme employers under **regulation 70 (additional costs arising from Scheme employer's level of performance)** on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
- (f) the publication by the **administering authority** of annual reports dealing with—
  - (i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and
  - (ii) such other matters arising from its pension administration strategy as

it considers appropriate; and

- (g) such other matters as appear to the **administering authority** after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

## Communication and Liaison

Scheme employers are required to provide contact details of nominated staff dealing with pension issues. The scheme employer is required to notify Oxfordshire County Council Pension Fund of any changes as soon as they occur.

In line with the Oxfordshire County Council Pension Fund Communication Policy, the administering authority will:

- Send a monthly newsletter – Talking Pensions – to all nominated contacts.
- Hold quarterly employer meetings to discuss current pension issues.
- Hold quarterly administration training sessions for new scheme employers.
- Provide ad-hoc training / information sessions as requested.
- Maintain the pension website at [www.oxfordshire.gov.uk/pensions](http://www.oxfordshire.gov.uk/pensions) for scheme employers, including links to national websites.

## Levels of Performance

The introduction of the CARE scheme from 01 April 2014 has changed the information scheme employers need to provide and way in which this is sent to the administering authority.

All scheme employers will have received a Monthly Administration Return Spreadsheet (MARS) to complete and return to [pension.services@oxfordshire.gov.uk](mailto:pension.services@oxfordshire.gov.uk) by the 19<sup>th</sup> of the month following payroll.

Payment and the return detailing the contributions deducted must be received by the Pension Investment Team ( [pension.contributions@oxfordshire.gov.uk](mailto:pension.contributions@oxfordshire.gov.uk) ) by 19<sup>th</sup> month following deduction.

The 2014 regulatory provisions require scheme employers to maintain information, in line with the definitions of the 2008 scheme regulations, for all staff to be reported at end of year.

Scheme employers are required to produce a written statement, for their staff, setting out how employee contribution rates will be assessed and reviewed.

Scheme employers must provide Oxfordshire County Council Pension Fund with end of year data as at 31 March each year in line with the format provided by 30 April, to enable reconciliation of the data and the production of annual benefit statements to scheme members.

Oxfordshire County Council Pension Fund is not responsible for verifying the accuracy of the data, provided by the scheme employer, to be used in the calculation of benefits or provision of information to scheme members. This responsibility rests with the scheme employer and any queries arising will be referred back to the scheme employer.

Any overpayments arising from incorrect information will be recovered from the scheme employer.

A **Scheme employer** must prepare a written statement of its policy in relation to the exercise of its functions under LGPS 2013 regulation 60 (1): -

- (a) 16(2)(e) and 16(4)(d) (funding of additional pension);
- (b) 30(6) (flexible retirement);
- (c) 30(8) (waiving of actuarial reduction); and
- (d) 31 (award of additional pension)

And such other policies which are still operational under previous regulations.

Oxfordshire County Council Pension Fund will, in addition to providing regular information about the operation of the scheme via its newsletter and website work with scheme employers to provide accurate and timely information to scheme members.

Performance indicators are detailed in the attached Service Level Agreement. All Performance Levels are subject to the timely provision of draft regulations, guidance and financial factors from the Government, and the Government's Actuarial Department.

Headline performance data is posted on the website and a full report will be made to the Pension Fund Committee each August.

The administering authority is required to prepare, maintain and publish the following policy statements:

- Communications
- Administration Strategy
- Exercise of Discretionary Powers

Copies of the current policy are available on the website

## Payments & Charges

Payment of all contributions, with the exception of AVCs, deducted each month should be paid to the Oxfordshire County Council Pension Fund bank account. Payment and the return detailing the contributions deducted must be received and cleared through the account by the Pension Investment Team by 19<sup>th</sup> month following deduction.

AVC contributions should be paid directly to the scheme's AVC provider – The Prudential.

Employers will be sent a separate invoice for any early strain costs arising from redundancy, early or flexible retirement, or the waiving of any actuarial percentage reductions along with a proposed payment schedule. Early strain costs arising from ill-health retirements will not be charged directly, but assessed as part of the triennial valuation exercise.

Interest on late payments will be charged at 1% above base rate and compounded with three-monthly rests in line with Regulation 71.

The schedule of charges is:

Making payment to OCC bank account rather than OCC Pension Fund bank account	£50
Late receipt of contributions	Interest at 1% above bank rate as per regulation 71
Failure to provide contribution return by 19 <sup>th</sup> month following deduction	£50 + £25 each time information is chased
Failure to provide MARS return by 19 <sup>th</sup> month	£50 + £25 each time information is chased
Failure to provide End of Year return by 30 April	£50 per working day
Failure to provide information requested within 10 working days.	£50

Note: The Pension Fund will only seek to impose charges where there are clear breaches by scheme employers of their responsibilities. The fund reserves the right to waive charges where a scheme employer is deemed to be acting reasonably in the discharge of their responsibilities, or where exceptional circumstances have led to the charge.

## Review of Strategy

This strategy will be reviewed annually or earlier if there are material changes.



OXFORDSHIRE COUNTY COUNCIL  
OXFORDSHIRE CUSTOMER SERVICES  
SERVICE LEVEL AGREEMENT  
**Pensions Services**

SLA Period Covered: 1 April 2014 – 31 March 2015

**Signatures**

Customer:

Scheme Employers

Service Provider:

Team Manager:

Sally Fox

Service Manager:

Sean Collins

Deputy Director:

Graham Shaw

Review Date: April 2014

**Purpose of the Pensions Services**

To provide benefit administration services to scheme employers and their staff in accordance with the regulations of the Local Government Pension Scheme (LGPS) and / or the Fire Fighters Pension Schemes, Teachers Pensions Administration.

**Oxfordshire Customer Services**

Oxfordshire Customer Services provides high quality Financial, ICT and HR services and support for all Council directorates, our staff, partner organisations, contractors and individual members of the community, achieved as a direct result of staff competency, technology and its commitment to customer service as illustrated in our customer charter, quality and continuous improvement.

<b>KPI 1: SERVICE QUALITY - Improvement in 'right first time' service</b>	<b>Target 2014 - 2015</b>	<b>KPI 3: SERVICE CYCLE TIME - Reduction in process cycle time (responsiveness of team)</b>	<b>Target 2014 - 2015</b>
% of customers where the information provided was clear and addressed queries to their satisfaction.	90%	Transfer in of previous pensions (timeliness) – within 10 working days	97%
		Payment of retirement grants (timeliness) – within 10 working days	97%
		Provision of estimates to employers (timeliness) – within 10 working days	97%
		Payment of death grants (timeliness) – within 10 working days	97%
		Divorce PSO – within 20 working days	97%
		<b>KPI 4: CUSTOMER SATISFACTION</b>	<b>Target 2014 - 2015</b>
		Overall customer satisfaction survey results	93%
<b>KPI 2: SERVICE UNIT COST</b>	<b>Cost 2014 - 2015</b>	<b>KPI 5: CONTINUOUS IMPROVEMENT</b>	<b>Target 2014 - 2015</b>
2013 Cost £18.82 vs average costs £21.42		Development of Collaborative working Arrangements with Buckinghamshire and Berkshire Pension Funds	31.03.15
These figures are from the CIPFA benchmarking club & show the administration cost per scheme member for OCC v average of the benchmarking club (52 LGPS Funds).			

## Service Offer Standards – overview

This section illustrates the service standards which will be delivered to our customers:

Ref.	What we will do for you
	Available to answer enquiries between 09.00 and 17.00 Monday to Thursday, and 09.00 – 16:00 on Fridays
	Email enquires that <u>require</u> a response will receive an initial acknowledgement within two working days of receipt
	Send monthly newsletter to all scheme employers
	Hold quarterly meetings – open to all scheme employers
	Hold quarterly administration training sessions for new scheme employers
	Provide employer training – group and individual
	Hold an annual pension fund forum

## Responsibilities

This section outlines the roles and responsibilities of customers to assist in ensuring the most effective and efficient service is provided, and will assist in meeting the KPI targets.

<b>What you can do for us</b>
Provide all information stipulated within a month of the change being made as this could mean different things to different people to discharge your duties as a scheme employer and enable OCC, as administering authority, to discharge their scheme functions.
Prepare written statements of your organisation's policies in relation to the exercise of your discretionary functions – within 3 months of a change of regulation requiring you make a policy / within 3 months of your triennial review
Inform OCC of the contact details for your organisation's pension contact, within a month of any change
Make a monthly administration scheme return (MARS) by 19 <sup>th</sup> month following payroll
Make payment of contributions over by 19 <sup>th</sup> month following deduction <i>and</i> provide breakdown of payment made by 19 <sup>th</sup> month following deduction.
Late returns may incur penalty charges as detailed in the administration strategy

Division(s): N/A

## PENSION FUND COMMITTEE – 6 JUNE 2014

### CORPORATE GOVERNANCE

#### Report by Chief Financial Officer

##### Introduction

1. This report informs the Pension Fund Committee of the latest advice regarding its fiduciary duty, to the members and employers of the scheme and the extent to which social, environmental and ethical considerations could influence investment decisions. The report also provides a summary of the proxy voting activity for 2013 at Annexes 1 and 2.

##### Fiduciary duty

2. The Local Government Association (LGA) recently sought Queens Counsel advice regarding the fiduciary duty of LGPS administering authorities. The following questions were posed to Nigel Giffin QC:-
  - Does an LGPS administering authority owe a fiduciary duty and if so to whom is it owed?
  - How should the wider functions, aims or objectives of the administering authority influence the discharge of its LGPS investment duties?

A full report of the opinion, available on the LGPS advisory board website at <http://www.lgpsboard.org/images/PDF/Publications/QCOpinionApril2014> is summarised below.

3. Nigel Giffin QC determined that LGPS administering authorities do owe fiduciary duties to both their scheme employers, and to their scheme members. Whilst LGPS pension fund committees are not trustees, fiduciary duties are not limited to trustees. The way in which the fund is administered may have a significant financial impact upon scheme employers and members.

##### Broader investment considerations

4. The Oxfordshire Pension Fund periodically receives objections to the fund's investments in tobacco stocks, due to the impact on public health, and objections to investments in other sectors on environmental grounds. The Committee has previously been advised that its responsibility is to invest in the best financial interests of the fund; to exclude investments on the grounds of wider considerations could be considered a breach of fiduciary duty.

5. Nigel Giffin QC was asked by the LGA what considerations could legitimately influence investment decisions. He determined that it would be impermissible for an administering authority to exclude investments to which objection was taken, if that was likely to have an adverse impact on the returns achieved, or to lead to the fund being exposed to an unduly narrow and undiversified investment portfolio. Similarly it would not be permissible to invest in the local schemes to benefit the local area, if it was not a good and prudent investment.
6. The LGPS Investment regulations, requires the investment policy to state how far social, environmental or ethical considerations are taken into account. It therefore follows that in principle the administering authority can have regard to wider considerations that don't run the risk of material financial detriment to the fund. So, if a local investment was considered equally as financially advantageous as a similar one in another location, the Committee could choose the local investment. Tobacco investments could be avoided but only if it did not endanger the diversity of investments, or the returns likely to be achieved.
7. Where it may be permissible to have regard to wider considerations, if there is no impact on the financial returns, it is still not legitimate for the administering authority to place its own wider interests above those of other scheme employers or members. The administering authority must be blind to its own wider interests insofar as they may diverge from, or conflict with those of other parties interested in the fund. The administering authority should not impose its own view on, for example, the desirability of investing in oil companies, if that would differ from the views likely to be generally held by other scheme employers and scheme members.
8. Nigel Giffin QC states 'the administering authority is in my view under no legal obligation to consider investment decisions from any perspective other than the maximisation of returns, whatever precise scope there may be for it to take account of wider matters if it chooses to do so.'

#### QC's conclusion

9. 'The administering authority's power of investment must be exercised for investment purposes, and not for any wider purposes. Investment decisions must therefore be directed towards achieving a wide variety of suitable investments, and to what is best for the financial position of the fund (balancing risk and return in the normal way).
10. However, so long as that remains true, the precise choice of investment may be influenced by wider social, ethical or environmental considerations, so long as that does not risk material financial detriment to the fund. In taking account of any such considerations, the administering authority may not prefer its own particular interests to those of other scheme employers, and should not seek to impose its particular views where those would not be widely shared by scheme employers and members, (nor may other scheme employers impose their views upon the administering authority).'

## **Recommendation**

**The Committee is RECOMMENDED to:**

- (a) note the Opinion of Nigel Giffin QC, provided to the Local Government Association, on the duties of administering authorities under the Local Government Pension Scheme; and**
- (b) note the proxy voting activity of the Fund Managers during 2013 provided in annexes 1 and 2.**

Lorna Baxter  
Chief Financial Officer

Contact Officer: Donna Ross – Principal Financial Manager – Tel: (01865 323976)

Background papers: Nil

May 2014

## CORPORATE GOVERNANCE - VOTING

11. The UK Stewardship Code was introduced by the Financial Reporting Council in 2010, and revised in September 2012. The Code, directed at institutional investors in UK companies, aims to protect and enhance the value that accrues to ultimate beneficiaries through the adoption of its seven principles. The code applies to fund managers and also encourages asset owners such as pension funds, to disclose their level of compliance with the code.
12. Principle 6 of the Code states that Institutional investors should have a clear policy on voting and disclosure of voting activity. They should seek to vote all shares held and should not automatically support the board. If they have been unable to reach a satisfactory outcome through active dialogue then they should register an abstention or vote against the resolution, informing the company in advance of their intention to do so and why.
13. The Oxfordshire County Council Pension Fund's voting policy is set out in its Statement of Investment Principles (SIP), which states that voting decisions are fully delegated to the Fund Managers to exercise voting rights in respect of the Pension Fund's holdings. Officers monitor this activity and raise any concerns with the Fund Managers. This report summarises the voting activity and fulfils the voting disclosure requirement.

### UK Equities

14. A summary of the Oxfordshire Pension Fund voting activity for UK Equity mandates during 2013, is provided below:-

Manager	No. of Meetings	No. of Agenda Items Voted On	No. Items Voted Against Manager Proposals	No. Items Voted Against Shareholder Proposals	No. of Items Abstained
Baillie Gifford	56	1,103	33	1	0
L&G UK FTSE 100 Index	99	2,033	20	1	0
Wellington	11	196	11	0	0
Private Equity	18	133	0	0	0
	<b>184</b>	<b>3,465</b>	<b>64</b>	<b>2</b>	<b>0</b>

15. The majority of Baillie Gifford's votes 'against' were in relation to the issuance and allotment of equity. Legal & General's were predominantly in relation to remuneration reports, and Wellington tended to vote against AGM notice periods.
16. There were 21 instances where the fund managers placed contrasting votes. The conflict generally occurred when Legal & General voted 'for' on resolutions where other managers voted 'against'.



## Overseas Equities

17. A summary of the Oxfordshire Pension Fund voting activity for Overseas Equity mandates during 2013, is provided below:-

Manager	No. of Meetings	No. of Agenda Items Voted On	No. Items Voted Against Manager Proposals	No. Items Voted Against Shareholder Proposals	No. of Items Abstained
L&G World (Ex-UK) Index	1,732	20,363	2,215	398	162
UBS Emerging Markets	39	712	93	0	0
UBS Global Optimal Thirds	71	971	41	28	1
UBS Property	5	19	0	0	0
Wellington	75	1,177	20	65	174
	<b>1,922</b>	<b>23,242</b>	<b>2,369</b>	<b>491</b>	<b>337</b>

18. UBS votes 'against' in the Emerging Markets portfolio generally related to director appointments. They voted 'against' a much wider range of proposals in the Optimal Thirds Fund. Wellington's votes 'against' were focused on the appointment of certain directors, whereas Legal & General voted against on a wide range of proposals.
19. Annex 2 provides a list of votes cast 'against' the resolution by the Oxfordshire Pension Fund active Managers, and also includes details of the proxy voting activity for the passive UK equity mandate.

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**Baillie Gifford Votes Against Proposals 2013**

Meeting Date	Company	Meeting Type	Resolution Number	Description	Proposed By	Vote Results % FOR	AGAINST
31-Jan-13	Mitchells & Butlers	AGM	7	Re-elect Directors	Management	94.6	5.4
			8	Re-elect Directors	Management	90.2	9.8
			15	Approve Share Plan	Management	94.3	5.7
18-Apr-13	Jupiter Fund Management	AGM	17	Approve Issuance of Equity	Management	96.7	3.3
18-Apr-13	Rio Tinto	AGM	18	Allot Equity Securities	Management	92.2	6.8
25-Apr-13	British American Tobacco	AGM	17	Approve Issuance of Equity	Management	82.8	17.2
25-Apr-13	Reed Elsevier Plc	AGM	2	Approve Remuneration	Management	85.0	15.0
			15	Allot Equity Securities	Management	91.2	8.8
26-Apr-13	Pearson	AGM	16	Approve Issuance of Equity	Management	94.3	4.9
01-May-13	Meggitt	AGM	15	Approve Issuance of Equity	Management	78.4	21.5
02-May-13	ARM Holdings	AGM	17	Allot Equity Securities	Management	80.0	20.0
02-May-13	GKN	AGM	14	Approve Issuance of Equity	Management	96.7	3.3

02-May-13	Rolls-Royce	AGM	19	Approve Issuance of Equity	Management	94.7	5.3
<b>07-May-13</b>	<b>IMI</b>	<b>AGM</b>	<b>18</b>	<b>Allot Equity Securities</b>	<b>Management</b>	<b>99.9</b>	<b>0.1</b>
<b>15-May-13</b>	<b>Serco Group</b>	<b>AGM</b>	<b>2</b>	<b>Approve Remuneration</b>	<b>Management</b>	<b>95.8</b>	<b>4.2</b>
			<b>13</b>	<b>Allot Equity Securities</b>	<b>Management</b>	<b>88.7</b>	<b>11.3</b>
15-May-13	Wood Group (John) plc	AGM	19	Approve Issuance of Equity	Management		
16-May-13	Amlin	AGM	17	Approve Issuance of Equity	Management	90.2	9.8
16-May-13	Hiscox plc	AGM	18	Approve Issuance of Equity	Management	96.9	3.1
16-May-13	Inchcape	AGM	14	Approve Issuance of Equity	Management	90.2	9.8
<b>16-May-13</b>	<b>Prudential</b>	<b>AGM</b>	<b>22</b>	<b>Approve Issuance of Equity</b>	<b>Management</b>	<b>94.7</b>	<b>5.4</b>
			<b>23</b>	<b>Approve Issuance of Equity</b>	<b>Management</b>	<b>96.6</b>	<b>3.4</b>
<b>17-May-13</b>	<b>Intertek Group</b>	<b>AGM</b>	<b>15</b>	<b>Approve Issuance of Equity</b>	<b>Management</b>	<b>85.2</b>	<b>14.8</b>
<b>28-Jun-13</b>	<b>Tesco</b>	<b>AGM</b>	<b>16</b>	<b>Approve Issuance of Equity</b>	<b>Management</b>	<b>91.3</b>	<b>8.7</b>
17-Jul-13	Intermediate Capital Group	AGM	14	Allot Shares	Management	94.3	5.7
23-Jul-13	Vodafone	AGM	19	Approve Issuance of Equity	Management	91.1	7.9
24-Jul-13	Helical Bar	AGM	17	Allot Shares	Management	91.9	8.1
<b>25-Jul-13</b>	<b>Johnson Matthey</b>	<b>AGM</b>	<b>17</b>	<b>Approve Issuance of Equity</b>	<b>Management</b>	<b>94.3</b>	<b>5.7</b>

<b>25-Jul-13</b>	<b>SABMiller</b>	<b>AGM</b>	<b>2</b>	<b>Approve Remuneration</b>	<b>Management</b>	<b>95.4</b>	<b>4.6</b>
25-Jul-13	Scottish & Southern Energy	AGM	14	Approve Issuance of Equity	Management	81.0	19.0
<b>04-Sep-13</b>	<b>Ashtead Group</b>	<b>AGM</b>	<b>15</b>	<b>Allot Equity Securities</b>	<b>Management</b>	<b>93.0</b>	<b>7.0</b>
20-Sep-13	Imagination Technologies	AGM	13	Approve Issuance of Equity	Management	85.5	14.5
17-Oct-13	IG Group Holdings	AGM	15	Allot Equity Securities	Management	94.7	5.2
24-Oct-13	BHP Billiton	AGM	23	Elect Nominee	Shareholder	3.7	96.3

(Items in bold were voted 'for' by either Legal & General or Wellington)

**Wellington Votes Against Proposals 2013**

<b>Meeting Date</b>	<b>Company</b>	<b>Meeting Type</b>	<b>Resolution Number</b>	<b>Description</b>	<b>Proposed By</b>	<b>Vote Results % FOR</b>	<b>AGAINST</b>
11-Apr-13	BP plc	AGM	21	Authority to Set General Meeting Notice Period at 14 Days	Management	88.0	12.0
<b>25-Apr-13</b>	<b>British American Tobacco</b>	<b>AGM</b>	<b>21</b>	<b>Authority to Set General Meeting Notice Period at 14 Days</b>	<b>Management</b>	<b>86.5</b>	<b>13.6</b>
19-Sep-13	Diageo plc	AGM	20	Authority to Set General Meeting Notice Period at 14 Days	Management	85.4	14.6

09-Jul-13	Marks & Spencer Group	AGM	22	Authority to Set General Meeting Notice Period at 14 Days	Management	81.9	18.1
02-May-13	Reckitt Benckiser Group Plc	AGM	2	Directors' Remuneration Report	Management	81.8	18.2
25-Apr-13	Astrazeneca plc	AGM	11	Elect Jean-Philippe Courtois	Management	75.8	24.2
			22	Authority to Set General Meeting Notice Period at 14 Days	Management	83.8	16.2
24-May-13	HSBC Holdings plc	AGM	25	Authority to Set General Meeting Notice Period at 14 Days	Management		
29-Jul-13	National Grid Plc	AGM	21	Authority to Set General Meeting Notice Period at 14 Days	Management	87.5	12.5
02-May-13	Reckitt Benckiser Group Plc	AGM	20	Authority to Set General Meeting Notice Period at 14 Days	Management	87.0	13.0
28-Jun-13	Tesco plc	AGM	20	Authority to Set General Meeting Notice Period at 14 Days	Management	88.4	11.6

(Items in bold were voted 'for' by either Baillie Gifford or Legal & General)

#### Legal & General UK FTSE 100 Index Fund Votes Against Proposals 2013

Meeting Date	Company	Meeting Type	Resolution Number	Description	Proposed By	Vote Results %	
						FOR	AGAINST
21-May-13	Royal Dutch Shell (A)	Annual	2	Approve Remuneration Report	Management	92.4	7.6

24-Oct-13	BHP Billiton	Annual	23	Elect Ian Dunlop, a Shareholder Nominee to the Board	Shareholder	3.7	96.3
30-Jan-13	Imperial Tobacco Group	Annual	19	Approve Share Matching Scheme	Management	88.3	11.7
16-May-13	Glencore International	Annual	7	Subject to the Merger Becoming Effective, Elect Sir John Bond as Director	Management	19.2	80.8
			8	Subject to the Merger Becoming Effective, Elect Sir Steve Robson as Director	Management		
			9	Subject to the Merger Becoming Effective, Elect Ian Strachan as Director	Management	35.6	64.4
			10	Subject to the Merger Becoming Effective, Elect Con Fauconnier as Director	Management	25.0	75.0
			16	Approve Remuneration Report	Management	78.3	21.7
19-Apr-13	Anglo American	Annual	16	Approve Remuneration Report	Management	72.3	19.2
08-May-13	Tullow Oil	Annual	20	Approve Tullow Incentive Plan	Management	91.5	8.5
25-Apr-13	Reed Elsevier	Annual	2	Approve Remuneration Report	Management		
			19	Approve Long-Term Incentive Plan	Management		
22-Nov-13	British Sky Broadcasting Group	Annual	19	Approve Remuneration Report	Management	77.4	22.6
13-Jun-13	Morrison (Wm) Supermarkets	Annual	2	Approve Remuneration Report	Management	87.2	12.8
29-Apr-13	Randgold Resources	Annual	17	Approve Grant of One-Off Career Shares Award of Ordinary Shares to the CEO	Management	61.0	39.0
18-Apr-13	Persimmon	Annual	2	Approve Remuneration Report	Management	78.2	21.7
23-May-13	Travis Perkins	Annual	14	Approve Deferred Share Bonus Plan	Management	87.9	12.1

18-Jul-13	3i Group	Annual	2	Approve Remuneration Report	Management	79.0	21.0
25-Apr-13	Taylor Wimpey (formerly Taylor Woodrow)	Annual	9	Re-elect Anthony Reading as Director	Management	94.2	5.8
			16	Approve Remuneration Report	Management	83.7	16.3
			20	Approve Sale of Apartment and Parking Space by Taylor Wimpey to Pete Redfern	Management	91.2	8.8



Division(s):N/A

## **PENSION FUND COMMITTEE – 6 June 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.

#### **Update on Previous Applications for Admission**

2. Admission agreements are in progress, but not finally signed / sealed for the following employers:
  - 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.
  - Innovate
  - Cara Cleaning Services
  - Carillion – East Oxford Primary School
  - The Cleaning Co-Op
  - D F Williams
  - PAM Wellbeing Limited
3. Applications have been finalised for The School Lunch Company; Caterlink Limited and Fresh Start Catering
4. The contract for services with Ecocleen Ltd. Remains on hold.
5. Edwards and Ward have supplied information about all contracts they have taken on in Oxfordshire and Pension Services are working through these.

#### **New Requests for Admission**

6. Proclean Oxford Limited has applied for admission to the fund following their successful bid for the cleaning contract at St Aloysius School. The Service Manager (Pensions) has given approval provided that either a bond, or pass through arrangement is put in place.

## **RECOMMENDATIONS**

The Committee is **RECOMMENDED** to:

- a) note the progress of previously approved applications for admitted body status; and**
- b) approve the application for admitted body status by Proclean Limited subject to either pass through arrangements or bonds being put in place.**

Lorna Baxter  
Chief Finance Officer

Background papers:  
Contact Officer: Sally Fox, Pension Services Manager, tel: (01865) 797111

May 2014

Division(s): N/A

## PENSION FUND COMMITTEE – 6 June 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 £159.49 chargeable to the pension fund in respect of six cases.
5. In all cases the member has died and in five of these a small over payment of pension has been made but could not be recovered. The amounts ranged between £4.79 and £7.07.
6. In the last case the over payment was £130.00. Legal have advised that, since the executor is resident in USA, this would cost too much to recover.

##### RECOMMENDATION

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

Lorna Baxter  
Chief Finance Officer

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

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