OXFORDSHIRE
COUNTY COUNCIL

To: Members of the Pension Fund Committee

Notice of a Meeting of the Pension Fund Committee

Friday, 4 December 2015 at 10.00 am

Meeting Rooms 1 and 2, County Hall, New Road, Oxford

PG Clark

Peter G. Clark
Head of Paid Service

November 2015

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

Surinder Dhesi
Jean Fooks
Nick Hards
Richard Langridge
Sandy Lovatt
Neil Owen
Les Sibley

Co-optees

City Councillor James Fry
District Councillor Bill Service

Notes:

- ***A lunch will be provided***
- ***Date of next meeting: 11 March 2016***

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 4 September 2015 (**PF3**) and to receive information arising from them.

4. Petitions and Public Address

5. Employer Management (Pages 11 - 20)

10:05

The report **(PF5)** updates members on the key operational issues arising around individual employer members of the Fund, including the latest performance data. It also includes updates on applications for admissions for admission to the Fund and details of any cessation issues.

Please note that Annex1 to the report will be circulated as part of an Addenda at the meeting and a colour copy will be tabled for members of the Committee at the meeting itself.

The Committee is RECOMMENDED to:

(a) note the performance of scheme employers in making required returns;

(b) note the number of annual benefit statements issued and to advise officers of any further actions they want taken to resolve non-return of data;

(c) note the benchmarking data;

(d) agree a write off of £97.33;

(e) note the previous applications for admission to the fund & those applications approved by Service Manager (PIMMS);

(f) agree admission of the School Lunch Company in respect of schools listed; and

(g) note the progress made in respect of closure valuation.

6. **Collaboration Update** (Pages 21 - 30)

10:30

The report **(PF6)** updates the Committee on future collaborative arrangements following on from announcements made by the Chancellor of the Exchequer on the requirement of Local Government Pension Schemes' (LGPS) funds to identify arrangements for future collaboration. There will be an oral report on the Government consultation papers on the subject if these have been published by the time of the meeting.

The Committee is RECOMMENDED to formally explore the option of joining the 8 funds in the South West (and others as agreed) to develop a proposal for future pooling arrangements in response to the Government's requirements.

7. **Proposed Future Team Structure** (Pages 31 - 38)

10:45

The report **(PF7)** sets out the proposed team structures for the Pensions Investment & Administration Teams in the light of the recent changes within the Council and the new pressures facing Pension Services.

The Committee is RECOMMENDED to agree the proposed team structures, as set out at Annex 2 to this report.

8. **Future Work Programme** (Pages 39 - 48)

11:00

The report **(PF8)** sets out the key tasks facing this Committee over the next year, and invites Members to consider the timescales for addressing these issues and the proposed role for the newly established Local Pension Board.

The Committee is RECOMMENDED to:

(a) determine its work programme for 2016 based on the draft programme contained in paragraph 17; and

(b) determine those aspects of the programme it wishes the Local Pension Board to consider in advance of the presentation to the Committee meeting itself.

9. Fund Manager Monitoring Arrangements 2016-17 (Pages 49 - 50)

11:30

Each year the Pension Fund Committee considers the arrangements for monitoring the performance of its Fund Managers. The report **(PF9)** sets out a proposed schedule for 2016-17 based on last year's agreement that each Manager should attend Committee on an annual basis.

The Committee is RECOMMENDED to approve the Fund Manager Monitoring Arrangements for the year 2016-17 as set out in the report.

10. Pension Fund Communications Policy Review (Pages 51 - 60)

11:35

The Pension Fund Committee is required to establish, review and publish its policy concerning pension scheme communications with all stakeholders. Whilst the communication policy was presented at the prevous meeting, it is relevent to re-present elements which may alter the terms of the current strategy and its delivery.

The report **(PF10)**seeks guidance on employer engagement and review of the employer's forum; and seeks approval for the adoption of a recognisable symbol for the Pension Fund. Additionally the report refers to changes in method of communication, needing consideration in order to adopt the disclosure regulations and move to members self service system.

The Committee is RECOMMENDED to:

(a) confirm any changes to be made to the Strategy concerning:

- ***(i) guidance from the committee on the employer forum including rescheduling for January or February next year to include details of the end of year data requirements; and***
- ***(ii) changes to the policy to enable adoption of member self service; and***

(b) approve a logo for this fund.

11. Overview of Past and Current Investment Position (Pages 61 - 66)

11:40

Tables 1 to 5 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, present an overview of the Fund's position as at 30 September 2015, and highlight any key performance issues, with reference to the following tables:

Table 1	provides a consolidated valuation of the Pension Fund at 30 September 2015
Table 2	shows net investments/disinvestments during the quarter
Tables 3 and 4	provide investment performance for the consolidated Pension Fund for the quarter ended 30 September 2015
Tables 5	provides details on the Pension Fund's top holdings

In addition to the above tables, the following graph has been included:

Graph 1 Market value of the Fund over the last three years

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 14, 15, 16 and 17 on the agenda.

EXCLUSION OF PRESS AND PUBLIC

12. EXEMPT ITEMS

The Committee is RECOMMENDED that the public be excluded for the duration of items 13, 14, 15, 16 and 17 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 item 14, there is no report circulated with the Agenda. Any exempt information will be reported orally.

13. Overview and Outlook for Investment Markets (Pages 67 - 74)

11:45

This report of the Independent Financial Adviser **(PF13)** sets out an overview of the current and future investment scene and market developments across various regions and sectors; and provides the context for the consideration of the reports from the Fund Managers. The report itself does not contain exempt information and is available to the public. The Independent Financial Adviser will also report orally and any information reported orally will be exempt information.

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

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

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

14. Adams Street

11:55

(1) The Independent Financial Adviser will report orally on the performance and strategy of Adams Street drawing on the tables at Agenda Items 11 and 13.

(2) The representatives (Ana Maria Harrison and Sergey Sheshuryak) 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 2015;

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

In support of the above is their report for the period to 30 September 2015.

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.

15. **Review of Private Equity** (Pages 75 - 82)

12:35

The report from the Independent Financial Adviser **(PF15)** reviews the private equity investments within the Fund.

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

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The Committee is RECOMMENDED to note, question and to comment on the report.

16. **Report of Main Issues arising from Reports of the Fund Managers not represented at this meeting** (Pages 83 - 88)

12:50

The Independent Financial Adviser will report on the officer meetings with UBS and Wellington, as well as update the Committee on any other issues relating to the Fund Managers not present, including issues in respect of the Private Equity portfolio **(PF16).**

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 report and to take any necessary action, if required.

17. Summary by the Independent Financial Adviser

12:55

The Independent Financial Adviser will, if necessary, summarise the foregoing reports of the Fund Managers and answer any questions from members.

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

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ITEMS FOLLOWING THE RE-ADMISSION OF THE PRESS AND PUBLIC

18. Corporate Governance and Socially Responsible Investment

13:00

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

LUNCH

Pre-Meeting Briefing
There will be a pre-meeting briefing in **the Members Board Room, County Hall** on **Wednesday 2 December 2015 at 2.00pm** for the Chairman, Deputy Chairman and Opposition Group Spokesman.

PENSION FUND COMMITTEE

MINUTES of the meeting held on Friday, 4 September 2015 commencing at 10.00 am and finishing at 1.15 pm

Present:

Voting Members:	Councillor Patrick Greene (Deputy Chairman) – in the Chair Councillor Patrick Greene (Deputy Chairman) Councillor Surinder Dhesi Councillor Jean Fooks Councillor Nick Hards Councillor Richard Langridge Councillor Sandy Lovatt Councillor Neil Owen Councillor Les Sibley District Councillor Bill Service
District Council Representatives:	Councillor Bill Service
By Invitation:	Philip Wilde (Beneficiaries Observer) Peter Davies (Independent Financial Adviser)
Officers:	
Whole of meeting	J. Dean (Chief Executive's Office); S. Collins and G. Ley (Corporate Finance) and S. Fox (Environment & Economy)

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

43/15 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

Apologies were received from Councillor Stewart Lilly and City Councillor James Fry.

44/15 DECLARATIONS OF INTEREST - SEE GUIDANCE NOTE
(Agenda No. 2)

Councillors Fooks, Owen, Service and Sibley each declared personal interests as members of the Pension Fund Scheme under the provisions of Section 18 of the Local Government Act 1989.

45/15 MINUTES
(Agenda No. 3)

The Minutes of the meeting held on 5 June 2015 were approved and signed as a correct record.

With regard to Minute 27/15 – Membership of the Local Pension Board – Mr Collins gave an oral update on progress on the appointment of Board members to the Local Pension Board.

With reference to Minute 32/15 – Future Management Arrangements – In response to a query, Mr Collins reported that the new management structure of Pension Services had not yet been agreed but would be circulated as soon as it was available.

46/15 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 4)

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

47/15 EXEMPT ITEMS
(Agenda No. 5)

The Committee RESOLVED that the public be excluded for the duration of items 6, 15, 16, 17, 18, 19, and 20 in the Agenda since it was likely that if they were present during those items there would be disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended) and specified in relation to the respective items in the Agenda and since it was considered that, in all the circumstances of each case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

48/15 ANNUAL PRESENTATION ON INVESTMENT MANAGEMENT PERFORMANCE AND ASSOCIATED ISSUES
(Agenda No. 6)

Karen Thrumble of State Street Company attended to give the annual presentation on the performance of the Fund, including performance relative to benchmark and to other Local Government Pension Funds (LGPF), including performance relative to benchmark and to other LGPF funds.

Her views were sought from members of the Committee in relation to the following areas:

- Fossil Fuel Investment;
- The split between Equity and Bond returns, the risks for each, and how that reflected on the UK economy, and, in particular, on the Local Authority universe;
- The individual performance of Oxfordshire's Fund Managers and her views on any action required;
- The possibility of achieving a similar performance for Overseas tracking funds as that of UK Equity tracking funds.

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

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At the conclusion of the question and answer session, the Committee
RESOLVED: to note the presentation and to thank Karen Thrumble for her presentation.

49/15 GOVERNMENT CONSULTATION ON FURTHER COLLABORATION/POOLING IN THE LGPS
(Agenda No. 7)

Sean Collins gave an update on work in progress with respect to the Pension Fund Collaboration work following the Chancellor's Budget Statement. He reported that officials from the Department for Communities & Local Government (DCLG) and Her Majesty's Treasurer (HMT) had met with officers from the LGPS Funds to outline thinking to date and future arrangements to develop proposals. Further meetings with officers and Chairs of Pension Fund Committees had been arranged to take place on 7 September and 16 October respectively.

He further reported that the DCLG had suggested that a consultation document would be published in early November 2015 to cover:

- The criteria by which collaboration would be assessed. These would be for information and not subject to further consultation. They would likely cover issues of size (indicative figures of £30b had been mentioned), cost and governance;
- Changes to the Investment Regulations to ensure that they were sufficiently flexible to cover the new collaborative proposals;
- 'Back-stop' Regulations, which were likely to be based on a new power for the Secretary of State to direct a Fund if they did not come forward with proposals in line with the agreed criteria.

Mr Collins added that Ministers did not wish to be prescriptive about the result, but believed that size provided a better opportunity to deliver cost savings and widened the range of investment opportunities. Similarly they did not wish to be prescriptive on active and passive mandates but remained to be convinced about the net benefits of active management. Solutions were likely to be similar to the current Common Investment Vehicle (CIV) proposals, with a body responsible for managing the investments on behalf of a number of Funds, whether through using external fund managers or in-house investment staff.

Keeping the above in mind, the Committee were asked to give a steer to Mr Collins and the Chairman, for use at meetings, on what would be acceptable in relation to the extent of discretion for local Pension Fund Committees to have in the future on investment matters. Options given included:

- Option 1 – Asset Allocation at a high level – for example, specification of a target return and risk level, or a split between growth and defensive assets. Actual asset allocation decisions to be made by the ‘pool’.

- Option 2 – Asset Allocation at a broad level – for example, in respect of equity, fixed income and property. The ‘pool’ to determine fund manager and precise allocation.

- Option 3 – More specific Asset Allocations – for example, in respect of UK equity, emerging market equity and high yield debt.

Following discussion, the Committee

RESOLVED: (unanimously) to

(a) give a steer to the Chairman and Mr Collins at future meetings that this Committee finds option 2 above the most acceptable; and

(b) request the Chairman and Mr Collins to keep all members of the Committee informed of the unfolding position following each meeting attended.

50/15 DRAFT ANNUAL REPORT AND ACCOUNTS 2014/15

(Agenda No. 8)

The draft Annual Report and Accounts were presented for comment and any final amendment (PF8).

Sue Gill and Tom Crous, representatives of the External Auditor, Ernst & Young, presented their findings from their audit work to date. These were also attached at PF8.

RESOLVED: to receive the draft Annual Report and Accounts and to thank the officers for their excellent work undertaken during a background of significant change.

51/15 OXFORDSHIRE PENSION FUND BUDGET OUTTURN REPORT FOR 2014/15

(Agenda No. 9)

The Committee had before them the budget outturn report (PF9) which analysed the actual spend by the OCC Pension Fund during 2014/15 against the budget, which highlighted the reasons for any material variances.

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

52/15 PENSIONS ADMINISTRATION - SERVICE PERFORMANCE

(Agenda No. 10)

The Committee considered a report (PF10) which provided details of the annual review of the Pensions Administration Team, including key performance indicators.

Sally Fox responded to questions from Members of the Committee on how the significant challenges facing the service during the year in the form of the move to the career average pension; the school change – over to academy status; and the move to the Integrated Business Centre (IBC) at Hampshire had reflected on the service.

RESOLVED: to note the report.

53/15 EMPLOYER MANAGEMENT

(Agenda No. 11)

The Committee considered a report (PF11) which covered the key operational issues around individual employer membership of the Fund, including the latest performance information as well as any new applications for admissions and cessations.

Sally Fox reported that, in line with the majority of other Funds, she had been unable to produce the members' annual benefit statements by the deadline of 31 August, due to matters beyond her control. She had reported it to the Local Government Association and was in discussion with the Regulator. She had also placed a note on the website and was writing to scheme members and employers to inform them of this.

RESOLVED: to

(a) note the position regarding scheme employer performance;

(b) note the position regarding previous applications;

(c) note the position regarding withdrawn applications;

(d) (unanimous) agree the admission of Age UK Oxfordshire, providing that either a bond or pass through arrangement is put in place; and

(e) note the position regarding closure valuations.

54/15 FUND GOVERNANCE
(Agenda No. 12)

The Committee had before them a report (PF11) which identified any changes required to the Fund's governance arrangements, and in particular to the Fund's discretionary policies and the Scheme of Delegation following, changes to the management structure of the Council.

RESOLVED: to

(a) amend the Scheme of Delegation to replace all delegations to the post of Chief Executive to the post of Head of Paid Service, and to review the position again on completion of the Council's review of senior management arrangements; and

(b) (unanimous)(amendments in bold type) to:

amend *the* ***current discretionary policy to read****:*

'a medical certificate ***is required*** *before starting a contract to pay Additional Pension contributions* ***for all*** *cases where the additional pension is being purchased over a period greater than one year.'*

55/15 WRITE OFFS
(Agenda No. 13)

The Committee had before them a report (PF13) which provided summary details of the amounts written off in the last quarter in accordance with Financial Regulations of the Fund.

RESOLVED: to note the report.

56/15 OVERVIEW OF PAST AND CURRENT INVESTMENT POSITION
(Agenda No. 14)

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 2015.

Mr Davies noted that the overall value of the Fund had fallen by a further £45million to the end of August.

RESOLVED: to receive the tables and graphs and that the information contained in them be borne in mind insofar as they relate to items 16, 17 and 18 on the Agenda.

57/15 OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

(Agenda No. 15)

The Committee considered a report of the Independent Financial Adviser **(PF15)** which gave 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 was available to the public.

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

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

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

58/15 BAILLIE GIFFORD

(Agenda No. 16)

The Independent Financial Adviser reported orally on the performance and strategy of Baillie Gifford drawing on the tables at Agenda Items 14 and 16.

The representatives, Anthony Dickson and Iain McCombie presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene. They also gave their views on the future investment scene.

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

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

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

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

59/15 LEGAL & GENERAL

(Agenda No. 17)

The Independent Financial Adviser reported orally on the performance and strategy of Legal & General drawing on the tables at Agenda Items 14 and 16.

The representatives, Chris Lyons and Nick Griffiths presented their approach to investments in relation to their part of the Fund and their strategy against the background of the current investment scene. They also gave their views on the future investment scene.

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

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

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

60/15 REPORT OF MAIN ISSUES ARISING FROM REPORTS OF THE FUND MANAGERS NOT REPRESENTED AT THIS MEETING

(Agenda No. 18)

The Independent Financial Adviser reported orally on the main issues arising from the officer meetings with UBS and Wellington in conjunction with information contained in the tables (Agenda Item 14).

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

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

61/15 SUMMARY BY THE INDEPENDENT FINANCIAL ADVISER
(Agenda No. 19)

The Independent Financial Adviser reported that no summary was required.

62/15 EMPLOYER MANAGEMENT
(Agenda No. 20)

The views of the Committee were sought with regard to a closure of a scheme employer (PF20).

Following discussion the Committee

RESOLVED (unanimously) to (amendments in bold type) delegate the negotiation and final agreement of the amount to be repaid, **using option (b) as specified at paragraph 10 of the report,** to the Service Manager, Pensions, Insurance & Money Management, **following consultation with the Chairman of this Committee.**

63/15 CORPORATE GOVERNANCE AND SOCIALLY RESPONSIBLE INVESTMENT
(Agenda No. 21)

Mr Ley reported that there were no issues concerning Corporate Governance and Socially Responsible Investment which needed to be brought to the attention of the Committee.

The Committee **AGREED** to accept Baillie Gifford's offer to give a presentation to a future meeting on their involvement in fossil fuel investment.

The Committee also noted the improved information contained in the report from Wellington and requested that they report in more detail on this at a future meeting.

ON THE CONCLUSION OF THE MEETING MEMBERS' WERE ASKED TO NOTE THAT THE PROVISIONAL DATE FOR THE ANNUAL PENSION FUND FORUM IS 11 DECEMBER 2015.

.... in the Chair

Date of signing ....

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Division(s): N/A

PENSION FUND COMMITTEE – 4 DECEMBER 2015

EMPLOYER MANAGEMENT

Report by the Chief Finance Officer

Introduction

1. This report is to update members on the key operational issues arising around individual employer members of the Fund, including the latest performance data. It also includes updates on applications for admission to the fund and details of any cessation issues.

Performance Data / Data Quality

2. The 2014 scheme design means that the scheme employers have greater responsibility for data both in determining the rates of pay and contributions and how these are used in line with regulatory requirements. At the same time the introduction of CARE meant that as a fund we were unable to check the data we receive to the same level as under previous regulations.

3. Since April 2014 scheme employers have been asked to provide a monthly administration return (MARS). The performance spreadsheet at Annex 1 to this report, details the number of missing and late returns, which overall has improved, but there are several scheme employers who are still having problems in making this monthly return.

4. Equally the provision of the end of year return – the first in the CARE scheme has caused issues for all scheme employers, mainly due to the regulatory requirement of providing two figures for final pay – one calculated in line with 2007 Regulations and one calculated in line with the 2013 Regulations. This has even affected the major scheme employer which has meant that the team has had to work individually with each employer to explain issues and resolve the queries.

5. In terms of the data shown on the spreadsheet, there are employers who are a continuing concern since they have not responded to queries. Others have flagged as a concern because of the non-provision of end of year data. We are in contact with these employers.

6. It should be noted that this work with scheme employers has become much more problematic with the fragmenting and restructuring of the larger scheme employers. As example Oxfordshire County Council no longer has a single contract to provide cleaning, or catering services to maintained schools. So, schools individually outsource services which mean a separate contract and therefore a separate admission agreement often for a period of one year.

7. Overall the increasing volume of employers within the fund is a concern to ensure that correct documentation, processes and data returns are in place. The impact of these changes has been demonstrated by the annual benefit statement task this year – see below:

8. Generally there has been much discussion about engaging with scheme employers to ensure that they provide the data required to all us to administer the scheme – this is covered as a separate agenda item.

Annual Benefit Statements

9. Members will be aware that Scheme Regulation 89 requires the fund to issue an annual benefit statement (ABS) to each of its active, deferred, pensioner and pension credit members no later than five months after the end of the scheme year to which it relates.

10. In addition The Pension Regulator (TPR) now has responsibility for all public sector pension schemes and therefore monitors scheme compliance with regulations.

11. Many funds contacted the Local Government Association (LGA) since they were concerned over their inability to meet the deadline, of 31st August for the issuing of all ABS, given the challenge of this being the first year of the CARE scheme. As a result the LGA surveyed all schemes and at this point we were able to confirm that we had issued as many deferred ABS as possible but it was likely that we would have only issued ABS to around 5% of the active membership by 31 August. Unfortunately due to other work pressures this was not achieved. As a result Oxfordshire County Council Pension Fund reported to TPR that there had been a material breach of law. This has been acknowledged and a further update has been requested.

12. In reporting any such breach the Scheme Manager has to set out a plan to address the issues leading to non-compliance. In the letter to the Pension Regulator this was confirmed as: -

- Putting a notice and letter on the website to advise scheme members of the delay in issuing annual benefit statements
- Confirming that the team were working with scheme employers to resolve queries
- Escalating the non-return of end of year data with scheme employers
- Escalating the non-response to any data queries with each scheme employer

13. The attached extract (at Annex 2) from LGA bulletin 136 gives more information and confirms that if funds have not issued statements by 30 November further submissions reporting any deviation from this date must be made to TPR. Therefore, no figures are included on the attached spreadsheet – members will be updated at the meeting of the number of ABS issued by 30 November 2015.

Benchmarking

14. As in previous years OCCPF has taken part in the CIPFA benchmarking of pension administration. The report compares and measures costs; workloads; staff related indicators; industry standard key performance indicators and methods of service delivery.

15. This year, for the first time since 2003, the total cost per member of the Oxfordshire County Council Pension Fund is higher than the group average of £19.17 coming in at £21.17. Staffing costs have generally been higher than the club average, this increase is mainly due to the higher spend on our pension software in introducing automated workflow; the immediate payment system and preparing for member self-service.

GMP

16. With the end of contracting out in April 2016, ahead of the introduction of the single state pension, HMRC will be sending all individuals a letter stating who will be responsible for paying their Guaranteed Minimum Pension (GMP).

17. All funds have an opportunity between now and March 2018, to reconcile the GMP values it holds for members against the values held by HMRC and to query any differences in those values.

18. The result of holding an incorrect GMP value is that the fund has under / over stated liabilities in respect of this element of pension and will be paying either too little, or too much to our current (and future) pensioner members.

19. That said there is no requirement for funds to undertake what is a significant and costly exercise to reconcile these figures. However, by choosing not to reconcile:-

    - The fund would have no idea as to how much the liabilities were under or over stated.
    - Post April 2018 there would be no opportunity to change a decision not to reconcile & so the fund would be forever responsible for liabilities which did not belong to them.
    - The fund would not meet the Pension Regulator’s data requirement for record keeping

20. From the experience of funds that have already started this process it is a huge project requiring funds to: -

    - Determine approach including what tolerances will be applied to data reconciliation.
    - Decide how any under and over payments will be dealt with which may include taking necessary legal advice
    - Undertaking actual reconciliation
    - Correcting records / pensions in payment
    - Communications

21. The cost of reconciling member records has been quoted between £20 and £80 per record. There are many companies offering reconciliation services of varying degrees. In the first instance OCCPF needs to get data from HMRC to determine the extent to which our records differ from HRMC records. Once this has been received a further report will be submitted to this committee to ask for decisions on the points detailed above and there will be a clearer idea of whether the work can be carried out in house / impact on staffing levels or will need to be contracted out.

The Pensions Regulator - tPR

22. All of the above issues fall under one of the Pension Regulator' codes of practice for administration, which covers: -

- Scheme record keeping
- Maintaining contributions
- Providing information to members, and
- Resolving issues.

A copy of the code can be accessed at http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx

23. Not only does the code set out the required standards, but also compliance and what to report when the fund has not met those standards as in the case of issuing annual benefit statements.

Write Offs

24. In June 2015, the Committee reviewed the scheme of financial delegation and agreed the following:

- Write off of outstanding debts to the Local Government Pension Scheme above £10,000 need the approval of the Pension Fund Committee.
- The authorisation of debt write offs up to and including £10,000 is delegated to the Service Manager – Pensions, Insurance and Money Management. For debts between £7,500 and £10,000 authorisation is in conjunction with the Chief Finance Officer.
- For Debts below £500, authorisation of debt write off is delegated to the Pension Services Manager
- All debts below £10,000 need to be reported to Committee following write off. This report provides the details of those debts written off in the last quarter.

Current Cases

25. The Pension Services Manager has approved the write off of £97.33 chargeable to the pension fund in respect of nine cases, where the member has died.

Cumulative Data

26. In the period March 2015 to December 2015 a total of £177.94 has been written off, in respect of 21 cases where the member has died.

Update on Previous Applications for Admission

27. Admission Agreements, in respect of the School Lunch Company, have been finalised for:-

- Bishop Loveday School - sealed 02/10/2015
- Hook Norton Church of England Primary School - sealed 13/08/2015
- Brize Norton Primary School, Carterton –
- Queensway Primary School, Banbury - sealed 17/09/2015

28. Admission Agreements, in respect of Edwards & Ward, have been finalised for: -

- Benson CE Primary School, Benson - sealed 02/10/2015
- Bladon CE Primary School, Bladon (sealing request 27/10/2015)
- Orchard Fields Primary School (sealing request 05/11/2015)
- William Morris County Primary School - correct
- St Andrew's Church of England Primary School, Headington - sealed 02/10/2015
- Dementia Support Services

29. The Service Manager (PIMMS) has approved the following applications for admission in line with delegated powers from this committee. All of the admission agreements are on a pass through basis.

Contractor – The School Lunch Company

Name of School: North Hinksey Church of England Primary School
Number of Staff due to TUPE: 1LGPS
Start date of Contract: 01/09/2015
Length of Contract: 12 months rolling
Pension arrangement: Pass through

30. The Committee are asked to approve the following applications:

Contractor – The School Lunch Company

Name of School: Badgemore Community Primary School, Henley-on-Thames
Number of Staff due to TUPE: 1LGPS
Start date of Contract: 22/08/2015
Length of Contract: 12 months rolling
Pension arrangement: Pass through

Name of School: John Henry Newman Primary School (Academy), Littlemore
Number of Staff due to TUPE: 2 LGPS
Start date of Contract: 01/09/2015
Length of Contract: 12 months rolling
Pension arrangement: Pass through

Name of School: Standlake Primary School
Number of Staff due to TUPE: 1LGPS
Start date of Contract: 01/09/2015
Length of Contract: 12 months rolling
Pension arrangement: Pass through

Name of School: St Christopher's School (Academy), Langford
Number of Staff due to TUPE: 1LGPS
Start date of Contract: 27/07/2015
Length of Contract: 12 months rolling
Pension arrangement: Pass through

Name of School: St Kenelms School, Minster Lovell
Number of Staff due to TUPE: 1LGPS
Start date of Contract: 01/09/2015
Length of Contract: 12 months rolling
Pension arrangement: Pass through

Drayton Parish Council has made a resolution to enter the Deputy Clerk in to the Local Government Pension Scheme.

Closure Valuations

31. The legal agreement in the current case is being drafted.

RECOMMENDATIONS

32. The Committee is RECOMMENDED to:

(a) note the performance of scheme employers in making required returns;
(b) note the number of annual benefit statements issued and to advise officers of any further actions they want taken to resolve non-return of data;
(c) note the benchmarking data;
(d) agree a write off of £97.33;
(e) note the previous applications for admission to the fund & those applications approved by Service Manager (PIMMS);
(f) agree admission of the School Lunch Company in respect of schools listed; and
(g) note the progress made in respect of closure valuation.

Lorna Baxter
Chief Finance Officer

Background papers: None
Contact Officer: Sally Fox, Pension Services Manager,
Tel: (01865) 797111

November 2015

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Annex 2 – Extract from LGA Bulletin

LGPS England and Wales

Annual Benefit Statements 2014/15

The LGPC secretariat has received a letter from Joey Patel, Policy Lead at the Pensions Regulator, regarding the provision of annual benefit statements. The letter, which was forwarded to Funds in England and Wales by email on October 9th, said:

Thank you for outlining the issues faced by Local Government Pension Scheme (LGPS) funds for England and Wales in meeting the legislative deadline for providing annual benefit information statements to members.

The Pensions Regulator recognises the significance of the public service pension reforms, including the requirement to redesign benefits and new requirements about governance and administration.

We are aware that LGPS Funds, like all public service schemes, face a significant task in implementing the major reform of their benefit design, establishing new governance arrangements and putting in place systems to deal with the administration of the new and transitional arrangements while maintaining and integrating their legacy systems. However, as you are aware, all public service schemes must be governed and administered in accordance with the requirements of the law. We therefore expect those involved in the governance and administration of public service schemes to comply with the law and strive to deliver good outcomes for members. It is vital that members are provided with information on their pension benefits so that they have a clear understanding of their financial position and can make informed decisions.

Where a legal duty relevant to the administration of the scheme has not been, or is not being complied with, certain people (including scheme managers, pension board members and those involved with administering the Funds) are under a duty to report breaches of the law to us if they consider that the breach is likely to be of material significance to us.

Some LGPS Funds have already contacted us to report a breach of the requirement to issue benefit information statements in accordance with the deadline stipulated in the Public Service Pensions Act 2013 (31 August 2015). Where the cause of the breach is explained as being due to significant data and IT system issues faced by Funds and Fund employers, we are minded to advise those Funds that we expect them to issue the statements as soon as possible and by the 30 November 2015 at the latest. As a matter of best practice, we also expect LGPS funds to take steps to inform affected members of the delay and when they can expect to receive their benefit statement.

Where these Funds are unable to meet this timeframe, they will need to provide us with further information, including their plan of action for remedying the breach. Plans will be considered on a case by case basis and we will consider what action to take if satisfactory plans are not in place. However, where the breach arises for other reasons, or in conjunction with other issues, we will consider whether a different response is appropriate in accordance with our Compliance and Enforcement Policy.

Where other Funds are in breach of the requirement and have not yet considered whether or not the breach must be reported to us, scheme managers, pension board

members and those involved with administering the Funds will need to consider whether they must do so, whether or not they anticipate that benefit information statements will be issued by 30 November 2015.
Our Public Service Code of practice provides guidance on judging whether a breach needs to be reported, and if so, how to report a breach of law, and our compliance and enforcement strategy outlines our approach in response to any breach that is reported to us or of which we otherwise become aware.

If LGPS Funds decide that they need to report to us, they should explain the reasons for the breach occurring and their plan to remedy it, including the timeframe, which we will take into account in determining our response.

Division(s): N/A

PENSION FUND COMMITTEE – 4 DECEMBER 2015

UPDATE ON FUTURE COLLABORATION

Report by the Chief Financial Officer

Introduction

1. As part of the budget statement in July 2015, the Chancellor of the Exchequer announced the Government's intention to work with LGPS administering authorities to develop proposals for the pooling of investments, with the aim of significantly reducing costs whilst maintaining overall investment performance.

2. Subsequently, the Chancellor whilst speaking at the Conservative Conference also set out his wish that the creation of what he called 6 British Wealth Funds, would enable an increased level of investment by LGPS Funds in the infrastructure projects required in this country.

3. The Chancellor's initial statement set out his intention to issue a consultation document this year which would set out the criteria (not subject to further consultation) against which collaboration proposals would be judged, propose changes to the Investment Regulations to ensure there were no restrictions to the proposed collaboration arrangements, and propose backstop legislation to cover those administering authorities who do not come forward with sufficiently ambitious proposals.

4. At the time of writing this report, the consultation document had not been published, but it was hoped to be published by the end of November. An oral update will be provided to this Committee in the event the consultation document is available by the time the Committee meets.

5. It is expected that the consultation document will set out a timescale which will ask all administering authorities to return their proposals, to cover the structure of their new arrangements and the administering authorities they intended to work with, by February 2016 i.e. before this Committee is due to next meet.

Work Undertaken To Date

6. Since the initial announcement by the Chancellor, there have been a series of discussions across the country on how to deliver against the Chancellor's requirements. These discussions have included sessions with officials from Her Majesty's Treasury (HMT) and the Department for Communities and Local Government (DCLG) to determine the criteria against which all proposals will be assessed. It is believed these will cover scale (a minimum size of £25bn has been discussed), cost savings (no targets have been suggested), governance and how approach will facilitate infrastructure investments.

7. These discussions have clarified that all Funds are to be covered by the new arrangements and that there is an expectation from Ministers that the pooling arrangements will cover the vast majority if not all of the assets under management within these Funds.

8. Twenty-five administering authorities have joined forces with the support of Hymans Robertson to undertake a piece of work aimed at producing an objective assessment of the pooling options which can be submitted to the Government. Oxfordshire is represented by Sean Collins within this project. The project is aiming to produce its report before Christmas this year.

9. The project has looked at a number of options including national pools for each asset class, regional pools covering all asset classes, and mixed economy approaches which combine elements of both. The project has undertaken a major data collection exercise with data collected from the majority of Funds outside of London (London was already in the process of analysing their own data as part of the arrangements for the London Collective Investment Vehicle), and from 40 of the largest Fund Managers in the LGPS.

10. In developing any proposals, consideration will have to be given to existing initiatives, including the London CIV, and the joint arrangement proposed by the London Pension Fund Authority and Lancashire. More recently, Surrey, East Riding and Cumbria have also signalled their intention to work together. Whilst the London CIV could be framed to meet the likely scale criteria, the other current initiatives will need to be expanded if they are to fall within the scale criteria.

11. Ministers understand the considerable work involved in setting up the new structures to manage the pooled investments (the London CIV has been in development for over 2 years, and hopes to make its first financial transactions before the end of 2015). It is also understood that for many illiquid assets e.g. private equity, the current investments are likely to be retained through to maturity, so that it could be up to 10 years before all money is invested through the new collaborative arrangements. However, the timescales currently being discussed by Ministers are very challenging, with Ministers keen to see this project maintain momentum and deliver structural solutions during the life of this parliament.

Position for Oxfordshire

12. It is therefore important that this Committee engages now on considering future potential arrangements, so that it is in a position to respond in line with the Government’s timescales.

13. One of the key issues to consider is the issue of future governance. The Government have given a clear indication that they do not expect local pension fund committees to be making decisions on the appointment and firing of individual fund managers. At this stage, there has been no further clarification about the extent that local Committees will be able to determine the exact nature of their mandates (e.g. can they determine between

investment styles, benchmarks, targets, etc). It is clear though that the asset allocation decision will remain with the Local Committee i.e. the allocation to each to the broad asset classes.

14. It is therefore key to consider how the governance of any new pooled structure will work in relation to the local committees. At this stage, it is difficult to see how each of the local committees would have an input into the governance of national single asset pools. A national equity pool would have 89 funds participating, and even if the London CIV was to be run outside the national pool, there would still be 57 funds as members.

15. A multi-asset pool is likely to consist of around 10 – 15 funds. Such a size would allow for a joint committee including representation from all member funds to oversee the management of the pool. Such numbers would also have the benefit of enabling the leading officers from each participating fund to work on a collaborative basis to support the work of the pool. Where these multi-asset pools are established on a regional basis, these Governance arrangements will be more practical to arrange.

16. A multi-asset pool which manages all the assets on behalf of 10 – 15 funds would also have the benefit of creating a single relationship between the pooled body and the local committee. Where assets are split between a number of national or asset specific pools, there would be a requirement for multiple relationships between the local committee and the pools in which it was invested. As well as the governance overhead associated with this model, there would be a greater challenge to ensure that the independent decisions taken by the individual pools were consistent with the overall investment strategy of the local committee and in particular their risk appetite.

17. The governance issues are therefore strongly pointing to a multi-asset pool model, which to meet the scale criteria would need to involve 10 to 15 funds. The question of fee savings needs further consideration once the analysis of the data collection through the project supported by Hymans Robertson has been completed. However, there is some analysis that suggests there may be diseconomies of scale if some of the bigger asset classes were grouped in a single national pool, and an argument that economies of scale on the other asset classes could still be delivered by the multi-asset pools working collaboratively e.g. through procurement frameworks, a joint procurement, or a single sub-fund hosted by one of the multi-asset pools.

18. A multi-asset pool is also consistent with the Government's assumed default position of regional pools. The work on the project has suggested that there may need to be a modified version of the pure regional model to take account of some of the existing arrangements, and to ensure like-minded funds can continue to work together. This would include allowing the London Pension Fund Authority to continue to work with Lancashire, avoid splitting up Northamptonshire and Cambridgeshire who together form the LGSS, and allow those funds keen to continue existing internal management arrangements to work with other similar funds.

19. Given its geographic position, the Oxfordshire Fund could look to pool on a regional basis with funds in the South West, the South East or the Midlands. We have engaged in conversations at Officer level with funds in both the South East and the South West, to consider how such arrangements would work for Oxfordshire. It is clear that the Funds in the South West have already undertaken a significant amount of work considering how they may wish to collaborate in the future. Some of the early thinking by these funds has already been presented to each of their respective Pension Committees. An example report from the Avon Fund, which sets out some of the initial thinking and the summary details of the 8 funds, is included as an Annex to this report. More recently the group have been looking to identify a series of sub-funds with different mandates, across which each of the local committee's would allocate their assets.

20. At the current time, the funds under management within the 8 South West Funds falls short of the likely minimum criteria to be set by the Government, and therefore they are open to other like-minded funds joining their arrangement. As a neighbouring authority, and one with an existing arrangement with Gloucestershire through the reciprocal arrangements for the chairing of the Pension Boards, Oxfordshire could be seen as an obvious fund to join the South West arrangements. The initial analysis by officers would suggest that the principles being developed by the South West Funds would be entirely consistent with those the Oxfordshire Fund would be seeking.

Conclusions

21. It is clear from the statements from the Chancellor and government officials, that entering a pooling arrangement will be mandatory, and that they will be looking for a commitment to the future arrangements as early as February next year.

22. Based on our understanding of the criteria against which proposals will be judged, it is likely that a multi-asset pool consisting of 10 – 15 authorities will offer the necessary scale, and cost savings, whilst minimising the governance overhead and indeed deliver improved governance overall through the collaborative working of the responsible officers and members.

23. Outside of the London CIV, the 8 funds within the South West have demonstrated the clearest vision of the way forward, and have developed a series of principles which would be consistent with the model sought by Oxfordshire. The South West Funds will need to find additional like-minded partners if they are to meet the expected minimum scale criteria to be set by the Government.

24. It is therefore proposed that this Committee makes a decision to formally explore the option of joining the 8 funds within the South West to develop a proposal to pool investments as a basis of a shared response to the Government. This work would require the engagement of both officers and Committee Members to ensure that the initial officer assessment of the degree of fit can be confirmed, that any issues can be explored, and where future

decisions are to be taken, the views of Oxfordshire can be included. Such a decision would not commit Oxfordshire to the final outcome if the further work indicated it would not be a suitable option for the Oxfordshire Fund.

RECOMMENDATION

25. **The Committee is RECOMMENDED to formally explore the option of joining the 8 funds in the South West (and others as agreed) to develop a proposal for future pooling arrangements in response to the Governments requirements.**

Lorna Baxter
Chief Finance Officer

Background papers: None
Contact Officer: Sean Collins, Service Manager, Pensions, Insurance & Money Management, Tel: (01865) 897224

November 2015

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Bath & North East Somerset Council		
MEETING:	**AVON PENSION FUND COMMITTEE**	
MEETING DATE:	**25 September 2015**	**AGENDA ITEM NUMBER**
TITLE:	**LGPS Update – Pooling of Investments**	
WARD:	ALL	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Nil		

1 THE ISSUE

1.1 Prior to the 2015 General Election the Government had been considering the structure of the Local Government Pension Scheme and looking at options for pooling investments. This included a "Call for Evidence", and then in May 2014 the Government issued a consultation document entitled "Local Government Pension Scheme: Opportunities for collaboration, cost savings and efficiencies." The Avon Pension Fund was one of many consultees who responded to the consultation, but no response was issued by the Government before the election.

1.2 However, the new Government has now returned to the agenda and this report sets out the latest Government proposals and sets out a way forward for the Avon Pension Fund.

2 RECOMMENDATION

That the Committee

2.1 **supports in principle the setting up of a South West Collective Investment Vehicle**

2.2 **authorises the S151 Officer to continue work with neighbouring funds in the South West to establish proposals for a South West Collective Investment Vehicle**

3 FINANCIAL IMPLICATIONS

3.1 There is no provision in the 2015/16 budget for specialist advice relating to the pooling of investments. This will be brought to the Committee for approval once there is agreement on the way forward across the region.

3.2 There will be costs associated with setting up a pooled arrangement. These will be costed once there is a decision as to the pooling arrangements to be established.

4 GOVERNMENT POLICY

4.1 The Government announced its intentions in the details of its July budget statement. The budget documents set out the following policy:

Local Government Pension Scheme pooled investments – The government will work with Local Government Pension Scheme administering authorities to ensure that they pool investments to significantly reduce costs, while maintaining overall investment performance. The government will invite local authorities to come forward with their own proposals to meet common criteria for delivering savings. A consultation to be published later this year will set out those detailed criteria as well as backstop legislation which will ensure that those administering authorities that do not come forward with sufficiently ambitious proposals are required to pool investments.

4.2 Further briefings have provided more information on what is proposed. There will be no formal consultation on any form of structure. The Government are looking for the LGPS community to bring forward their own proposals on setting up pooling arrangements, but the proposals must be ambitious. A series of criteria will be outlined, which are likely to focus on size, cost (i.e. potential savings) and governance. They will be looking for proposals to come forward in the early Autumn, and for formal agreement of the proposals to happen in January. It appears that the previous suggestion that Funds will be forced into passive management of their assets will not be pursued.

4.3 There will be significant work required to set up the new arrangements (i.e. a collective investment vehicle or CIV) and the expectation is that these should be in place within three years. Not all of each individual Fund’s investments will need to be within the CIV at the start, as many funds will have illiquid investments that they are committed to for a longer period, but the majority of assets should be transferred to the CIV in a managed process over a reasonable timeframe once the vehicle is established. Each individual fund would retain control of strategy and asset allocation decisions, but would need to use the managers employed by the CIV.

4.4 The formal consultation is likely to be around changing the investment regulations, which is mostly about removing any barriers to pooling which may be inferred from the current regulations, and the “backstop” legislation. The backstop legislation will simply give the Secretary of State the power to instruct an LGPS Fund to invest through a particular pooled investment vehicle if the fund has not made sufficient progress itself, i.e. if a fund does not voluntarily pool its assets it can be forced to do so.

5 THE WAY AHEAD

5.1 There are a variety of ways in which the pooling arrangements could be set up. Regional CIVs are not necessarily the only option but are one way it could go. Informal discussions have been held with neighbouring councils to consider the possibility of setting up a South West Regional CIV or alternative pooled arrangement. This would comprise Avon, Cornwall, Devon, Dorset, Gloucestershire, Somerset, Wiltshire and the Environment Agency.

5.2 In terms of size (total assets of around £19-20 billion) we would be at the bottom end of the Government's expectations, but the intention is that we would be open to other funds joining us. The key issue may be around how this fits in with what the LGPS funds in other regions propose in taking forward the agenda. The Local Government Association will play a role in trying to bring together a co-ordinated solution.

5.3 The South West LGPS pension funds have a good record of working together. Officer meetings are held on a regular basis to share best practice, and a number of South West LGPS collaborative frameworks have been set up, for example in relation to actuarial and investment consultancy services and legal services. These pre-dated the national frameworks that have been set up more recently. The region has many shared characteristics, such as demography, and would not be dominated by a large metropolitan authority. The South West would therefore be a good fit in terms of community of interest and shared objectives. A South West pooling arrangement would be a genuine partnership with clear accountability to the local funds. The alternative would be to invest in a more remote asset pooling arrangement that could be mandated by the Government.

5.4 Cost savings and governance will be key criteria in whether the South West proposal would be acceptable. This will involve looking at the forecast savings that we could make though the setting up of the CIV, and also how the structure would be organised. The London boroughs have been looking for some time at setting up an "Authorised Contractual Scheme" which is in effect a tax efficient separate corporate entity. This would be one option, although there are significant costs in setting up such a body. A more simple alternative might be a joint committee with a lead authority running the CIV. Some work has already been done on these issues, but more analysis will be needed to firm up on proposals to be made to the Government.

5.5 The Committee will need to be aware with that these changes are likely to involve significant changes in the investment of the fund, with significantly less directly involvement in selection of managers, and potentially some compromise with the detailed specification of mandates. However, with this approach the Fund will have a direct participation in the operation of the CIV, while other options will probably leave the Fund on the margins. As well as offering costs savings, a well-structured pooled vehicle could offer the opportunity to share expertise and knowledge.

Conclusion

5.6 The government has signalled its clear intention that LGPS investment assets should be pooled, and that action will be taken should local funds fail to engage sufficiently with the agenda. It is therefore proposed that the Avon Pension Fund should join with neighbouring funds in the South West to actively explore options to set up a regional collective investment vehicle, and that officers should continue to collaborate on proposals.

5.7 This is the first stage of an extensive process. There will be chance to review detailed proposals before significant investments are made in the new structure, and scope for further review before the funds are transferred over to the CIV. A progress report will be brought to the December committee meeting.

6 RISK MANAGEMENT

6.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

7 EQUALITIES

7.1 An equalities impact assessment is not necessary.

8 CONSULTATION

8.1 N/a

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 Set out in the report.

10 ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director – Business Support) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Liz Woodyard, Investments Manager 01225 395306
Background papers	
Please contact the report author if you need to access this report in an alternative format	

Division(s):N/A

PENSION FUND COMMITTEE – 4 DECEMBER 2015

FUTURE TEAM STRUCTURE

Report by the Chief Financial Officer

Introduction

1. As set out in recent reports to this Committee, there is a need to review the structure of the Pension Administration and Investment Teams following changes within the Council and new pressures facing the service. This report sets out the proposed structure for the Committee's approval.

Reasons for Review

2. The main reason for the review is to ensure that this Committee can continue to meet its statutory responsibilities under the relevant Pensions legislation. To this end, the Scheme Advisory Board has recently written to the Chairmen of all Administering Authorities to remind them of their responsibilities and the need to ensure adequate resources are in place to meet these responsibilities. A copy of this letter is included at Annex 1.

3. We have also considered the following issues in respect to the Pensions Administration and Investment teams which support the work of this Committee.

<u>Pensions Administration</u>

4. The main driver for a review of the current Pensions Administration team is the work pressures created by the rapidly changing nature of the Local Government Pension Scheme. There are two key aspects to this, being the fundamental changes to the benefit structures under the New Look 2014 scheme, and the number and size of scheme employers.

5. As noted within the Administration Report elsewhere on this agenda, the increased complexity of the scheme and the large numbers of new, small employers has led to significant issues with the quality of data held by the Fund, and a breach of the statutory requirements in respect of the late issue of the Annual Benefit Statements. As part of the action plan to ensure that this Fund meets the requirements of the Pension Regulator in respect of next year's statements, there is a clear need to develop a stronger employer/data focus within the Pensions Administration Team.

6. Other issues impacting on the size and structure of the Pensions Administration Team are

- the complexity of the taxation regime in so far as it applies to pensions (with further potential changes likely following the Government's recent consultation on tax relief on pension contributions),
- the proposed changes to the state pension arrangements and the impact on Guaranteed Minimum Pensions (GMP)
- the out-sourcing of payroll services and the need to ensure that the employers and their payroll providers fully understand their responsibilities in relation to pensions
- the increasing complexity of the Fire Fighters Pension Scheme which is also administered within the Team
- the new focus on the work of the team from the Pensions Regulator

Pensions Investments

7. There are three key drivers prompting the review of the Pensions Investment Team. Two of these are external factors to the Council and the third internal.

8. The main external factor is the workload associated with the Government's collaboration agenda. At present much of the work, as set out in the report elsewhere on the agenda, is strategic in nature. However, once decisions are made on the direction of travel, there is likely to be a significant amount of work for the investments team in exploring the detailed proposals, how they fit with this Funds current asset allocation and how the transition to the new arrangements is to be managed.

9. The second external factor which will stretch the resources of the Pensions Investment Team is proposed legislation from the European Union. The Markets in Financial Instruments Directive (MiFID II) could potentially have a major impact on the investment opportunities available to this Fund, as LGPS Funds are likely to be defaulted to "retail client status" and as such be ineligible to invest in certain investment products. Work will be required to either obtain "professional client status" to retain the current range of investments within the Fund, or to manage the consequences of the reduce investment opportunities.

10. The internal factor which has led to a review of the structure of the Pensions Investment Team is the additional responsibilities placed on the Treasury Management and Pensions Investment Team as a consequence of the changes required following the transfer of services to the Integrated Business Centre in Hampshire.

Proposed Structures

11. The proposed structures of the two teams are set out in Annex 2. As previously set out, these teams will report to a Service Manager (Pensions) who will be dedicated full time to work on Pension Fund issues. This is one of the best practice guides set out in the key performance indicators established by the Scheme Advisory Board, as detailed elsewhere on this agenda.

12. The Pensions Administration Team has been strengthened by the addition of two Pension Administrators to the overall establishment. This will result in an additional cost in a full year of £55,000. In the current year, any additional cost can be absorbed within the budget, as a result of running with vacancies during the year. The budget will need to be increased for the 2016/17 financial year, and this will fall to the Pension Fund, to be recovered from all scheme employers through their employer contributions. Any additional cost needs to be seen in the context of potential fines from the Pensions Regulator and the Pensions Ombudsman resulting from issues with the data quality held by the Fund.

13. The overall resources have then been re-distributed to form a team to focus on Scheme Employers and Data Quality. This Data Team will provide support to new employers to ensure they understand their responsibilities from the outset, and are capable of returning scheme data to the correct standard and within the correct timescales.

14. This team will also provide additional support to scheme employers in the event that performance issues are identified. The Data Team will be resourced to support current requirements. In the event that employers consistently fall below acceptable performance standards, it may be necessary to review the current Administration Strategy and develop a system whereby the scheme employer is required to finance additional support to bring their performance back to an acceptable standard.

15. The Data Team will also be responsible for the technical support of the pension's administration system and the running of the monthly pension's payroll.

16. The two Benefit Teams within the structure will be responsible for dealing with all issues in respect of individual scheme members. These teams will be able to refer back to the Data Team any concerns about a given employer where similar issues occur on a regular basis.

17. The Pensions Investment Team will be set up as a separate team from their current colleagues within Treasury Management and Banking. The teams though will be co-located to ensure they continue to share market intelligence etc. which runs across both Treasury Management and Pensions Investment. The two teams will also work together to ensure that the treasury management functions for both the County Council and the Pension Fund are undertaken in the most efficient and effective manner.

18. The structure of the new Pensions Investment Team reflects the level of resource included in the current budget presented to this Committee at their meeting in March 2015. There will need though to be a recruitment process to fill the roles within the team as a consequence of vacancies within the current Treasury Management and Pensions Investment Team.

RECOMMENDATION

19. **The Committee is RECOMMENDED to agree the proposed team structures as set out in Annex 2 to this report.**

Lorna Baxter
Chief Finance Officer

Background papers:
Contact Officer: Sean Collins
Tel: 01865 897224

November 2015

Scheme Advisory Board

8 October 2015

For the attention of LGPS administering authorities in England & Wales
LGPS Fund Chairs of Pension Committees
Chief Executives
Chief Financial Officers

Dear colleague,

Risk of censure by The Pensions Regulator (TPR)

I am writing on behalf of The Local Government Pension Scheme Advisory Board (SAB), a body set up under Section 7 of the Public Service Pensions Act 2013, to remind you of the need to meet your statutory scheme duties, and to highlight the potential risk of censure faced by administering authorities, and the Section 101 Committees with the delegated oversight of the pensions function, if those duties are not met.

This fact was evidenced in a survey recently conducted by the Local Government Association which found that only seven of the 73 administering authorities that responded would meet the statutory requirement to publish all Annual Benefit Statements by 31st August.

The SAB recognises the current pressure on resources faced by administering authorities. However, LGPS administering authorities must ensure that sufficient resources are maintained to meet the statutory obligations placed on them to manage the scheme. Where sufficient resources are not provided, there are a number of potentially negative outcomes including:

- Censure by the Pensions Regulator (TPR) for non-compliance with the requirements of the Public Service Pensions Act 2013 and other primary legislation.
- Findings against the authority by the Pensions Ombudsman.
- Failure to fulfil financial responsibilities in accordance with Accounts and Audit (England) regulations 2011.
- Failure of internal control systems for financial and investment activities (Accounts and Audit (England) regulations 2011 and CIPFA/LASAAC code of practice).
- Overpayment or underpayment of pension amounts.
- Incomplete data leading to valuation assumptions which could result in increased employer contributions.
- Incorrect tax liabilities for the authority, participating employers, and scheme members.

Local Government House, Smith Square, London SW1P 3HZ T 020 [illegible] am.robson@local.gov.uk www.local.gov.uk

Given the current financial strain on councils, it is important to be clear that the cost of those resources necessary for delivering the administering authority role is met from the pension fund (under Regulation 4(5) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009). There should therefore be no direct impact on the authority's revenue account costs.

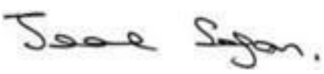
The requirement for a new design of benefit statement is only one of a number of areas of increased demands on administering authorities others include:

- A new scheme design introduced in April 2014.
- New local governance arrangements (pension boards) which came into effect in April 2015.
- Ending of contracting out in April 2016 (estimated to cost between £30m and £100m across all LGPS funds).

Pensions (and the LGPS in particular) remain an area of significant change and high profile, as evidenced in the Summer Budget announcement on pooled investments, both within government and the media. Administering authorities will therefore come under an increasing level of scrutiny with regard to compliance and should ensure they have the necessary capacity in place.

As ever, the SAB welcomes feedback from the LGPS community particularly with regards to the administration of the Scheme by administrating authorities. Please contact the SAB Secretariat, (email elaine.english@local.gov.uk) if you would like to share your views in respect of this matter or to find out more about the work of the Board.

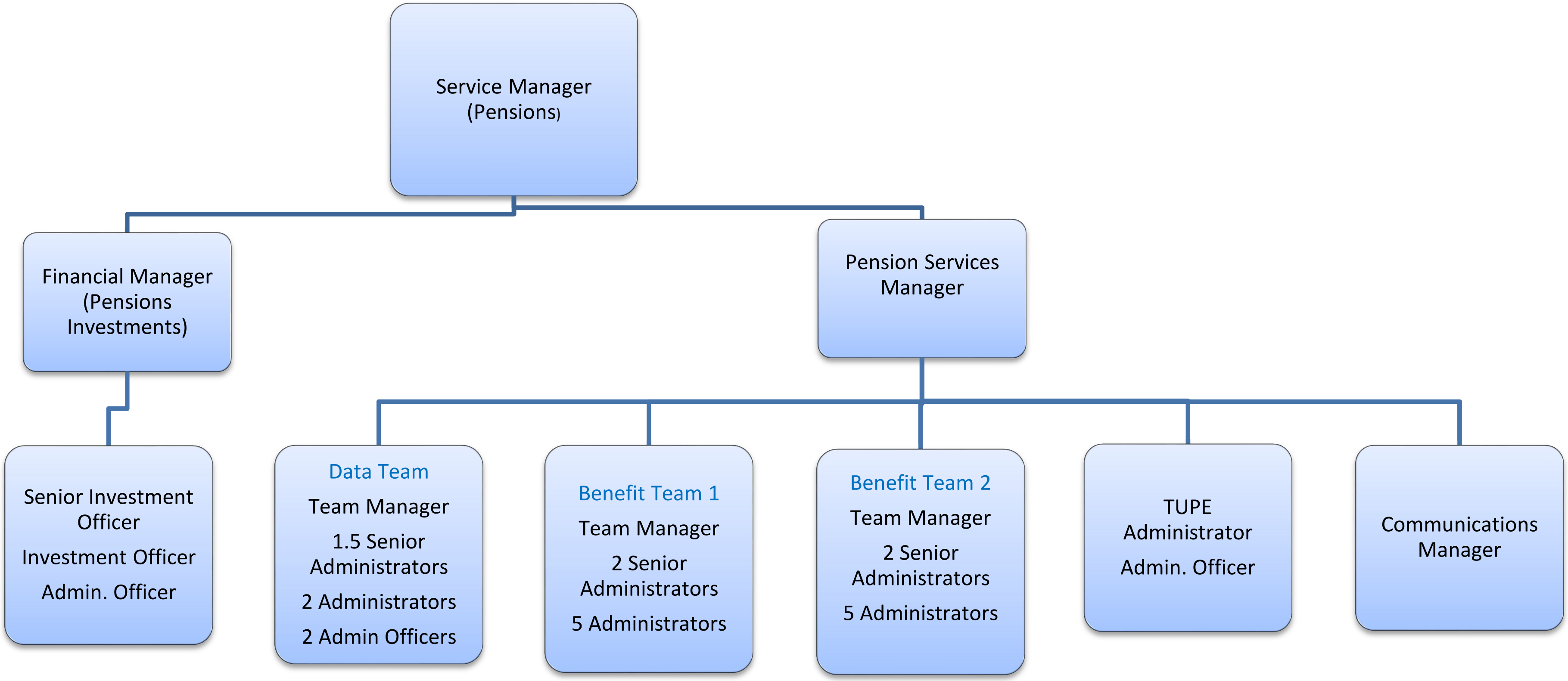
Yours faithfully,



Joanne Segars
Chair, Scheme Advisory Board

www.lgpsboard.org

Annex 2 – Proposed Structure of Pension Services



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Division(s): N/A

PENSION FUND COMMITTEE – 4 DECEMBER 2015

FUTURE WORK PROGRAMME

Report by the Chief Financial Officer

Introduction

1. This report sets out some of the key issues facing this Committee over the next year or so, and invites the Committee to consider its work programme for the next year. Key issues to consider include the timescales for each of the main issues and the role of the newly established Local Pensions Board in developing the work programme, and in supporting its delivery.

Key Issues

2. Whilst it is not possible to be clear on all the key issues which this Committee will need to address in the next 12-15 months, there are a number of issues which have already been identified which will need to be included in any future work programme.

3. As covered elsewhere on this agenda, a major issue for this Committee will be the Government's Collaboration Agenda. This issue is likely to be significant in terms of the work facing this Committee and on the potential impact on the Oxfordshire Fund. At the time of writing this report, the timescales associated with this issue are not fully understood, but could include the need for emergency meetings of this Committee if initial decisions need to be made before the end of February 2016.

4. Given the scale of the potential changes associated with the collaboration agenda, it is likely that this is an issue that the Committee will need to have on its agenda for every meeting over the next year.

5. A second major issue for the next year is the 2016 Valuation. The Valuation process will consider the funding levels at 31 March 2016, and agree the appropriate employer contributions to be implemented with effect from 1 April 2017. The Gloucestershire Pension Committee and Pension Board recently had a joint training session which included a presentation from their Fund Actuary on the Valuation process, and this maybe something this Committee wishes to consider.

6. Linked to the 2016 Valuation, is the work on developing a cash flow model for the Fund. The Fund is currently cash positive and receives some £750,000 a month more by way of employer and employee contributions than it pays out on member benefits. This provides the Fund with a degree of flexibility when determining its asset allocation, as there is no restriction on the need to retain sufficient liquid assets to call on to meet benefit payments.

7. This level of cash flow has significantly reduced over recent years as employers reduce their budgets under the austerity programmes, and out-source services. These factors have both reduced future contributions as well as increasing the level of benefits in payments as staff are made redundant and take early payment of their pension.

8. The Committee therefore needs to complete an exercise to develop a better forecast of future cash flows and when cash flows may begin to turn negative. This work also needs to build up a better understanding of key differences on the funding profiles of individual employers and whether the current asset allocation remains suitable as a single solution for all employers.

9. The fourth main issue facing this Committee over the next year is the administration performance of the scheme employers within the Fund, and the quality of scheme member data maintained by the Fund. As noted elsewhere on the Agenda, the Fund reported itself to the Pensions Regulator earlier this year as a consequence of the failure to delivery Annual Benefit Statements to active scheme members in line with the statutory requirements.

10. The Pensions Regulator has taken into account the complexity introduced into the current year's annual benefit statements as a result of the implementation of the new career average scheme. He has also made it very clear that he expects no repetition of the issues next year. This Committee therefore needs to include in its work programme an action plan to bring about the necessary improvements in the Fund's relationship with its employers, and the quality of the scheme member data.

11. In developing its work programme, the Committee may also wish to consider its performance against the draft key performance indicators being developed by the Scheme Advisory Board. Officers have recently completed a return on the currently drafted key performance indicators, and this is included at Annex 1 to this report.

12. An analysis of this return indicates a number of areas where current performance does not match that seen by the Advisory Board as best practice. These include:

    (a) Risk Management – this is one of the 4 major indicators, where the Fund scores low as it does not assess an acceptable level of risk, does not produce a clear action plan to reach these target risk levels and does not regularly review performance against an action plan.
    (b) Member Competence – this area has been scored low as Members have not recently completed any self-assessment to determine their training needs, and as such there is no comprehensive training plan based on a full training needs analysis.
    (c) Assessment against Pension Regulator Best Practice – covering the areas of governance standards, and data quality.
    (d) Benchmarking of Investment Costs.

13. The Committee may wish to add the areas highlighted above to their work programme to deliver action plans to bring about an improvement in performance.

Oxfordshire Local Pension Board

14. In developing a work programme, the Committee needs to consider the views of the newly established Local Pension Board, and the role that they can play in delivering the programme.

15. The Board met for the first time on 18 November 2015. They confirmed Graham Burrow, Head of the Gloucestershire Pension Fund to be their independent chairman. The three scheme employer representatives are Councillor Roger Cox from the Vale of White Horse District Council, Councillor Bob Johnston from the County Council (though he was unable to attend the initial meeting), and David Locke from the Oxford Diocesan Schools Trust. The three scheme member representatives were Alistair Bastin and Duncan Hall who are Unison nominees from the County Council and Stephen Davis who is a Unite nominee from the City Council.

16. They identified the following as key issues they wished to review further:

(a) Employer management and in particular the support provided to new employers.
(b) The 2016 Valuation
(c) The approach to risk management
(d) Committee and Board member training
(e) Communications

Draft Work Programme

17. A draft work programme based on the above would therefore be as follows:

March 2016	Collaboration
	Risk Management
	Cash Flow Forecasts
	Employer Management
	Training Plan
June 2016	2016 Valuation - Approach
	Collaboration Update
	Employer Management Update
September 2016	Collaboration Update
	Risk Management Review
	Review Against Pension regulator Standards
December 2016	2016 Valuation - Results
	Collaboration Update

18. The Local Pension Board will meet quarterly between each Committee meeting. The Committee will need to determine what it wishes the Board to review in advance of Committee consideration of each subject. The Board

itself is free to review any of the papers presented to the Committee meetings themselves.

RECOMMENDATION

19. The Committee is RECOMMENDED to:

(a) determine its work programme for 2016 based on the draft programme contained in paragraph 17; and

(b) determine those aspects of the programme it wishes the Local Pension Board to consider in advance of the presentation to the Committee meeting itself.

Lorna Baxter
Chief Finance Officer

Background papers: None
Contact Officer: Sean Collins, Service Manager, Pensions, Insurance & Money Management , Tel: (01865) 897224

November 2015

No.	Key Indicator	Examples of level for concern	Examples of good practice for high performing fund	Fund score	Evidence and comments
1	Risk management	No or only a partial and/or an unclear risk register with no or poorly specified or un-implemented mitigation actions over time leading to increased fund risk.	Comprehensive risk register covering the key risks (in accordance with current CIPFA guidelines) with prioritisation, robust mitigation actions, defined deadlines, with action tracking to completion.		
		No evidence of a risk register being	Evidence and e-links to demonstrate		
		a) prioritised	a) risks prioritised on a RAG red, amber, green or by a scoring methodology	1	The fund operates a scoring methodology assigning a score between one and five for both impact and likelihood which are then multiplied to arrive at a final risk score.
		b) annually reviewed by Pensions Committee	b) completed actions signed off by Pensions Committee after at least annual update,	0	The risk register is reviewed annually by the Pensions Committee but completed actions are not signed off.
		c) annually reviewed by internal audit or external audit	c) annual review by internal audit and external audit	1	Reviewed as part of annual internal audit, not requested by external audit.
		d) used to reduce high risks	d) <3 priority/“red” risks	0	The risk register does not contain details of the actions taken to reduce risks although details of actions to mitigate risk are included in other documents and in the text of the accounts.
		e) available for public scrutiny.	e) public disclosure of a summary version published on fund website or in fund annual report.	1	Summary included in Fund Annual Report.
		Self score -1 point for each one	Self score +1 point for each one		
2	Funding level and contributions	a) Decreasing funding level (calculated on a standardised and consistent basis) and/or in bottom decile of LGPS, over the last three triennial valuations on a standardised like for like basis.	Evidence and e-links to demonstrate		
	(see explanatory notes)	b) No or minimal employer funding risk assessment and monitoring and not reported to Pensions Committee	a) Funding level rising and getting closer to 100% funded (or above) over last three triennial valuations on a standardised like for like basis. Funding %		
		c) Total actual contributions and actual received in last 6 years less than that assumed and certified in last 2 triennial valuations.	91 to >100 =score +5		
		d) Net inward cash flow less than benefit outgoings so need for any unplanned or forced sale of assets.	80-90 =+4	4	90% in 2015 and 82% in 2013 as per figures provide by actuary using HMT SCAPE assumptions.
		Self score -1 for each one	70-79 =+3		
			60-69 = +2		
			<59 = +1		
			b) Employer funding risk assessment and monitoring reports to Pension Committee. Net inward cashflow forecasts meeting planned income or significantly exceeding benefit outgoings.	1	Review of employer funding risks provided to committee and monitoring of employer performance. Monthly cashflow monitoring shows income exceeding benefit payments and there is no expectation for this to change in the near term. Work being undertaken to model cashflows on a longer term basis.
			c) Total actual contributions received in last 6 years equate to (or exceed) that assumed and certified in the last 2 triennial valuations.	1	Deficits paid as cash by OCC.
			d) Net inward cash flow significantly exceeds benefit out-goings	1	As b) above
			Self score a) as above and rest +1 for each one		

3	Deficit recovery	a) No or opaque deficit recovery plan.	Evidence and e-links to demonstrate :		
	(see explanatory notes)	b) Lengthening implied deficit recovery period (for contributions)	a)Transparent deficit recovery plan for tax raising and non-tax raising bodies.	1	
		c) Implied deficit recovery periods >25 years for last 3 valuations.	b) Implied deficit recovery reducing each triennial valuation.	0	Deficit recovery period has been at 25 years over last few valuations.
		Self score -1 point for each	c) Implied deficit recovery period in line <15 years for last 3 valuations	0	Deficit recovery period has been at 25 years over last few valuations.
			Self score +1 point for each one		
4	Investment returns	a) Required future investment return (calculated on standardised and prudently consistent basis) not aligned to the investment strategy target return, so lower likelihood of the fund achieving its funding strategy.	Evidence and e-links to demonstrate :		
	(see explanatory notes)	b) Actual investment returns consistently undershoot actuarially required returns	a) Required future fund investment return (calc by actuary) are consistent with and aligned to investment strategy (asset mix expected target returns) so higher likelihood of the fund meeting its funding strategy.	1	Considered as part of fundamental review and when setting policies in Funding Strategy Statement and Statement of Investment Principals.
		Self score -1 point for each one	b) Actual investment returns consistently exceed actuarially required returns	1	Yes, per details included in actuarial reports.
			Self score +1 point for each one		

No.	Key Indicator	Examples of level for concern	Examples of good practice for high performing funds	Fund score	Evidence and comments
5	Pensions Committee and Pensions Board members competence	Appointees unclear of statutory role and unable to clearly articulate the funds funding and investment objectives.	Appointees understand their statutory role and are able to clearly articulate the funds funding and investment objectives		
		No evidence of	Evidence and e-links to demonstrate		
		a) different scheme employer types and no or minimal scheme member representation.	a) representation from different scheme employer types (scheduled and admitted) and member types (actives, deferred and pensioners).	1	Pensions Committee consists of nine County Council members, two District Council Members, and a beneficiaries observer. The Board consists of three member represenatatives, three employer representatives and an independent chair.
		b) No training needs analysis, or training strategy, or training log or use of CIPFA LGPS training framework.	b) annual training plan recorded against the CIPFA knowledge and understanding framework.	0	Training needs considered when planning training sessions and training received is recorded but not against CIPFA framework.
		c) No training record disclosures	c) annual training records disclosed in Annual Report	1	Yes, the annual report includes full deails of the training undertaken by committee members.
		d) Self assessment	d) annual self-assessment of training undertaken and identification of future needs.	-1	An annual self-assessment is not currently undertaken and there is not a formal process in place for the identification of future training needs.
		Self score core -1 point for each	Self score +1 point for each one		
6	Administering authority staff accountability, leadership, experience, and training	a) No or only part time Head of Fund and or only part time officers	Evidence and e-links to demonstrate		
		b) No or little induction or on- going training provision or experience recorded on the adoption of CIPFA LGPS knowledge and understanding framework.	a) Experienced Head of Fund with full time dedicated officers with at least 3+ years' experience.	1	There is a full time Head of Pensions in place supported by full time officers, all of the key staff have over three years experience working in the LGPS.
		Self score -1 for each one	b) staff undertake regular CIPFA LGPS TKU or other CPD training recorded across all LGPS skills (governance, benefits administration, funding, investments, and comms)	1	Staff regularly attend a range of training events relevant to their roles including those organised by CIPFA.
			Self score +1 point for each one		
7	Statutory governance standards and principles (as per DCLG guidance and TPR codes)	Several key areas of non- compliance with	Evidence and e-links to demonstrate		
		a) DCLG LGPS statutory guidance	a) Full compliance with DCLG LGPS statutory guidance	1	Yes, compliance with the LGPS investment regulations is monitored on a monthly basis.
		b) TPR guidance and codes	b) Full compliance with TPR guidance and codes for public sector pension schemes	-1	Compliance with TPR guidance incomplete.
		and reasons why not explained.	c) Meet or exceed other LGPS best practice on recording all key decision taking and annual self, scheme employers, scheme member assessment of overall effectiveness.	-1	Not measured.
		c) No, little or poor key decision taking records and no or poor self, or scheme employers, or scheme members assessment of overall fund effectiveness.	Self score +1 for each one		
		Self core -1 for each one			
8	Quality and accessibility of information and statutory statements, strategies, policies (governance, FSS, SIP, comms, admin authority and employer discretions policies)	a) Statutory publications not all in place or published on fund website or updated in accordance with regulatory requirements and due timelines.	Evidence and e-links to demonstrate		
		b) Fund and employers discretions not published	a) Statutory publications all in place and published on fund website and updated in accordance with regulatory requirements and due timelines.	1	Yes
		c) Do not seek to meet any recognised 'Plain English' or e-publishing standards	b) Fund and employer discretions pubished	0	Fund discretions are published on the website but employer discretions are not.
		Self score -1 for each one	c) Meet 'Plain English' and or other recognised e-publishing standards.	-1	
			Self score +1 for each one		

9	a) Adoption and report compliance with Investment Governance Principles (IGP) (was Myners Principles) and voluntary adoption/signatory to FRC Stewardship Code and UNPRI	No or un-explained non- compliance and/or non-support of	Evidence and e-links to demonstrate		
		a) IGP	a) 100% compliance with IGP	0	Compliance with majority of principles although not formally assessed/monitored.
		b) UK Stewardship Code	b) adoption and public reporting of compliance against the FRC UK Stewardship Code	0	Comply with prinicples of Stewardship Code and all fund managers produce Stewardship code statements but fund itself does not.
		c) UN PRI	c) external managers or fund are PRI signatories	1	All fund managers used by the fund (Baillie Gifford, Adams Street, Legal & General, Partners Group, UBS and Wellington) are signatories.
		Self score -1 for each	Self score +1 for each		
10	a) Historic investment returns (last 1,	a) overall fund investment returns (net of fees)	Evidence and e-links to		
	(See explanatory notes)	Score -3 and -5 points	a) overall fund investment return (net of fees) for last 1, 3, 5 years		
		b) Retain fund managers under- performing	a) Top quintile score +5 points		
		Score -1 point	b) Next two quintiles score +3 and 0 points respectively	0	Based on the data produced by WM which covers the majority of LGPS funds the OCC Fund is in the third quintile when taking the
		c) Fund does not benchmark its fund manager and total investment costs relative to other LGPS funds.	b) >75% of fund mandates deliver over rolling 3 year performance periods.	0	The fund has retained one fund manager that has underperformed against it's mandate over the last two triennial valuation cycles (although for one of the cycles the underperformance was only 0.1%). The fund regularly monitors fund manager performance and has regular meetings to assess fund manager performance and the reasons behind this. The fund has shown that it will act where confidence in a managers ability to perform has been lost as two mandates have been terminated over the last 5 years. The fund takes in to account the long-term nature its investments and the costs associated with a transition when considering a change in fund manager and the evidence supports minimising the number of manager changes.
		Score -1 point	Score +1 point		
			c) Fund benchmarks its fund manager and total investment costs	-1	Fund manager costs are not benchmarked, we are not aware of any comprehensive data-set to consider benchmarking against. Costs are monitored and the fund works to minimise costs where possible. The main focus is on the net of fee return as the key driver of investment
			Score +1		
11	Annual report and audited financial statements	a) Do not fully meet some regulatory requirements or CIPFA LGPS guidance	Evidence and e-links to demonstrate		
		b) Not published in Admin Authority Accounts by 1st October.	a) Meet all regulatory and CIPFA best practice guidance	-1	The fund is working towards meeting the CIPFA guidance on the reporting of LGPS management costs which was recently released and is currently being updated.
		c) Published on SAB website after 1st November	b) Publish in Administering Authority accounts by 1st October	1	Yes
		Self score -1 for each one	c) Publish fund report and accounts of SAB website before 1st November.	1	Yes
			Self score +1 for each one		
12	Scheme membership data	a) Common data does not meet TPR standards	Evidence and e-links to demonstrate		
		b) Conditional data do not meet the TPR standards. No plans in place to rectify this.	a) >99% common data meets TPR quality and due date standards	0	Not currently tested
		Self score -1 for each	b) >95% of conditional data meets TPR quality and due date standards. Plans in place to improve this.	0	Not currently tested
			Self score +1 for each one		

13	Pension queries, pension payments, and Annual Benefit Statements	a) No or poor website with no scheme member or employer access.	Evidence and e-links to demonstrate		
		b) ABS do not meet regulatory requirements or due timelines for issuance.	a) Good website with interactive scheme member and employer access.	0	Yes, Council's public website, of which pensions website is part of, recently won SOCITM Web Award and received good feedback. However, pensions website is not interactive.
		Self score -1 for each	b) ABS meet or exceed regulatory standards and due timelines for issuance.	-1	
			Self score +1 for each		
14	Cost efficient administration and overall VFM fund management	a) In bottom quartile with high total admin cost pa per member (based CIPFA or other benchmark tool).	Evidence and e-links to demonstrate		
		b) Not in any national or regional frameworks for any externally procured services or collective investments.	a) In top quartile with low total admin cost pa per fund member (based CIPFA or other benchmark tool calculated on a consistent and transparent basis).	0	Based on CIPFA benchmarking data fund is in the middle two quartiles.
		Self score -1 for each	b) Lead and/or actively participates in collaborative working and collective LGPS procurement, shared services or CIVs	1	Yes, Undertook joint custody tender with Hampshire in order to minimise consultancy costs, Undertook work looking at merging funds with Berkshire and Buckinghamshire, actively participating in latest pooling arrangements to meet government requirements.
			Self score +1 for each		
15	Handling of formal complaints and IDRPs	a) Any Pensions Ombudsman determinations (and any appeals) fines were against the actions of the fund (ie not employer).	Evidence and e-links to demonstrate		
		Score -1	a) No Stage 2 IDRPs and no Pensions Ombudsman findings against the fund actions in last 3 years.	-1	One partial finding against the fund in obmudsman case over last three years.
			Score +1		
16	Fraud prevention	No or minimal systems/programme or plan or mechanisms in place to	Evidence and e-links to demonstrate		
		a) Prevent fraud	a) Fraud prevention programme in place.	0	Systems and processes in place to prevent fraud (e.g. segregation of duties, money laundering policy, sign-off processes). Internal audit looks at internal controls and no issues identified in latest audit. No fraud prevention plan that brings all this together.
		b) Detect fraud	b) Use external monthly, quarterly/annual mortality screening services, and	0	Systems are in place to detect fraud but mortality screening is not used.
		c) detect pension over-payments due to unreported deaths	c) participate in bi-annual National Fraud Initiative.	1	Yes
		Self score -1 for each one	Self score +1 for each one		
17	Internal and external audit	a) No annual internal audit or qualified internal and external audit opinions	Evidence and e-links to demonstrate		
		b) Urgent management action recommended on high/serious risks.	a) Unqualified annual internal reports with no or only low priority management actions	1	Acceptable report for Pensions Services and Pension Investments with no management actions.
		c) Only moderate or low level of assurance and a number of high priority action recommended	b) Unqualified and annual external audit with no or only low priority management recommendations.	1	Yes
		Self score -1 for each	c) Full or substantial assurance against all key audit areas with no high risk recommendations.	1	Yes
			Self score +1 for each		
18	Quality assurance	No evidence of	Evidence and e-links to demonstrate		
		a) quality management system	a) Fund has formal quality management external certification	-1	
		b) external reviewed publications	b) Crystal Mark for plain English for publications/forms	-1	
		c) externally approved website accessibility	c) externally approved website accessibility	-1	
		d) any awards.	d) pensions & investment recognition award(s)	-1	Policy is not to enter for awards as does not contribute to achieving the goals of the fund.
		Self score -1 for each one	Self score +1 for each one		

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PENSION FUND COMMITTEE – 4 DECEMBER 2015

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 2016/17, and recommends the Committee to approve the arrangements.

Proposed Arrangements

2. Under the current arrangements, the performance of all Fund Managers is reviewed at least every six months, either by the full Committee, or by officers in conjunction with the Independent Financial Adviser (IFA) to the Fund. The active equity managers, property fund manager, fixed income and passive equity manager, and diversified growth fund manager will attend committee once a year with the two private equity managers attending once every two years in alternate years.

3. Under the last set of agreed fund manager monitoring arrangements the frequency of committee attendance by the active equity managers was reduced from every 6 months to once a year. This change was made in order to allow the committee additional time to consider strategic issues. This change has not detracted from the monitoring of the active equity fund managers but has allowed extra time at committee meetings to be allocated to other pension fund issues. As such, and based on the large number of other important issues the Committee will need to consider over the next financial year, it is proposed that the existing arrangements continue.

4. Officers and the IFA will continue to monitor manager performance during the year and regularly report to the Pension Fund Committee. In line with the schedule agreed last year it is proposed that officers and the IFA will not meet with the fund managers during the quarter immediately following their presentations to the Committee, unless there are concerns regarding the manager’s performance, or other issues to be addressed.

5. The proposed detailed monitoring arrangements are as follows:

	Committee	Officer/IFA meetings
Quarter 1 Committee 10 June 2016	DGF	Baillie Gifford Legal and General Private Equity
Quarter 2 Committee 2 September 2016	Baillie Gifford Legal and General	UBS Wellington Private Equity
Quarter 3 Committee 2 December 2016	Partners Group Private Equity	UBS Wellington DGF
Quarter 4 Committee 10 March 2017	UBS Wellington	Baillie Gifford Legal and General Private Equity

RECOMMENDATION

6. The Committee is RECOMMENDED to approve the Fund Manager Monitoring Arrangements for the Year 2016-17 as set out in the report.

Lorna Baxter
Chief Financial Officer

Background papers: Nil

Contact Officer: Gregory Ley, Financial Manager, Tel: (01865) 323978

November 2015

Division(s): N/A

PENSION FUND COMMITTEE – 4 DECEMBER 2015

COMMUNICATION STRATEGY

Report by the Chief Finance Officer

Introduction

1. The Communication Policy Statement of the Oxfordshire Local Government Pension Scheme Pension Fund was established within the 1995 Regulations and is now prepared under Regulation 61 of the Local Government Pension Scheme Regulations 2013. From 2015 the Pension Regulator is instrumental in our scheme, bringing a code of practice, and a scheme of compliance and enforcement. This fund needs to incorporate best practice for public sector scheme communications and ensure it meets the measures of the Public Service Pensions (Information about Benefits) Directions 2014. This report highlights areas of potential and actual change to the strategy, which the committee may decide are material.

2. The current policy attached at Annex 1 sets out the Oxfordshire Pension Fund's strategy for its communications with members, members' representatives and employing authorities, and if required for the Pension Board. The policy provides a framework for planning and delivering communications to these recognised stakeholders. Within 'communication' training and scheme promotion is included.

<u>The current situation and concerns</u>

3. Since the original communication policy, there have been considerable changes to the LGPS picture. In particular, the 2013 LGPS regulations increased employer responsibilities and for the scheme manager, significantly different reporting directions. Regular policy reviews have picked up incremental changes but this report reflects on an overall effect between the original report and now, and to ask the committee to consider what communications` may need to deliver in the future.

4. It is not only the regulations which influence the communications; it is also how we communicate which can influence the results. Managing expectations may be underwriting the policies in the future.

5. Employer communications: Regulatory changes do colour this area. The increase in the number of employers in this fund results in a frequently shifting base. The increasing number of employers caused mainly by the fragmentation as larger employers break into smaller units, through service outsourcing or through the conversion from maintained schools to independent Academies, challenges us to have the right communication to the correct area at the right time. Each move creates a new fund employer,

with statutory roles under the LGPS regulations. As the committee will be aware, an employer's pension administration role can cover disciplines in both finance and human resources, functions where work involves independent decision making and cannot be delegated away from the employer. Employers do have to be prepared to use their discretionary decision making processes and prepare non-standard assessments. Even when an employer understands and accepts its statutory role, do they support it with adequate resource? When the employer does not engage, is the fund taking adequate steps to ensure the member does not lose track of their retirement planning?

6. Our challenge, 18 months into the new LGPS scheme is to keep communication and guidance appropriate for employers at all stages of their membership. Maintaining this supportive role to cover all the eventualities for all types of employers has the potential for long and complicated website and guidance pages and training sessions. Our local information is in addition to the support provided by the national Local Government Association.

7. Based on the experience of interpreting the data we receive monthly and at the end of the year from scheme employers, there remains a need for significant support during this extended transition period while the LGPS presents itself as if two concurrent schemes. Either this comes internally within the employer work force or the scheme needs to provide a form of support to ensure the back-bone of our current administration process: contribution pay-over and transmission of all the details to set up maintain and assess benefits for members, can happen on time and correctly.

8. When we asked employers for their views on our wider communications, we received 9 replies, representing town councils and admitted bodies. We did not receive a reply from any 'primary' scheduled body. It was an informal questionnaire, perhaps not sufficiently directed to the key personnel in larger authorities, but eight of the nine who replied do already engage with the fund, attend meetings and fulfil their employer role. The alternative view - an admitted body with agreements on many LGPS funds across the country, expressed differing comments - reflecting clearly their national approach.

<u>The 'Annual Employer Forum'</u>

9. Members will be aware that the 2014 Forum did not take place due to the poor take up of places. This year we asked employers on what they might expect from such a meeting. The questions ranged from the style the forum should take; the subjects attendees would like to hear discussed to the time best suited for attending. The response was muted, and the replies, shown in appendix A led to the cancellation of the meeting this year. Should the committee be concerned about building an engagement or ought a communication strategy to reflect that employers are not required to be involved beyond 'Do as the regulations require'?

10. In considering the communication strategy, what level of engagement is the committee expecting from employers, especially in connection with the annual Forum?

- Is the Forum a tool to assist the committee in making its work open and transparent for employers in the fund?

11. How would the committee like to develop engagement from employers beyond the legal regulatory roles?
    - Should the fund publish a list to show the training and meetings attended by employers?
    - Ought the fund's administration strategy with every employer be incorporated into communications and any non-signature chased?
    - Should additional administration charges be raised with the fund valuation to compensate for additional work that may be required for non-engagers, or
    - As an alternative - could reduced charges be levied when we have fully involved employers? Perhaps, once we start to receive, collate and post the regular returns should more be expected from an employer?
    - In the event an employer wishes further involvement questions could be channelled, at least initially through the quarterly employer groups that are offered?

    If the employer's forum is to continue within this strategy, in what format since the survey results we did received do not give basis for change.

12. Active Member communications: This fund currently relies on employers, requiring a collaborative approach to distribute scheme information to their employees – our scheme members. Although some smaller employers are happy to maintain this service, the responsibility to disclosing new information does sit with the scheme. Our communication policy incorporates this employer assistance and this has helped to limit distribution costs, however as a scheme we could not confidently state what percentage of scheme members would be aware of the latest newsletter release, for example. When regulations change there is statutory requirement to disclose the information.

13. The Pension Fund Committee has invested in the new module to the Altair system, to enable Member Self Service (MSS) to their own pension record, and for pensioners their online pay advice slips. Additionally, MSS can link the member to scheme documents, pensions correspondence including information such as member guides, newsletters and benefit statements. Eventually the greater part of member communication material will be available this way, for those members who request their own secure log in.

14. Not every scheme member will want or be able to access their record using the secure internet connection; we must maintain alternative methods, for those who make that choice. While this fund builds towards the individual access, we must maintain contact with scheme members through their home address to fulfil our regulatory requirements, rather than rely on distribution through employers. The Disclosure Regulations require that the scheme send members notice to the home address about the intention to host information only on line. Our initial contact must also give members the opportunity to

maintain the paper, and when we are ready how to gain access to the on line record.

15. Whilst initially postage costs must increase, we cannot and in this case should not rely on the employer interceding. As sections of membership choose to check the news on line and receive emails to notify them when there is new information to see, printing and posting costs should reduce.

Scheme promotion:

16. How does scheme promotion fit within the changing structure of fund employers and the workplace pensions' automatic enrolment process? Auto-enrolment and re-enrolment is primarily an employer activity, but with the LGPS as a qualifying scheme ought we provide a more proactive role to support scheme employers? We have shared sample letters in the past, but making an obvious cross reference to LGPS could be practical scheme promotion for members who had previously opted out or taken the 50/50 section of the scheme. Many other new employers, those joining following outsourcing, will not offer opportunities for new employees to join the LGPS so scheme promotion does have a limited audience.

17. Is this the approach the fund would wish to take for scheme promotion?

Fund identity

18. The LGPS is a national scheme with local administration. The banking arrangements for the fund must be kept separate from those of the county council. To separate the county's roles as an individual employer in the fund from the administration of this fund, would the committee support adopting a recognisable logo? The officers have prepared suggestions based on the image of the county flower - the snake's head fritillary - see images in the annex

19. Having this identification may help draw a line between the county's employer role and pension administration. An approach to consider a logo was previously began in 2011, but not resolved.

RECOMMENDATION

20. The Committee is RECOMMENDED to:

(a) confirm any changes to be made to the Strategy concerning:

(i) guidance from the committee on the employer forum including rescheduling for January or February next year to include details of the end of year data requirements; and
(ii) changes to the policy to enable adoption of member self service; and

(b) approve a logo for this fund.

Lorna Baxter
Chief Finance Officer

Background papers: None
Contact Officer: Jenny Wylie, Communications Manager, Tel: (01865) 797111

November 2015

Pension Fund
Oxfordshire County Council
www.oxfordshire.gov.uk/pensions

Pension Fund
Oxfordshire County Council
www.oxfordshire.gov.uk/pensions

OXFORDSHIRE PENSION FUND

COMMUNICATION POLICY STATEMENT

Introduction

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

Purpose

2. This policy sets out the Oxfordshire Pension Fund's strategy for its communications with members, members' representatives and employing authorities.

3. The strategy also covers the promotion of the scheme to prospective members.

4. The policy applies, in the context of LGPS administration, to members as defined in Schedule 1 of the principal regulations and, in turn, by section 124(1) of the Pensions Act 1995 to include:

   - Active members
   - Deferred members, and
   - Pensioner members

5. Employing authorities, as defined within the regulations : -

   - Statutory Scheduled Bodies such as the County and District Councils, Colleges of Further Education and Oxford Brookes University; Academies
   - Designating Bodies being the Town and Parish Councils
   - Admission Bodies, where the Pension Fund Committee have granted scheme admission

Aim

6. To ensure that all individual employers and scheme members, as defined above, have access to scheme information, their benefits, and proposed and actual changes.

7. To enable the Scheme Manager / Administering Authority to discharge efficiently their respective responsibilities in accordance with the Local Government Pension Scheme Regulations 2013 (as amended); The Occupational and Personal Pension Schemes (Disclosure of Information Regulations 2013 (as amended) and The Pension Regulator Guidance.

Communication Policy

8. The development and introduction of the 2013 scheme was supported nationally by websites and guidance for both employers and scheme members. All Oxfordshire County Council Pension Fund communications do, and will continue to, make reference to these central resources.

9. Local communication will focus on specific administration for employers and members of the Oxfordshire County Council Pension Fund. The key local communications, publication media and frequency are detailed in the annex to this policy.

10. This emphasis does not materially alter this policy but will affect he content of local communications. The continuing encouragement to use the national websites will avoid duplication of development.

Review of This Policy

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

	Faringdon Academy
Are you or a colleague considering attending the forum this year?	Yes
Have you or a colleague been in the past?	Yes
What would you consider to be an ideal length of meeting time for you?	1.5 - 2 .0 hours
Would you consider the 'network' opportunities more useful before or after the main meeting, or not at all useful?	After meeting
Would you be likely to attend if format was more like	
a) trade fair where you would you choose who to talk to	
b) presentation style, with individual talks on different subjects	Yes
c) another type of format - please describe ?	
What subjects area /information would interest you?	
Investments	3
Benefit Administration	1
Policy areas	2
Other (Please specify)	
If there are any other topics you would like to suggest please do tell us now..	
Comments	Location can be a problem as Unipart House is not easy to get to without a car.

OCC HR Officer	South & Vale DC	Witney TC	
Maybe	Yes	Yes	
Yes	Yes	Yes	
1.5 hours maximum	Half day maximum	3.0 - 4.0 hours	
Haven't attended enough to have a view	Before & at coffee break	Before meeting	
Yes	Yes		
			1
1			1
			1
	1		
	All areas but need an overview of the scheme as not directly involved in administration	The format does not worry me as any exchange of information is good.	

TABLE 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND
OVERALL VALUATION OF FUND AS AT 30th SEPTEMBER 2015

Investment	COMBINED PORTFOLIO 1.07.15	Baillie Gifford UK Equities		Wellington Global Equities		Legal & General Global Equity Passive		Legal & General Fixed Interest		UBS Global Equities and Property		Other Investments		COMBINED PORTFOLIO 30.09.15		
	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	Target %
EQUITIES																
UK Equities	**520,496**	**317,227**	**96.9%**	**18,926**	**9.5%**	**140,922**	**50.5%**	**0**	**0.0%**	**16,636**	**5.0%**	**0**	**0.0%**	**493,711**	**28.7%**	**29.0%**
Overseas Equities																
North American Equities	117,568	0	0.0%	111,920	56.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	111,920	6.5%	
European & Middle Eastern Equities	39,542	0	0.0%	33,940	17.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	33,940	2.0%	
Japanese Equities	23,650	0	0.0%	21,685	10.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	21,685	1.3%	
Pacific Basin Equities	695	0	0.0%	623	0.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	623	0.0%	
Emerging Markets Equities	9,177	0	0.0%	7,267	3.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	7,267	0.4%	
UBS Global Pooled Fund	228,325	0	0.0%	0	0.0%	0	0.0%	0	0.0%	207,571	62.3%	0	0.0%	207,571	12.1%	
L&G World (ex UK) Equity Fund	145,998	0	0.0%	0	0.0%	138,265	49.5%	0	0.0%	0	0.0%	0	0.0%	138,265	8.0%	
Total Overseas Equities	**564,955**	**0**	**0.0%**	**175,435**	**88.1%**	**138,265**	**49.5%**	**0**	**0.0%**	**207,571**	**62.3%**	**0**	**0.0%**	**521,271**	**30.3%**	**30.0%**
BONDS																
UK Gilts	89,704	0	0.0%	0	0.0%	0	**0.0%**	91,351	31.5%	0	0.0%	0	0.0%	91,351	5.3%	3.0%
Corporate Bonds	47,199	0	0.0%	0	0.0%	0	**0.0%**	49,656	17.2%	0	0.0%	0	0.0%	49,656	2.9%	6.0%
Overseas Bonds	51,124	0	0.0%	0	0.0%	0	**0.0%**	50,587	17.4%	0	0.0%	0	0.0%	50,587	2.9%	2.0%
Index-Linked	88,277	0	0.0%	0	0.0%	0	**0.0%**	90,950	31.3%	0	0.0%	0	0.0%	90,950	5.3%	5.0%
Total Bonds	**276,304**	**0**	**0%**	**0**	**0.0%**	**0**	**0.0%**	**282,544**	**97.4%**	**0**	**0.0%**	**0**	**0.0%**	**282,544**	**16.4%**	**16.0%**
ALTERNATIVE INVESTMENTS																
Property	122,741	0	0.0%	0	0.0%	0	**0.0%**	0	0.0%	107,114	32.1%	21,047	7.2%	128,161	7.4%	8.0%
Private Equity	160,864	0	0.0%	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	163,762	56.0%	163,762	9.5%	9.0%
Hedge Funds	49	0	0.0%	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0.0%
Multi Asset - DGF	82,143	0	0.0%	0	0.0%	0	**0.0%**	0	0.0%	0	0.0%	78,771	27.0%	78,771	4.6%	5.0%
Infrastructure	-	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	**365,797**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**107,114**	**32.1%**	**263,580**	**90.2%**	**370,694**	**21.5%**	**25.0%**
CASH	**56,671**	**10,222**	**3.1%**	**4,826**	**2.4%**	**0**	**0.0%**	**7,640**	**2.6%**	**2,096**	**0.6%**	**28,648**	**9.8%**	**53,432**	**3.1%**	**0.0%**
TOTAL ASSETS	**1,784,223**	**327,449**	**100.0%**	**199,187**	**100.0%**	**279,187**	**100.0%**	**290,184**	**100.0%**	**333,417**	**100.0%**	**292,228**	**100.0%**	**1,721,652**	**100.0%**	**100.0%**
% of total Fund		19.02%		11.57%		16.22%		16.85%		19.37%		16.97%		100.00%		

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

Asset	Market Value 1.07.15	%	Net Purchases and Sales					Changes in Market Value					Market Value 30.09.15	%
			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	520,496	29	0	6,038		571	0	502	(24,413)	(9,287)	(196)	0	493,711	29
US Equities	117,568	7	0	0	0	3,377	0	0	0	0	(9,025)	0	111,920	7
European & Middle Eastern Equities	39,542	2	0	0	0	(1,428)	0	0	0	0	(4,174)	0	33,940	2
Japanese Equities	23,650	1	0	0	0	0	0	0	0	0	(1,965)	0	21,685	1
Pacific Basin Equities	695	0	0	0	0	0	0	0	0	0	(72)	0	623	0
Emerging Market Equities	9,177	1	0	0	0	0	0	0	0	0	(1,910)	0	7,267	0
Global Pooled Funds	374,323	21	0	0			0	(20,754)	0	(7,733)	0	0	345,836	20
Total Overseas Equities	564,955	31	0	0	0	1,949	0	(20,754)	0	(7,733)	(17,146)	0	521,271	30
BONDS														
UK Gilts	89,704	5	0	0	(218)		0	0	0	1,865	0	0	91,351	5
Corporate Bonds	47,199	3	0	0	266		0	0	0	2,191	0	0	49,656	3
Overseas Bonds	51,124	3	0	0	(1,983)		0	0	0	1,446	0	0	50,587	3
Index-Linked Bonds	88,277	5	0	0	764		0	0	0	1,909	0	0	90,950	5
ALTERNATIVE INVESTMENTS														
Property	122,741	7	1,179	0	0		(114)	3,156	0	0	0	1,199	128,161	7
Private Equity	160,864	9	0	0	0		(1,473)	0	0	0	0	4,371	163,762	10
Hedge Funds	49	0	0	0	0		(49)	0	0	0	0	0	0	0
Multi Asset - DGF	82,143	5	0	0	0		0	0	0	0	0	(3,371)	78,771	5
SUB TOTAL	1,727,552	97	1,179	6,038	(1,171)	2,520	(1,636)	(17,096)	(24,413)	(9,609)	(17,342)	2,199	1,668,220	97
CASH *	56,671	3	(847)	(2,957)	135	(1,161)	1,591	0	0	0	0	0	53,432	3
GRAND TOTAL	**1,784,223**	**100**	**332**	**3,081**	**(1,036)**	**1,359**	**(45)**	**(17,096)**	**(24,413)**	**(9,609)**	**(17,342)**	**2,199**	**1,721,652**	**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 3

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2015

COMBINED PORTFOLIO (BY ASSET CLASS)

ASSET	% Weighting of Fund as at 30th September 2015	QUARTER ENDED 30th September 2015 RETURN %	12 MONTHS ENDED 30th September 2015 RETURN %	THREE YEARS ENDED 30th September 2015 RETURN %	FIVE YEARS ENDED 30th September 2015 RETURN %	TEN YEARS ENDED 30th September 2015 RETURN %
GLOBAL EQUITIES	10.2%	-8.2	-2.6	7.8	7.0	3.8
BENCHMARK		-6.0	-0.1	9.2	7.7	6.2
VARIATION		**-2.4**	**-2.5**	**-1.3**	**-0.6**	**-2.3**
UK EQUITIES	28.7%	-6.3	-0.7	8.2	8.3	6.4
BENCHMARK		-5.7	-2.3	7.2	6.7	5.6
VARIATION		**-0.6**	**1.7**	**0.9**	**1.5**	**0.7**
OVERSEAS EQUITIES	20.1%	-5.3	1.4	11.0	7.4	6.4
BENCHMARK		-5.8	1.0	10.3	8.4	7.1
VARIATION		**0.5**	**0.4**	**0.7**	**-1.0**	**-0.7**
UK GOVERNMENT BONDS	5.3%	3.8	9.7	4.2	5.3	5.9
BENCHMARK		3.1	8.2	3.5	5.3	5.6
VARIATION		**0.6**	**1.3**	**0.6**	**0.0**	**0.3**
UK CORPORATE BONDS	2.9%	1.6	5.7	4.7	6.2	5.6
BENCHMARK		0.9	4.5	4.9	6.0	5.2
VARIATION		**0.7**	**1.2**	**-0.2**	**0.2**	**0.4**
OVERSEAS BONDS*	2.9%	2.2	3.8	3.0	3.5	
BENCHMARK		6.2	4.1	-0.6	0.7	
VARIATION		**-3.7**	**-0.4**	**3.7**	**2.8**	
UK INDEX LINKED GILTS	5.3%	2.3	12.0	9.4	9.7	8.2
BENCHMARK		2.3	11.8	9.4	9.3	7.8
VARIATION		**0.0**	**0.2**	**0.0**	**0.3**	**0.4**
TOTAL PRIVATE EQUITY	9.5%	2.8	14.7	15.3	14.3	8.0
BENCHMARK		-3.4	5.2	14.6	11.4	6.3
VARIATION		**6.5**	**9.1**	**0.6**	**2.7**	**1.6**
HEDGE FUNDS**	0.0%	0.0	-9.5	1.4	1.8	2.2
PROPERTY ASSETS	7.4%	3.5	14.9	11.8	9.3	2.4
BENCHMARK		3.0	14.4	11.7	9.0	4.2
VARIATION		**0.5**	**0.5**	**0.1**	**0.2**	**-1.7**
DIVERSIFIED GROWTH FUND***	4.6%	-4.1				
BENCHMARK		0.9				
VARIATION		**-4.9**				
TOTAL CASH	3.1%	1.3	2.5	1.2	1.5	2.0
TOTAL FUND	100%	**-3.5**	**2.9**	**8.7**	**8.0**	**5.6**
BENCHMARK		**-3.2**	**2.5**	**8.9**	**7.9**	**6.3**
VARIATION		**-0.3**	**0.4**	**-0.2**	**0.1**	**-0.7**

*** This includes L&G Currency Hedging for Overseas bonds**
**** Hedge Funds disinvested from March 2014 - no recent performance figures**
*****Diversified Growth Fund investment made mid December 2014**

TABLE 4

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

PERFORMANCE TO 30th SEPTEMBER 2015

COMBINED PORTFOLIO (BY FUND MANAGER)

FUND MANAGER	% Weighting of Fund as at 30th September 2015	QUARTER ENDED 30th September 2015 RETURN %	12 MONTHS ENDED 30th September 2015 RETURN %	THREE YEARS ENDED 30th September 2015 RETURN %	FIVE YEARS ENDED 30th September RETURN %	TEN YEARS ENDED 30th September 2015 RETURN %
BAILLIE GIFFORD UK EQUITIES	19.0%	-6.1	1.6	9.3	9.5	7.5
BENCHMARK		-5.7	-2.3	7.2	6.7	5.6
VARITAION		**-0.4**	**4.0**	**2.0**	**2.7**	**1.8**
WELLINGTON GLOBAL EQUITIES	11.6%	-7.4	-1.1	8.7		
BENCHMARK		-6.0	-0.1	9.2		
VARITAION		**-1.5**	**-1.0**	**-0.5**		
L&G UK EQUITIES - PASSIVE	8.2%	-6.1	-5.1	5.5	5.6	
BENCHMARK		-6.1	-5.1	5.5	5.5	
VARITAION		**0.0**	**0.0**	**0.0**	**0.0**	
L&G GLOBAL EX UK EQUITIES - PASSIVE	8.0%	-5.3	1.3	10.7		
BENCHMARK		-5.3	1.3	10.7		
VARITAION		**0.0**	**0.0**	**0.0**		
L&G FIXED INCOME	16.9%	2.3	8.0	5.8	6.8	
BENCHMARK		1.9	7.5	5.9	6.7	
VARITAION		**0.4**	**0.5**	**-0.1**	**0.1**	
IN-HOUSE PROPERTY	1.2%	6.1	9.8	6.7	8.8	
BENCHMARK		3.0	14.4	11.7	9.0	
VARITAION		**3.0**	**-4.0**	**-4.4**	**-0.2**	
PRIVATE EQUITY	9.5%	2.8	14.7	15.3	14.3	8.0
BENCHMARK		-3.4	5.2	14.6	11.4	4.6
VARITAION		**6.5**	**9.1**	**0.6**	**2.7**	**3.2**
UBS GLOBAL EQUITIES	13.0%	-8.5	-3.3	8.6	6.0	5.7
BENCHMARK		-6.0	-0.1	9.7	7.2	6.6
VARITAION		**-2.7**	**-3.2**	**-0.9**	**-1.1**	**-0.8**
UBS PROPERTY	6.3%	2.9	15.3	12.1	9.1	4.2
BENCHMARK		3.0	14.4	11.7	9.0	4.3
VARITAION		**-0.1**	**0.8**	**0.4**	**0.1**	**0.0**
UBS HEDGE FUNDS	0.0%	0.0	-9.4	1.0	1.5	2.2
BENCHMARK		0.9	3.6	3.5	3.7	5.3
VARITAION		**-0.9**	**-12.6**	**-2.4**	**-2.1**	**-2.9**
INSIGHT DIVERSIFIED GROWTH FUND	4.6%	-4.1				
BENCHMARK		0.9				
VARITAION		**-4.9**				
IN-HOUSE CASH	1.7%	0.1	0.4	0.5	0.9	2.2
BENCHMARK		0.1	0.3	0.4	0.4	1.9
VARITAION		**0.0**	**0.1**	**0.1**	**0.5**	**0.3**
TOTAL FUND	**100.0%**	**-3.5**	**2.9**	**8.7**	**8.0**	**5.6**
BENCHMARK		**-3.2**	**2.5**	**8.9**	**7.9**	**6.3**
VARITAION		**-0.3**	**0.4**	**-0.2**	**0.1**	**-0.7**

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

TABLE 5

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

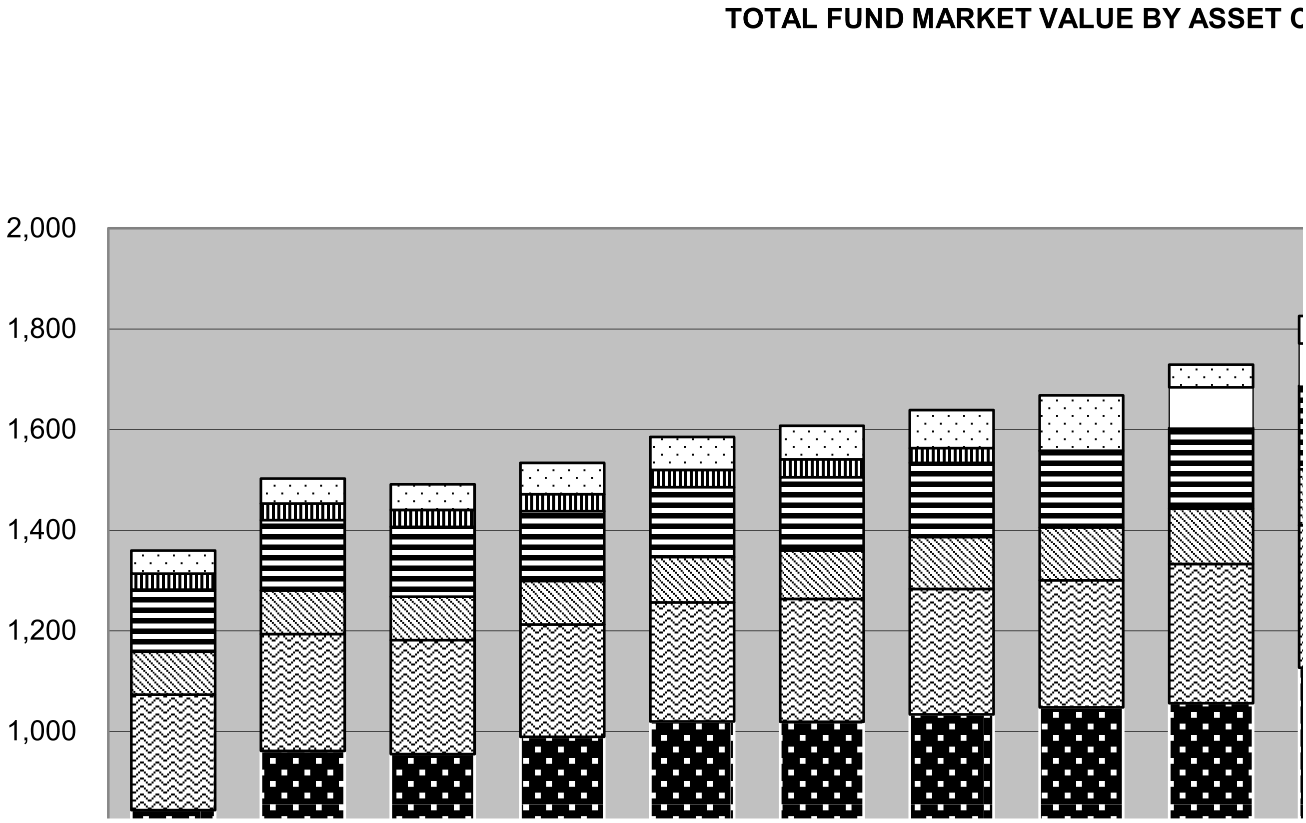
TOP 20 HOLDINGS AT 30/09/2015

	ASSET DESCRIPTION	MARKET VALUE £	TOTAL FUND %
	DIRECT HOLDINGS		
1	ELECTRA PRIVATE EQUITY PLC	31,055,994	1.80
2	HG CAPITAL TRUST PLC	20,500,400	1.19
3	BRITISH AMERICAN TOBACCO PLC	17,620,754	1.02
4	PRUDENTIAL PLC	12,621,487	0.73
5	BG GROUP PLC	12,021,933	0.70
6	ASHTEAD GROUP PLC	11,908,631	0.69
7	BUNZL PLC	11,479,140	0.67
8	ST JAMESS PLACE PLC	11,115,085	0.65
9	LEGAL & GENERAL GROUP PLC	10,462,114	0.61
10	STANDARD LIFE EURO PR EQ ORD	9,489,719	0.55
11	F&C PRIVATE EQUITY TRUST-B	9,443,200	0.55
12	SABMILLER PLC	9,039,803	0.53
13	HSBC HOLDINGS PLC	7,983,190	0.46
14	ROYAL DUTCH SHELL PLC-B SHS	7,818,470	0.45
15	REED ELSEVIER PLC	7,532,520	0.44
16	MEGGITT PLC	7,247,454	0.42
17	UNILEVER PLC	7,167,430	0.42
18	CARNIVAL	7,068,495	0.41
19	UK TREASURY 2.5% 17/07/24 INDX LKD	6,329,580	0.37
20	UK TREASURY 1.25% 22/11/55 INDX LKD	6,105,661	0.35
	TOP 20 HOLDINGS MARKET VALUE *	**224,011,060**	13.01
	* Excludes investments held within Pooled Funds		
	POOLED FUNDS AT 30/09/2015		
1	UBS LIFE GLOBAL EQUITY ALL COUNTRY FUND A	224,206,909	13.02
2	L&G HP UK FTSE 100 EQUITY INDEX	140,922,358	8.19
3	L&G WORLD (EX UK) EQUITY INDEX	138,264,906	8.03
4	LEGAL AND GENERAL TD CORE PLUS	108,535,492	6.30
5	INSIGHT BROAD OPPORTUNITIES FUND	78,771,470	4.58
	TOTAL POOLED FUNDS MARKET VALUE	**690,701,135**	40.12
	TOTAL FUND MARKET VALUE	**1,721,652,470**	

GRAPH 1

OXFORDSHIRE COUNTY COUNCIL PENSION FUND

MARKET VALUE OF TOTAL FUND



AllenbridgeEpic
investment advisers

QUARTERLY REVIEW PREPARED FOR

Oxfordshire Council Pension Fund

Q3 2015

11 November 2015

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OXFORDSHIRE PENSION FUND COMMITTEE – 4 DECEMBER 2015

OVERVIEW AND OUTLOOK FOR INVESTMENT MARKETS

Report by the Independent Financial Adviser

Economy

1. The slowing trend of manufacturing output and job creation in the United States, together with signs of a slowdown in China, caused the Federal Reserve to hold US interest rates unchanged at its September meeting. The Eurozone area has been the only region to see an upward revision in its forecast GDP growth in 2015. The IMF's latest forecast of 3.1% global growth in 2015 would constitute the lowest level of annual growth in the past six years.

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

Source of estimates: The Economist, November 7th 2015

Consensus real growth (%)						**Consumer prices latest (%)**
	2012	**2013**	**2014**	**2015E**	**2016E**	
UK	-0.1	+1.7	+2.8	+2.5 (+2.7)	+2.3	-0.1(CPI)
USA	+2.2	+1.9	+2.4	+2.4 (+3.1)	+2.5	Nil
Eurozone	-0.5	-0.4	+0.8	+1.5 (+1.1)	+1.7	Nil
Japan	+1.9	+1.7	+0.3	+0.7 (+1.0)	+1.2	Nil
China	+7.8	+7.7	+7.4	+6.9 (+7.0)	+6.4	+1.6

2. On August 11th, the Chinese Central Bank suddenly announced that it would allow the currency to weaken slightly – having been very strong for the previous two years. In the event, the renminbi's parity against the dollar weakened by some 4% over the following days. This move was interpreted as a sign that China was concerned about its deteriorating balance of trade, but more broadly caused investors to question the prospects for Chinese economic growth. When combined with earlier volatility in the Chinese equity market, it was seen as a sign that the Chinese authorities were losing their grip on the economy.

3. This caused sharp falls in the Shanghai Composite Index, and the nervousness then spread to all world equity markets. Initially there was no official response in China, but on August 25th the Central Bank cut interest rates by 0.25% and eased bank reserve requirements. Short-selling was banned in China, and 'culprits' for the stockmarket's weakness were identified.

In response to doubts about the Chinese economy, commodity prices fell sharply, with the oil price falling 30% in July and August, before rallying in September. Base metal prices also weakened, on the expectation of reducing demand from China.

4. Days after the Greek parliament had approved the terms of the European bailout on August 14th, the Greek prime minister, Mr Tsipras resigned and a General Election was called for September 20th. This resulted in a renewed term for his Syriza party, again in coalition with the Greek National party.

5. The election of Jeremy Corbyn as leader of the Labour Party, and the announcements of the various campaign groups for the EU Referendum – which may take place in mid-2016 – seem likely to inaugurate a period of unpredictability on the British political scene.

Markets

6. **Equities** experienced their worst quarter for four years, with particular weakness in the Asian markets in response to the apparent travails of the Chinese economy, and depreciation of currencies in the region following the un-pegging of the renminbi.

	Capital return (in £, %) to 30.9.15		
Weight %	Region	**3 months**	**12 months**
100.0	FTSE All-World Index	**-6.4**	**-1.8**
54.6	FTSE All-World North America	-4.1	+2.5
8.4	FTSE All-World Japan	-8.7	+4.2
11.2	FTSE All-World Asia Pacific ex Japan	-14.1	-10.8
16.3	FTSE All-World Europe (ex-UK)	-5.0	-4.6
7.2	FTSE All-World UK	-7.0	-8.0
8.5	FTSE All-World Emerging Markets	-16.5	-15.2

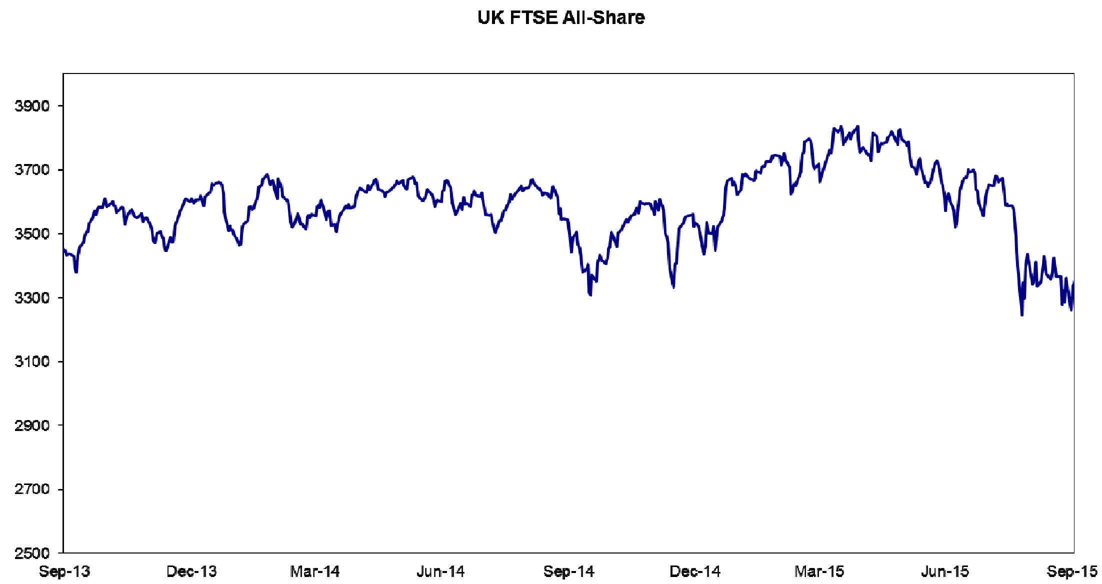
[Source: FTSE All-World Review, September 2015]

7. In the **UK equity market**, sharp falls in Mining companies – notably Glencore and Anglo American – were largely responsible for a greater fall in the FTSE 100 than in the mid- and small-cap sectors during the quarter.

(Capital only %, to 30.9.15)	3 months	12 months
FTSE 100	**-7.0**	**-8.5**
FTSE 250	**-4.8**	**+8.5**
FTSE Small Cap	**-4.2**	**+2.4**
FTSE All-Share	**-6.6**	**-5.6**

[Source: Financial Times]

8. In mid-September, the All-Share Index touched its lowest level for two years.



9. Globally, all equity sectors declined, with the energy and mining sectors once more seeing the weakest performances.

Capital return (in £, %) to 30.9.15		
Industry Group	**3 months**	**12 months**
Consumer Services	-1.5	+13.5
Health Care	- 5.8	+8.4
Consumer Goods	-2.1	+ 6.2

Technology	-3.0	+3.0
FTSE All-World	**-6.4**	**-1.8**
Financials	-7.9	-2.2
Industrials	-7.4	-3.1
Utilities	+0.4	- 3.7
Telecommunications	-7.4	-5.6
Basic Materials	-17.3	- 21.4
Oil & Gas	- 16.1	-30.7

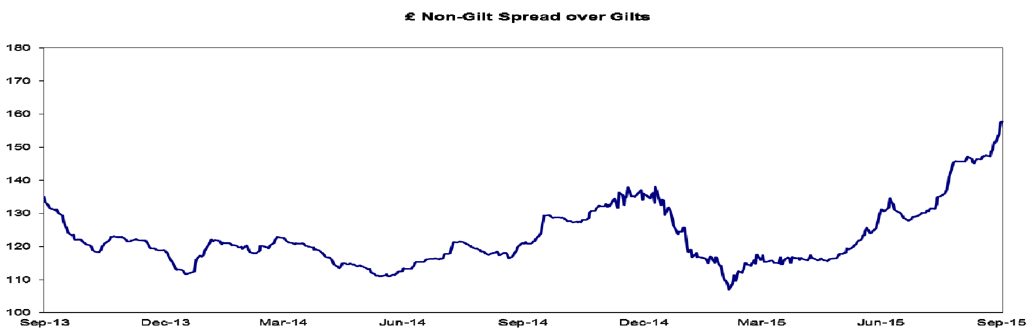
[Source: FTSE All-World Review, September 2015]

10. Prices of **Government Bonds** in the 'safe haven' countries rose to end-2014 levels, on the expectation that global growth was slowing and that weak energy and metals prices would bring down the levels of consumer price inflation worldwide.

10-year government bond yields (%)					
	Dec 12	**Dec 13**	**Dec 2014**	**June 2015**	**Sept 2015**
US	1.76	3.03	2.17	2.32	2.06
UK	1.85	3.04	1.76	2.14	1.77
Germany	1.32	1.94	0.54	0.77	0.59
Japan	0.79	0.74	0.33	0.45	0.35

[Source: Financial Times]

11. The yield spread of corporate bonds over government bonds continued to widen, mainly because of the higher level of risk in bonds issued by energy and metals exploration companies. The graph below shows the situation in the **UK corporate bond** market.



Currencies

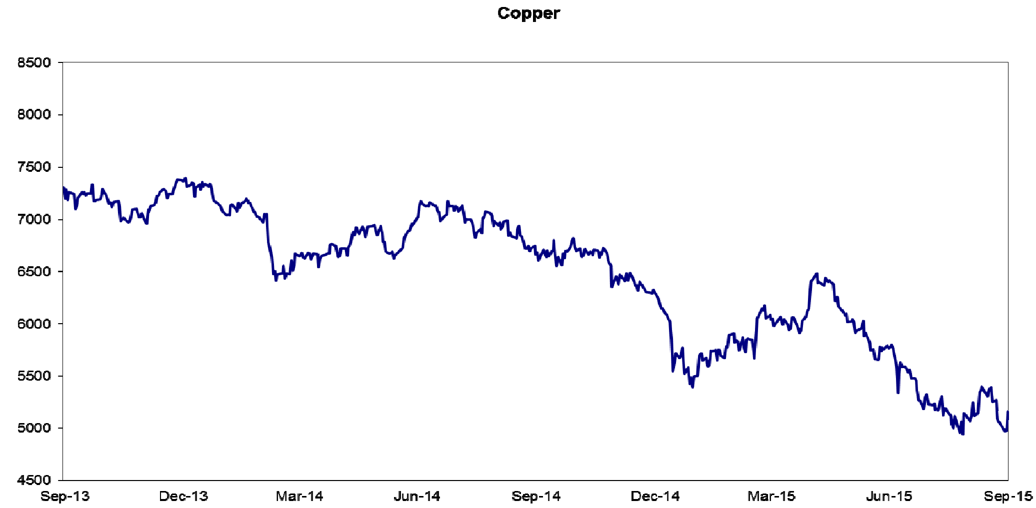
12. Sterling lost ground against all three of the major currencies during the quarter, but is still strong against the Euro and Yen over 12 months.

				£ move (%)	
	30.9.14	**30.6.15**	**30.9.15**	**3m**	**12m**
$ per £	1.621	1.573	1.515	-3.7	-6.5
€ per £	1.283	1.412	1.357	-3.9	+5.8
Y per £	177.8	192.4	181.4	-5.7	+2.0

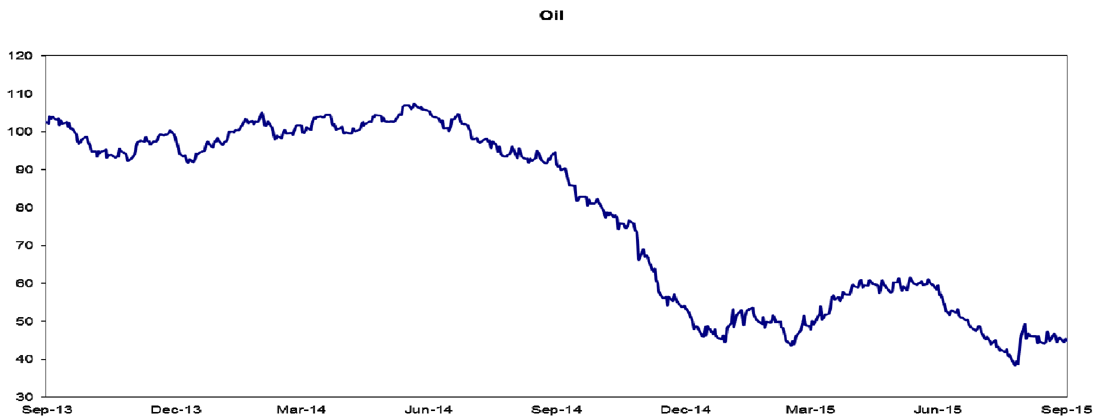
[Source: Financial Times]

Commodities

13. In mid-August the price of **copper** fell below $5,000 per tonne – its lowest level for six years. The main cause was the expectation of lower growth from China (the consumer of 45% of world copper output), and also the likely moves from the Chinese authorities to stimulate consumer spending and downplay capital investment. Several of the major copper producers have since announced plans to close down some of their mines, in an attempt to rectify the supply-demand imbalance



14. The price of **oil** fell by no less than 30% between the end of June and mid-August: Brent Crude moved from $63 per barrel to $45, before recovering to $53 at end-August, but ending the quarter at $48.5. As with metals, the main reason was the sign of a slowdown in the Chinese – and hence global – growth, coupled with fears of over-supply.



Property

15. Despite the troubled equity markets, **UK Property** continued to report steady gains, with the Office and Industrial sectors once more outpacing Retail Property. The 12-month performance of property contrasts sharply with that of UK Equities during the same period, reinforcing Property's value as a diversifying asset class within a portfolio.

	3-month	12-month
All Property	**+ 3.4%**	**+15.3%**
Retail	**+ 2.2%**	**+ 9.5%**
Office	**+ 4.3%**	**+20.5%**
Industrial	**+ 4.6%**	**+19.7%**

[IPD Monthly Index of total returns, September 2015]

Outlook

16. In the third quarter, equity markets finally confronted the prospect of slowing growth in China and the United States, and fell sharply amid increasing volatility. Having previously welcomed the continuation of low interest rates by Central Banks, investors now began to worry about the impact on corporate profits – especially among highly-geared commodities producers.

17. This correction in equities has to some extent moderated the discrepancy between bond markets (priced for low inflation and low growth) and equity markets (priced for growth in corporate profits). The rebound in equity prices in October – when markets rose by some 5% – looks more like a technical rally than a reflection of any fundamental change in the economic backdrop. It is worth noting that on October 23rd the Chinese Central Bank again reduced interest rates by ¼%, and cut bank reserve requirements, to provide support for the property sector in China.

18. The strong US employment data for October have greatly increased the expectation that an interest rate rise will be announced at the mid-December meeting of the Fed. In the UK, however, the Governor of the Bank of England has indicated that interest rates are unlikely to rise before 2017.

19. With the scope for increased geo-political tension in Syria and the Middle East, together with the subdued economic outlook, it is hard to envisage equities gaining further ground after their October rally.

Peter Davies
Senior Adviser – AllenbridgeEpic Investment Advisers

November 11th, 2015

[All graphs supplied by Legal & General Investment Management]

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

Agenda Item 15

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Agenda Item 16

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