OXFORDSHIRE COUNTY COUNCIL

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 5 December 2014 at 10.15 am

County Hall, New Road, Oxford

Peter G. Clark

Peter G. Clark
County Solicitor

November 2014

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

Membership

Chairman – Councillor Stewart Lilly
Deputy Chairman - Councillor Patrick Greene

Councillors

Lynda Atkins
Surinder Dhesi
Jean Fooks
Nick Hards
Richard Langridge
Sandy Lovatt
Neil Owen

Co-optees

District Councillor Hywel Davies
District Councillor Jerry Patterson

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 13 March 2015***
- ***Ellis Eckland, from UBS, will run a training session starting at 9:30am covering UBS approach to investing in energy and the factors they take into consideration.***

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 Glenn Watson on (01865) 815270 or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

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

AGENDA

1. Apologies for Absence and Temporary Appointments

2. Declarations of Interest - see guidance note

3. Minutes (Pages 1 - 10)

To approve the minutes of the meeting held on 5 September 2014 (**PF3**) and to receive information arising from them.

4. Petitions and Public Address

5. Overview of Past and Current Investment Position (Pages 11 - 36)

10:20

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

The Independent Financial Adviser will review the investment activity during the past quarter and present an overview of the Fund's position as at 30 September 2014 using the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 September 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 30 September 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 and 10 – UBS

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

6. EXEMPT ITEMS

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

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 8 and 9, there are no reports circulated with the Agenda. Any exempt information will be reported orally.

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

10:30

The report of the Independent Financial Adviser **(PF7)** sets out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself does not contain exempt information and is available to the public. The Independent Financial Adviser will also report orally and any information reported orally will be exempt information.

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

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

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

8. 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 5 and 7.

(2) The representatives (Malcolm Gordon, Eric Byrne and Antony Sander) of the Fund Manager will:

(a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 30 September 2014;

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

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

9. Partners Group

11:20

(1) The Independent Financial Adviser will report orally on the performance and strategy of Partners Group drawing on the tables at Agenda Items 5 and 7.

(2) The representatives (Sarah Brewer and Sergio Jovele) of the Fund Manager will:

(a) report and review the present investments of their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 30 September 2014;

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

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

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

12:00

The Independent Financial Adviser will report (**PF10**) on the officer meetings with Wellington and Baillie Gifford, as well as update the Committee on any other issues relating to the Fund Managers not present, including Legal & General and the Private Equity portfolio.

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

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

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

11. Summary by the Independent Financial Adviser

12:05

The Independent Financial Adviser will summarise any issues arising from previous discussions, the appointment of a Diversified Growth Manager and the latest position on Infrastructure.

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

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

12. Options for the future arrangements for the Oxfordshire Pension Fund (Pages 57 - 78)

12:10

The report **(PF12)** sets out the latest business proposal for the future arrangements of the Oxfordshire Pension Fund. Annex 1 is the full business proposal which has been discussed with Officers and Members from the three pension funds of Buckinghamshire, Oxfordshire and Berkshire. The main report highlights the key issues from the report following these discussions, and the key questions for further consideration.

Part of the concern expressed during the meeting on 17 November was in respect of the potential financial savings achieved through collaboration. In addressing this information further, the main report contains information on the fee levels currently charged by Oxfordshire's Fund Manager, and the potential for further reductions which is commercially sensitive information.

The public should therefore be excluded for the consideration of this report because its discussion in public would be likely to lead to the disclosure to members of the public present of information in the following category prescribed by Part I of Schedule 12A to the Local Government Act 1972 (as amended):

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 the Council's *position would be prejudiced in respect of future negotiations with both Fund Managers and potential partners.*

It should be noted that the Annex to this report is a public document. The Business Proposal does not include any specific fee information on the current mandates and all information included has already been in the public domain.

The Committee is RECOMMENDED to:

(a) ***consider whether the business proposal provides sufficient evidence to address the question of whether to proceed with a collaboration exercise, and if not, determine what further information they wish to see before making a decision;***

(b) ***on the basis that a decision to proceed with a collaboration exercise is agreed either now, or on the receipt of further information, determine whether we should proceed with the partners currently identified, or explore the option of seeking a replacement partner with a more similar risk appetite/asset allocation; and***

(c) ***determine whether now is the right time to initiate a formal consultation exercise, or whether it is necessary to collate any further information identified under i), explore any alternative partners under ii) and/or await a formal decision from the Government on the mandating of passive investments.***

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

13. Better Governance and Improved Accountability in the Local Government Pension Scheme (Pages 79 - 82)

12:40

The report **(PF13)** sets out the key elements of the latest consultations from the Department of Communities and Local Government and the LGPS Shadow Scheme Advisory Board on the Governance arrangements for the Local Government Pension Scheme.

The Committee is RECOMMENDED to:

(a) ***note the key issues set out in the latest consultation documents; and***

(b) ***determine the process for preparing the draft constitution and terms of reference for the new Local Pension Board, to be considered and agreed at the March meeting of this Committee.***

14. Annual Report and Accounts 2013/14

12:50

The Annual Report and Accounts for 2013/14 have now been published, and hard copies for members of the Committee are enclosed with this agenda. There were no changes of substance from the draft version approved by the Committee at their meeting in September 2014. Following the drafting of the Report and Accounts, and indeed after the conclusion of the majority of the external audit work, we received new statutory guidance on the contents of LGPS Annual Report and Accounts. For 2013/14, it was agreed that these additional notes could be covered by way of an Addendum published by 1 December 2014. The additional information has been requested to provide further clarifications on current publications, but also to set out information in a consistent way across all LGPS Funds, so that it can be aggregated to produce an Annual Report and Accounts for the LGPS as a whole. In addition, a number of key performance indicators are included, which can be used by Pension Boards in assessing the overall effectiveness of the governance and administration of their Fund. Data includes the attendance and training records of Members of this Committee.

A copy of the Addendum will be circulated to the Committee Members in advance of the meeting, and will be published on our website.

The Committee is RECOMMENDED to note the publication of the Annual Report and Accounts 2013/14 and accompanying addendum.

15. Fund Manager Monitoring Arrangements (Pages 83 - 84)

12:55

The Committee is asked to determine the arrangements for monitoring the performance of the Fund Managers, including the new Diversified Growth Manager for the 2015/16 financial year **(PF15).**

The Committee is RECOMMENDED to approve the Fund Manager monitoring arrangements as set out in the report.

16. Employer Issues (Pages 85 - 88)

13:00

This report **(PF16)** 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 previous applications still outstanding;

(b) note applications approved by Service Manager (PIMMS);

(c) approve other applications received providing these are on either a pass through basis, or a bond is put in place;

(d) note the completed applications;

(e) note the closure of scheme employers; and

(f) note progress of employer covenant project.

17. Administration - Update (Pages 89 - 104)

13:05

To receive an update **(PF17)** on current administration issues including consideration of the final version of the Administration Strategy following a period of employer consultation.

A copy of the Administration Strategy Statement is attached.

The Committee is RECOMMENDED to:

(a) agree the changes to the service level agreement;

(b) note the current level of MARS Returns; and

(c) agree the Administration Strategy.

18. Write Off's (Pages 105 - 106)

13:10

The report **(PF18)** 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 Pension Fund Committee is RECOMMENDED to note the report

19. Corporate Governance and Socially Responsible Investment

13:15

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

20. Annual Pension Forum

13:15

The Pension Fund Forum planned for Friday 12 December 2014 has been cancelled due to lack of support from scheme employers.

LUNCH

Pre-Meeting Briefing
There will be a pre-meeting briefing at County Hall (Member's Board Room) on **Wednesday 3 December 2014** at **2.00pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 5 September 2014 commencing at 10.10 am and finishing at 3.26 pm

Present:

Voting Members:	Councillor Stewart Lilly – in the Chair Councillor Patrick Greene (Deputy Chairman) Councillor Surinder Dhesi Councillor Nick Hards Councillor Sandy Lovatt District Councillor Hywel Davies District Councillor Jerry Patterson Councillor John Howson (In place of Councillor Jean Fooks) Councillor Rodney Rose (In place of Councillor Richard Langridge) Councillor Les Sibley (In place of Councillor Lynda Atkins) Councillor Kevin Bulmer (In place of Councillor Neil Owen)
District Council Representatives:	District Councillor Hywel Davies District Councillor Jerry Patterson
By Invitation:	Paul Gerrish, Beneficiaries Observer Peter Davies, Independent Financial Adviser
Officers:	
Whole of meeting	L. Baxter, D. Ross and S. Whitehead (Chief Executive's Office); S. Collins and 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.

46/14 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

Apologies were received from Councillor Atkins (Councillor Sibley substituting), Councillor Fooks (Councillor Howson substituting), Councillor Langridge (Councillor Rose substituting) and Councillor Owen (Councillor Bulmer substituting).

47/14 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda No. 2)

Councillors Bulmer, Howson, Lilly, Rose, Sibley, District Councillor Patterson and Paul Gerrish each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government & Housing Act 1989.

48/14 MINUTES
(Agenda No. 3)

The Minutes of the meeting held on 6 June 2014 were agreed and signed subject to the following correction to the figures in the second paragraph of the preamble to minute 30/14:

Based on relative figures:

0.5% above benchmark over the quarter
0.8% below benchmark over 12 months
0.3% below benchmark over last 3 years

49/14 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION
(Agenda No. 5)

The Independent Financial Adviser reviewed the investment activity during the past quarter and presented an overview of the Fund's position as at 30 June 2014.

Mr Davies noted that the overall value had risen by £32m and detailed where the rises had occurred. There was some discussion of the transition arrangements in relation to the Global Pooled Fund and it was noted that the tables would be reformatted in future to make the position clearer.

RESOLVED: to receive the tables and graphs, and that the information contained in them be borne in mind, insofar as they relate to items 7, 8, 9, 10, 11 and 12 on the agenda.

50/14 EXEMPT ITEMS
(Agenda No. 6)

RESOLVED: that the public be excluded for the duration of items 7, 8, 9, 10, 11, 12 and 13 in the Agenda since it is likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it is considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

51/14 PRESENTATION BY WM COMPANY ON THE FUND'S INVESTMENT PERFORMANCE

(Agenda No. 7)

Karen Thrumble of the WM Company reviewed the Fund’s investment performance for the 2013/14 year, including comparison to benchmark data for the WM Local Authority Pension Fund Universe.

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.

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

52/14 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 8)

The Committee considered a report of the Independent Financial Advisor (PF8) which set out an overview of the current and future investment scene and market developments across various regions and sectors. The report itself did not contain exempt information and is available to the public. The Independent Financial Adviser also verbally updated the report orally and responded to Member’s questions.

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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RESOLVED: 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.

53/14 WELLINGTON

(Agenda No. 9)

The Independent Financial Adviser reported orally on the performance and strategy of Wellington drawing on the tables at Agenda Items 5 and 8.

The representatives, Nicola Staunton and Ian Link reported on and reviewed the present investments in relation to their part of the Fund and their strategy against the background of the current investment scene for the period which ended on 30 June 2014. They also gave their views on the future investment scene.

At the end of the presentation, they responded to questions from members.

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

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

RESOLVED: to note the main issues arising from the presentation and to take any necessary action, if required.

54/14 BAILLIE GIFFORD

(Agenda No. 10)

The Independent Financial Adviser reported orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 5 and 8.

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 on 30 June 2014. They also gave their views on the future investment scene.

At the end of the presentation, they responded to questions from members.

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

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

RESOLVED: to note the main issues arising from the presentation and to take any necessary action, if required.

55/14 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 11)

The Independent Financial Adviser reported **(PF11)** on the officer meetings with UBS and Legal & General, and updated the Committee on any other issues relating to the Fund Managers not present.

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.

RESOLVED: to note the main issues arising from the reports and to take any necessary action, if required.

56/14 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER

(Agenda No. 12)

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 Independent Financial Adviser reported that no summary was required.

57/14 ADDITIONAL VOLUNTARY CONTRIBUTIONS (UPDATE)

(Agenda No. 13)

The Committee considered a report (**PF13**) which updated them on the issues outstanding from the report to the March 2014 meeting. The report provided details of the Fund’s Additional Voluntary Contribution (AVC) Scheme, and included issues regarding the performance of the individual funds and the Scheme Provider (Prudential) itself.

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

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

RESOLVED: to agree to keep the current 17 Prudential funds open to members.

ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

58/14 DRAFT REGULATIONS ON SCHEME GOVERNANCE - CONSULTATION PAPER

(Agenda No. 14)

The Public Service Pensions Act 2013 includes a requirement for the Department of Communities and Local Government (DCLG) as the responsible authority for the Local Government Pension Scheme to make regulations establishing a national scheme advisory board, and to enable each Administering Authority to establish a local pension board. DCLG published these draft regulations in mid-June with an 8 week consultation period, closing on 15 August 2014. The report (**PF14**) detailed the key elements of the draft regulations, and included at Annex 1 a copy of the consultation response submitted by the officers. As the consultation was limited to 8 weeks, the response was submitted following consultation with the Chairman of the Committee, and is included for information.

During discussion the Committee queried the role of the new board and what it would achieve and there was some concern over the costs involved. The Committee agreed with concerns from Paul Gerrish, as the beneficiary's observer, that his role should remain with the main Pension Fund Committee.

RESOLVED: to:

note the details of the consultation document and the response at Annex 1; and the comments on the key issues raised in this report to support the initial planning work for the creation of the new Pension Board.

59/14 OPTIONS FOR THE FUTURE ARRANGMENTS FOR THE OXFORDSHIRE PENSION FUND

(Agenda No. 15)

The Committee considered a report **(PF15**) that set out the business proposal for the future arrangements of the Oxfordshire Pension Fund. Annex 1 detailed the full business proposal from the lead pension officers for the three pension funds of Buckinghamshire, Oxfordshire and Berkshire. Sean Collins detailed the background and history leading to the business proposal. Lorna Baxter, Chief Finance Officer thanked Seajn Collins for all his hard work to get to this point and commented that her responsibility was to ensure that all the information the Committee needed to take such a decision was available to them. It was therefore important for the Committee to see greater detail on the other possible options.

Following lengthy discussion the Committee did not approve the recommendations in the report and:

RESOLVED: to:

(a) request further details of costs and performance measures to be collated in order to justify further progress;

(b) await the outcome of the Government's consultation on the use of Common Investment Vehicles and Passive Management in order to finalise an actual firm proposal;

(c) arrange a meeting for the Chairman, Deputy Chairman and Opposition Spokesman of the three Councils (or their equivalents) to meet with officers from Oxfordshire, Buckinghamshire and Berkshire to agree a common way forward; and

(d) subject to the above, arrange for the consultation with employers, employees and beneficiaries, to take place as soon as possible.

60/14 DRAFT ANNUAL REPORT AND ACCOUNTS 2013/14

(Agenda No. 16)

The draft Annual Report and Accounts for 2013/14 were presented for comment and amendment **(PF16)**. Alan Witty, from the Fund's External Auditors attended to present key findings from their audit and to answer questions from the Committee.

It was noted that the final report would be submitted to the December meeting with an addenda covering areas not covered by the draft report. Alan Witty added that there were no significant findings from the audit which was a testament to the Team the County had. In response to a question about risks to the Fund set out at pages 143-146 the Committee was advised that the 'stress testing' did not take account of several things happening at once as there were too many variables for this to be done effectively.

RESOLVED: to receive the draft report and accounts for 2013/14.

61/14 OXFORDSHIRE PENSION FUND BUDGET OUTTURN REPORT FOR 2013/14

(Agenda No. 17)

The Committee considered a report (**PF17**) that analysed the actual spend by Oxfordshire County Council during 2013/14 against the budget and which highlighted the reasons for any material variances.

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

62/14 PENSIONS ADMINISTRATION - SERVICE PERFORMANCE

(Agenda No. 18)

The Committee had before them a report **(PF18**) that provided details of the annual review of the performance of the Pensions Administration Team including key performance indicators.

Responding to questions Sally Fox updated the Committee on the recruitment and vacancy position.

RESOLVED: to note the report.

63/14 EMPLOYER ISSUES

(Agenda No. 19)

The Committee considered a report **(PF19**) that sought Committee approval for any new admissions to the Fund, and updated the Committee on the status of any current employer which impacted on future Scheme membership. The report also covered the proposed phased arrangements for the recovery of pension liabilities from ceasing employers where this is in the best interests of the Fund.

RESOLVED: to:

(a) note the progress of previously approved applications for admitted body status;

(b) note the approved applications for admitted body status by Regency Cleaning; Fresh Start Catering; Edwards & Ward; The School Lunch Company; Oxford Active; Aspens Services and Greenwich Leisure Limited subject to either pass through arrangements or bonds being put in place;

(c) note the closure of two scheme admission agreements with Soll Vale and Greenwich Leisure Limited;

(d) agree the changes to the Funding Strategy Statement as set out in paragraph 13 above; and

(e) note information on employer covenant project.

64/14 CO-HABITING PARTNERS

(Agenda No. 20)

In March this Committee received a report seeking the Committee's views in updating the Administering Authority Discretions in line with the LGPS Regulations 2013, which came in to force on 1 April 2014

The new regulations removed the requirement for current scheme members, as at 1 April 2014, to nominate a co-habiting partner, to be eligible to receive benefits in the event of the death of the member, with the provision of evidence after death. In March the Committee requested that legal advice be sought on what information would be required as evidence.

The report before the Committee **(PF20)** considered the potential evidence this Committee may wish to require before the payment of a pension to a co-habiting partner.

RESOLVED: to:

(a) agree the list of evidence to be required in these circumstances as set out in paragraph 6; and

(b) confirm the proposed procedure.

65/14 WRITE OFFS

(Agenda No. 21)

The Committee considered a report **(PF22)** that provided the Committee with summary details of the amounts written off in the last quarter, in accordance with Financial Regulations of the Fund.

RESOLVED: to note the report.

66/14 INTERNAL MANAGEMENT OF PROPERTY

(Agenda No. 22)

As part of the Fundamental Asset Allocation review at the March 2014 meeting, the Committee agreed to earmark £20m of the current allocation to property for opportunistic property investments. The first such opportunity was recently identified by the Independent Financial Adviser, but could not be followed through as the timescales to commit to the investment were too short to enable the Committee to meet to agree the investment. As the approval is for opportunistic investments, a similar issue is likely to arise in the future.

The Committee had previously delegated decisions on Private Equity Investments to officers following the advice of the Independent Financial Adviser, thereby reducing the timescales involved and maximising the opportunities to the Fund. The Committee was asked to agree a similar arrangement in respect of this allocation for property investments. Under the Scheme of Delegation all delegated decisions must be reported back to the Committee at their next meeting.

RESOLVED: to amend the current Pension Fund Scheme of Delegation to include the following:

'Internal property fund decisions are delegated to the lead officer for Pension Fund investments or in their absence to the Principal Financial Manager, Treasury Management and Pension Fund Investments. Responsibility for placing internally managed property trades is delegated to the Pension Fund Investments team.'

67/14 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT
(Agenda No. 23)

Following a request at the last Council meeting from a member of the Green Party concerning disinvestment in fossil fuels the Committee confirmed that they were satisfied with the Opinion of Nigel Giffins QC as set out in a report to the last meeting and that the Pension Fund had a responsibility to the members and beneficiaries of the Fund.

68/14 ANNUAL PENSION FORUM
(Agenda No. 24)

The Committee noted that the Annual Pension Forum will take place on **Friday 12 December 2014 at 10.00am at Unipart House.**

.... in the Chair

Date of signing 2014

TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 30th SEPTEMBER 2014

	COMBINED PORTFOLIO 1.07.14	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 30.09.14		OCC Customised Benchmark	
Investment	**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 %**
EQUITIES																	
UK Equities	**499,603**	**323,256**	**97.2%**	**22,174**	**11.0%**	**148,476**	**50.4%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**493,906**	**29.6%**	**31.0%**	**29.0%**
North American Equities	99,557	0	0.0%	102,937	51.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	102,937	6.2%		
European & Middle Eastern Equities	29,264	0	0.0%	33,370	16.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33,370	2.0%		
Japanese Equities	18,216	0	0.0%	19,791	9.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	19,791	1.2%		
Pacific Basin Equities	821	0	0.0%	637	0.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	637	0.0%		
Emerging Markets Equities	18,432	0	0.0%	18,346	9.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	18,346	1.1%		
UBS Global Pooled Fund	226,877	0	0.0%	0	0.0%	0	0.0%	0	0.0%	232,297	71.1%	0	0.0%	232,297	13.9%		
L&G World (ex UK) Equity Fund	141,367	0	0.0%	0	0.0%	146,347	49.6%	0	0.0%	0	0.0%	0	0.0%	146,347	8.8%		
Total Overseas Equities	**534,534**	**0**	**0.0%**	**175,081**	**86.7%**	**146,347**	**49.6%**	**0**	**0.0%**	**232,297**	**71.1%**	**0**	**0.0%**	**553,725**	**33.2%**	**32.0%**	**30.0%**
BONDS																	
UK Gilts	67,623	0	0.0%	0	0.0%	0	**0.0%**	73,613	27.4%	0	0.0%	0	0.0%	73,613	4.4%	3.0%	3.0%
Corporate Bonds	53,883	0	0.0%	0	0.0%	0	**0.0%**	51,370	19.1%	0	0.0%	0	0.0%	51,370	3.1%	6.0%	6.0%
Overseas Bonds	44,905	0	0.0%	0	0.0%	0	**0.0%**	41,498	15.4%	0	0.0%	0	0.0%	41,498	2.5%	2.0%	2.0%
Index-Linked	82,579	0	0.0%	0	0.0%	0	**0.0%**	86,314	32.2%	0	0.0%	0	0.0%	86,314	5.2%	5.0%	5.0%
Total Bonds	**248,990**	**0**	**0%**	**0**	**0.0%**	**0**	**0.0%**	**252,795**	**94.1%**	**0**	**0.0%**	**0**	**0.0%**	**252,795**	**15.2%**	**16.0%**	**16.0%**
ALTERNATIVE INVESTMENTS																	
Property	102,892	0	0.0%	0	0.0%	0	**0.0%**	0	0.0%	91,869	28.1%	13,339	5.5%	105,208	6.3%	8.0%	8.0%
Private Equity	147,690	0	0.0%	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	152,039	62.3%	152,039	9.1%	10.0%	9.0%
Hedge Funds	29,589	0	0.0%	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	568	0.2%	568	0.0%	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%
Total Alternative Investments	**280,171**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**91,869**	**28.1%**	**165,946**	**68.0%**	**257,815**	**15.4%**	**21.0%**	**25.0%**
CASH	**75,787**	**9,337**	**2.8%**	**4,547**	**2.3%**	**0**	**0.0%**	**15,921**	**5.9%**	**2,383**	**0.8%**	**78,009**	**32.0%**	**110,197**	**6.6%**	**0.0%**	**0.0%**
TOTAL ASSETS	**1,639,085**	**332,593**	**100.0%**	**201,802**	**100.0%**	**294,823**	**100.0%**	**268,716**	**100.0%**	**326,549**	**100.0%**	**243,955**	**100.0%**	**1,668,438**	**100.0%**	**100.0%**	**100.0%**

% of total Fund	19.93%	12.10%	17.67%	16.11%	19.57%	14.62%	100.00%

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TABLE 2

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2014 — ALTERNATIVE ASSETS

PRIVATE EQUITY AND HEDGE FUNDS					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
Private Equity	6-11	10.0%	9.1%	-0.9%	FTSE Smaller Companies (inc investment trusts)
Hedge Funds	2-4	3.0%	0.0%	-3.0%	3 month LIBOR + 3%
Total		**13.0%**	**9.1%**	-3.9%	

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

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

Market Value - at 30th September 2014 £152,039,000 Private Equity
£568,000 Hedge Funds

TABLE 3

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2014 — BAILLIE GIFFORD

UK EQUITIES					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
UK Equities	N/A	100.0%	97.2%	-2.8%	FTSE Actuaries All-Share
Cash	Nil	0.0%	2.8%	+2.8%	
Total		**100.0%**	**100.0%**		

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

Market Value - at 30th September 2014 £332,593,000

TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2014

LEGAL and GENERAL

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

Target Objective - To track the FTSE 100 Index

Market Value - at 30th September 2014 £148,476,000

TABLE 5

FIXED INCOME					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
UK Gilts	0 - 36	18.75%	27.4%	+8.6%	FTSE A All Gilts Stocks
Corporate Bonds	20 - 55	37.50%	19.1%	-18.4%	IBoxx Sterling Non-Gilt All Stocks Index
Index-Linked	15 - 46	31.25%	32.2%	+1.0%	FTSE A Over 5 Year Index-linked Gilts
Overseas Bonds	0 - 24	12.50%	15.4%	+2.9%	JP Morgan Global Gov't (ex UK) Traded Bond
Cash	0 - 10	0.00%	5.9%	+5.9%	
Total		**100.0%**	**100.0%**		

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

Market Value - at 30th September 2014 £268,716,000

TABLE 6

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2014 **LEGAL and GENERAL**

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

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

Market Value - at 30th September 2014 £146,347,000

TABLE 7

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2014 **WELLINGTON**

GLOBAL EQUITIES					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
Global Equities	N/A	100.0%	97.7%	-2.3%	MSCI All Countries World Index
Cash	Nil	0.0%	2.3%	+2.3%	
Total		**100.0%**	**100.0%**		

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

Market Value - at 30th September 2014 £201,802,000

TABLE 8

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

ASSET ALLOCATION AS AT QUARTER ENDED 30th SEPTEMBER 2014 **UBS GLOBAL ASSET MANAGEMENT**

OVERSEAS EQUITY PORTFOLIO					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
Overseas Equities					
Comprising					
Global Pooled Fund	N/A	100.0%	100.0%	+0.0%	MSCI All Countries World Index
Total		**100.0%**	**100.0%**		

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

Market Value - at 30th September 2014 £232,297,000

TABLE 9

PROPERTY PORTFOLIO					
Asset	**Control Range**	**Benchmark Allocation**	**Actual Allocation**	**+ or - Benchmark**	**Index**
	%	%	%	%	
Property	90 - 100	100.0%	97.5%	-2.5%	IPD UK All Balanced Funds Index Weighted Average
Cash	0 - 10	0.0%	2.5%	+2.5%	
Total		**100.0%**	**100.0%**		

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

Market Value - at 30th September 2014 £94,252,000

TABLE 10

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

TOTAL PORTFOLIO PROGRESS REPORT - 1 JULY 2014 to 30 SEPTEMBER 2014

Asset	Market Value 1.07.14	%	Net Purchases and Sales					Changes in Market Value					Market Value 30.09.14	%
			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	
EQUITIES														
UK Equities	499,603	30	0	4,750		0	0	0	(8,952)	(1,332)	(163)	0	493,906	30
US Equities	99,557	6	0	0	0	(1,984)	0	0	0	0	5,364	0	102,937	6
European & Middle Eastern Equities	29,264	2	0	0	0	4,305	0	0	0	0	(199)	0	33,370	2
Japanese Equities	18,216	1	0	0	0	1,146	0	0	0	0	429	0	19,791	1
Pacific Basin Equities	821	0	0	0	0	(8)	0	0	0	0	(176)	0	637	0
Emerging Market Equities	18,432	1	0	0	0	(168)	0	0	0	0	82	0	18,346	1
Global Pooled Funds	368,244	22	0	0	0		0	5,420	0	4,980	0	0	378,644	23
Total Overseas Equities	534,534	32	0	0	0	3,291	0	5,420	0	4,980	5,500	0	553,725	33
BONDS														
UK Gilts	67,623	4	0	0	(445)		0	0	0	6,435	0	0	73,613	4
Corporate Bonds	53,883	3	0	0	0		0	0	0	(2,513)	0	0	51,370	3
Overseas Bonds	44,905	3	0	0	(1,719)		0	0	0	(1,688)	0	0	41,498	3
Index-Linked Bonds	82,579	5	0	0	(984)		0	0	0	4,719	0	0	86,314	5
ALTERNATIVE INVESTMENTS														
Property	102,892	6	865	0	0		(231)	1,861	0	0	0	(179)	105,208	6
Private Equity	147,690	9	0	0	0		(75)	0	0	0	0	4,424	152,039	9
Hedge Funds	29,589	3	0	0	0		(29,311)	0	0	0	0	290	568	0
SUB TOTAL	1,563,298	95	865	4,750	(3,148)	3,291	(29,617)	7,281	(8,952)	10,601	5,337	4,535	1,558,241	93
CASH *	75,787	5	115	(1,970)	5,925	(1,791)	32,131	0	0	0	0	0	110,197	7
GRAND TOTAL	**1,639,085**	**100**	**980**	**2,780**	**2,777**	**1,500**	**2,514**	**7,281**	**(8,952)**	**10,601**	**5,337**	**4,535**	**1,668,438**	**100**

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

TABLE 11

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

VALUATION OF OTHER INVESTMENTS AS AT 30th SEPTEMBER 2014

	HOLDING	COST £	AVERAGE COST £	MARKET PRICE £	MARKET VALUE £	UNREALISED GAIN/LOSS £
PRIVATE EQUITY						
Managed by Mr P Davies, IFA						
Quoted Investment Trusts						
3I Group	1,424,713	4,013,565	2.817	3.832000	5,459,500	1,445,935
Candover Investments	236,060	1,687,945	7.150	5.730000	1,352,624	(335,321)
Electra Private Equity	1,016,179	13,886,422	13.665	26.500000	26,928,744	13,042,322
F&C Private Equity Trust	4,160,000	7,339,178	1.764	2.175000	9,048,000	1,708,822
Graphite Enterprise Trust	852,512	2,420,093	2.839	5.905000	5,034,083	2,613,990
HarbourVest European Senior Loans	2,284,315	735,220	0.322	0.265000	605,343	(129,877)
HG Capital Trust	1,934,000	11,207,516	5.795	10.400000	20,113,600	8,906,084
KKR & CO LP	220,000	1,314,957	5.977	13.748955	3,024,770	1,709,813
Northern Investors	293,247	467,808	1.595	3.880000	1,137,798	669,990
Oxford Technology 3 Venture Capital Trust	593,612	582,797	0.982	0.600000	356,167	(226,630)
Oxford Technology 4 Venture Capital Trust	1,021,820	995,164	0.974	0.430000	439,383	(555,781)
Schroder Private Equity	853,590	552,652	0.647	1.965423	1,677,666	1,125,014
Standard Life European Private Equity Trust	4,434,448	5,174,666	1.167	2.260000	10,021,852	4,847,186
SVG Capital	1,484,453	5,053,350	3.404	4.104000	6,092,195	1,038,845
		55,431,333			**91,291,725**	**35,860,392**
Other Fixed Interest						
Electra Private Equity 5.000% 12/29/2017 DD 12/29/10	2,870	**2,870,000**	1,000	1285.000000	**3,687,950**	**817,950**
Limited Partnerships Fund of Funds						
Partners Group Secondary 2006 L.P.		790,483			2,744,226	1,953,743
Partners Group Secondary 2008 L.P.		4,035,122			8,554,760	4,519,638
Partners Group Asia-Pacific 2007 L.P.		5,447,292			6,646,011	1,198,719
Partners Group Secondary 2011 L.P.		5,527,599			7,175,238	1,647,639
Partners Group Asia-Pacific 2011 L.P.		3,800,643			3,807,855	7,212
Adams Street 2007 Non US Fund		3,370,302			4,959,411	1,589,109
Adams Street 2008 Global Fund						
Adams Street 2008 Direct Fund		892,135			1,855,340	963,205
Adams Street 2008 Non US Fund		3,151,682			4,071,234	919,552
Adams Street 2008 US Fund		2,235,416			5,062,196	2,826,780
Adams Street 2009 Global Fund						
Adams Street 2009 Direct Fund		676,707			1,149,962	473,255
Adams Street 2009 Non US Developed Mkts Fund		1,331,823			1,568,180	236,357
Adams Street 2009 Non US Emerging Mkts Fund		615,797			611,992	(3,805)
Adams Street 2009 US Fund		2,229,225			3,195,049	965,824
Adams Street 2013 Global Fund		2,715,813			2,744,635	28,822
Oxford Technology ECF Limited Partner AC		1,476,940			2,494,200	1,017,260
Longwall Ventures ECF Limited Partner AC		525,000			419,000	(106,000)
		38,821,979			**57,059,289**	**18,237,310**
Cash Held by Custodian for Private Equity		**19,337,503**			**19,337,503**	
CASH HELD IN HOUSE		**58,671,404**			**58,671,404**	
TOTAL OF ALL INVESTMENTS		**175,132,219**			**230,047,871**	**54,915,652**

Delisted Quoted Investment Trusts	Holding	Market Value £
Henderson Private Equity	132,519	53,000

No official market price - market value reflects estimate of final distribution due in 2015

TABLE 12

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PRIVATE EQUITY TRANSACTIONS DURING QUARTER ENDED 30th SEPTEMBER 2014

DATE	HOLDING	TRANSACTION	BOOK COST £	PAYMENTS £	SALE PROCEEDS £	REALISED GAIN/LOSS £
		LIMITED PARTNERSHIP FUND OF FUNDS DRAWDOWNS				
03/07/2014		Longwall Ventures ECF Limited Partner AC	90,000	90,000		
03/07/2014		Oxford Technology ECF Limited Partner AC	15,000	15,000		
10/07/2014		Adams Street 2013 Global Fund	253,378	253,378		
11/07/2014		Partners Group Asia - Pacific 2007 L.P.	351,796	351,796		
30/07/2014		Adams Street 2013 Global Fund	211,531	211,531		
08/08/2014		Partners Group Asia - Pacific 2011 L.P.	237,006	237,006		
15/08/2014		Adams Street 2007 Non US Fund	287,658	287,658		
15/08/2014		Adams Street 2008 US Fund	176,286	176,286		
20/08/2014		Adams Street 2013 Global Fund	244,913	244,913		
22/08/2014		Adams Street 2009 Non US Developed Mkts Fund	152,630	152,630		
26/08/2014		Oxford Technology ECF Limited Partner AC	60,000	60,000		
24/09/2014		Partners Group Asia - Pacific 2011 L.P.	291,940	291,940		
26/09/2014		Partners Group Secondary 2011 L.P.	464,649	464,649		
			2,836,787	**2,836,787**		
		SALES				
		LIMITED PARTNERSHIP FUND OF FUNDS CAPITAL DISTRIBUTIONS				
01/07/2014		Adams Street 2008 Direct Fund	(40,440)		(40,440)	
01/07/2014		Adams Street 2009 Direct Fund	(29,342)		(29,342)	
11/07/2014		Partners Group Asia - Pacific 2007 L.P.	(201,012)		(201,012)	
15/08/2014		Adams Street 2007 Non US Fund	(344,065)		(344,065)	
15/08/2014		Adams Street 2008 US Fund	(328,146)		(328,146)	
22/08/2014		Adams Street 2009 Non US Developed Mkts Fund	(60,371)		(60,371)	
28/08/2014		Partners Group Secondary 2006 L.P.	(178,804)		(178,804)	
28/08/2014		Partners Group Secondary 2008 L.P.	(588,836)		(588,836)	
29/08/2014		Partners Group Secondary 2011 L.P.	(225,501)		(225,501)	
19/09/2014		Adams Street 2009 Direct Fund	(8,163)		(8,163)	
22/09/2014		Adams Street 2008 Direct Fund	(14,343)		(14,343)	
29/09/2014		Partners Group Asia - Pacific 2007 L.P.	(183,197)		(183,197)	
			(2,202,220)		**(2,202,220)**	
		CORPORATE ACTION				
18/07/2014		HarbourVest European Senior Loans - Return of Capital	(256,757)		(256,757)	0.000
15/08/2014	(181,838)	Schroder Private Equity - Repurchase	(117,730)		(364,589)	246,859
20/08/2014	0	KKR - Return of Capital	(88,502)		(88,502)	0
			(462,989)		**(709,848)**	**246,859**
		TOTALS	**171,578**	**2,836,787**	**(2,912,068)**	**246,859**

TABLE 13

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2014

COMBINED PORTFOLIO (BY ASSET CLASS)

ASSET	% weighting of fund as at 30th September	QUARTER ENDED 30th September 2014			12 MONTHS ENDED 30th September 2014			THREE YEARS ENDED 30th September 2014			FIVE YEARS ENDED 30th September 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	10.5%	3.0	3.4	**0.4**	11.7	11.1	**-0.6**	15.7	15.4	**-0.3**	10.3	8.9	**-1.4**
UK EQUITIES	29.6%	-1.0	-1.6	**-0.6**	6.1	4.1	**-2.0**	13.9	15.1	**1.2**	9.7	12.0	**2.3**
OVERSEAS EQUITIES	22.7%	3.5	2.7	**-0.8**	12.3	10.1	**-2.2**	15.9	15.7	**-0.2**	10.1	8.3	**-1.8**
UK GOVERNMENT BONDS	4.4%	3.7	4.0	**0.3**	5.6	6.2	**0.6**	3.5	3.6	**0.1**	5.1	4.9	**-0.2**
UK CORPORATE BONDS	3.1%	2.9	2.8	**-0.1**	7.5	7.0	**-0.5**	7.8	7.4	**-0.4**	7.4	7.5	**0.1**
OVERSEAS BONDS*	2.5%	1.9	1.3	**-0.6**	-0.2	5.1	**5.3**	-0.8	3.2	**4.0**	1.4	4.0	**2.6**
UK INDEX LINKED GILTS	5.2%	5.9	5.9	**0.0**	9.9	9.9	**0.0**	7.1	7.2	**0.1**	8.9	9.5	**0.6**
TOTAL PRIVATE EQUITY	9.1%	-0.8	3.4	**4.2**	6.6	12.0	**5.4**	19.0	13.7	**-5.3**	9.9	12.5	**2.6**
HEDGE FUNDS	0.0%	0.9	2.6	**1.7**	3.5	8.3	**4.8**	3.7	5.0	**1.3**	3.7	5.1	**1.4**
PROPERTY ASSETS	6.3%	4.0	3.4	**-0.6**	16.8	15.2	**-1.6**	7.8	7.6	**-0.2**	9.8	9.9	**0.1**
TOTAL CASH	6.6%		0.5	**-**		0.7	**-**		1.0	**-**		0.5	**-**
TOTAL FUND	100%	**1.6**	**1.7**	**0.1**	**9.0**	**8.1**	**-0.9**	**13.0**	**12.5**	**-0.5**	**9.6**	**9.5**	**-0.1**

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2014

COMBINED PORTFOLIO (BY FUND MANAGER)

		QUARTER ENDED 30th September 2014			12 MONTHS ENDED 30th September 2014			THREE YEARS ENDED 30th September 2014			FIVE YEARS ENDED 30th September 2014		
FUND MANAGER	% Weighting of Fund as at 30th September	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %	BENCHMARK RETURN %	OXFORDSHIRE TOTAL FUND %	VARIATION %
BAILLIE GIFFORD UK EQUITIES	19.9%	-1.0	-1.9	-0.9	6.1	3.0	-3.1	13.9	15.7	1.8	9.7	13.3	3.6
WELLINGTON GLOBAL EQUITIES	12.1%	3.0	3.5	0.5	11.2	11.0	-0.2	-	-	-	-	-	-
L&G UK EQUITIES - PASSIVE	8.9%	-0.9	-0.9	0.0	6.1	6.2	0.1	13.0	13.0	0.0	9.0	9.1	0.1
L&G GLOBAL EX UK EQUITIES - PASSIVE	8.8%	3.5	3.5	0.0	12.5	12.5	0.0	16.4	16.4	0.0	-	-	-
L&G FIXED INCOME	16.1%	3.8	3.7	-0.1	7.7	7.4	-0.3	6.3	6.1	-0.2	7.1	7.2	0.1
PARTNERS GROUP PROPERTY	0.8%	4.0	-1.3	-5.3	16.8	4.1	-12.7	7.8	5.4	-2.4	-	-	-
PRIVATE EQUITY	9.1%	-0.8	3.4	4.2	6.6	11.9	5.3	19.0	13.7	-5.3	9.9	12.5	2.6
UBS OVERSEAS EQUITIES	13.9%	1.9	2.2	0.3	8.5	8.7	0.2	14.2	15.5	1.3	8.7	8.2	-0.5
UBS PROPERTY	5.7%	4.0	4.1	0.1	16.8	16.1	-0.7	7.8	7.7	-0.1	9.8	9.4	-0.4
UBS HEDGE FUNDS	0.0%	0.9	1.3	0.4	3.5	7.0	3.5	3.7	4.5	0.8	3.7	4.8	1.1
IN-HOUSE CASH	4.7%	0.1	0.1	0.0	0.3	0.4	0.1	0.4	0.9	0.5	0.4	1.0	0.6
TOTAL FUND	**100.0%**	**1.6**	**1.7**	**0.1**	**9.0**	**8.1**	**-0.9**	**13.0**	**12.5**	**-0.5**	**9.6**	**9.5**	**-0.1**

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2014

BAILLIE GIFFORD - UK EQUITIES ACTIVE MANDATE

TABLE 15

ASSET	QUARTER ENDED 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	-1.0	-2.0	-1.0	6.1	3.1	-3.0	13.9	16.2	2.3	9.7	13.6	3.9
TOTAL CASH	-	0.1	-	-	0.3	-	-	0.5	-	-	0.5	-
TOTAL ASSETS	**-1.0**	**-1.9**	**-0.9**	**6.1**	**3.0**	**-3.1**	**13.9**	**15.7**	**1.8**	**9.7**	**13.3**	**3.6**

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 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	3.0	3.4	0.4	11.2	11.1	-0.1	-	-	-	-	-	-
TOTAL CASH	-	6.4	-	-	14.8	-	-	-	-	-	-	-
TOTAL ASSETS	**3.0**	**3.5**	**0.5**	**11.2**	**11.0**	**-0.2**	**-**	**-**	**-**	**-**	**-**	**-**

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 30th SEPTEMBER 2014

LEGAL & GENERAL - PASSIVE EQUITY INDEX FUNDS

TABLE 17

ASSET	QUARTER ENDED 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	-0.9	-0.9	0.0	6.1	6.2	0.1	13.0	13.0	0.0	9.0	9.1	0.1
2 L&G WORLD (EX-UK) EQUITY FUND	3.5	3.5	0.0	12.5	12.5	0.0	16.4	16.4	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 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	3.7	4.0	0.3	5.6	6.2	0.6	3.5	3.6	0.1	5.1	4.9	-0.2
UK CORPORATE BONDS	2.9	2.8	-0.1	7.5	7.0	-0.5	7.8	7.4	-0.4	7.4	7.5	0.1
OVERSEAS BONDS*	1.4	1.3	-0.1	5.7	5.1	-0.6	3.6	3.2	-0.4	4.1	4.0	-0.1
UK INDEX LINKED	5.9	5.9	0.0	9.9	9.9	0.0	7.1	7.2	0.1	8.9	9.5	0.6
CASH/ALTERNATIVES*	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	**3.8**	**3.7**	**-0.1**	**7.7**	**7.4**	**-0.3**	**6.3**	**6.1**	**-0.2**	**7.1**	**7.2**	**0.1**

*** Cash held by L&G is used for hedging the Overseas Bond position. This is therefore included in the Overseas Bond category in order to produce a hedged return.**

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

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2014

INDEPENDENT ADVISOR - PRIVATE EQUITY — **TABLE 19**

ASSET	QUARTER ENDED 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	-0.8	1.2	2.0	6.6	9.4	2.8	19.0	16.6	-2.4	9.9	13.3	3.4
LIMITED LIABILITY PARTNERSHIPS	-0.8	7.5	8.3	6.6	16.5	9.9	19.0	8.1	-10.9	9.9	11.1	1.2
TOTAL ASSETS	**-0.8**	**3.4**	**4.2**	**6.6**	**11.9**	**5.3**	**19.0**	**13.7**	**-5.3**	**9.9**	**12.5**	**2.6**

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 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	4.0	-1.3	-5.3	16.8	4.1	-12.7	7.8	5.4	-2.4	-	-	-
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS*	**4.0**	**-1.3**	**-5.3**	**16.8**	**4.1**	**-12.7**	**7.8**	**5.4**	**-2.4**	-	-	

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2014

UBS GLOBAL ASSET MANAGEMENT- OVERSEAS EQUITIES **TABLE 21**

ASSET	QUARTER ENDED 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	1.9	2.2	0.3	8.5	8.7	0.2	14.2	15.5	1.3	8.7	8.3	-0.4
TOTAL CASH	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	**1.9**	**2.2**	**0.3**	**8.5**	**8.7**	**0.2**	**14.2**	**15.5**	**1.3**	**8.7**	**8.3**	**-0.4**

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

UBS GLOBAL ASSET MANAGEMENT - PROPERTY **TABLE 22**

ASSET	QUARTER ENDED 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	4.0	4.1	0.1	16.8	17.0	0.2	7.8	8.1	0.3	9.8	10.3	0.5
TOTAL CASH*	-	9.4	-	-	8.6	-	-	4.9	-	-	2.7	-
TOTAL ASSETS**	**4.0**	**4.1**	**0.1**	**16.8**	**16.1**	**-0.7**	**7.8**	**7.7**	**-0.1**	**9.8**	**9.4**	**-0.4**

*** 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 30th SEPTEMBER 2014

UBS GLOBAL ASSET MANAGEMENT - HEDGE FUNDS — **TABLE 23**

ASSET	QUARTER ENDED 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	8.3	4.8	3.7	5.0	1.3	3.7	5.1	1.4
TOTAL CASH	-	-	-	-	-		-	-		-	-	
TOTAL ASSETS	**0.9**	**1.3**	**0.4**	**3.5**	**7.0**	**3.5**	**3.7**	**4.5**	**0.8**	**3.7**	**4.8**	**1.1**

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

INTERNALLY MANAGED CASH — **TABLE 24**

ASSET	QUARTER ENDED 30/09/2014			12 MONTHS ENDED 30/09/2014			THREE YEARS ENDED 30/09/2014			FIVE YEARS ENDED 30/09/2014		
	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	0.1	0.0	0.3	0.4	0.1	0.4	0.9	0.5	0.4	1.0	0.6
TOTAL ASSETS	**0.1**	**0.1**	**0.0**	**0.3**	**0.4**	**0.1**	**0.4**	**0.9**	**0.5**	**0.4**	**1.0**	**0.6**

*** This portfolio includes cash held at the Custodian**

TABLE 25

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

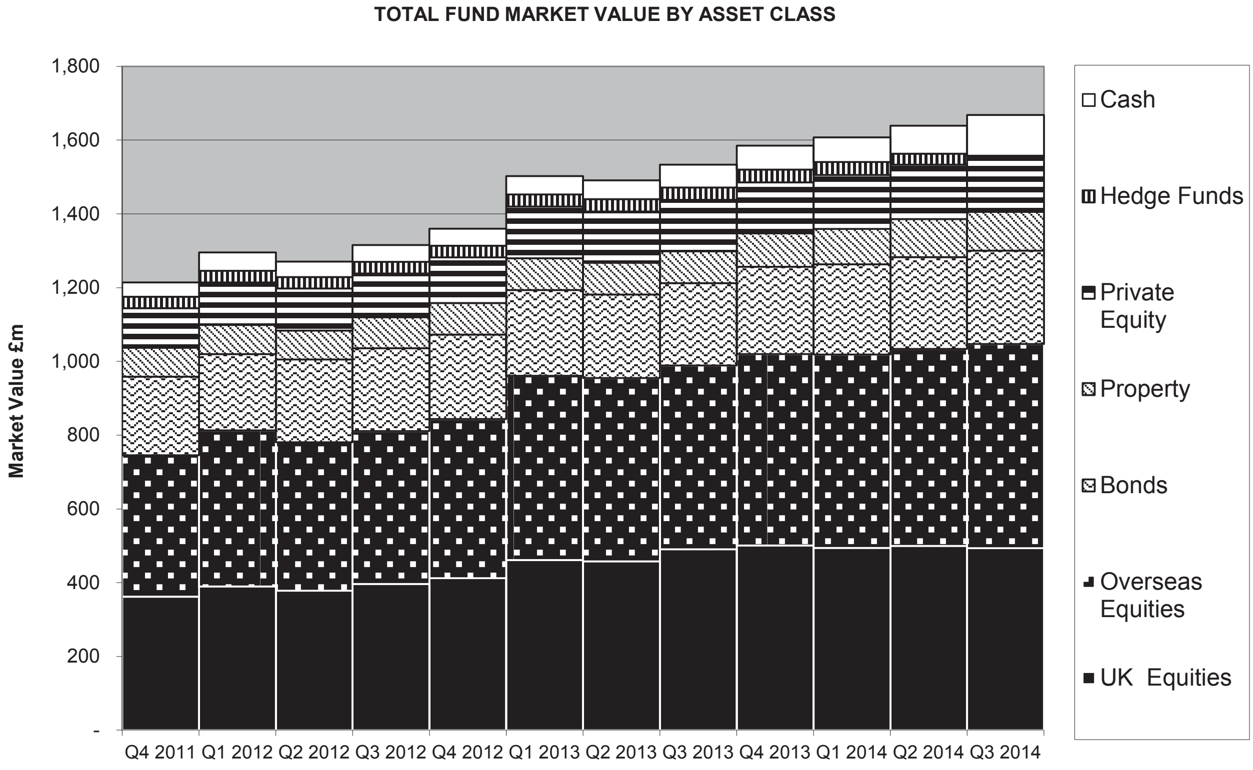
TOP 20 HOLDINGS AT 30/09/2014

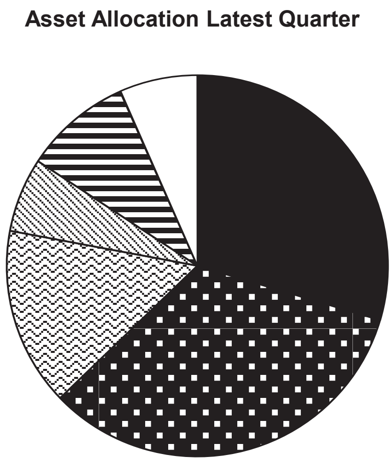
	ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
	DIRECT HOLDINGS		
1	ELECTRA PRIVATE EQUITY PLC	26,928,744	1.61
2	HGCAPITAL TRUST PLC	20,113,600	1.21
3	BRITISH AMERICAN TOBACCO PLC	16,253,384	0.97
4	BG GROUP PLC	15,039,850	0.90
5	ASHTEAD GROUP PLC	13,787,723	0.83
6	HSBC HOLDINGS PLC	12,251,772	0.73
7	PRUDENTIAL PLC	10,976,297	0.66
8	BUNZL PLC	10,795,678	0.65
9	ROYAL DUTCH SHELL PLC-B SHS	10,408,021	0.62
10	LEGAL & GENERAL GROUP PLC	10,387,482	0.62
11	STANDARD LIFE EURO PR EQ ORD	10,021,852	0.60
12	ST JAMESS PLACE PLC	9,860,141	0.59
13	F&C PRIVATE EQUITY TRUST-B	9,048,000	0.54
14	IMPERIAL TOBACCO GROUP PLC	9,004,320	0.54
15	SABMILLER PLC	8,570,000	0.51
16	WEIR GROUP PLC/THE	7,180,371	0.43
17	UNILEVER PLC	7,125,225	0.43
18	BHP BILLITON PLC	7,098,716	0.43
19	MEGGITT PLC	7,098,436	0.43
20	REED ELSEVIER PLC	6,798,118	0.41
	TOP 20 HOLDINGS MARKET VALUE *	**228,747,730**	13.71
	* Excludes investments held within Pooled Funds		
	POOLED FUNDS AT 30/09/2014		
1	LIFE GLOBAL EQUITY ALL COUNTRY FUND A	232,296,986	13.92
2	HP UK FTSE 100 EQUITY INDEX	148,476,634	8.90
3	L&G WORLD (EX UK) EQUITY INDEX	146,346,965	8.77
4	LEGAL AND GENERAL TD CORE PLUS	100,372,148	6.02
5	BAILLIE GIFFORD BR SM-C-ACC	13,361,622	0.80
	TOTAL POOLED FUNDS MARKET VALUE	**640,854,355**	38.41
	TOTAL FUND MARKET VALUE	**1,668,438,000**	

GRAPH 1

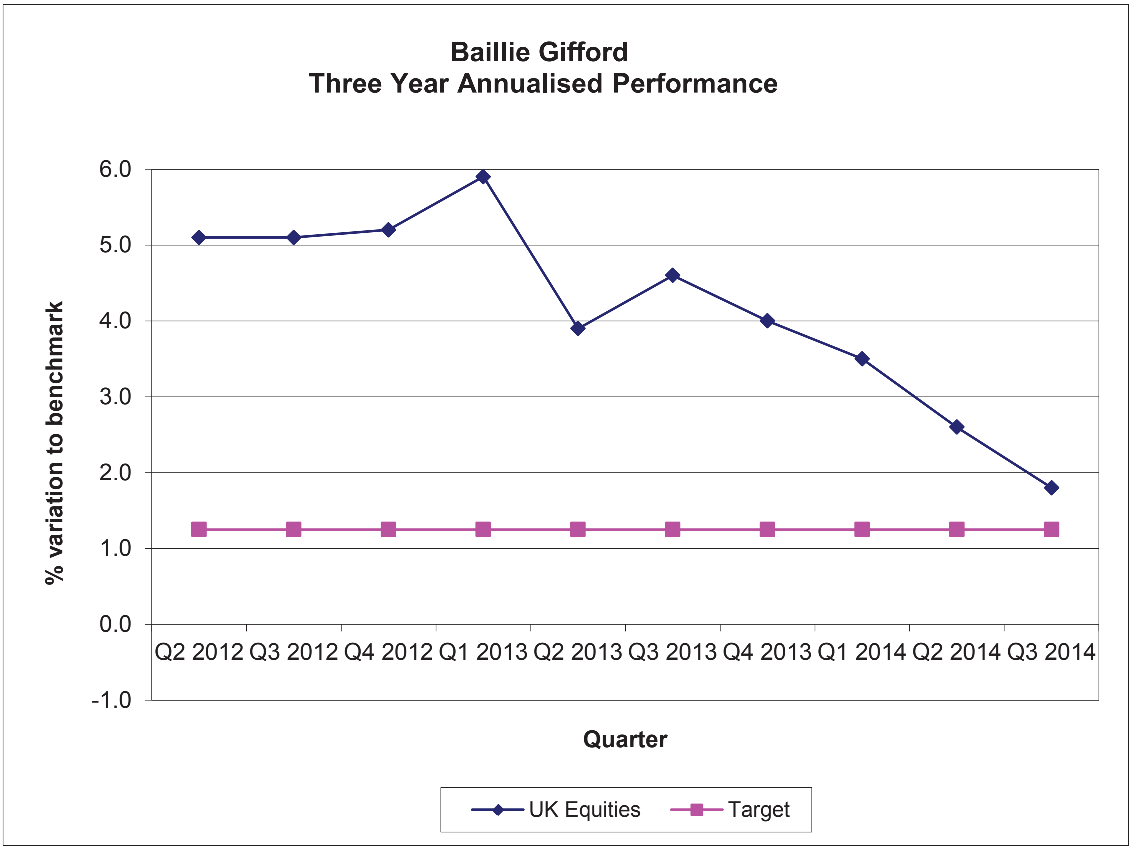
OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND





Quarter	Market Value £m
Q4 2011	1,214.3
Q1 2012	1,295.7
Q2 2012	1,270.6
Q3 2012	1,316.0
Q4 2012	1,359.8
Q1 2013	1,503.0
Q2 2013	1,491.4
Q3 2013	1,533.7
Q4 2013	1,585.2
Q1 2014	1,607.5
Q2 2014	1,639.1
Q3 2014	1,668.4



Baillie Gifford Three Year Annualised Performance

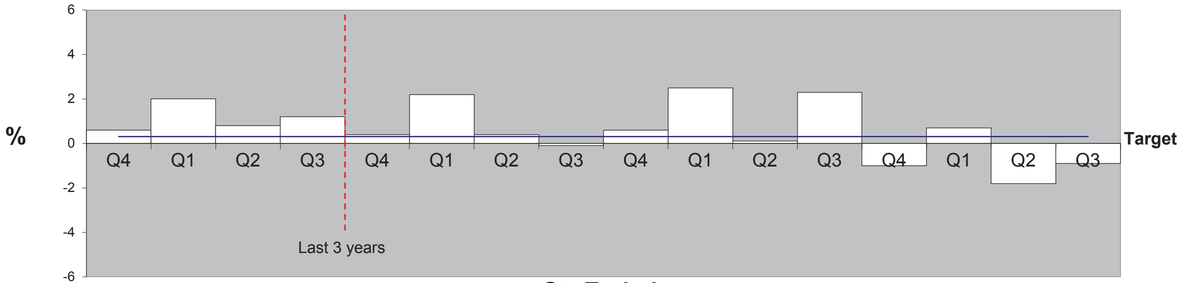
	UK Equities	Target
Q2 2012	5.1	1.25
Q3 2012	5.1	1.25
Q4 2012	5.2	1.25
Q1 2013	5.9	1.25
Q2 2013	3.9	1.25
Q3 2013	4.6	1.25
Q4 2013	4.0	1.25
Q1 2014	3.5	1.25
Q2 2014	2.6	1.25
Q3 2014	1.8	1.25

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 3

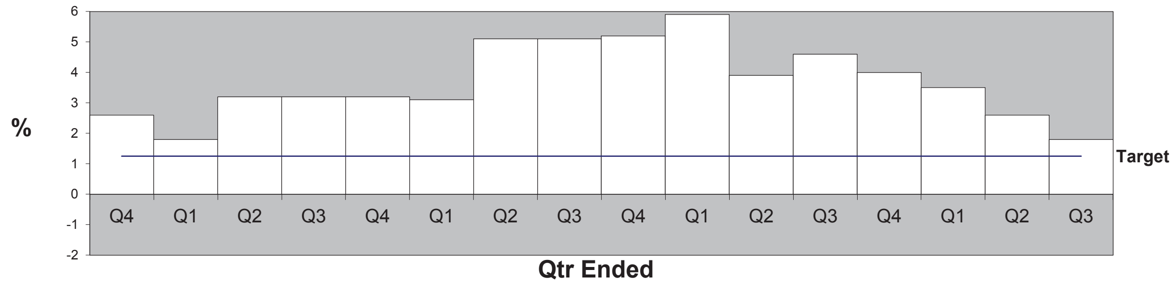
2010 2011 2012 2013 2014

Quarterly Performance



Performance	8.0	3.0	2.7	-12.3	8.8	8.3	-2.2	4.6	4.4	12.8	-1.6	7.9	4.5	0.1	0.4	-1.9
	7.4	1.0	1.9	-13.5	8.4	6.1	-2.6	4.7	3.8	10.3	-1.7	5.6	5.5	-0.6	2.2	-1.0
Relative Return	**0.6**	**2.0**	**0.8**	**1.2**	**0.4**	**2.2**	**0.4**	**-0.1**	**0.6**	**2.5**	**0.1**	**2.3**	**-1.0**	**0.7**	**-1.8**	**-0.9**

3 Year Performance



Performance	8.0	8.4	9.2	9.2	16.1	21.9	18.9	13.2	12.7	14.7	16.7	14.7	13.4	12.3	11.5	15.7
Benchmark	5.4	6.6	6	6	12.9	18.8	13.8	8.1	7.5	8.8	12.8	10.1	9.4	8.8	8.9	13.9
Relative Return	**2.6**	**1.8**	**3.2**	**3.2**	**3.2**	**3.1**	**5.1**	**5.1**	**5.2**	**5.9**	**3.9**	**4.6**	**4**	**3.5**	**2.6**	**1.8**

Target Returns

Rolling annual target of 1.25% above benchmark

Top 10 holdings at 30/09/2014

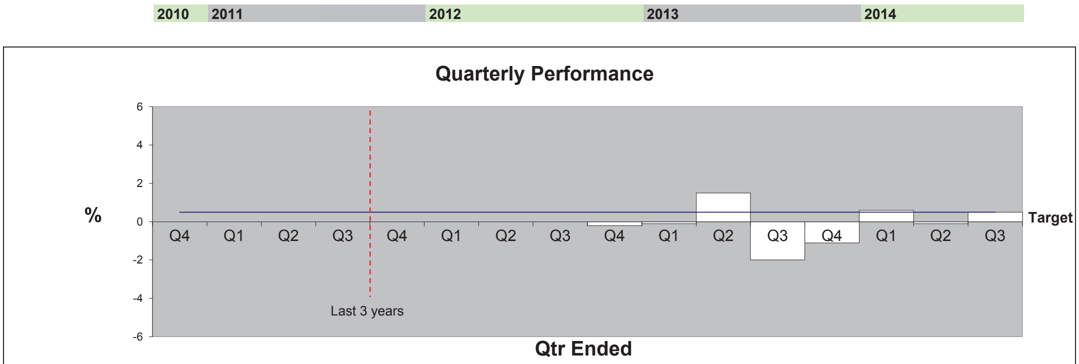
	Holding	Value £	% of portfolio
1	ASHTEAD GROUP PLC	13,787,723	4.15
2	BRITISH AMERICAN TOBACCO PLC	13,336,060	4.01
3	BG GROUP PLC	12,172,652	3.66
4	PRUDENTIAL PLC	10,976,297	3.30
5	BUNZL PLC	10,795,678	3.25
6	ROYAL DUTCH SHELL PLC-B SHS	10,408,021	3.13
7	LEGAL & GENERAL GROUP PLC	10,387,482	3.12
8	HSBC HOLDINGS PLC	10,357,796	3.11
9	ST JAMESS PLACE PLC	9,860,141	2.96
10	IMPERIAL TOBACCO GROUP PLC	9,004,320	2.71
	Top 10 Holdings Market Value	111,086,170	33.40
	Total Baillie Gifford Market Value	332,593,000	

Baillie Gifford

Top 10 holdings excludes investments held within pooled funds.

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 4



	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Performance										14.0	1.4	-0.8	3.8	1.0	2.3	3.5
										14.1	-0.1	1.2	4.9	0.4	2.4	3.0
Relative Return	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**-0.1**	**1.5**	**-2.0**	**-1.1**	**0.6**	**-0.1**	**0.5**

Target Returns

Rolling annual target of 2% above benchmark

Top 10 holdings at 30/09/2014

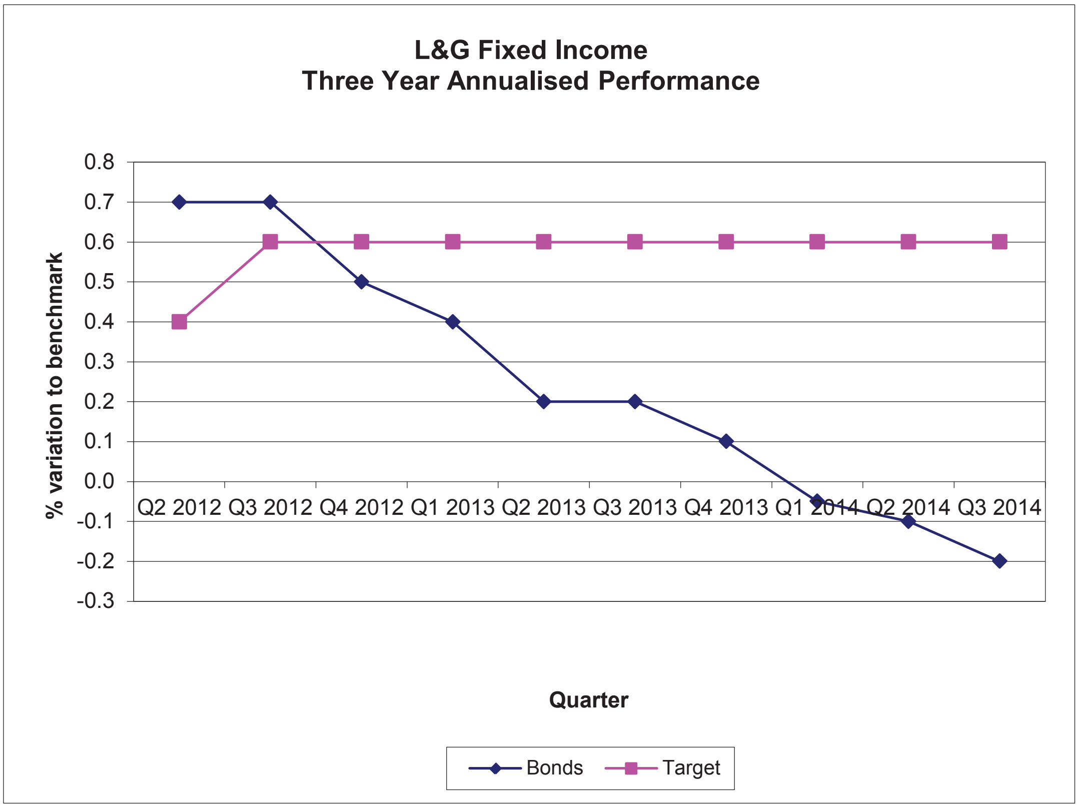
	Holding	Value £	% of portfolio
1	MERCK & CO. INC.	6,001,737	2.98
2	APPLE INC	4,084,433	2.02
3	CISCO SYSTEMS INC	3,714,515	1.84
4	MAXIM INTEGRATED PRODUCTS	3,697,522	1.83
5	MICROSOFT CORP	3,679,343	1.82
6	PNC FINANCIAL SERVICES GROUP	3,568,067	1.77
7	ZURICH INSURANCE GROUP AG	3,418,593	1.69
8	INTERNATIONAL PAPER CO	3,287,500	1.63
9	INTEL CORP	3,278,726	1.63
10	ROCHE HOLDING AG-GENUSSCHEIN	3,120,494	1.55
	Top 10 Holdings Market Value	37,850,930	18.76
	Total Wellington Market Value	201,802,000	

Wellington

Top 10 holdings excludes investments held within pooled funds.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 5



L&G Fixed Income Three Year Annualised Performance

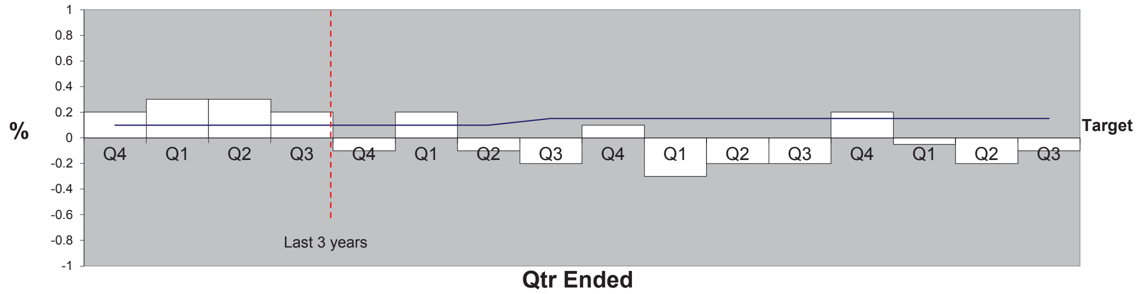
	Bonds	Target
Q2 2012	0.7	0.4
Q3 2012	0.7	0.6
Q4 2012	0.5	0.6
Q1 2013	0.4	0.6
Q2 2013	0.2	0.6
Q3 2013	0.2	0.6
Q4 2013	0.1	0.6
Q1 2014	-0.1	0.6
Q2 2014	-0.1	0.6
Q3 2014	-0.2	0.6

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 6

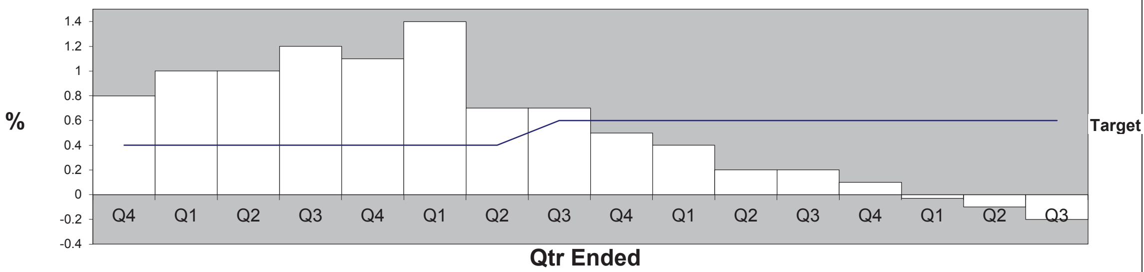
2010 2011 2012 2013 2014

Quarterly Performance



Performance	-0.9	0.4	3.0	5.0	5.2	0.0	2.3	1.3	2.4	3.4	-4.5	1.0	-0.3	2.7	1.4	3.7
	-1.2	0.1	2.8	5.1	5.0	0.1	2.0	1.5	2.3	3.7	-4.3	1.2	-0.5	2.7	1.6	3.8
Relative Return	**0.3**	**0.3**	**0.2**	**-0.1**	**0.2**	**-0.1**	**0.3**	**-0.2**	**0.1**	**-0.3**	**-0.2**	**-0.2**	**0.2**	**-0.1**	**-0.2**	**-0.1**

3 Year Performance



Performance	8.7	8.7	6.9	6.5	8.1	10.7	10.3	9.0	9.6	9.9	7.3	6.2	6.4	7.2	6.7	6.1
Benchmark	7.7	7.7	5.7	5.4	6.7	10.0	9.6	8.3	9.1	9.5	7.1	6.0	6.3	7.2	6.8	6.3
Relative Return	**1.0**	**1.0**	**1.2**	**1.1**	**1.4**	**0.7**	**0.7**	**0.7**	**0.5**	**0.4**	**0.2**	**0.2**	**0.1**	**0.0**	**-0.1**	**-0.2**

Target Returns

Rolling annual target of 0.60% above benchmark

Top 10 holdings at 30/09/2014

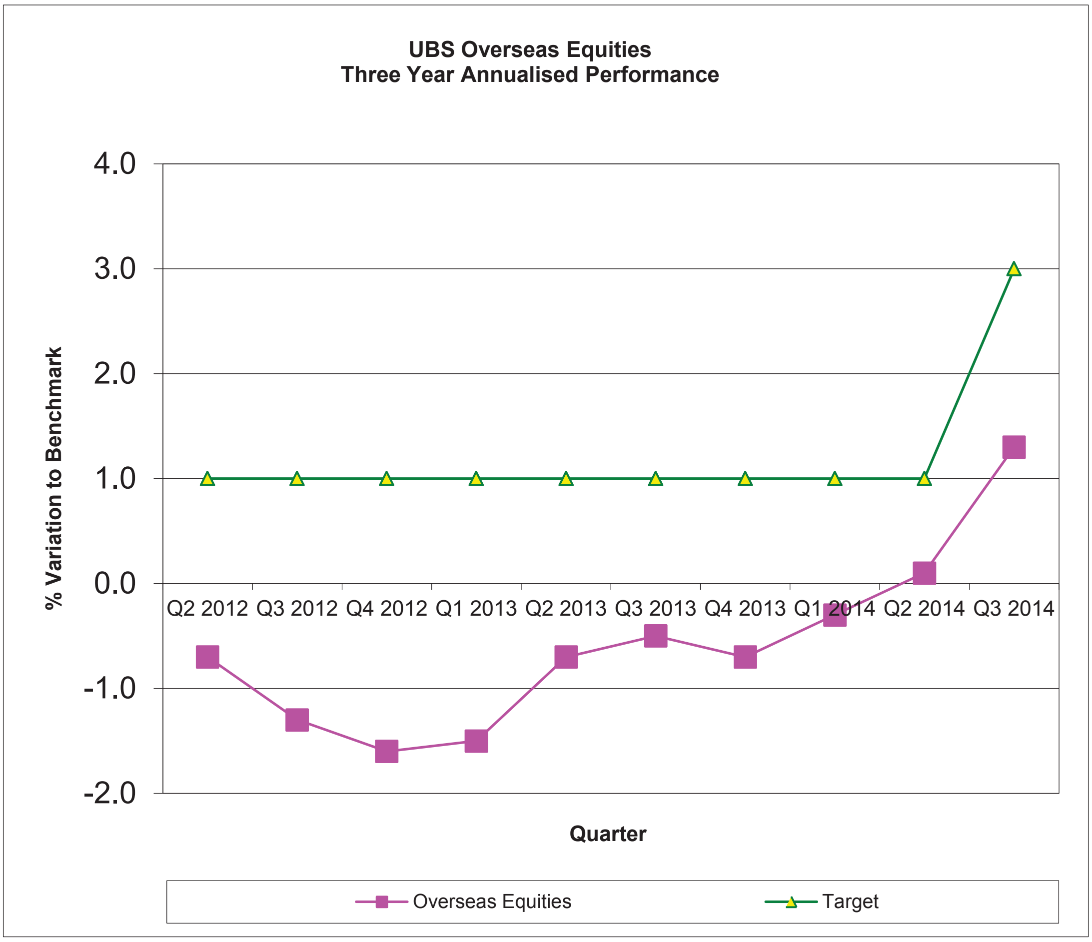
	Holding	Value £	% of portfolio
1	UK TSY I/L STOCK 2.5% 83-16/04/2020	6,572,821	2.45
2	UK TSY I/L GILT 1.25% 06-22/11/2027	5,927,359	2.21
3	UK TSY I/L STOCK 2.5% 86-17/07/2024	5,522,946	2.06
4	UK TSY I/L GILT 1.25% 05-22/11/2055	5,100,966	1.90
5	UK TSY I/L GILT 1.25% 08-22/11/2032	4,733,808	1.76
6	UK TSY I/L GILT 1.125% 07-22/11/2037	4,581,290	1.70
7	UK TSY I/L GILT 0.375% 11-22/03/2062	4,273,321	1.59
8	UK TSY I/L STOCK 2% 02-26/01/2035	4,065,312	1.51
9	UK TSY I/L GILT 0.5% 09-22/03/2050	3,835,297	1.43
10	UK TSY I/L GILT 0.625% 09-22/11/2042	3,778,767	1.40
	Top 10 Holdings Market Value	48,391,887	18.01
	Total Legal & General Market Value	268,716,000	

Legal & General

Top 10 holdings excludes investments held within pooled funds.

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

GRAPH 7



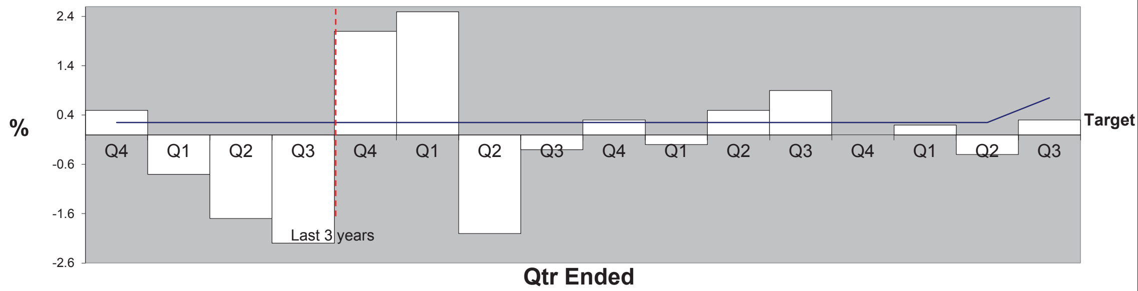
UBS Three Year Annualised Performance

	Overseas Equities	Target
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
Q2 2014	0.1	1.0
Q3 2014	1.3	3.0

PERFORMANCE RELATIVE TO BENCHMARK GRAPH 8

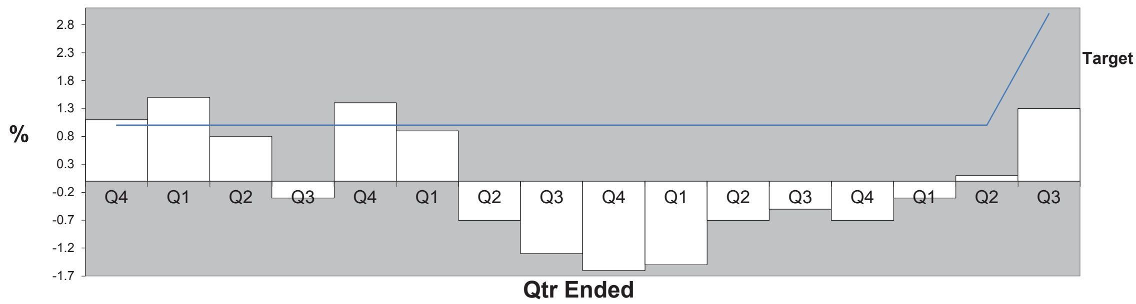
2010 2011 2012 2013 2014

Quarterly Performance



Performance	9.5	1.1	-1.0	-18.3	7.3	11.9	-6.7	3.8	4.6	13.1	0.0	3.2	3.8	0.5	1.9	2.2
	9.0	1.9	0.7	-16.1	5.2	9.4	-4.7	4.1	4.3	13.3	-0.5	2.3	3.8	0.3	2.3	1.9
Relative Return	**0.5**	**-0.8**	**-1.7**	**-2.2**	**2.1**	**2.5**	**-2.0**	**-0.3**	**0.3**	**-0.2**	**0.5**	**0.9**	**0.0**	**0.2**	**-0.4**	**0.3**

3 Year Performance



Performance	5.3	9.6	9.8	5.3	9.1	16.5	10.2	3.9	4.3	5.6	10.5	8.3	6.4	6.2	7.2	15.5
Benchmark	4.2	8.1	9.0	5.6	7.7	15.6	10.9	5.2	5.9	7.1	11.2	8.8	7.1	6.5	7.1	14.2
Relative Return	**1.1**	**1.5**	**0.8**	**-0.3**	**1.4**	**0.9**	**-0.7**	**-1.3**	**-1.6**	**-1.5**	**-0.7**	**-0.5**	**-0.7**	**-0.3**	**0.1**	**1.3**

Target Returns

Rolling annual target of 3.00% above benchmark

UBS - Overseas Equities

UBS Three Year Annualised Performance

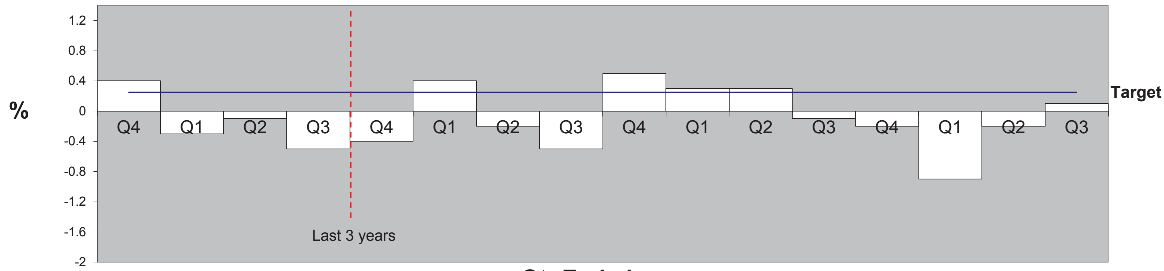
	Property	Target
Q2 2012	-0.3	1.0
Q3 2012	-0.8	1.0
Q4 2012	-0.1	1.0
Q1 2013	-0.1	1.0
Q2 2013	0.1	1.0
Q3 2013	0.1	1.0
Q4 2013	0.0	1.0
Q1 2014	-0.4	1.0
Q2 2014	-0.3	1.0
Q3 2014	0.3	1.0

PERFORMANCE RELATIVE TO BENCHMARK

GRAPH 10

2010 2011 2012 2013 2014

Quarterly Performance



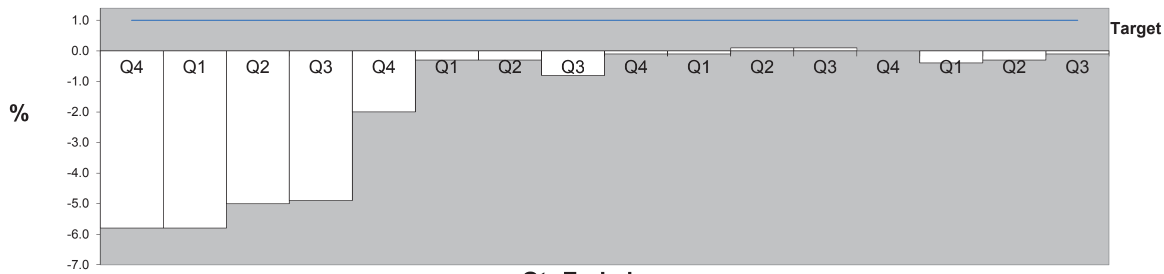
Qtr Ended

Performance	2.3	1.6	1.7	1.3	0.9	1.2	0.1	-0.1	0.1	1.1	1.7	2.3	4.1	2.4	4.1	4.1
	1.9	1.9	1.8	1.8	1.3	0.8	0.3	0.4	-0.4	0.8	1.4	2.4	4.3	3.3	4.3	4.0
Relative Return	**0.4**	**-0.3**	**-0.1**	**-0.5**	**-0.4**	**0.4**	**-0.2**	**-0.5**	**0.5**	**0.3**	**0.3**	**-0.1**	**-0.2**	**-0.9**	**-0.2**	**0.1**

Target

3 year Performance

3 Year Performance



Qtr Ended

Performance	-11.5	-9.7	-7.3	-4.6	3.6	8.5	9.8	8.7	6.5	5.1	4.7	4.9	5.6	5.7	6.7	7.7
Benchmark	-5.7	-3.9	-2.3	0.3	5.6	8.8	10.1	9.5	6.6	5.2	4.6	4.8	5.6	6.1	7.0	7.8
Relative Return	**-5.8**	**-5.8**	**-5.0**	**-4.9**	**-2.0**	**-0.3**	**-0.3**	**-0.8**	**-0.1**	**-0.1**	**0.1**	**0.1**	**0.0**	**-0.4**	**-0.3**	**-0.1**

Target Returns

Rolling annual target of 1.0% above benchmark

Top 10 holdings at **30/09/2014**

	Holding	Value £	% of portfolio
1	BLACKROCK UK PROPERTY FUND-I	11,166,042	11.85
2	SCHRODER UK PROPERTY-INC	7,082,396	7.52
3	STANDARD LIFE POOLED PPTY FD	7,033,316	7.46
4	UBS CEN LON VAF UNITS GBP	6,514,298	6.91
5	PRUDENTIAL MGD PROP CORP-P	6,382,651	6.77
	Top 10 Holdings Market Value	38,178,703	40.51
	Total UBS Property Market Value	94,252,000	

UBS - Property

AllenbridgeEpic
investment advisers

QUARTERLY REVIEW PREPARED FOR

Oxfordshire Council Pension Fund

Q3 2014

10 November 2014

Peter Davies
AllenbridgeEpic Investment Advisers Limited (AllenbridgeEpic)

peter.davies@allenbridgeepic.com www.allenbridgeepic.com

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OXFORDSHIRE PENSION FUND COMMITTEE - 5 DECEMBER 2014

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

Economy

1. UK economic growth slowed slightly to 0.7% growth in the third quarter, with unemployment falling to below 2 million; average wage growth, however, continues to lag the rate of inflation. Growth in the US was strong in Q2, but much of this was due to restocking of inventory, and preliminary Q3 numbers exceeded expectations. The Eurozone slowed further, with even Germany reporting negative growth, while Japan suffered from the after-effects of the April 1 consumption tax increase.

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

Consensus real growth (%)					**Consumer prices latest (%)**
	2012	**2013**	**2014E**	**2015E**	
UK	-0.1	+1.7	(+3.1) +3.0	+2.7	+1.2 (CPI)
USA	+2.2	+1.9	(+2.0) +2.2	+2.9	+1.7
Eurozone	-0.5	-0.4	(+1.1) +0.8	+1.2	**+0.4**
Japan	+1.9	+1.7	(+1.4) +0.9	+1.1	**+**3.3
China	+7.8	+7.7	(+7.3) +7.3	+7.0	+1.6

[Source of estimates: The Economist 8th November, 2014]

2. In early September the European Central Bank announced a further cut in base rate, from 0.15% to 0.05%, and lowered its negative interest rate on central bank deposits to – 0.2%, in a bid to prevent the Eurozone from slipping into deflation. The ECB also said it would start buying asset-backed securities, and buy debt from banks. Details of this programme are awaited. Meanwhile the Bank of England hinted in August that the weakness in UK wage growth could cause a delay in the first rise in UK base rate into early-2015. The subsequent slowdown in CPI inflation, and the weakness of the European economy**,** have moved this expectation into the second half of 2015.

3. Towards the end of October, the US Federal Reserve confirmed that it would end its purchases of bonds under the Quantitative Easing programme. Only a day later, the Bank of Japan announced that it would step up its QE operation, with the aim of increasing Japan's monetary base to Y80 trn (compared with the previous target of 60-70trn), primarily by purchasing Japan Government Bonds.

4. Geopolitical tensions have increased sharply in several different regions. The shooting-down of passenger airline MH17 over Eastern Ukraine on July 17th has resulted in a tightening of the sanctions imposed by the EU and the US on Russia's financial, energy and defence sectors. The rapid advance of Islamic State forces in Iraq provoked a response from the US in the form of airstrikes to protect endangered minorities there, and the US later extended their operations, with regional allies, to Northern Syria. In late September the UK government agreed to join these actions in Iraq, but not in Syria. In Hong Kong, protesters took to the streets for over a week to demand greater democracy in the election of the Chief Executive of the region.

5. The Scottish Referendum on September 18th resulted in a 55-45% defeat for the independence campaign, but extracted promises of enlarged powers of devolution from Westminster. The French Cabinet was dissolved and re-formed without three left-wingers who had resigned because they disagreed with the country's economic policy. The Brazilian stockmarket reacted badly to President Rousseff's narrow re-election win.

Markets

6. With the exception of the UK and Europe, **Equity** markets gained further ground during the quarter, although Emerging Markets retreated in September, losing 5%. The sharp fluctuations in equities during October are described in para 14 below.

	Capital return (in £, %) to 30.09.14		
Weight %	**Region**	**3 months**	**12 months**
100.0	**FTSE All-World Index**	**+2.6**	**+9.0**
53.1	FTSE All-World North America	+5.5	+16.3
8.0	FTSE All-World Japan	+2.3	-0.9
11.6	FTSE All-World Asia Pacific ex Japan	+1.4	+3.4
16.6	FTSE All-World Europe (ex-UK)	-2.9	+2.0
7.6	FTSE All-World UK	-1.8	+2.2
9.2	FTSE All-World Emerging Markets	+2.0	+3.6

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

7. In the UK equity market, the large-cap stocks – as represented by the FTSE 100 index – continued to keep pace with the mid-and small-cap stocks, so that there is now very little difference in their one-year returns.

(Capital only %, to 30.09.14)	**3 months**	**12 months**
FTSE 100	**- 1.8**	**+2.5**
FTSE 250	**-2.2**	**+3.2**
FTSE Small Cap	**-1.4**	**+4.1**
FTSE All-Share	**-1.8**	**+2.6**

[Source: Financial Times]

8. Globally, the Technology and Health Care sectors have been by far the strongest performers over 3 and 12 months, buoyed up by corporate activity in both areas, while Basic Materials and Oil & Gas continue to be laggards.

Capital return (in £, %) to 30.09.14		
Industry Group	**3 months**	**12 months**
Technology	+8.5	+25.8
Health Care	+8.8	+22.9
FTSE All-World	**+2.6**	**+9.0**
Utilities	-0.2	+8.8
Industrials	+1.6	+7.3
Consumer Services	+3.3	+6.9
Financials	+3.3	+6.8
Telecommunications	+4.0	+5.3
Oil & Gas	-5.2	+5.0
Consumer Goods	+0.5	+3.1
Basic Materials	-1.8	-0.1

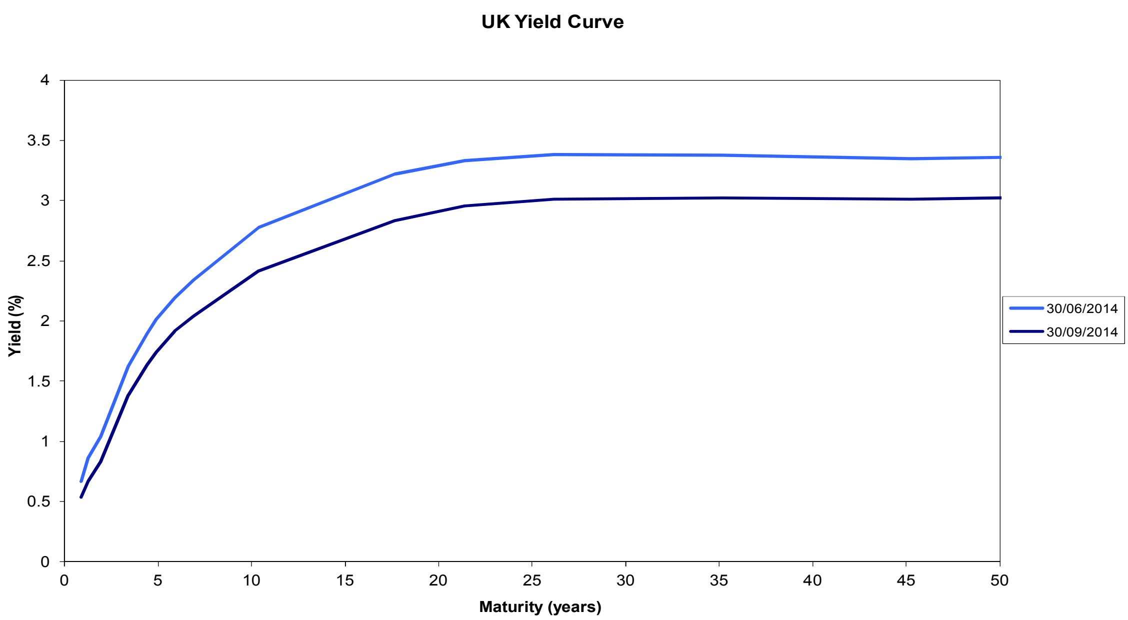
[Source: FTSE All-World Review, September 2014]

9. **Government Bonds** have appreciated, with yields falling on consideration of slower growth and lower levels of inflation, especially in Continental Europe, where 10-year German Bund yields fell below 1%.

10-year government bond yields (%)					
	Dec 11	**Dec 12**	**Dec 13**	**June 14**	**Sept 14**
US	1.88	1.76	3.03	2.52	2.49
UK	1.98	1.85	3.04	2.68	2.43
Germany	1.83	1.32	1.94	1.25	**0.95**
Japan	0.98	0.79	0.74	0.57	0.53

[Source: Financial Times]

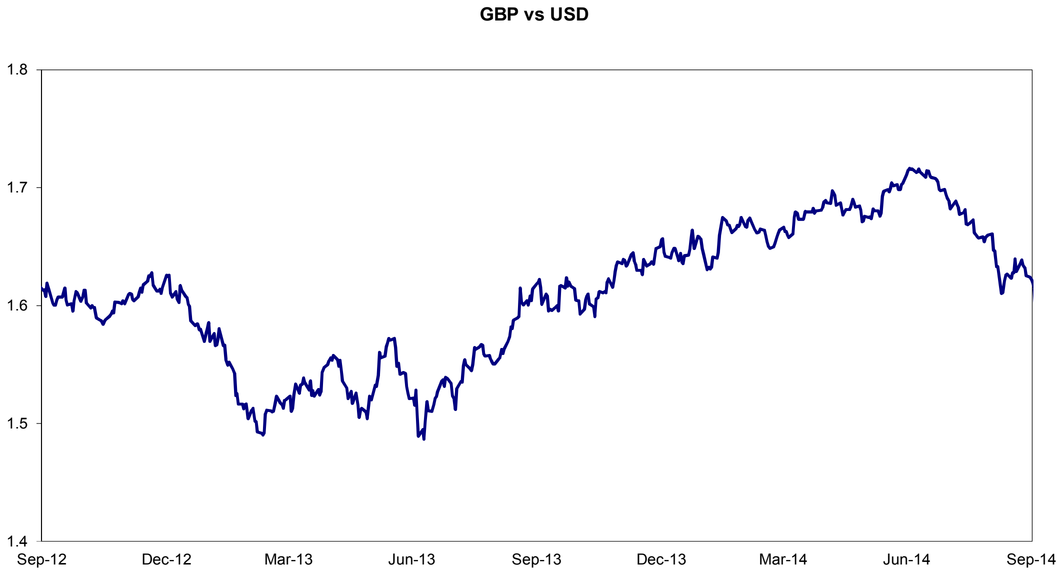
10. In the UK, yields at all durations fell significantly during the quarter, as the graph below illustrates.



Currencies

11. The dollar rebounded sharply against all the other major currencies, in part as a 'safe haven' in the face of the military action in Iraq and Syria and the tense relationship with Russia. The pound weakened ahead of the Scottish referendum when it appeared that the independence campaign would win, and then remained weak when the Bank of England discouraged the idea of an early rise in interest rates.

				£ move	
	30.9.13	**30.06.14**	**30.09.14**	**3m**	**12m**
$ per £	1.619	1.710	1.621	- 5.2%	+ 0.1%
€ per £	1.196	1.249	1.283	+ 2.7%	+ 7.3%
Y per £	158.9	173.2	177.8	+ 2.7%	+11.9%



Commodities

12. The most unexpected development was the weakening of the oil price. The risk of interruption to Iraqi oil production would normally have caused a rise in the oil price, but Iraqi oil continued to flow, and supplies from US and Libya increased. Saudi Arabia also appears reluctant to curb supply in order to maintain prices. The price of Brent crude fell 16% during the quarter, and by a further 9% during October. Gold has also been weak, falling below $1200/oz and touching its lowest level since April 2010.

Oil

Property

13. The UK Property market maintained its recent rapid rate of growth, with a total return of 4.7% in the third quarter. The IPD UK Monthly Property Index to end-September 2014 shows 12-month total returns of :

All Property	**+19.7%**
Retail	**+ 14.5%**
Office	**+ 25.2%**
Industrial	**+ 24.8%**

Markets since end-September

14. October saw greatly increased volatility in equity and bond markets, in contrast to the relative calm since the start of the year. The release of data showing a slowdown in the rate of Chinese growth, and the spectre of recession in the Eurozone, mixed with concerns over the possible spread of the ebola virus to Europe and the US, combined to create nervousness among equity investors. By the middle of October, UK and US equity markets had fallen by 5%, while losses in Continental Europe and Japan extended to 10%. Meanwhile government bonds were strong, with UK and US 10-year yields falling by 0.25%. The second half of October was a mirror-image of the first, as equities recovered all their earlier falls. In Japan the news of the BoJ's increased QE targets caused an immediate bounce of 5% in the Nikkei Index, with further gains in the following days. The Yen, meanwhile, weakened to Y112/ $ on the news.

Outlook

15. Equity markets have experienced their first bout of nerves this year, and, as is often the case, there was no single cause for the change of sentiment. The ending of Quantitative Easing by the US Federal Reserve at the end of October had been flagged well in advance, but this has acted as a reminder that one of the safety nets is being removed, and that the US economy could slow down as a result. The subsequent response of Japanese equities to the revised BoJ policy shows that Central Bank actions still have a strong influence on equity and currency markets.

16. A sharp fall in the price of oil would normally be welcomed by equity markets, as lowering the cost of a key input, but instead its weakness is seen as a symptom of slowing industrial activity globally. On balance the fall in the oil price is expected to improve corporate profit levels, and thereby give support to equity prices, but with so many geopolitical issues looming, I continue to see little scope for further rises in equity markets.

Peter Davies

Senior Adviser – AllenbridgeEpic Investment Advisers

November 10th, 2014

[All graphs supplied by Legal & General Investment Management]

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Agenda Item 12

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Proposals for Greater Collaboration between the Buckinghamshire, Oxfordshire and Berkshire Local Government Pension Funds

Report of the Chief Finance Officers

Introduction

The initial consideration for this work began some 3 years ago, as part of a conversation between the Chief Finance Officers for Buckinghamshire, Oxfordshire and Windsor & Maidenhead (who administer the Berkshire Pension Fund). The aim was to examine the scope for efficiencies through the sharing of best practice, and greater collaboration on the management of investments.

The work was given greater impetus by the statements of Brandon Lewis MP during his time as the lead Minister for the Local Government Pension Scheme (LGPS), in which he questioned the sense of retaining the current 89 separate Administering Authorities in England and Wales. There was a view that it would be better to explore the options including full merger of the Funds under our own programme, than wait for a solution to be imposed on us directly by Government.

The Government has subsequently moved away from the idea of full merger, given the requirements to establish primary legislation, and the need to ensure the new merged bodies would have tax raising powers to meet pension liabilities in the extreme event of no more active members of the Fund. However, the pressures to reduce current funding deficits, and the financial constraints on public services as a whole, mean that the benefits of greater collaboration are still worth exploring.

Rationale for Proposals

Given a key objective is to reduce funding deficits and reduce the pressure on the scheme stakeholders, a key consideration has to be in respect of the financial benefits of greater collaboration. Financial benefits need to be considered in terms of both potential improvements to investment performance, and reductions in the levels of costs. There is greater consensus in terms of the latter. Two key areas of potential reductions in costs without significant impact on investment performance are as follows:

- <u>Lower Investment Fees</u>.

  There are a number of pieces of evidence to suggest that investment fees are directly related to fund size, not least the fact that many Fund Managers charge ad valorem fees where the rate of charge reduces as the mandate size rises. Fund Managers justify such a structure as it allows them to recover their costs which are fixed irrespective of fund size, whilst passing on the benefits of scale.

  Hymans Robertson, one of the main consultancy firms providing support to the LGPS, and responsible for the recent collaboration report on behalf of the Government (see below for more details) have provided information on effective fee levels for different sizes of active equity mandates. These are shown in the table below.

Mandate Size	Effective Fee
£50m	0.600%
£100m	0.525%
£200m	0.462%
£400m	0.406%
£1bn	0.372%

Many of the current mandates within the three funds are in the £100m - £200m range, and these could increase to £500m plus if combined, suggesting potential fee savings in the region of 6 – 12 basis points on active equity mandates. N.B. In looking to maximise the potential fee savings by bringing together all like mandates under a single manager, a balance will need to be struck to avoid excessive single manager risk.

State Street Investment Analytics, responsible for providing performance management support to the vast majority of LGPS Funds, have also published research on the impact of size on fee levels. This indicates an average fee level for Funds in the £1bn to £2bn range (the current size of the three individual funds) as 0.29%, compared to 0.23% for a £5bn Fund, as the combined Fund would be. This would suggest potential fee savings in the region of 6 basis points across the funds as a whole.

The initial work undertaken by the London Councils in developing their proposals for a London Wide Common Investment Vehicle have also identified potential fee savings from introducing common mandates. The business case presented to the Leaders Committee in February 2014 identified these savings at 15 basis points.

The scope for savings will differ between the various asset classes currently held. Minimal savings will be achievable on combining existing passive mandates given the current lower fee levels on these mandates. Savings on private equity and property mandates could be potential significant if through the increased size it became economic to manage then internally in the future – such savings though would take much longer to realise due to the illiquid nature of the asset classes.

The actual financial benefits on collaboration will be dependent on the current fee levels, and actual asset allocation of the funds when combined. On the basis of the above information, it is reasonable to target financial benefits of 6 basis points, which across the three funds would amount to £3m per annum.

- Lower Staffing/Support Costs

A move to a common investment approach and a single administration service should both allow for savings in the staffing and support budgets for the three administering authorities. The greater the degree of collaboration the greater the potential saving, with the ability to reduce senior management and advisory costs, as well as running a single communications team and payroll system.

It is important to note that the majority of the administration work is in support of individual scheme employers and members, and this will not reduce through collaboration, though over time there may be some savings as the work is standardised around best practice and more consistent use of technology and systems.

As noted above, reducing costs should not be seen in isolation from improving investment performance. There is far greater potential for delivering improved investment performance than there is for reducing costs. Whilst duplication of effort can be removed to deliver savings, care needs to be taken to ensure the new investment team is sufficiently robust to provide proper oversight of the funds' investments.

The initial work on exploring potential savings in staffing and support costs has identified a potential savings figure of £465,000 per annum. This figure comprised:

Senior Management costs	£110,000
Committee Advisors/Investment Consultants	£215,000
Committee Services	£ 40,000
External/Internal Audit	£ 50,000
Performance Management Services	£ 20,000
Altair (Pensions Administration) System	£ 30,000

There are other potential benefits of greater collaboration. These include:

- Increased Resilience – Given the current size of the three individual Pension Funds and the pressure on minimising costs throughout the Public Sector, all three funds operate with small investment and administration teams. This leaves them exposed to the loss of key individuals. Greater collaboration will reduce this risk by allowing for the sharing of resources across all three funds, so that each fund can benefit from the skills and knowledge held across all teams, rather than being totally reliant on their own teams.

- Opportunities for an element of Employer choice in investment strategies. At present, all three funds operate a single investment strategy for all employers within their fund. There is no allowance for the different funding levels of individual employers within the Fund, differences in employer risk appetites or differences in the financial strength of the employers. Whilst the individual funds could introduce multiple investment strategies to meet the requirements of their employers, the greater scale associated with increased collaboration will improve the viability of each strategy by increasing the numbers of employers covered, as well as improving the ability to absorb any additional administration costs. Such a model thereby introduces a greater degree of choice for the individual scheme employers, who with the approval of the Joint Committee (see Proposed Operating Model below for detail) will be able to determine an investment strategy more aligned to their own circumstances.

- Opportunities for Risk Reduction through Greater Diversification. The greater size of the investment Fund will also open up additional diversification opportunities, where a minimum size of investment is required to enter the market e.g. direct investments in property. Greater diversification where managed well should reduce the overall level of risk and volatility within the Fund. Care does need to be taken though or there is a risk that smaller, more "boutique" investment houses will be excluded from consideration, as they will not be able to deal with larger mandate sizes.

- Potential Future Investment Savings through introducing an element of internal management, and increasing the size of the governance budget. Research undertaken by State Street has identified that those LGPS Funds which do operate with some level of internal management do make savings on the overall level of investment costs without any detriment to performance. Research by others, including Clerus, have identified improvements in investment performance linked to improved levels of governance. Both of these issues would need to be further explored by the Joint Committee beyond the initial collaboration programme.

Impact of Government Consultation

We are currently awaiting the Government's response to their recent consultation exercise on greater collaboration, which in turn followed the work undertaken by Hymans Robertson noted above. This report focussed on Common Investment Vehicles and a switch to passive mandates as the key drivers for reducing costs. A key question therefore is what impact would a decision by the Government to impose a solution on all LGPS funds have on the rationale for any proposed collaboration.

The impact of a decision to require all LGPS funds to allocate a given percentage of their funds to passive mandates is easier to determine, than the impact of a decision to establish Common Investment Vehicles. Passive mandates attract significantly lower levels of investment management fees, and as such it is unlikely there would be further potential fee savings through collaboration. As there are a number of passive fund managers already working with LGPS Funds, any change would be relatively quick to implement (although speed would need to be assessed against the costs of transition and the benefits of delaying sales to maximise prices). However it would be reasonable to state that any Government proposal to determine a high weighting for the required allocation to passive mandates would therefore eliminate the main financial savings associated with collaboration. A government decision to impose passive mandates should therefore be considered a significant risk to the proposed greater collaboration.

If the Government was successful in establishing Common Investment Vehicles which covered the mandates of the current three funds, then it is likely that the fee savings through investing in the CIV would at least equal those that would be obtained through greater collaboration limited to just the three funds. However, unlike a decision on passive mandates, it is not clear how the Government would impose a Common Investment Vehicle solution on the LGPS. Whilst the impact on any business case would be significant, the likelihood of such an event in the short term is such that this would appear to be a lesser risk to the proposed greater collaboration. Indeed, the collaboration project could form the basis of any future development of the CIV model by Government, making this an opportunity rather than a risk.

What Financial Benefits could be delivered whilst retaining the current three Committees?

The initial report on greater collaboration identified a range of options which ranged from full merger of the Funds to the retention of the existing structures but with increased project work across the three funds. The report identified that the benefits would increase in line with the extent of the collaboration. However, before making the decision to move to a Joint Committee model, it is appropriate to review the potential financial benefits of retaining the current three Committees.

The first issue would be to determine the extent of the responsibilities of the three Committees. If these were to remain unchanged, then there is very limited scope for delivering investment fee savings based on economies of scale. As discussed in greater detail below, the three funds currently have very few common mandates, where the asset class, performance target and fund manager are the same.

To deliver investment fee savings associated with improving economies of scale therefore the three Committees would need to relinquish responsibility for fund manager selection, whilst retaining responsibility for the overall asset allocation decisions. The figures analysed below suggests that all three funds allocate resources to global equities, fixed income, private equity and property, representing around 50% of the total funds. Common mandates between two funds would be possible for a further 25% of the assets, covering UK equities, diversified growth funds, and hedge funds, whilst the remaining 25% of assets relate to asset classes held by just a single fund. Whilst therefore there is potential for significant savings through economies of scale, the management of this would be complex. Advice from Fund Managers suggests that fee savings will be minimised, if there is a requirement to retain separate reporting lines to the individual Committees.

The actual level of potential benefits would vary depending on the nature of future asset allocation decisions made by the individual committees. The greater the divergence of decisions, the lower the potential benefits. As asset allocations move closer to a common position, the total potential benefits would move closer to the 6bps identified above. Such a position though would simply strengthen the case for a Joint Committee to deliver the full range of potential benefits.

The individual Committees could also seek to achieve savings independently of each other. A development of national procurement frameworks for investment mandates, the opening up of the proposed London CIV or the development of alternative CIVs will all create the opportunity for delivering investment fee savings. At the present time, none of these options are available, and it is difficult to predict the timescale associated with the development of such opportunities.

Overview of Current Funds

Appendix 1 to this report brings together key information on the current three Funds. To minimise the risks of inconsistencies between the data, the data has all been taken from the Actuarial Reports prepared for the three Funds, as all three Funds have employed Barnett Waddingham.

Key points from the data are as follows:

- The funding level of the three funds was broadly similar at the 2010 Valuation, though by 2013 Berkshire's funding level had fallen to 75%, whereas that for Buckinghamshire and Oxfordshire had risen to 82%.
- The average employer rate for the three funds was broadly similar, being 19.3% for Berkshire and Oxfordshire and 19.5% for Buckinghamshire. The average recovery period for Buckinghamshire though was significantly shorter at 17 years compared to 25 years at Oxfordshire and 27 years at Berkshire.
- Total Fund Liabilities are broadly comparable ranging from £1.839m at Oxfordshire to £2.157m at Buckinghamshire. Fund membership ranged from 53,366 members within the Oxfordshire Fund to 58,573 in the Berkshire Fund, with broadly similar splits between active, deferred and pensioner members.
- Net cash flow associated with members was broadly comparable between Oxfordshire and Buckinghamshire (Oxfordshire figure for 2011/12 is distorted by inclusion of one-off deficit contribution). Cash flow for Berkshire was significantly lower, and went negative in 2012/13, reflecting the much lower average employer contribution rate set under the 2010 Valuation (16.5% compared to 19.0% for Oxfordshire and Buckinghamshire).
- Average rate of investment return as calculated by Barnett Waddingham was 5.6% in Berkshire, 7.6% in Buckinghamshire and 8.9% in Oxfordshire. Equivalent figures from the 2010 Valuation were -5.1%, +1.3% and -1.1% respectively.
- Actual discount rates applied by the actuary based on asset allocations were broadly similar, with Oxfordshire at 5.8%, and Berkshire and Buckinghamshire at 6.1%.
- Whilst discount rates were similar, and actual asset allocations were broadly similar between Oxfordshire and Buckinghamshire, Berkshire's figures show a much greater diversification.

Implications for a Potential Future Fund

Clearly the greater the similarity between the current funds, the lower the impacts on moving to a common fund. To that extent the similarities in fund sizes and member composition, average employer contribution rates, discount rates and cash flows (after allowing for the hike in the average Berkshire employer contribution rate) all reduce the impact on bringing together the Funds.

The lower Berkshire funding level, and the deficit recovery periods can both be managed, as these will be carried forward into a common approach. i.e. each employer within the three funds retains their current funding level, and can retain their current deficit recovery period, enabling the Actuary to maintain stable employer contribution rates going forward.

The key issue for a Joint Committee will be the greater diversification within the Berkshire Fund's asset allocation. Whilst this has not led to any differences in the discount rates calculated for each fund, this diversification away from more traditional equity allocations has impacted on actual investment returns over recent years. The Joint Committee will need to manage the impact of this as they develop common investment strategies across the three funds, both in terms of managing the cost of the transition and the movement towards common investment approaches.

One potential option for the Joint Committee will be to establish a Common Investment Fund (CIF) to hold all the assets of the three funds. The CIF will have sub-funds for each asset class held and the Joint Committee will be responsible over time for rationalising the number of fund managers and delivering the target savings. The Joint Committee could initially offer two investment strategies, one of which would be based around the more traditional strategies employed by Buckinghamshire and Oxfordshire, and one being a lower risk/higher diversified strategy, based around the current Berkshire strategy. Initial asset allocations to individual employers on day 1 of the Joint Committee could then reflect the composition of the asset allocation of their current fund. Over time, the Joint Committee would need to refine the risk and return parameters associated with both strategies, and agree any variations to the asset allocations commensurate with these parameters. The Joint Committee would also have the option of developing a lower risk strategy for employers deemed to have a weaker covenant, or those with higher funding levels looking to reduce future risk.

Appendix 2 represents this potential model in diagrammatic form.

Potential Operating Model

Joint Committee

The Potential Operating Model is predicated on the creation of a Joint Committee to which each of the three Administering Authorities delegates its full responsibilities in respect of the management of their Fund. Key amongst these responsibilities will be the establishment of the asset allocation for the three funds, which as noted above may comprise one or more investment strategies into which individual scheme employers can opt, to suit their financial circumstances and risk appetite. The Joint Committee will also be responsible for fund manager selection, investment monitoring and reporting.

The Joint Committee will be established under section 102 (5) of the Local Government Act 1972, and its constitution contained in a formal agreement entered into by the three authorities. The terms of reference would reflect the responsibilities contained in the terms of reference of the existing Pension Fund Committees, but would also need to prescribe the numbers of members which each authority could appoint, the terms of office, voting rights, the sharing of expenses, the process to wind up the arrangements and other related matters. To ensure a Committee of an appropriate size, and ensure proper representation from the three administering authorities, it is proposed that each authority nominates three members to the Joint Committee, to give a total Committee size of nine, with issues of political representation balanced at full Committee level. The Joint Committee itself could be left to determine the issue of co-opted members, including scheme member representatives.

Pensions Board

Under the Public Services Pensions Act 2013, each Administering Authority must also establish a Pensions Board. The Board exists to assist the Administering Authority to secure compliance with the regulations, the requirements of the Pensions Regulator and other related legislation, and to ensure the effective and efficient governance and administration of the Scheme. It is expected that the final Regulations will allow for a Joint Pensions Board to be established where the functions of the Scheme Manager have been delegated in full to a Joint Committee. On the assumption that the final regulations do so allow, it is proposed to establish a Joint Pensions Board to comprise of one employer and one scheme member representative nominated by each of the three Administering Authorities, plus an independent chairman.

Advisory Panel/Consultative Group

There has been some discussion about the establishment of advisory panels or consultative groups in addition to the Pensions Board. This would enable for the wider engagement with scheme employers. As this would not be a statutory requirement, it is suggested that this is left for the new Joint Committee to determine once they have had the opportunity to assess the new arrangements, and in particular the developing role of the new Pension Board.

New Support Arrangements

Alongside the establishment of the Joint Committee and Joint Pension Board, the other key requirement is the determination of the support arrangements for the new model. The two potential options are the agreement to a Lead Authority or for the establishment of a new wholly owned company.

- Lead Authority. Under the Lead Authority model, staff from the remaining two authorities would transfer under TUPE to the lead authority. All new appointments would be made under the terms and conditions of the Lead Authority. The Lead Authority would be responsible for the provision of the full range of support functions, including legal and technical support, HR advice, the provision of suitable accommodation etc. It is likely that under such a model, the three Chief Finance Officers would establish a Partnership Board to have oversight of the management of the combined funds.

  It should be noted that for the administration teams who deal directly with scheme employers and members, there is very limited change in role in the short term. To minimise the risk of a significant loss of the current skills and knowledge held in these teams, and to minimise the impact on employers and employees, it is suggested that these administration teams retain their existing office basis. As such, these staff would not necessarily need to transfer to the Lead Authority, and this will need to be considered further as part of any consultation exercise. Management of these teams though would come under a single management structure through the Lead Authority who over time would seek to standardise working arrangements based on best practice, allowing for a greater transfer of work between the teams, and if appropriate, a move to a single office base in the future.

- Wholly Owned Company. Under a wholly owned company model, the three administering authorities would establish the new company, supported by the ownership of shares in the company. The liability of the three authorities would be limited to the value of the shares owned, which could be as little as £1. The Administering Authorities would need to appoint directors to run the company, which could be the three Chief Finance Officers to oversee the management of the arrangements. As a company controlled by the administering authorities, there would be no requirement to run a procurement exercise before entering a contract with the company for the provision of administrative and investment services. The Teckal exemption would apply here, which covers where a contracting authority still exercises control over the company similar to that it has over its own departments, and where the company provides the essential part of its work for the contracting authority.

  Staff would transfer to the new company under TUPE in a similar manner to any transfer to a Lead Authority. As a new company, there would be greater freedom to establish new terms and conditions for future appointments. As a company controlled by the administering authorities, the new company would fall under Schedule 2, Part 2 of the LGPS Regulations 2013, and as such would be able to designate that staff have access to the LGPS.

Once up and running, there is little to choose between the Lead Authority and New Company models. The main advantages of the Lead Authority model are seen as the reduced cost and time associated with establishing the model, which are largely based on existing arrangements. Establishing a new company will require additional time and cost to establish the legal framework for the company, and make the necessary arrangements for the provision of all the support services and accommodation requirements. The main advantages of the New Company model would be in terms of future flexibility, particularly if the administering authorities were to determine to end the Joint Committee arrangements. As a wholly owned company, it may well be politically more acceptable for the company to continue to provide the full range of administrative and investment functions to the three administering authorities, rather than the Lead Authority continuing to be responsible for the provision of services to its former partners.

It would be possible to take a staged approach to the establishment of the support arrangements, with a move to a Lead Authority as an initial step, with a decision on incurring the additional costs and time of establishing a new company once the new arrangements have proven their potential.

If it is determined to establish a Lead Authority (either on a short term or permanent basis), it is important to determine the criteria by which the Lead Authority will be chosen. Key issues include:

- Complexity and strength of the support services. The Joint Committee would need to consider whether the fact that support services to Windsor and Maidenhead are provided through Shared Services arrangements or the fact that Oxfordshire is in the process of transferring the majority of its finance and HR support services to Hampshire would impact on future service delivery to a Lead Authority.
- Availability and Cost of suitable accommodation, including proximity to the major financial services in London. This latter point can be seen as an advantage in terms of dealing with Fund Managers, but may be a disadvantage when seeking to recruit and retain key investment professionals.
- Any recruitment and retention issues in respect of maintaining suitably qualified staff.

<u>What does not change?</u>

In covering the potential changes associated with greater collaboration, it is important to also highlight key issues that will not change. A key point here for scheme members is that nothing in these arrangements impacts on the statutory determination of their pension benefits. These remain the same irrespective of how the funds are managed.

Until such time as the Government sets up the legislative arrangements to allow the merger of administering authorities, it is also the case that the current administering authorities retain their ultimate role as the Scheme Manager even where they have delegated responsibility for all decisions to the Joint Committee. As such each of the administering authorities will still have to publish their own set of accounts, though these can be produce through the Lead Authority.

It will still be necessary for all liabilities and assets to be identified to individual employers. These will be amalgamated up to form the total liabilities and assets of the three administering authorities. .

The Future Road Map and Costs of Transition

If the direction of travel as outlined in this report is approved by the respective Pension Fund Committees, there will be a requirement to undertake a consultation exercise with key stakeholders. These stakeholders would include the scheme employers and scheme members, as well as the Department for Communities and Local Government. A two month consultation period would allow reports to be taken back to the respective Pension Fund Committee's in March for a final recommendation to full Councils in April.

If the Joint Committee was approved in April, the target for the establishment of the new Joint Committee would be July 2015. A decision would also need to be made at this time on the appointment of the Lead Authority, based on any feedback on criteria from the consultation exercise.

The project costs of establishing the new arrangements are estimated at no more than £300,000 which will cover all necessary legal and HR advice, and system changes. As the majority of support cost savings are in consultancy services etc. redundancy costs should also be contained within this provision.

Whilst the savings in support costs should be achievable within the first year of operation of the new arrangements, it will be up to the Joint Committee to determine how quickly they move to a new investment strategy for the three funds as a whole. They will need to take into account the costs of transition whether between asset classes, or between fund managers, as well as the illiquidity of some of the existing assets held by the funds. The actual costs and savings will also be dependent on the nature of the asset allocation decisions made by the Joint Committee. Analysis of recent transition costs incurred by the three funds, as well as information reported by other LGPS funds suggests transition costs in the range 17 to 60 basis points, with the majority in the 20-30bps range. If 60% of the Fund was transitioned at an average cost of 30bps, this would suggest a 3 year payback period based on annual investment fee savings of £3m. It should be noted that the payback period is three years from the end of transition and not from today. The actual transition will be over a number of years, particularly in respect of the illiquid asset classes of private equity and property. Hymans in their report for the Government indicated full savings could take up to 10 years to achieve.

Conclusions and Recommendations

Whilst the Government has ruled out the option of fund mergers at present, the scale of scheme deficits, the level of employer contributions during this period of severe financial pressure within the public sector, and the need to protect scheme members from further reductions in benefits under the cost management arrangements does require us to continue to examine options for further improvements in the management of LGPS funds.

In our view, a key step for delivering these further improvements is to introduce much greater collaboration between funds, as a means of driving economies of scale, and allowing the limited resources at our disposal to focus on the key issues which drive scheme performance. This paper looks to set out proposals for the first stages of this greater collaboration and sets target savings in the region of £3.5m through the establishment of a Joint Committee and common investment approach across the three LGPS Pension Funds of Buckinghamshire, Oxfordshire and Berkshire.

Our analysis of the current funds suggests that there are sufficient similarities in terms of size, scheme membership, funding position and current discount rates to ensure that these potential savings are not achieved at the expense of the performance of any one fund or scheme employer. Potential costs for managing the transition are estimated at £300,000 plus the costs of transitioning investments to a common strategy. It is estimated that the payback period for any transition costs would be around 3 years.

In the longer term, we would look to deliver further improvements through looking at the potential for the internal management of parts of the fund, and through increasing the resources dedicated to improving the overall governance of the fund, as well as looking to expand the model to incorporate further LGPS funds.

At this stage, each Pension Fund Committee is recommended to endorse the approach, and initiate a consultation exercise based on the model outlined in this paper, with a view to making final recommendations to their respective full Councils in April 2015.

Project BOB

Pension Fund Comparison - from Actuarial Reports from Barnett Waddingham for March 2013.

Item	Berkshire		Buckinghamshire		Oxfordshire	
Funding Level - March 2010	81%		79%		79%	
Funding Level - March 2013	75%		82%		82%	
Average Contribution Rate - March 2010	16.5%		19.0%		19.0%	
Recovery Period	30 years		20 years		25 years	
Average Contribution Rate - March 2013	19.3%		19.5%		19.3%	
Recovery Period	27 years		17 years		25 years	
Asset Allocation	£000	%	£000	%	£000	%
Absolute Return	139,536	8.9	69,216	3.9		
Commodities	153,083	9.7				
Hedge Funds	131,898	8.4	156,762	8.8	32,842	2.2
Infrastructure	73,240	4.7				
UK & Overseas Equities	496,896	31.6	1,148,293	64.4	1,052,286	69.1
Private Equity	143,626	9.1			45,488	3.0
Bonds	243,042	15.5	157,741	8.8	88,168	5.8
Property	147,321	9.4	130,920	7.3	86,589	5.7
Gilts	16,573	1.1	76,271	4.3	143,913	9.4
Cash & accruals	23,681	1.5	45,005	2.5	74,462	4.9
Inflation Hedging	3,499	0.2				
	1,572,395	100.0	1,784,208	100.0	1,523,748	100.0
Average Return for 3 years to 31 March 2013	5.6%		7.6%		8.9%	
Average Return for 3 years to 31 March 2010	-5.1%		1.3%		-1.1%	
Funding Position						
Asset Value	1,561,802		1,768,992		1,510,108	
Past Service Liabilities						
Active Members	-700,153	33.5	-788,741	36.6	-654,289	35.6
Deferred Members	-433,500	20.8	-389,432	18.1	-362,163	19.7
Pensioners	-905,929	43.4	-979,303	45.4	-823,371	44.8
Longevity Insurance Contract	-49,091	2.4				
Total	-2,088,673		-2,157,476		-1,839,823	
Deficit	-526,871		-388,484		-329,715	
Future service Rate	12.5%		12.6%		14.1%	
Deficit Recovery Rate	6.8%		6.9%		5.2%	
Recovery Period	27 years		17 years		25 years	
Valuation Data						
Active Members	20,060	34.2	20,692	36.0	17,811	33.4
Deferred Members	24,847	42.4	22,271	38.7	23,306	43.7
Pensioners	13,666	23.3	14,551	25.3	12,249	23.0
Total Membership	58,573		57,514		53,366	
Actual Pensionable Pay	348,991,000		377,853,000		291,380,000	
Average Pensionable Pay	17,397		18,261		16,360	
Average Age	45.6		45.6		45.0	
Cash Flow	£000		£000		£000	
Expenditure to March 2011	84,008		86,340		66,501	
Expenditure to March 2012	89,357		90,883		78,387	
Expenditure to March 2013	93,735		98,147		71,499	
Contributions to March 2011	103,433		113,753		93,413	
Contributions to March 2012	91,938		110,272		109,180	
Contributions to March 2013	85,881		112,859		84,703	
Net Cash Flow to March 2011	19,425		27,413		26,912	
Net Cash Flow to March 2012	2,581		19,389		30,793	
Net Cash Flow to March 2013	-7,854		14,712		13,204	
Investment Income to March 2011	14,121		21,330		19,888	
Investment Income to March 2012	15,962		27,330		19,561	
Investment Income to March 2013	12,153		26,386		14,732	
Total Cash Flow to March 2011	33,546		48,743		46,800	
Total Cash Flow to March 2012	18,543		46,719		50,354	
Total Cash Flow to March 2013	4,299		41,098		27,936	
Actuarial Assumptions						
Discount Rate - March 2010	6.8%		6.8%		6.6%	
Equities - 6.9%	60		76		69	
Bonds - 3.9%	20		7		9	
Gilts - 3.3%	1		11		11	
Property - 6.0%	10		6		6	
Cash - 3.1%					5	
Cash Plus - 6.9%	9					
Discount Rate - March 2013	6.1%		6.1%		5.8%	

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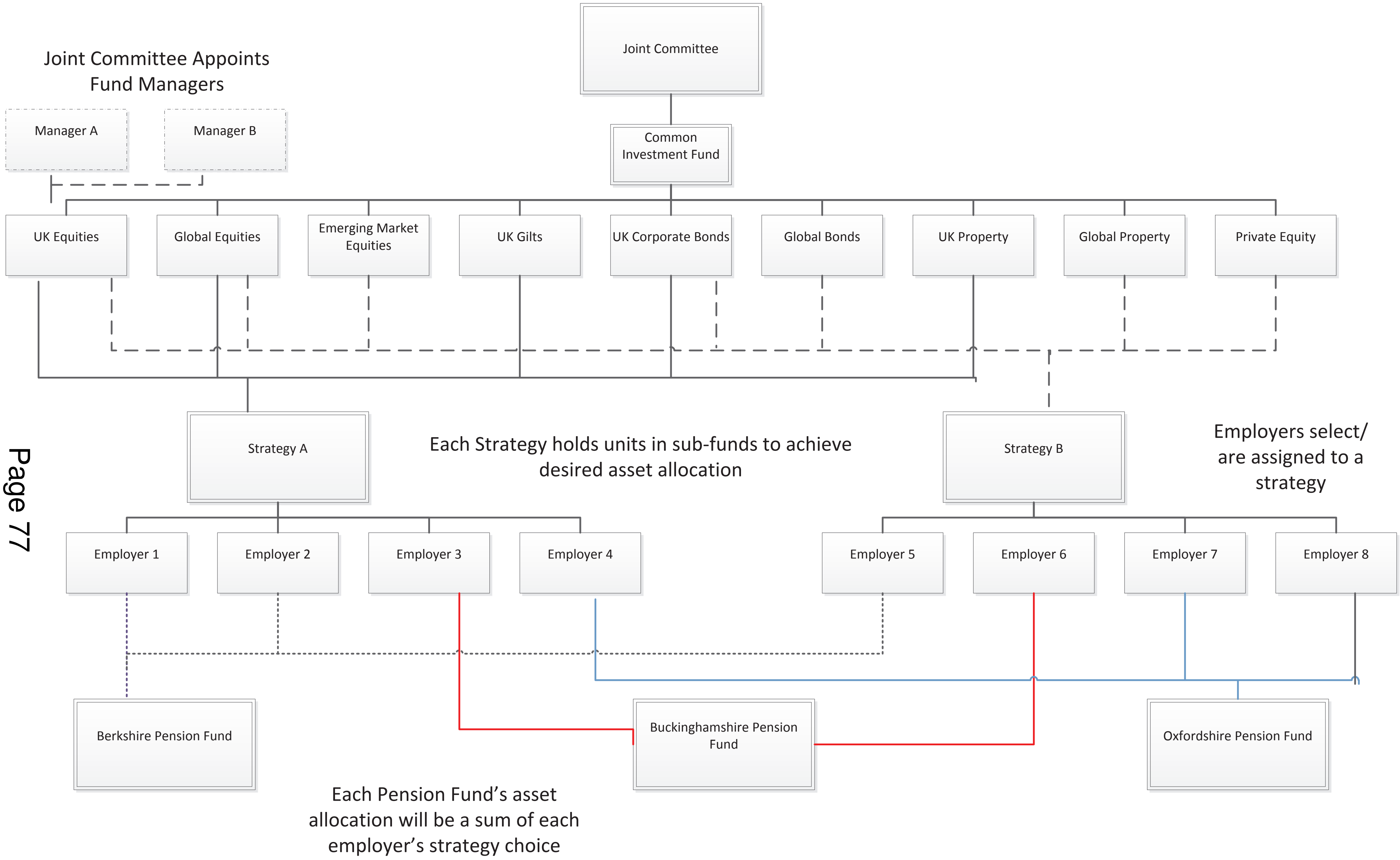
Joint Committee Appoints Fund Managers
Joint Committee
Manager A
Manager B
Common Investment Fund
UK Equities
Global Equities
Emerging Market Equities
UK Gilts
UK Corporate Bonds
Global Bonds
UK Property
Global Property
Private Equity
Strategy A
Each Strategy holds units in sub-funds to achieve desired asset allocation
Strategy B
Employers select/ are assigned to a strategy
Employer 1
Employer 2
Employer 3
Employer 4
Employer 5
Employer 6
Employer 7
Employer 8
Berkshire Pension Fund
Buckinghamshire Pension Fund
Oxfordshire Pension Fund
Each Pension Fund's asset allocation will be a sum of each employer's strategy choice

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Division(s): N/A

PENSION FUND COMMITTEE – 5 DECEMBER 2014

BETTER GOVERNANCE AND IMPROVED ACCOUNTABILITY IN THE LOCAL GOVERNMENT PENSION SCHEME

Report by the Chief Finance Officer

Introduction

1. In October 2014, the Department for Communities and Local Government (DCLG) published its second consultation paper on the future governance arrangements for the LGPS. Responses were required within a 6 week period which closed on 21 November 2014. This paper sets out the key issues arising from this consultation document.

2. Under the same timescale, the Local Government Pension Scheme (LGPS) Shadow Scheme Advisory Board issued a consultation document providing guidance on the implementation of the new governance arrangements. Where appropriate, key elements of this guidance are discussed below.

Key Issues within the Consultation Documents

3. The consultation document from DCLG has re-confirmed many aspects of the initial consultation on the establishment of Local Pension Boards. It will be a statutory requirement under the Public Services Pension Act 2013 for each Administering Authority to establish a Local Pension Board by 1 April 2015. The guidance clarifies that by 1 April 2015, each Administering Authority must have approved the establishment of the Board, its constitution and terms of reference. However, the appointment of the members of the Board, can follow, with an expectation that the Board holds its first meeting within a period of 4 months of establishment i.e. by the end of July 2015.

4. The role of the Board is re-confirmed as to assist the Administering Authority:

   (a) To secure compliance with:
      i. LGPS Regulations
      ii. Other relevant legislation
      iii. The requirements of the Pensions Regulator

   (b) To ensure the effective and efficient governance and administration of the Scheme.

5. The latest Regulations have determined that the Administering Authority will not be bound by the terms of the Local Government Act 1972 when

establishing the Board. Instead it will have greater flexibility in determining the constitution and terms of reference to suit the purpose of the Board.

6. DCLG have removed from the latest draft the restriction on elected members being appointed as employer representatives on the Board. Instead, they have introduced a new restriction to ensure that no elected Member or Officer responsible for the discharge of any function under the LGPS Regulations can be a member of the Board. The current wording is unclear on whether this restriction is limited to serving on the Board for the Administering Authority for whom you are responsible for the discharge of any function, or to serving on any Board. If the latter, this would restrict elected Members and Officers of one Fund sitting on the Board of a neighbouring Fund to ensure provision of the appropriate levels of knowledge and understanding. Several responses to the consultation have sought clarification on this point.

7. The consultation retains the requirement for equality of membership between employer representatives and scheme member representatives (re-stated from the initial employee representatives which could have been seen to exclude deferred and pensioner members). Minimum numbers are 4, comprising 2 representatives of both employers and scheme members. The latest draft has removed the explicit provision to appoint other members, and again, a number of consultation responses have sought clarification on this point. The guidance consultation does make the point that the latest draft regulations do not prohibit the appointment of other members.

8. The only other key point in respect of the latest draft is that it is silent on the issue of seeking approval for a Joint Local Pension Board where the functions of multiple Administering Authorities have been delegated to a Joint Committee. Advice from DCLG and the Local Government Association (LGA) has indicated that this will form part of the final Regulations.

9. The latest draft regulations also introduce the arrangements for capping the future costs of the LGPS. Two separate models are introduced. Under the draft regulations for the Treasury's Employer Cost Cap, the Secretary of State will have to intervene if the future costs of the scheme move by more than 2% either side of the employer cap (which itself is yet to be determined). If the Employer Cost Cap is breached, the Secretary of State will need to consult the LGPS Scheme Advisory Board on any proposals for restoring the financial position. If after a 3 month period following such consultation no agreement has been reached, the draft regulations require the Secretary of State to restore the financial position by making adjustments to the scheme accrual rate.

10. The second cost mechanism is the Internal Cost Management Arrangement, which seeks to maintain an overall future scheme cost of 19.5%, funded in the ratio 2:1 by the employer and employee contribution rates. The LGPS Scheme Advisory Board will need to determine its policy as to what leeway it allows before it seeks to intervene, and the process by which it will make recommendations to the Secretary of State.

11. The draft Regulations make it clear, that the Treasury Employer Cost Cap mechanism takes precedence over the Internal Cost Management Arrangement in the event that both mechanisms trigger a review.

Next Steps

12. It will be the role of this Committee to determine the constitution and terms of reference for the new Local Pension Board (except in the event of an early decision to establish a Joint Committee to undertake the responsibilities of this Committee).

13. The draft guidance documentation includes the following issues to be included in the constitution and terms of reference:

(a) Membership. In determining size, the Committee will need to consider the size of the fund and the wish to ensure adequate representation across the various employer and scheme member groups, the costs of establishing and operating the Board, and issues associated with substitution arrangements, quorum and the need to ensure appropriate knowledge and understanding.
(b) Appointment Process. This will need to ensure equality of opportunity to be nominated as a representative, as well as truly representative Board. Unison's Regional Manager has written to express Unisons view that fund member representatives will be nominated by local trade unions, who will be able to provide the training and support to the nominees to undertake their role.
(c) Appointment of Other Members, including the merits of the appointment of an independent chairperson.
(d) Terms of Office, the option for renewal for further terms, and the wish to stagger terms so that the Board retains some experience, knowledge and understanding during a period of new appointments.
(e) Code of Conduct and Conflict of Interest Policies and the arrangements for the termination of a term of office outside the normal arrangements.
(f) Functions of the Board. The guidance has indicated that the role to assist the Administering Authority can be seen as a much wider role than a simple scrutiny function, and the Board could take on specific roles to assist the Committee in undertaking its responsibilities, although final decisions would always lie with the Committee.
(g) Voting arrangements.
(h) Appointment of a Chair or Vice Chair if not covered by the nomination of an independent member.
(i) Role of Advisors and Officers, including any requirement for separate independent advice.
(j) Frequency of meetings, process for the publication of papers etc
(k) Quorum for meetings, and whether that is set as a single number or in terms of minimum numbers of representatives from both employers and scheme members.
(l) Whether the Board will allow attendance of Substitutes, and if so, how they would be selected, and how they would indicate their ability to

meet the knowledge and understanding requirements of Board Members.

(m) Budget for the Board, including any arrangements for the payment of Allowances and Expenses.

(n) Reporting requirements – to the Administering Authority, Pensions Regulator and wider stakeholders, and whether there will be a requirement for an annual report of the work of the Board.

14. The Committee need to consider whether they have any views on the issues identified in points (a) to (n) above, and subject to these, whether they are happy for Officers to prepare a draft constitution and terms of reference for approval at their next meeting, or to what extent they wish to be involved either as a full Committee or a smaller working group in preparing such drafts.

RECOMMENDATIONS

15. The Committee is RECOMMENDED to:

(a) note the key issues set out in the latest consultation documents; and

(b) determine the process for preparing the draft constitution and terms of reference for the new Local Pension Board, to be considered and agreed at the March meeting of this Committee.

Lorna Baxter
Chief Finance Officer

Background papers: Better Governance and Improved Accountability in the Local Government Pension Scheme - Consultation Document published by the Department for Communities and Local Government October 2014

The Local Government Pension Scheme - Governance Guidance Consultation Document published by the LGPS Shadow Scheme Advisory Board October 2014.

Contact Officer: Sean Collins, Service Manager (Pensions), Environment & Economy
Tel: (01865) 797190

November 2014

PENSION FUND COMMITTEE – 5 DECEMBER 2014

FUND MANAGER MONITORING ARRANGEMENTS

Report by Chief Financial Officer

Introduction

1. Each year the Pension Fund Committee considers the arrangements for monitoring the performance of its Fund Managers. This report sets out the proposed schedule for 2015/16, and recommends the Committee to approve the arrangements.

Proposed Arrangements

2. Under the current arrangements, the performance of all Fund Managers is reviewed every three months, either by the full Committee, or by officers in conjunction with the Independent Financial Adviser to the Fund. For those quarters that the Committee does not see the Fund Manager, the officer meeting is held in advance of the Committee to allow the Independent Financial Adviser to report all key issues at the next Committee meeting.

3. Traditionally, the Committee have seen the three actively managed equity fund managers every 6 months, the fixed income and passive equity manager once a year, and the two private equity managers once every two years. In March, the Committee agreed to invest 5% of the Pension Fund's assets in a Diversified Growth Fund. Officers have recently undertaken a procurement exercise to select a fund manager and believe that the DGF fund should be included in the monitoring schedule for the next financial year.

4. Due to the current frequency of fund manager reviews, the Pension Fund Committee has limited time available to consider strategic issues. Strategic decisions, such as asset allocation normally have a greater impact on overall fund performance than individual fund manager investment decisions. It is therefore proposed that the frequency of direct committee monitoring of the active equity managers is reduced to once a year, in line with the active fixed income monitoring frequency.

5. Officers and the IFA will continue to monitor manager performance during the year and regularly report to the Pension Fund Committee. However, in order to use resources more effectively, it is proposed that officers and the IFA will no longer meet with the fund managers during the quarter immediately following their presentations to the Pension Fund committee, unless there are concerns regarding the manager's performance, or other issues to be addressed. Due to the short time frame between the date of a committee meeting and the reporting deadline in advance of the next committee meeting, officers have found that meetings with fund managers are less beneficial in the quarter following their attendance at committee.

6. The proposed detailed monitoring arrangements are as follows:

	Committee	Officer/IFA meetings
Quarter 1 Committee 5 June 2015	DGF	Baillie Gifford Legal and General Private Equity
Quarter 2 Committee 4 September 2015	Baillie Gifford Legal and General	UBS Wellington Private Equity
Quarter 3 Committee 4 December 2015	Adams Street Private Equity	UBS Wellington DGF
Quarter 4 Committee 11 March 2016	UBS Wellington	Baillie Gifford Legal and General DGF

RECOMMENDATION

7. The Committee is RECOMMENDED to approve the Fund Manager monitoring arrangements as set out in this report.

Lorna Baxter
Chief Financial Officer

Background papers: Nil
Contact Officer: Donna Ross, Principal Financial Manager, Tel: (01865) 323976

November 2014

Division(s): N/A

PENSION FUND COMMITTEE – 5 DECEMBER 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:

- Carillion – a revision to the admission agreement to include the additional 61 staff has been circulated but not yet signed.
- Carillion – East Oxford Primary School

New Requests for Admission

3. The Service Manager (PIMMS) has given approval for the following applications where either a bond, or pass through arrangement is put in place:

- Hailey School outsourcing of Catering to Edwards & Ward Ltd.
- Appleton School outsourcing of Catering to the School Lunch Company
- St John Fisher School outsourcing of Catering to the School Lunch Company
- St Joseph's School, Carterton, outsourcing of Catering to the School Lunch Company
- Stonesfield School outsourcing of Catering to the School Lunch Company
- Whitchurch School outsourcing of Catering to the School Lunch Company
- Ducklington School outsourcing of Catering to the School Lunch Company
- Peppard Church of England School outsourcing of catering to the School Lunch Company
- The Batts School, Witney, outsourcing of catering to the School Lunch Company
- St Mary's School, Witney, outsourcing of catering to the School Lunch Company

Other Applications Received / In Progress

4. Pension Services has also received information from the following companies regarding cleaning or catering services for schools:

- Edwards & Ward Ltd regarding contracts for catering services with:

    - All Saint's Primary School, Didcot
    - Aspirations Academy
    - Benson Church of England Primary School
    - Brightwell Primary School
    - Caldecott Primary School
    - Chilton Primary School
    - Manor School
    - New Marston School
    - North Leigh School
    - Rush Common School
    - St Mary's School
    - St Nicholas School, Oxford
    - St Nicholas School, Abingdon
    - Willowcroft School
    - Wolvercote School

- D F Williams Cleaning for:

    - St Thomas More, Kidlington
    - Our Lady of Lourdes, Witney

- Regency Cleaning for:

    - John Mason Academy

- Haywards Services for:

    - Icknield Community College

- Cleaning Logistics Ltd for:

    - Trinity School

In these cases Pension Services is currently contacting the schools to determine what arrangements have been made in respect of the pensions for the staff who have been TUPE'd to the new contractor.

Completed Applications

5. The following applications have now been completed:

- Innovate
- Proclean Oxford Limited, however the one member of staff has now opted out of the scheme
- The Cleaning Co-Op
- PAM Wellbeing Limited

Closure Valuations

6. The Home Group (Stonham Housing Association) has paid the closure valuation of £157,000.00.

7. The School Lunch Company / Cumnor School admission agreement has ceased since there are no longer any active employees. As this was a pass through arrangement, any deficit does not fall to the School Lunch Company, but would be picked up in future valuations for Cumnor School (or the County Council whilst it remains a maintained school).

Project – Employer Covenants

8. Data has now been sent to the actuary. It is anticipated that initial reports will be received by early January. It is intended to bring a full report on this issue to the March meeting of this Committee.

RECOMMENDATIONS

9. The Committee is RECOMMENDED to:

(a) note previous applications still outstanding;

(b) note applications approved by Service Manager (PIMMS);

(c) approve other applications received providing these are on either a pass through basis, or a bond is put in place;

(d) note the completed applications;

(e) note the closure of scheme employers; and

(f) note progress of employer covenant project.

Lorna Baxter
Chief Finance Officer

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

November 2014

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Division(s): N/A

PENSION FUND COMMITTEE – 5 DECEMBER 2014

PENSION ADMINISTRATION – UPDATE

Report by the Chief Financial Officer

Introduction

1. This report is to update members on issues arising since the report submitted last quarter.

Team Structure & Staffing

2. In September it was reported that the overall staffing levels had reduced by one FTE, which was as a result of the general move towards part time working. Since then one other administrator has left the team and one of the recently recruited administration assistants has also resigned.

3. In line with current recruitment practices these vacancies have been internally advertised. However, it has been agreed that if this is unsuccessful then external advertisements can be placed. In the interim period it is intended to employ temporary staff to cover the administration assistant role, although this is not possible for the administrator roles.

4. Autumn is one of the times when there is an increase in the workload of the team which is illustrated by the table below: -

	BF Open	New In	Total	Completed	Balance
April	3186	1018	4204	1036	3168
May	3168	993	4161	986	3175
June	3175	1110	4285	1234	3051
July	3051	1098	4149	1191	2958
August	2958	885	3843	849	2994
September	2994	1976	4970	1399	3571
October	3571	1286	4857	1025	3832

5. Therefore a review of what changes can be made as a result of the reduction in working hours of experienced staff; the introduction of a training plan for new team members; current workloads; stockpiling of work due to implementation of 2014 and planned system changes to ensure that work does not backlog, has been undertaken. It is proposed that:

- The main KPI for payment of retirement benefits; death grants; transfers out and divorce are reinstated at 95% (had previously been increased to 97%) within 10 days.
- Other KPI targets which currently set at 95% are reduced to 90% within the specified timescale.
- Overtime, funded by vacant posts, will be available to team members to clear leaver files.
- The administrative assistant post will be covered by a temporary member of staff.
- Administrator vacancies have been advertised with only one application received and so will now be advertised externally

6. The administration strategy, which is discussed below, has been amended to reflect these changes to the service level agreement.

Monthly Administration Returns (MARS)

7. LGPS 2014 caused many of Pension Services processes to be reviewed and updated in line with the new regulatory requirements. As a result of the move to a CARE scheme employers were asked to provide pension data on a monthly basis so that this could be accurately recorded on each member record and allow Pension Services to answer queries more accurately.

8. It was anticipated that this change would take several months to work efficiently. The latest review of the returns received to date show that:

   - Six employers have yet to make a return.
   - Twenty one employers have made between two and five returns.

   Pension Services are contacting all employers to request outstanding returns and resolve any queries.

Administration Strategy

9. The consultation period had been extended to allow scheme employers to comment on the proposed administration strategy; however this has not resulted in any further comments being received.

10. Three employers commented as follows:

   - A query about the basis of the proposed charges where an employer fails to provide information requested within 10 working days. This was originally shown as a single payment of £50. The scheme employer suggested that this should be £50 per day.
   - Another employer contacted Pension Services saying that they did not want to have a single point of contact for pension issues within their organisation.
   - One employer asking for confirmation of the administration strategy to include in a report to their councillors.

11. Internally there have been several comments and as a result the format of the administration strategy document has been amended and now includes the service level agreement. This has also been amended to reflect the changes set out in paragraph 5 above.

12. Subject to members approving the strategy it is intended this will be sent to all scheme employers to sign by 31 December 2014, with the strategy becoming operational from 1 January 2015

A copy of the administration strategy document is attached at Appendix A.

RECOMMENDATION

13. **The Committee is RECOMMENDED to:**

(a) agree the changes to the service level agreement;

(b) note the current level of MARS Returns; and

(c) agree the Administration Strategy.

Lorna Baxter
Chief Finance Officer

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

November

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Oxfordshire County Council Pension Fund
Administration Strategy Statement

Introduction

Oxfordshire County Council Pension Fund has prepared this administration strategy in line with Regulation 59 and Regulation 70 of the Local Government Pension Scheme Regulations 2014.

All scheme employers are being asked to sign up to the administration strategy by 31 December 2014 and to comply with the standards set out in the service level agreement. It should be noted that under the LGPS regulations the terms of this strategy will apply to all employers whether they have signed up, or not. However, we would much rather work with employers to provide a service in which scheme members can have confidence.

Purpose

This policy sets out the role and responsibilities of Oxfordshire County Council Pension Fund 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.

Aim

The 2014 Regulations more clearly set out what information scheme employers are required to submit for the administration of LGPS 2014 and what records scheme employers are required to maintain, in line with the definitions of the 2008 scheme regulations, thereby ensuring that both the Administering Authority and the Scheme Employers meet the statutory requirements of the regulations.

Documents Making Up the Strategy

Service Level Agreement, setting out the roles and responsibilities of the Administering Authority and Scheme Employer; detailing the KPI which will be used in reporting performance.

Oxfordshire County Council Pension Fund's Communication Strategy

Scale of Charges – setting out what charges will be made in certain circumstances

The Agreement – setting out trigger points, the extent and manner in which Scheme Employer contribution rates will be varied under this strategy.

Review of Strategy

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

Service Level Agreement

The following tasks are the responsibility of the Administering Authority in administering the scheme. The timescale shown if from receipt of *all* information: -

Task	Timescale Working days	Target	Notes
New Entrants	20	95%	
Transfers in	10	90%	
Estimates (member)	10	90%	Limited to one request per annum
General Enquiry (member)	10	90%	
Transfers out	10	95%	
Retirement	10	95%	
Deferred Benefits	40	90%	
Refund of Benefits – Payment	10	95%	
Death	10	95%	
Divorce - PSO	10	95%	
Estimates (employer)	10	90%	
General Enquiry (employer)	10	90%	
APCs	10	90%	
Re-employments	40	90%	
Changes e.g. address; name	10	90%	
Pension Adjustments – PI; MOD; GMP	Payroll Deadline	90%	
Annual Allowance	10	90%	
Maternity / Unpaid	20	90%	

Employer responsibilities:-

Decisions	• Decide to whom to offer membership of the LGPS • Decide which employees to nominate for membership of the LGPS • Decide whether to extend the 12 month option period for non-aggregation of deferred benefits • Decide rate of employees' contributions
Data retention and submission	• Keep final pay details in line with 2008 definition of final pay • Keep pay information to comply with any Regulation 10 decisions • Submit monthly data return (MARS) to pension.services@oxfordshire.gov.uk by 19th of the month following payroll
Data queries	Oxfordshire County Council Pension Fund is not responsible for verifying the accuracy of the data provided. • Any queries arising will be referred back to the scheme employer. • Scheme employers will be responsible for recovering any overpayments arising from provision of incorrect information.
Pay over monies due	• Monthly contributions to be paid correctly and on time. Payment to clear OCC Pension Fund bank account by 19th of the month following payroll. Should the 19th fall on a weekend or bank holiday the deadline date changes to the preceding working day. • Deficit contributions • Rechargeable benefits • Retirement strain costs All payments to be made to the Oxfordshire County Council Pension Fund A/C. All paperwork supporting payments to be submitted when payment is processed to : pension.contributions@oxfordshire.gov.uk
End of Year Returns	You *must* submit your end of year return by 30th April, after the end of each financial year.

	This return must include a figure for pensionable remuneration that reflects the full time equivalent pay (plus any other pensionable salary additions) for the period 01 April to 31 March of each tax year, in line with the 2008 definition of pay.
End of Year Errors	From April 2015 Oxfordshire County Council Pension Fund will be limited in its ability to carry out on the data submitted. • Any queries arising will be referred back to the scheme employer • Scheme employers will be responsible for recovering any overpayments arising from provision of incorrect information.
Discretionary Policies	Discretionary Policies must be • Made within three months of a material change • Published • Reviewed • A copy of the discretionary policies must be sent to Pension Services
Pension Contacts	Notify Pension Services of any new contact within one month of the change – form on website - https://www.oxfordshire.gov.uk/cms/content/pension-scheme-forms-employers
Outsourcing of Services	Scheme employers have a responsibility through either Fair Deal or Best Value Directions Orders to ensure that staffs pension rights are protected on transfer to another employer, even if the member is not currently in the pension scheme. Please contact Pension Services if you are considering outsourcing.

Communication and Liaison

Scheme employers are required to provide contact details of any 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.
- Maintain the pension website at www.oxfordshire.gov.uk/pensions for scheme employers, including links to national websites.

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 19th month following deduction.

AVC contributions should be paid directly to the scheme's AVC provider – The Prudential Assurance Company. A copy of the list should also be sent to Pension Services.

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 of The Local Government Pension Scheme Regulations 2013.

The schedule of charges is:

Making payment to Oxfordshire County Council bank account rather than Oxfordshire County Council 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 19th month following deduction	£50 + £25 each time information is chased
Failure to provide MARS return by 19th 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 per working day

Dated (Please write date)

(1) THE OXFORDSHIRE COUNTY COUNCIL PENSION FUND

And

(2) (EMPLOYER – Please write name of organisation)

The Agreement
In relation to the Oxfordshire County Council Pension Fund
County Hall
New Road
Oxford
OX1 1TH

Pensions Administration Strategy

This Agreement is made the day of 2014

Between:

(1) **THE OXFORDSHIRE COUNTY COUNCIL PENSION FUND** of County Hall, New Road, Oxford OX1 1TH (the **"Administering Authority"**); and

(2) **[Please write name]** of
[**]** (the "Employer]")

Background

(A) The Administering Authority is an administering authority. It administers and maintains the Fund in accordance with the Regulations.

(B) The Employer is a [community/transferee admission] body [listed in Schedule 2 of The Local Government Pension Scheme Regulations 2013.]. [**Please delete as appropriate]**

(C) In accordance with Regulation 59 of The Local Government Pension Scheme Regulations 2013, the Administering Authority has prepared the Pension Administration Strategy Statement setting out amongst other things the Service Level Agreement.

(D) In preparing the Pension Administration Strategy Statement, the Administering Authority consulted the employing authorities in the Fund (including the Employer) [and such other persons it considered appropriate]. The Administering Authority published the Pension Administration Strategy Statement and sent a copy of it to each of the employing authorities in the Fund (including the Employer) and to the Secretary of State.

(E) The Administering Authority will keep the Pension Administration Strategy Statement (including the Service Level Agreement) under review and will make such revisions as are appropriate following any material change in its policies in relation to any of the matters contained in the Pension Administration Strategy Statement.

(F) The Administering Authority and the Employer have agreed to enter into this Agreement to document their agreement to comply with and be bound by the terms of the Service Level Agreement.

Now it is agreed as follows:

Regulation Extract / Interpretation

Pension Administration Strategy

59. — (1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

(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

(i) 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.

(3) An administering authority must—

(a) keep its pension administration strategy under review; and

(b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish—

(a) its pension administration strategy; and

(b) where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.

Statement of Policy about exercise of Discretionary Functions

60. —(1) A Scheme employer must prepare a written statement of its policy in relation to the exercise of its functions under regulations—

(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 an administering authority must prepare such a statement in relation to the exercise of its functions under regulation 30(8) in cases where a former employer has ceased to be a Scheme employer.

(2) Each Scheme employer must send a copy of its statement to each relevant administering authority before 1st July 2014 and must publish its statement.

(3) A body required to prepare a statement under paragraph (1) must—

(a) keep its statement under review; and

(b) make such revisions as are appropriate following a change in its policy.

(4) Before the expiry of a month beginning with the date any such revisions are made, each Scheme employer must send a copy of its revised statement to each relevant administering authority, and must publish its statement as revised.

(5) In preparing, or reviewing and making revisions to its statement, a body required

to prepare a statement under paragraph (1) must have regard to the extent to which the exercise of the functions mentioned in paragraph (1) in accordance with its policy could lead to a serious loss of confidence in the public service.

(6) In this regulation a relevant administering authority in relation to a Scheme employer, is any authority which is an appropriate administering authority for that employer's employees.

Additional costs arising from Scheme employer's level of performance

*Please click **here** for a list of the Statutory Instruments which have amended this regulation since its introduction.*

70. — (1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating—

(a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);

(b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and

(c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraphs (a) or (b).

The Service Level Agreement

- With effect from the date of this Agreement, the Administering Authority and the Employer agree to use their best endeavours to comply with and be bound by the terms of the Service Level Agreement.
- In consideration of this Agreement the Administering Authority will charge the Employer a contribution towards the cost of the administration of the Fund which reflects the fact that compliance with the Service Level Agreement will result in greater efficiencies and lower administration costs for the Fund.
- If in the opinion of the Administering Authority the Employer has not complied with the terms of the Service Level Agreement the Administering Authority may charge the Employer a higher contribution towards the cost of the administration of the Fund.
- When considering whether to charge the Employer a higher contribution towards the cost of the administration of the Fund the Administering Authority shall take into account any failure on its own part to comply with the terms of the Service Level Agreement.
- This shall not affect the Administering Authority's ability under Regulation 70 of The Local Government Pension Scheme Regulations 2013 to give written notice to the Employer where it has incurred additional costs which should be recovered from the Employer because of the Employer's level of performance

in carrying out its functions under the Regulations or the Service Level Agreement.

- The Employer acknowledges that the Service Level Agreement may be revised from time to time by the Administering Authority in accordance with Regulation 59 of the Local Government Pension Scheme Regulations 2013 and that the Employer will comply with and be bound by the terms of the revised Service Level Agreement.

Other Charges

- The Employer acknowledges that the contribution it is required to pay towards the cost of the administration of the Fund is to cover the cost of meeting the Core Scheme Functions.

Notices

Any notices under this Agreement shall be in writing and shall be served by sending the same by first class post, facsimile or by hand or leaving the same at the headquarter address of the Employer or the headquarter address of the Administering Authority.

Waiver

Failure or neglect by the Administering Authority to enforce at any time any of the provisions of this Agreement shall not be construed nor shall be deemed to be a waiver of the Administering Authority's rights nor in any way affect the validity of the whole or any part of this Agreement nor prejudice the Administering Authority's rights to take subsequent action.

More than one Counterpart

This Agreement may be executed in more than one counterpart, which together constitute one agreement. When each signatory to this Agreement has executed at least one part of it, it will be as effective as if all the signatories to it had executed all of the counterparts. Each counterpart Agreement will be treated as an original.

Laws

This Agreement will be governed by and interpreted in accordance with the laws of England and Wales.
Any rights that a third party may have under the Contracts (Rights of Third Parties) Act 1999 are excluded.

…………………………………………………………..
SIGNED FOR AND ON BEHALF OF
THE OXFORDSHIRE COUNTY COUNCIL PENSION FUND
was affixed in the presence of:
…………………………………………………………..
SIGNED FOR AND

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Division(s): N/A

PENSION FUND COMMITTEE – 5 DECEMBER 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 £214.17 chargeable to the pension fund in respect of two cases, where the member has died.

   One amount included above of £166.00 has not been recovered on advice of legal team.

Cumulative Data

5. At the September meeting members asked to be provided with cumulative write off data for the past 12 months.

6. Since March 2014 25 cases of write off have been reported to this committee and in all cases the member had died. The total amount written off is £538.28, with amounts ranging between £1.41 and £166.00.

RECOMMENDATION

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

Lorna Baxter
Chief Finance Officer

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

November 2014