

**OXFORDSHIRE PENSION FUND**  
**REPORT AND ACCOUNTS 2010/11**  
Registered Number: PS049/20

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# FOREWORD TO THE 2010/11 PENSION FUND REPORT AND ACCOUNTS BY THE ASSISTANT CHIEF EXECUTIVE & CHIEF FINANCE OFFICER

## Introduction

I am writing this foreword at a time when public sector pensions are at the top of the political agenda. We are awaiting proposals from the Government for the reform of public sector pensions following the final report of Lord Hutton's Independent Public Sector Pension Commission. 2011-12 will be a significant year for the LGPS if we are to deliver an affordable and sustainable pension scheme going forward.

2010-11 itself was also a busy year for the Oxfordshire County Council Fund, with the completion of the 2010 Valuation, and a subsequent fundamental review of our investment strategy.

This report provides key information on the Fund over the last year, including the audited accounts, information on the Fund's investments and the performance of our Fund Managers, and the key strategy documents which drive the governance of the Fund.

## Background

The Oxfordshire County Council Pension Fund is administered by Oxfordshire County Council. There are over 100 employers within the Fund, although at the time of the 2010 Valuation only 68 had active members. In total there were just under 19,000 active members, with a further 16,700 deferred members and 10,900 pensioners.

## 2010 Valuation Results

The 2010 Valuation is a key indicator of the health of the Oxfordshire County Council Fund. The results set out a very similar picture to those from 2007. As at 31 March 2010 the assets were valued at £1.1bn representing 79% of the estimated liabilities of the Fund. This compares to a funding level 3 years ago of 78%.

The average employer contribution rate to recover the deficit over the next 25 years has been calculated at 19.0%. This is a little lower than the 19.9% from three years ago. This in part has resulted from the Government decision to change the index by which all pensions are increased to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI), by allowances for pay freezes in the short term, by assumptions that we will all be retiring one year later in line with the changes in state pension age, offset by assumptions about increasing life expectancy.

Overall, the 2010 Valuation results were a welcome relief to most employers, who had feared the worse when the financial markets had suffered so badly since the 2007 Valuation.

## Subsequent Investment Performance

The 2010/11 financial year was a mixed year in terms of the investment performance of the Fund. Overall the Fund saw a return on investments of 9.6%, beating the benchmark growth of 8.9%. Excellent results for both UK and private equity investments were in part offset by lower than benchmarked growth in the fund's overseas and global equity portfolio.

These mixed results were also reflected in the figures for the individual Fund Managers. The Fund's top performing manager during 2010/11 was Baillie Gifford who produced an annual return of 18.1%

against a benchmark of 8.7%. This helped them deliver a 3 year return of 8.0% against a benchmark of 5.4%.

On the other side of the performance coin, Alliance Bernstein delivered annual performance of 4.9% against a benchmark of 8.4%, and a three year return of just 1.1% against a benchmark of 8.6%. As part of the March 2011 overall review of the fund's Investment Strategy, the Pension Fund Committee determined that it no longer had confidence in the ability of Alliance Bernstein to deliver against their targets. It has therefore removed their global mandate, moving £100m into a passive global fund. During 2011/12, the Fund will tender for a new active manager for the remaining £150m allocated to global equities.

### The Future

Key to the future of the Fund will be the Government's response to Lord Hutton's report on the future of public sector pensions. It is expected that the Fund going forward will move from a Final Salary Scheme to a Career Average Re-valued Earnings Scheme, with a retirement date linked to the State Pension Age. The government have already announced that future pension benefits will be linked to CPI rather than RPI. The Government have stated though that all accrued benefits will be fully protected.

Key issues which have yet to be determined are the level of future employee contributions, future accrual rates and whether the Government will remove the protection on pensions of staff outsourced from the public sector.

The key concern is that if the changes lead to a significant reduction in scheme membership, then the long term sustainability of the Funds is threatened, and investment strategies will be forced to reduce equity exposure and increase the level of government bonds held.

It will be a key task over 2011/12 to shape the exact detail of this scheme in response to Government consultation, and ensure all employees are fully briefed on the benefits of the new look scheme so that they can make informed choices. If we get this right then hopefully my foreword next year will be looking forward to the implementation of a new, affordable and sustainable LGPS.

**Sue Scane**  
**Assistant Chief Executive & Chief Finance Officer**  
**July 2011**

## Statement of Responsibilities for the Pension Fund

### The County Council's Responsibilities

The County Council is required to:

- ◆ make arrangements for the proper administration of the financial affairs of the Pension Fund and to ensure that one of its officers has the responsibility for the administration of those affairs. For the County Council, that officer is the Assistant Chief Executive & Chief Finance Officer;
- ◆ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Pension Fund Committee has examined the Pension Fund accounts and authorised the Chairman to approve them on its behalf.

### The Responsibilities of the Assistant Chief Executive & Chief Finance Officer

The Assistant Chief Executive & Chief Finance Officer is responsible for the preparation of the Pension Fund's accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 ('the Code of Practice').

In preparing this Statement of Accounts, the Assistant Chief Executive & Chief Finance Officer has:

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent;
- ◆ complied with the Code of Practice.

The Assistant Chief Executive & Chief Finance Officer has also:

- ◆ kept proper accounting records which were up to date;
- ◆ taken reasonable steps for the prevention and detection of fraud and other irregularities.

SUE SCANE  
Assistant Chief Executive & Chief Finance Officer

## MEMBERS, MANAGERS & ADVISORS

<b><i>Administering Authority</i></b>	Oxfordshire County Council PO Box 12 County Hall Oxford OX1 1TH
<b><i>Administrator</i></b>	Assistant Chief Executive & Chief Finance Officer
<b><i>Pension Fund Committee County Council Members 2010/11 Membership</i></b>	Cllr David Harvey (Chairman) Cllr Bill Service (Deputy Chairman) Cllr Jean Fooks Cllr Stewart Lilly Cllr Don Seale Cllr Charles Shouler Cllr John Tanner (to Dec 2010) Cllr Roy Darke (from Dec 2010) Cllr Richard Langridge (WODC) Cllr Jerry Patterson (VOWHDC) Peter Fryer (UNISON) 2010/11
<b><i>Representatives of District Councils</i></b>	
<b><i>Beneficiary Observer</i></b>	Peter Davies
<b><i>Independent Investment Adviser</i></b>	
<b><i>Fund Managers</i></b>	Adams Street Partners Alliance Bernstein Baillie Gifford Legal & General Investment Management Partners Group UBS Global Asset Management UBS Wealth Management Graeme Muir FFA and Alison Hamilton FFA Barnett Waddingham LLP The Audit Commission
<b><i>Actuary</i></b>	
<b><i>Auditor</i></b>	Prudential Assurance Company Ltd
<b><i>AVC Provider</i></b>	
<b><i>Corporate Governance &amp; Socially Responsible Investment Service Custodian</i></b>	RiskMetric Group  BNY Mellon
<b><i>Performance Management</i></b>	WM Performance Services

## HOW THE SCHEME OPERATES

### ◆ Legal Framework

The Local Government Pension Scheme is a statutory, funded final salary pension scheme. It is “contracted-out” of the state scheme and is termed a defined benefit scheme. The operation of the Oxfordshire County Council Local Government Pension scheme is principally governed by the Local Government Pension Scheme Regulations 2007 [as amended] (effective from April 2008). The scheme covers eligible employees and elected members of the County Council, District Councils within the county area and employees of other bodies eligible to be employers in the Scheme. A list of all those bodies with employees currently participating in the Scheme is shown on pages 8 to 9.

This defined benefit scheme provides benefits related to salary for its members and the benefits are unaffected by the investment return achieved on the Scheme’s assets. Pensions paid to retired employees, their dependents, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. The amount is determined by the Secretary of State and although previously based on the Retail Price Index (RPI), the pensions increase payable in April 2011 was based on the Consumer Price Index (CPI).

Pension Investment and Administration is governed by Her Majesty’s Customs and Revenue Office (HMRC) setting out personal maximum values of benefit and reporting structures for schemes.

### ◆ Contributions

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The surplus of contributions and investment income over benefits being paid is invested.

The contribution from employees is prescribed by statute at rates between 5.5% and 7.5% of whole time equivalent pensionable earnings.

Employers’ contribution rates are set following the actuarial valuation, which takes place every three years. The contribution rate reflects an employer experience, the fund deficit or surplus and is the rate at which employers need to contribute to achieve a 100% funding level projected over twenty five years.

Contribution rates for 2010-11 were based on the completed valuation of the Scheme’s financial position as at 31 March 2007 and are shown on pages 8 to 9. The next actuarial valuation took place on 31 March 2010 and any changes to employer contribution rates, as a result of this valuation, will take effect from 1 April 2011.

### ◆ Benefits

The benefits payable under the Scheme are laid down by the 2007 Regulations. Pension payments are guaranteed and any shortfall is met through the Pension Fund linked to employer contribution rates set by the fund valuation. The Scheme is a ‘final salary’ scheme and provides a pension as a proportion of final salary according to the length of service. A Summary of Benefits is shown on pages 37 to 39.

### Overriding legislation

The LGPS exists within rules laid down by HMRC. These provide time limits for benefit payments and also on the member limits to the amount of pension built up within a year and within a lifetime. At retirement a member has to declare any other benefits, not just from the LGPS but all pension provision, to ensure all benefits are within this limit. A tax charge is imposed if this limit is exceeded or if the member fails to make the declaration. Members can convert a portion of their annual pension to provide a larger tax free lump sum at retirement.

The limits an individual can build up in a year and a lifetime are due to change next year (2011-2012) this will bring additional reporting timetables to the fund administration.

### ◆ **Internal Dispute Procedure**

The first stage of a dispute is, generally, looked at by the claimants' employer. The second stage referral is to the County Council and the Nominated Person. For information please contact the Pension Services Manager.

## MEMBERSHIP

Members are made up of three main groups. Firstly, the contributors - those who are still working and paying money into the Fund. Secondly, the pensioners - those who are in receipt of a pension and thirdly by those who have left their employment with an entitlement to a deferred benefit on reaching pensionable age.

The table below provides the composition of the Fund's membership for the five years 2006/07 to 2010/11.

	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Contributory Employees</b>					
Oxfordshire County Council	13,496	13,897	14,420	14,964	13,145
Other Scheduled Bodies	5,425	5,368	5,563	5,361	4,817
Admitted Bodies	1,086	1,057	987	951	868
	<b>20,007</b>	<b>20,322</b>	<b>20,970</b>	<b>21,276</b>	<b>18,830</b>
<b>Pensioners and Dependants</b>					
Oxfordshire County Council	4,813	5,109	5,458	5,877	6,320
Other Scheduled Bodies	3,248	3,403	3,583	3,820	4,036
Admitted Bodies	260	323	386	435	496
	<b>8,321</b>	<b>8,835</b>	<b>9,427</b>	<b>10,132</b>	<b>10,852</b>
<b>Deferred Pensioners</b>					
Oxfordshire County Council	6,284	7,643	8,733	9,450	10,996
Other Scheduled Bodies	3,515	3,837	4,083	4,379	4,904
Admitted Bodies	443	490	567	659	772
	<b>10,242</b>	<b>11,970</b>	<b>13,383</b>	<b>14,488</b>	<b>16,672</b>

Employees of the County and District Councils as well as Oxford Brookes University and the Colleges of Further Education, and Academies have the right to join the Scheme. Parish Councils and Town Councils pass resolutions to enable staff to join LGPS, whereas Admitted Bodies must nominate employees.

The main changes in 2010/11 were as follows: -

- The number of contributory employees decreased by 2,446.
- The number of pensioners & dependants increased by 720.
- The number of deferred pensioners increased by 2,184. In addition to these, a further 3,605 former members have left their contributions in the Fund, pending a decision on whether to opt for a refund or a transfer.

The table below provides numbers of Contributory Employees for the Other Scheduled Bodies.

Oxford City Council	1,060	South Oxon District Council	227
Cherwell District Council	456	Oxford Brookes University	1,545
Vale of White Horse District Council	200	Other	1,071
West Oxon District Council	258		



## PARTICIPATING EMPLOYERS

Scheduled Bodies	<i>Contributions are shown as a percentage of pensionable pay</i>	<b>Contribution Rate % 2010/11</b>	Scheduled Bodies (cont)	<b>Contribution Rate % 2010/11</b>
Abingdon Town Council		21.5	Oxfordshire County Council	19.3
Abingdon & Witney College		16.9	Oxford Spires Academy	19.3
Banbury Town Council		16.8	Risinghurst & Sandhills Parish Council	*
Benson Parish Council		15.6	Rotherfield Greys Parish Council	16.5
Berinsfield Parish Council		15.5	Rotherfield Peppard Parish Council	16.4
Bicester Town Council		19.4	South Oxfordshire District Council	16.5
Carterton Town Council		19.9	Sutton Courtenay Parish Council	22.2
Cherwell District Council		21.7	Thame Town Council	20.5
Chalgrove Parish Council		16.6	The Oxford Academy	19.1
Chinnor Parish Council		17.7	Vale of White Horse District Council	24.4
Chipping Norton Town Council		17.9	Wallingford Town Council	22.6
Cumnor Parish Council		15.7	Wantage Town Council	*
Didcot Town Council		21.0	West Oxfordshire District Council	21.2
Eynsham Parish Council		16.3	Wheatley Parish Council	15.5
Faringdon Town Council		15.4	Whitchurch Parish Council	*
Henley College		17.7	Witney Town Council	15.7
Henley-on-Thames Town Council		15.7		Plus £19,300
		plus £14,400	Woodstock Town Council	15.7
Kidlington Parish Council		19.8		Plus £2,364
Littlemore Parish Council		*		
Marcham Parish Council		16.3		
North Hinksey Parish Council		*		
North Oxfordshire Academy		19.3		
Old Marston Parish Council		15.7		
Oxford Brookes University		18.5		
Oxford City Council		20.2		
Oxford & Cherwell College		14.2		

\* No active members at the date of the last valuation (31 March 2007). A contribution rate will be advised by the actuary at the date an active member joins the fund.

## PARTICIPATING EMPLOYERS

<i>Contributions are shown as a percentage of pensionable pay</i>	<b>Contribution Rate % 2010/11</b>	<b>Contribution Rate % 2010/11</b>
<b>Admitted Bodies</b>		
Abingdon & District Citizens Advice Bureau	20.9	Oxford Homeless Pathways 16.7
ACE Centre Advisory Trust	21.0	Plus £2,000
Atkins Global	14.5	Oxford Inspires 17.0
Banbury Citizens Advice Bureau	20.3	Oxfordshire Archaeological Unit Ltd 16.7
Banbury Homes	16.7	plus £72,600
	Plus £11,300	Oxfordshire Community Foundation 20.7
Barnardo's	20.0	Oxfordshire Council for Voluntary Action 16.7
CAPITA	17.1	plus £5,400
CfBT Careers Service Ltd	19.9	Oxfordshire Youth Arts Partnership 15.9
	plus £182,000	Reading Quest 16.7
Charter Community Housing	21.9	RM Education 19.1
Cherwell Housing Trust	22.1	SOLL Vale 21.4
Community Voice	19.3	Stonham Services 18.2
		Swalcliffe Park School Trust 16.7
Connexions	19.3	plus £29,000
Cottsway Housing Association Ltd	22.9	Thames Valley Partnership 24.7
Elmore Community Services	18.5	The Vale Housing Association Ltd 21.1
Fusion Lifestyle	20.2	Plus £94,000
Nexus Community	27.2	United Sustainable Energy Authority 20.1
NORCAP	17.4	West Oxfordshire Citizen Advice Bureau 16.7
Order of St John's Care Trust	19.3	plus £900
Oxford Citizens' Housing Association	19.3	
Oxford Community Work Agency	19.0	
Oxford Health NHS Foundation Trust	19.3	

## Investment Review 2010/11

### Economic Background

The recovery from recession in Western economies, which had begun late in 2009, came to fruition during 2010. Growth in GDP ranged from 1.6% in the UK and Eurozone to 2.9% in USA and 4.2% in Japan, although a slowdown in the final quarter of 2010 raised questions about the sustainability of the recovery. Current estimates for 2011 show these levels of growth being maintained in all regions except Japan - where the devastation caused by the March 11<sup>th</sup> tsunami has depressed output in the short term. Meanwhile China recorded GDP growth of 10% in 2010, and has been increasing interest rates and bank reserve ratios for the past year, in order to prevent overheating in their economy.

Short-term interest rates in US, UK and Europe remain at historically low levels, in order to encourage growth, while the UK coalition government has pressed ahead with spending cuts in pursuit of its objective of reducing the Public Sector Borrowing Requirement to 2% of GDP by 2014. In Europe the rescue package for Greece, announced in May 2010, has been followed by similar rescues for Ireland in November and Portugal in April. In each case the governing political party has changed, and the terms of the bailout impose tight fiscal measures on the domestic economy. For capital markets, the effects have included a widening of risk premiums on sovereign debt in the peripheral markets, together with caution towards European banks which have significant exposure to weak sovereign debt.

Popular uprisings have ousted the long-established leaders in Tunisia and Egypt, while the situations in Libya, Syria, Yemen and other territories have caused considerable uncertainty in markets. This has been reflected in the sharp rise in the oil price, with the associated effect on other fuel prices. The earthquake and tsunami in Japan has changed perceptions of the safety of nuclear power generation, but there are signs that Japanese industrial production is recovering to normal levels within just three months of the disaster.

### Market Returns

After the sharp movements seen in previous years, most markets recorded single-figure percentage gains in sterling terms over the year. Equity returns showed little variation by region, apart from the weakness of Japan, while government bonds in 'safe haven' markets generated slight capital gains in addition to the interest payments. The UK commercial property market has slowed down since autumn 2010, and looks set to remain dull in the current economic climate.

The Oxfordshire County Council Fund was able to out-perform its benchmark by 0.7%, thanks to strong relative returns from UK Equities and Private Equity, though these were partially offset by below-benchmark returns in Overseas and Global Equities.

### Outlook

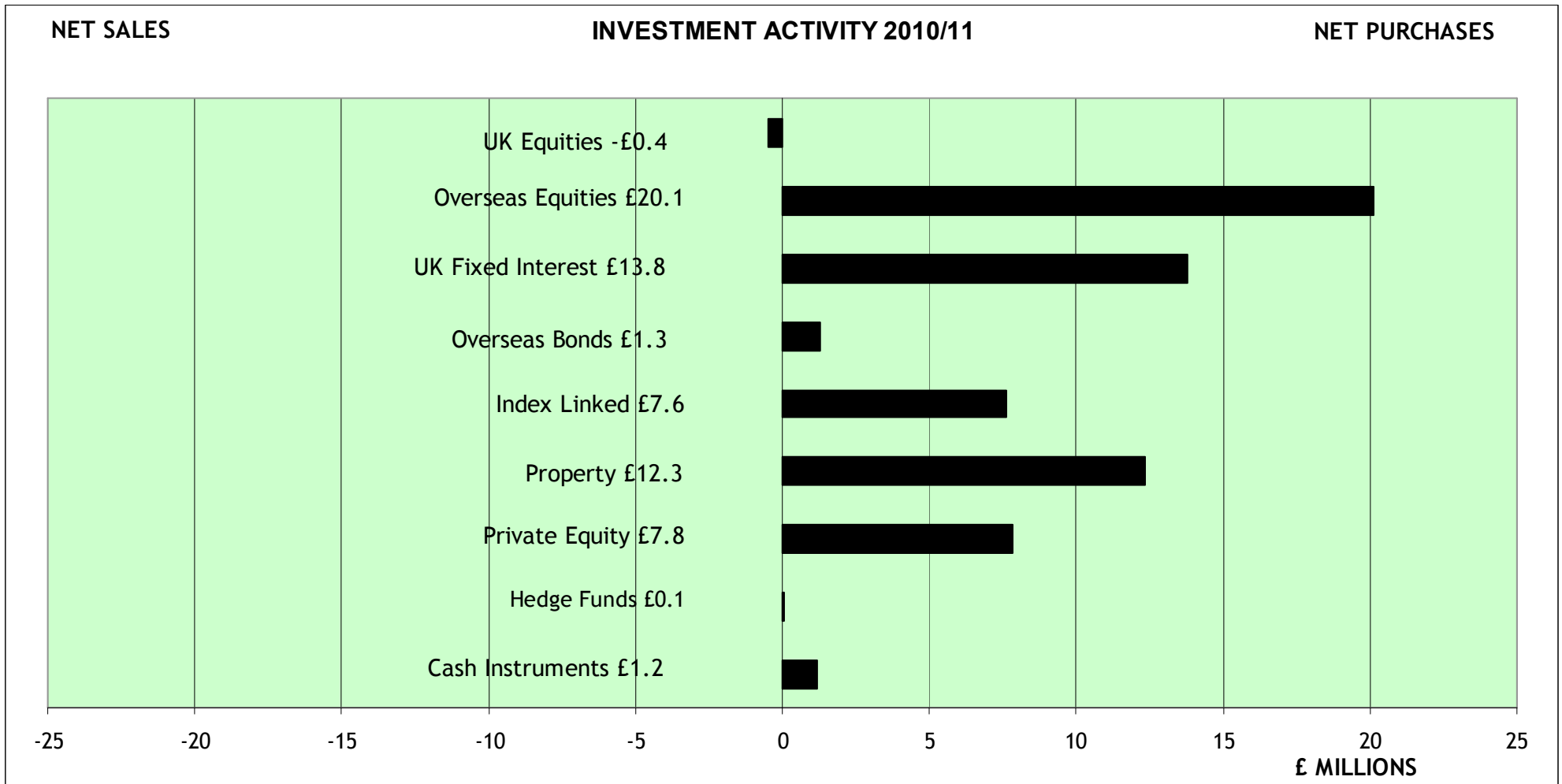
Equity markets have been remarkably resilient in the early months of 2011 against a background of political upheaval in North Africa and the Middle East, the sharp rise in the price of oil, and continuing sluggish growth in Western economies. The UK and US central banks are still operating loose monetary policies, but in time interest rates will be adjusted upwards to more normal levels. When this happens, the initial effect on equities is likely to be negative, while medium-term bond yields could also rise. With tight fiscal policy being maintained in the UK, and a tightening stance expected in the US, the outlook for growth in employment and consumer spending remains dull. Against this backdrop, it is hard to envisage significant advances in equity or bond markets in the near future.

Table showing the total returns (capital plus income) in sterling terms calculated on major indices for the year to 31 March 2011.

SECTOR		INDEX	% Total Returns Year to 31.3.11
<b>Equities</b>	Global	FTSE All World	8.4
	UK	FTSE Actuaries All Share	8.7
	North America	FTSE North American Developed	9.6
	Japan	FTSE Japan Developed	-4.0
	Europe	FTSE Europe (ex UK) Developed	7.5
	Asia Pacific (ex Japan)	FTSE Asia Pacific (ex Japan) Developed	14.2
	Emerging Markets	FTSE Emerging Markets	11.9
<b>Bonds</b>	UK Government	FTSE Government UK Gilts All Stocks	5.2
	UK Index-Linked	FTSE Government Index- Linked (over 5 years)	6.7
	UK Corporate Bonds	iBoxx Sterling Non-Gilt All Stocks Index	5.2
	Overseas	JP Morgan Traded WXUK	2.1
<b>Cash</b>	UK	7 DAY £ LIBID INDEX	0.4
<b>Property</b>	UK Commercial	IPD (HSBC) All Balanced Funds Index	9.1

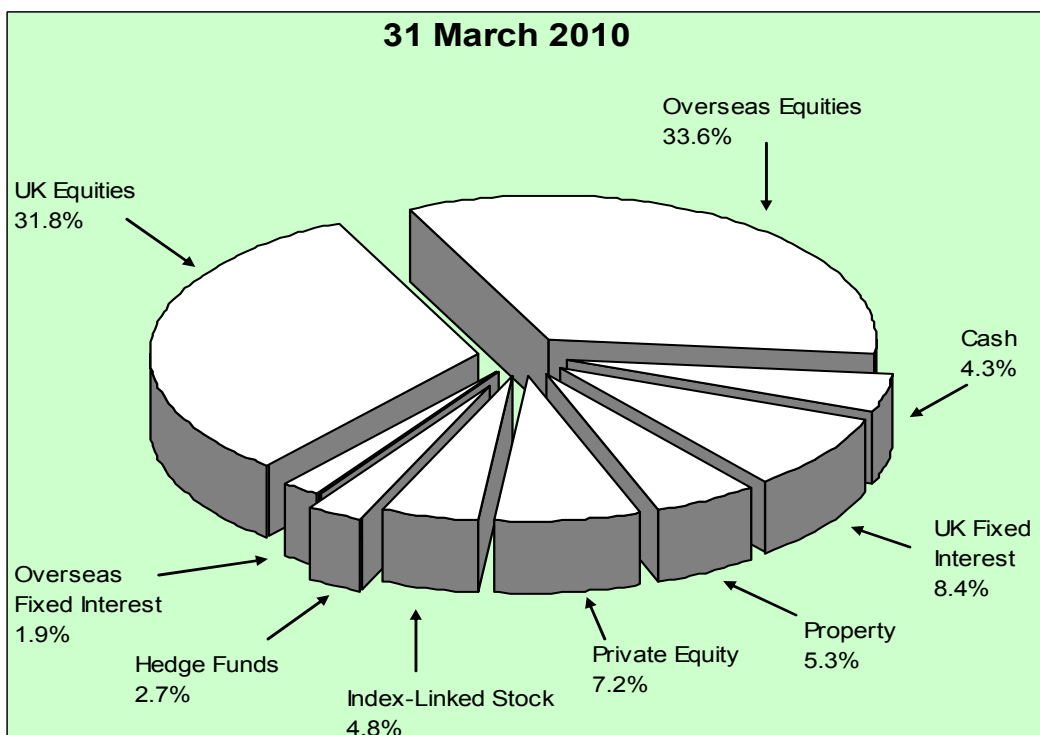
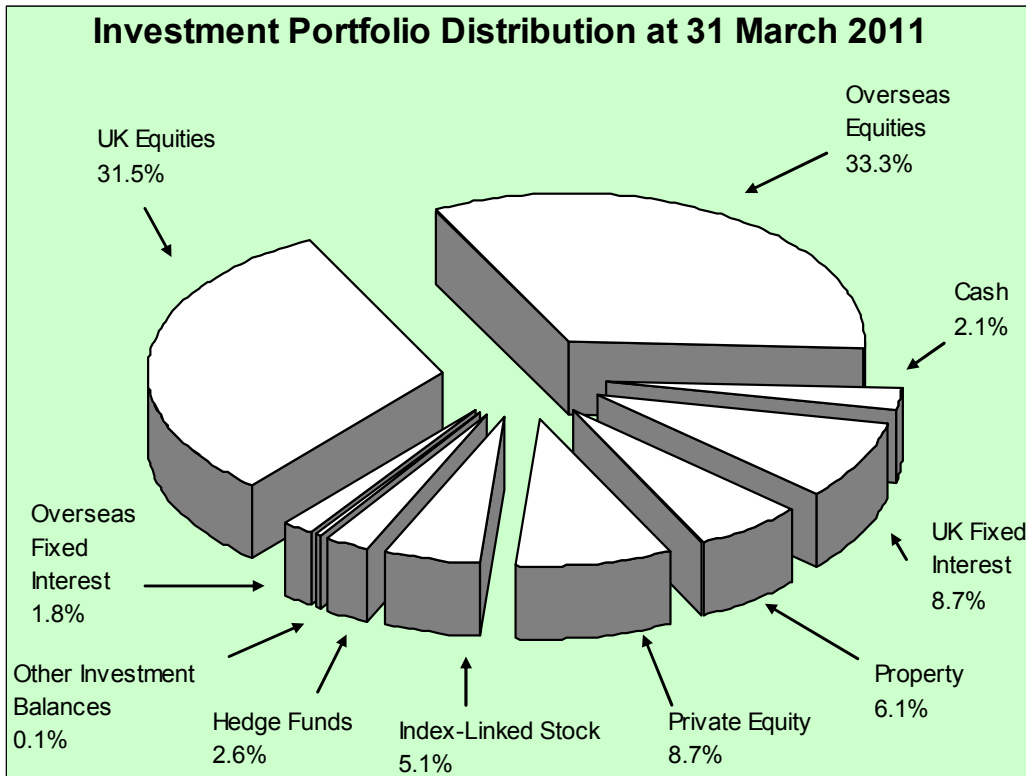
- **Investment Activity**

The Pension Fund invested a net £64 million during the year ended 31 March 2011. The amounts invested or disinvested in each principal category of asset are shown in the chart below.

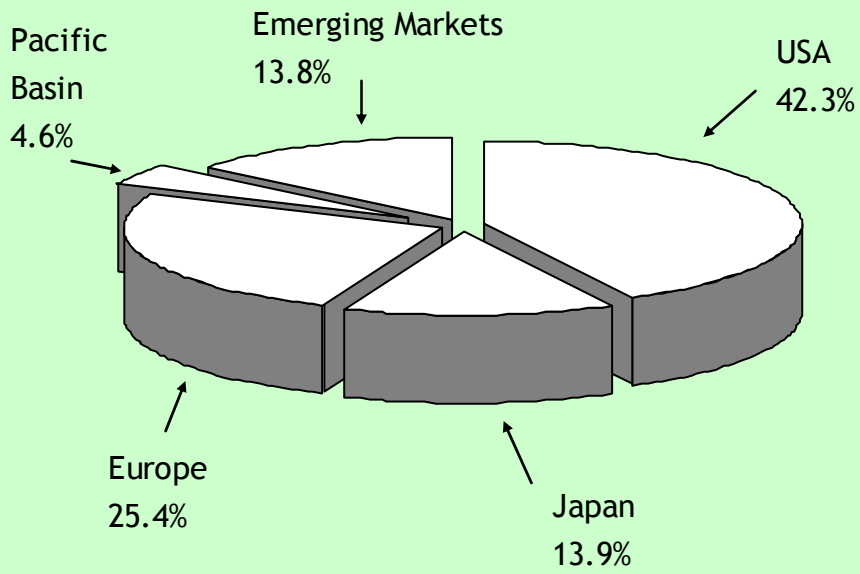


## Portfolio Distribution

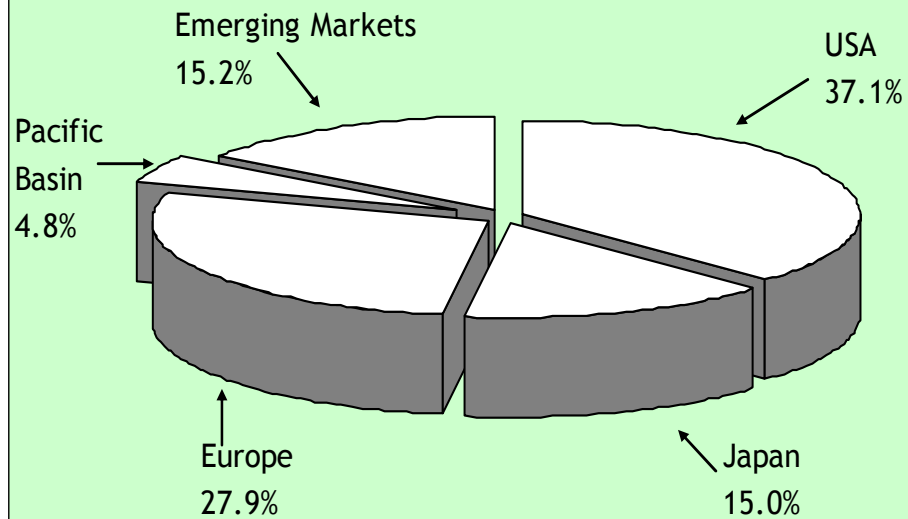
The distribution of the Pension Fund amongst the principal categories of assets as at 31 March 2011 is shown in the chart below. A comparative chart of the position at 31 March 2010 is also shown. The two further charts show the distribution of overseas investments at 31 March 2011 and 31 March 2010. Changes in the asset weightings, from one year to another, are due to investment activity and market movements.



### Overseas Investment Distribution at 31 March 2011

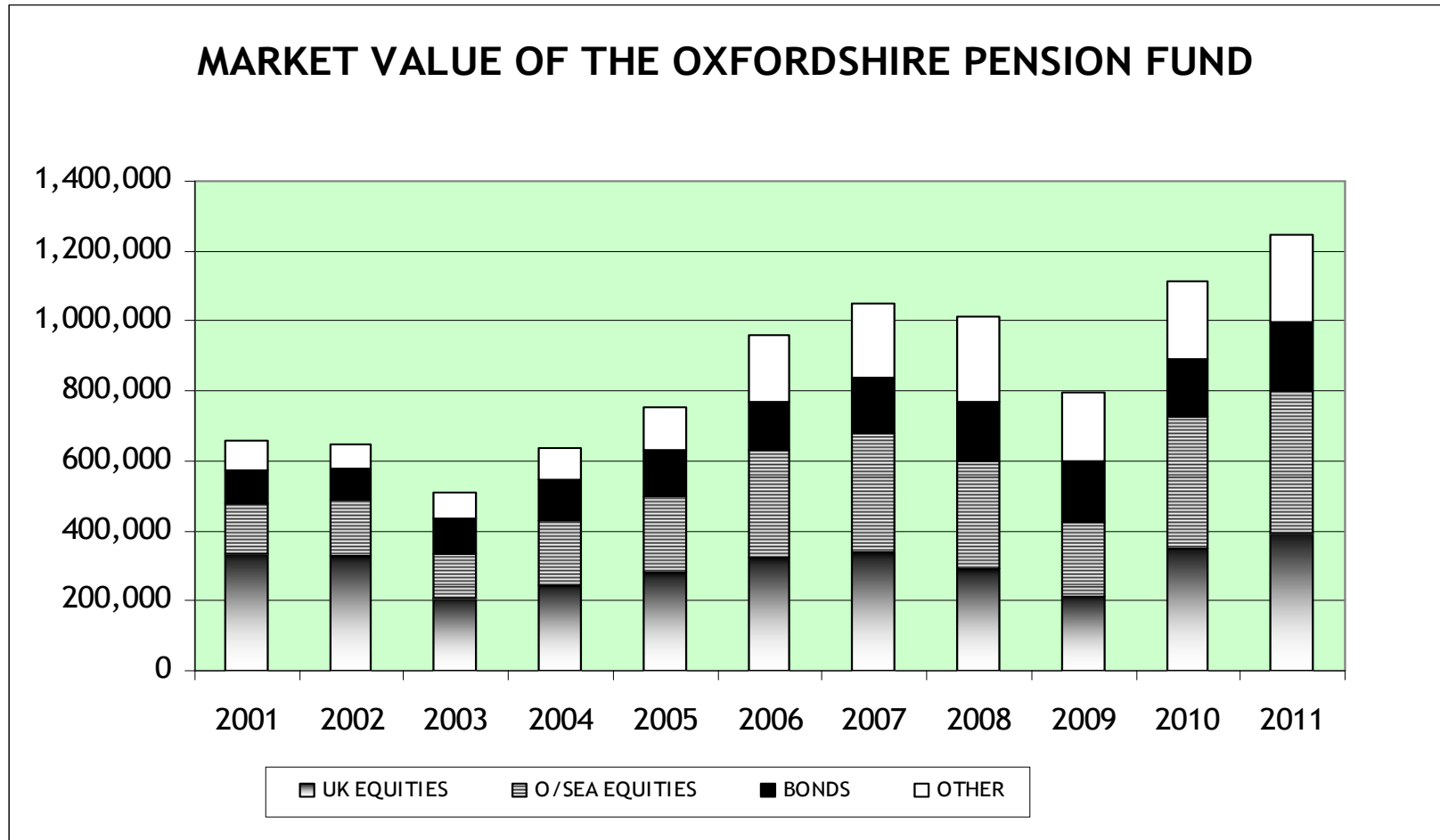


### 31 March 2010



### Portfolio Asset Allocation over the Ten Years to March 2011

The total assets of the Pension Fund have grown from £658 million at end of March 2001 to £1,245 million at end of March 2011 (see chart below). Over the period the percentage in UK equities decreased from 50.6% to 31.3% whilst bonds increased from 15.2% to 15.5%



Note: In 2008 the basis of valuation changed from mid-price to bid-price



## ◆ Investment Benchmark and Performance

There were no significant changes to the Pension Fund's strategic asset allocation during 2010/11 as the decision was made to delay any review until completion of the 2010 tri-annual valuation of the Fund. During the year officers consider the allocation of assets at the end of each quarter, with a view to considering a rebalancing after consultation with the Independent Financial Adviser and the Chairman of the Committee. This built on the new process and flexibilities of allowable ranges introduced into the asset allocation strategy last year.

The Fund uses WM Performance Services to independently measure investment performance. Investment performance returns for all of the Oxfordshire Pension Fund's managers and at the total fund level are reported quarterly to the Pension Fund Committee. A representative from the WM Company also gives an annual presentation to the Pension Fund each August. The table below provides details of the Pension Fund's one and three year investment returns, on an annualised basis, for each asset class.

The Pension Fund Committee completed a full review of the strategic asset allocation and the performance of the fund managers at its meeting in March 2011, following receipt of the 2010 Valuation report. The Committee determined to remove the global equity mandate from Alliance Bernstein, and switch £100m of this allocation to a passive fund manager. This change, as well as the appointment of a new active manager for the remaining £150m will be managed during 2011/12.

Asset	Strategic Asset Allocation Benchmark %	One Year Ended 31 March 2011		Three Years Ended 31 March 2011	
		Benchmark Return %	Oxfordshire Total Fund %	Benchmark Return %	Oxfordshire Total Fund %
UK Equities	31.0	8.7	14.3	5.4	7.1
Overseas Equities	32.0	8.5	5.6	8.5	9.6
* Global Equities		8.4	5.2	8.6	1.1
UK Gilts	3.0	5.1	3.5	5.3	5.5
Index Linked Gilts	5.0	6.7	8.6	4.6	5.7
Overseas Bonds	2.0	2.5	3.7	4.4	5.8
Corporate Bonds	6.0	5.2	6.5	6.1	7.4
Property	8.0	9.1	9.4	-3.9	-8.7
Private Equity	10.0	14.5	23.7	2.2	-1.5
Hedge Funds	3.0	3.7	6.1	5.1	-1.1
† Cash	0.0	-	0.8	-	1.8
<b>Total Fund</b>	<b>100.0</b>	<b>8.9</b>	<b>9.6</b>	<b>6.1</b>	<b>4.1</b>

\* The Global Equity benchmarks have assumed a 10% allocation to UK Equities. In practice the actual allocation will continuously fluctuate.

† Cash includes cash held by Fund Managers

The Fund appoints a number of Fund Managers to manage the Fund's assets. The performance of the Fund Managers against their benchmark is shown in the following table. Each Fund Manager is given a different target to outperform their benchmark over a three year rolling period.

Fund Manager	Target %	One Year Ended 31 March 2011		Three Years Ended 31 March 2011	
		Benchmark Return %	Oxfordshire Return %	Benchmark Return %	Oxfordshire Return %
Alliance Bernstein Global Equities	+3.0	8.4	4.9	8.6	1.1
Baillie Gifford UK Equities	+1.25	8.7	18.1	5.4	8.0
UBS Overseas Equities	+1.0	7.7	5.6	8.1	9.6
Legal & General UK Equities	0.0	7.4	7.6	-	-
Legal & General Bonds	+0.4	5.4	6.3	5.4	6.5
UBS Property	+1.0	9.1	8.4	-3.9	-9.7
Partners Property	+1.0	9.1	7.1	-	-
Private equity	+1.0	14.5	23.7	2.2	-1.5
UBS Hedge Funds	+3.0	3.7	6.1	5.1	-1.2
Cash	n/a	0.4	1.8	1.5	2.7
<b>Total Fund</b>		<b>8.9</b>	<b>9.6</b>	<b>6.1</b>	<b>4.1</b>

Cash held by Fund Managers is included within total Fund Manager performance.

Further investment performance details comparing the Oxfordshire Pension Fund with other local authority funds and indices are shown in the table below:-

% Returns per annum for the financial year ended 31 March 2011				
Actual Returns	1 year	3 years	5 years	10 years
Oxfordshire Total Fund Return	9.6	4.1	2.8	4.3
Average Returns and other Comparators				
WM Local Authority Average Return	8.2	5.4	4.0	5.3
Oxfordshire Benchmark	8.9	6.1	4.2	5.3
Retail Price Index	5.3	3.1	3.6	3.1
Average Earnings	1.7	2.4	3.7	4.0

\*The five and ten year benchmark figures are a composite of the current customised benchmark and the previously used peer group benchmark.

<b>FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011</b>			
	Notes	2011 £000	2010 £000
<b>Contributions and Benefits</b>			
Contributions Receivable:	2	(86,635)	(81,443)
Transfers from Other Schemes	3	(7,293)	(10,423)
<b>Income Sub Total</b>		<b>(93,928)</b>	<b>(91,866)</b>
Benefits Payable:	4	58,874	54,785
Payments to and on account of leavers	5	6,118	9,284
Administrative expenses borne by the Scheme	7	1,134	1,103
<b>Expenditure Sub Total</b>		<b>66,126</b>	<b>65,172</b>
<b>Net Additions from dealings with members</b>		<b>(27,802)</b>	<b>(26,694)</b>
<b>Returns on Investments</b>			
Investment Income	6	(22,949)	(24,686)
Commission Recapture		(3)	(5)
Profits and losses on disposal of investments and changes in Market Value of Investments		(85,891)	(266,878)
Less Investment Management Expenses	7	3,152	2,843
Less Taxes on Income	6	287	434
<b>Net returns on investments</b>		<b>(105,404)</b>	<b>(288,292)</b>
<b>Net increase in the net assets available for benefits during the year</b>		<b>(133,206)</b>	<b>(314,986)</b>
Opening Net Assets of the Scheme		1,111,621	796,635
<b>Closing Net Assets of the Scheme</b>		<b>1,244,827</b>	<b>1,111,621</b>

NET ASSETS AS AT 31 MARCH 2011			
	Notes	2011 £000	2010 £000
<b><u>Investment Assets</u></b>	10		
Fixed Interest Securities		130,276	114,276
Equities		443,438	395,823
Index Linked Securities		62,860	53,033
Pooled Investment Vehicles		495,366	435,624
Private Equity		76,979	61,912
Derivative Contracts		43	192
Loans		3,100	0
Cash		23,765	49,001
Other Investment Balances		5,792	5,812
<b><u>Investment Liabilities</u></b>			
Derivative Contracts		(1,000)	(750)
Other Investment Balances		(3,290)	(4,847)
<b>Total Investments</b>		<b>1,237,329</b>	<b>1,110,076</b>
<b>Current Assets and Current Liabilities</b>			
Other Assets	11	9,348	3,667
Other Liabilities	12	(1,850)	(2,122)
<b>Net current assets</b>		<b>7,498</b>	<b>1,545</b>
<b>Net Assets of the scheme available to fund benefits at year end</b>		<b>1,244,827</b>	<b>1,111,621</b>

## Fund Description

The Oxfordshire County Council Local Government Pension Fund is a statutory, funded final salary pension scheme. It is “contracted-out” of the state scheme and is termed a defined benefit scheme. The scheme is principally governed by the Local Government Pension Scheme Regulations 2007/2008 [as amended]. The scheme covers eligible employees and elected members of the County Council, District Councils within the county area and employees of other bodies eligible to be employers in the Scheme.

This defined benefit scheme provides benefits related to salary for its members. Pensions paid to retired employees, their dependents, and deferred benefits are subject to mandatory increases in accordance with annual pension increase legislation. The amount is determined by the Secretary of State

The Oxfordshire County Council Pension Fund is financed by contributions from employees and employers, together with income earned from investments. The contribution from employees is prescribed by statute at rates between 5.5% and 7.5% of whole time equivalent pensionable earnings.

Employers’ contribution rates are set following the actuarial valuation, which takes place every three years.

Six admitted bodies and one scheduled body joined the scheme in 2010/11. There was no significant impact on the membership of the scheme because the majority of the new bodies are small and some members already existed in the scheme with another employer.

There were no changes to the asset allocation of the fund during 2010/11, although the fund did determine to move £100m of the global equity allocation from active to passive management. This will be actioned during 2011/12.

The accounts summarise the transactions of the scheme and deal with the net assets at the disposal of the Pension Fund Committee members. The accounts do not take account of the obligation to pay future benefits which fall due after the year end. The actuarial position of the scheme which takes into account these obligations is dealt with in the Actuarial Statement on page 35.

# STATEMENT OF ACCOUNTS

2010/11

## Note 1 - Accounting Policies

### Basis of Preparation

The accounts have been prepared in accordance with the requirements of the Local Government Pension Scheme Regulations 2008 (as amended) and with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom (2010)

Regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 1998 (SI 1998 No 1831) prohibits administering authorities from crediting Additional Voluntary Contributions to the Pension Fund. In consequence Additional Voluntary Contributions are excluded from the Net Assets Statement and are disclosed separately in note 15.

### Investments

1. Investments are shown in the accounts at market value, which has been determined as follows:

(a) The majority of listed investments are stated at the bid price or the last traded price, depending on the convention of the stock exchange on which they are quoted, as at 31 March 2011.

(b) Unlisted securities are included at fair value, estimated by having regard to the latest dealings, professional valuations, asset values and other appropriate financial information;

(c) Pooled Investment Vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

(d) Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling on 31 March 2011.

(e) Fixed Interest stocks are valued on a 'clean' basis (i.e. the value of interest accruing from the previous interest payment date to the valuation date has been included within the debtor for accrued income).

(f) Derivatives are stated at market value. Exchange traded derivatives are stated at market values determined using market quoted prices. For exchange traded derivative contracts which are assets, market value is based on quoted bid prices. For exchange traded derivative contracts which are liabilities, market value is based on quoted offer prices.

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

All gains and losses arising on derivative contracts are reported within 'Change in Market Value'.

### Foreign Currencies

2. Balances denominated in foreign currencies are translated at the rate ruling at the net assets statement date. Asset and liability balances are translated at the bid and offer rates respectively. Transactions denominated in foreign currencies are translated at the rate ruling at the date of transaction. Differences arising on investment balance translation are accounted for in the change in market value of investments during the year.

### **Contributions**

3. Employee normal contributions are accounted for when deducted from pay. Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as employees' contributions, otherwise they are accounted for in the period they are due under the Schedule of Contributions. Employer deficit funding contributions are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions and recovery plan under which they are being paid. The Actuary at his triennial valuations of the Fund's assets and liabilities determines the employers' rate for contributions. Employees' contributions have been included at rates required by the Local Government Pension Scheme Regulations.

### **Benefits, Refunds of Contributions and Transfer Values**

4. Benefits payable and refunds of contributions have been brought into the accounts on the basis of valid claims that are paid during the year. The accounts do not take account of liabilities to pay pensions and other benefits after the scheme year-end. Transfer values are those sums paid to, or received from, other pension schemes and relate to periods of previous pensionable employment. Transfer values have been included in the accounts on the basis of the date when agreements were concluded. In the case of inter-fund adjustments provision has only been made where the amount payable or receivable was known at the year end. Group transfers are accounted for in accordance with the terms of the transfer agreement.

### **Investment Income**

5. Dividends and interest have been accounted for on the accruals basis. Dividends from quoted securities are

accounted for when the security is declared ex-div. Interest is accrued on a daily basis. Investment income is reported net of attributable tax credits but gross of withholding taxes which are accrued in line with the associated investment income. Irrecoverable withholding taxes are reported separately as a tax charge. Investment income arising from the underlying investments of the Pooled Investment Vehicles is reinvested within the Pooled Investment Vehicles and reflected in the unit price. It is reported within 'Change in Market Value'. Foreign income has been translated into sterling at the date of the transaction. Income due at the year end was translated into sterling at the rate ruling at 31 March 2011.

### **Investment Management and Scheme Administration**

6. A proportion of relevant County Council officers' salaries, including salary oncosts, have been charged to the Fund on the basis of actual time spent on scheme administration and investment related business. The fees of the Fund's general investment managers have been accounted for on the basis contained within their respective management agreements.

### **Expenses**

7. Expenses are accounted for on an accruals basis.

## Note 2 - Contributions

	2010/11 £000	2009/10 £000
<b>Employers</b>		
Normal	(44,592)	(43,549)
Augmentation	0	(74)
Deficit Funding	(18,907)	(15,803)
Costs of Early Retirement	(2,956)	(1,929)
	<b>(66,455)</b>	<b>(61,355)</b>
<b>Members</b>		
Normal	(19,650)	(19,470)
Additional*	(530)	(618)
	<b>(20,180)</b>	<b>(20,088)</b>
<b>Total</b>	<b>(86,635)</b>	<b>(81,443)</b>

Deficit funding contributions are being paid by the employers into the scheme in accordance with a 25 year recovery plan, with the exception of one employer who has a 12 year recovery plan.

\*Local Government Scheme Additional Employees contributions are invested within the Fund, unlike AVCs which are held separately, as disclosed in Note 15.

	Employer Contributions		Members Contributions	
	2010/11	2009/10	2010/11	2009/10
	£000	£000	£000	£000
Oxfordshire County Council	(35,784)	(34,583)	(11,779)	(11,592)
Scheduled Bodies	(21,535)	(21,859)	(7,074)	(7,202)
Admitted Bodies	(9,136)	(4,913)	(1,327)	(1,294)
<b>Total</b>	<b>(66,455)</b>	<b>(61,355)</b>	<b>(20,180)</b>	<b>(20,088)</b>



### Note 3 - Transfers In

	2010/11	2009/10
	£000	£000
Group Transfers In from other schemes	0	0
Individual Transfers In from other schemes	(7,293)	(10,423)
<b>Total</b>	<b>(7,293)</b>	<b>(10,423)</b>

### Note 4 - Benefits

	2010/11	2009/10
	£000	£000
Pensions Payable	43,812	41,218
Lump Sums - Retirement Grants	13,034	12,306
Lump Sums - Death Grants	2,028	1,261
<b>Total</b>	<b>58,874</b>	<b>54,785</b>

	Pensions Payable		Lump Sums	
	2010/11	2009/10	2010/11	2009/10
	£000	£000	£000	£000
Oxfordshire County Council	21,427	20,185	7,945	6,137
Scheduled Bodies	20,537	19,436	5,931	6,116
Admitted Bodies	1,848	1,597	1,186	1,314
<b>Total</b>	<b>43,812</b>	<b>41,218</b>	<b>15,062</b>	<b>13,567</b>

### Note 5 - Payments to and on account of leavers

	2010/11	2009/10
	£000	£000
Refunds of Contributions	41	42
Group Transfers Out to other schemes	0	0
Individual Transfers Out to other schemes	6,077	9,242
<b>Total</b>	<b>6,118</b>	<b>9,284</b>

## Note 6 - Investment Income

	2010/11	2009/10
	£000	£000
UK Government Stock and Other Fixed Interest	(4,917)	(5,116)
UK Index Linked Bonds	(2,513)	(3,306)
UK Equities and Convertibles	(7,457)	(7,043)
Overseas Equities	(4,213)	(4,413)
Overseas Bonds	(597)	(656)
Overseas Index Linked Bonds	(3)	(25)
Pooled Investment Vehicles	(2,512)	(2,423)
Interest on Cash Deposits	(289)	(591)
Private Equity	(286)	(908)
Securities Lending	(162)	(205)
	(22,949)	(24,686)
Irrecoverable withholding tax	287	434
<b>Total</b>	<b>(22,662)</b>	<b>(24,252)</b>

## Note 7 - Administration & Investment Management Expenses

	2010/11	2009/10
	£000	£000
<u>Administrative Expenses</u>		
Administration Costs recharged by OCC	838	815
Actuarial Fees	66	69
Audit Fees	50	37
Other	180	182
	<b>1,134</b>	<b>1,103</b>
<u>Investment Management Expenses</u>		
Administration Costs recharged by OCC	214	208
Investment Management & Custody Fees	2,762	2,529
Other	176	106
	<b>3,152</b>	<b>2,843</b>

Investment Manager & Custody Fees are mostly calculated on a fixed sliding scale basis and are applied to the market value of the assets managed.

## **Note 8 - Securities Lending**

In April 2004 the Fund introduced an arrangement with its custodian BNY Mellon to lend eligible securities from within its portfolio of stocks to third parties in return for collateral. Lending is limited to a maximum of 25% of the aggregate market value of the Fund. Collateralised lending generated income of £162,503 in 2010/11 (2009/10 £205,241). This is included within investment income in the Pension Fund Account. At 31 March 2011 £31,853,442 of stock (3% of the Fund) was on loan, for which the Fund was in receipt of £33,077,001 worth of collateral.

## **Note 9 - Related Party Transactions**

The Pension Fund is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Pension Fund or to be controlled or influenced by the Pension Fund. Disclosure of these transactions allows readers to assess the extent to which the Pension Fund might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Pension Fund.

As the County Council is the designated statutory body responsible for administering the Oxfordshire Pension Fund, it is a related party.

For the 12 months ended 31 March 2011, the County Council made employer contribution payments to the Pension Fund of £35,783,739 (2009/10 £34,583,051).

The County Council was reimbursed £1,051,306 (2009/10 £1,023,452) by the Pension Fund for administration costs incurred by the County Council on behalf of the Pension Fund.

## Note 10 - Investments

	Value at 1.4.2010	Purchases at Cost & Derivative Payments £'000	Sales Proceeds & Derivative Receipts £'000	Change in Market Value £'000	Cash Movement £'000	Increase in Debtors / (Creditors) £'000	Value at 31.3.2011 £'000
Fixed Interest Securities	114,276	252,846	(237,802)	956			130,276
Equities	395,823	169,660	(152,390)	30,345			443,438
Index Linked Securities	53,033	178,944	(171,326)	2,209			62,860
Pooled Investment Vehicles	435,624	43,186	(20,703)	37,259			495,366
Private Equity	61,912	1,410	(1,307)	14,964			76,979
<b>Derivative Assets</b>							
Futures	14	61	(207)	160			28
FX	(572)	2,921	(3,691)	357			(985)
Other Investment Balances	965					1,537	2,502
Cash Deposits	49,001	217,100	(215,927)	(359)	(22,950)		26,865
	<b>1,110,076</b>	<b>866,128</b>	<b>(803,353)</b>	<b>85,891</b>	<b>(22,950)</b>	<b>1,537</b>	<b>1,237,329</b>

Included within the above purchases and sales figures are transaction costs of £542,314. Costs are also borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

There have been no employer-related investments at any time during the year.

### Fixed Interest Securities

	2010/11 £000	2009/10 £000
UK Public Sector	36,345	27,847
UK Other	71,713	65,532
Overseas Public Sector	22,218	20,897
	<b>130,276</b>	<b>114,276</b>

## Equity Investments

	2010/11 £000	2009/10 £000
UK Listed Equities	247,026	219,691
Overseas Listed Equities		
USA	108,120	82,788
Japan	21,073	20,657
Europe	47,332	57,607
Pacific Basin	3,692	4,313
Emerging Markets	16,195	10,767
	<b>443,438</b>	<b>395,823</b>

## Index Linked Securities

	2010/11 £000	2009/10 £000
UK Public Sector	62,860	53,033
UK Other	0	0
Overseas Public Sector	0	0
Overseas Other	0	0
	<b>62,860</b>	<b>53,033</b>

## Pooled Investment Vehicles

	2010/11 £000	2009/10 £000
UK Registered Managed Funds - Property	17,439	16,141
Non UK Registered Managed Funds - Property	13,438	1,779
UK Registered Managed Funds - Other	142,951	130,215
Non UK Registered Managed Funds - Other	106,007	96,792
UK Registered Property Unit Trusts	41,632	41,081
Non UK Registered Property Unit Trust	2,732	0
Non UK Registered Unit Linked Insurance Fund	171,167	149,616
	<b>495,366</b>	<b>435,624</b>

## Private Equity

	2010/11 £000	2009/10 £000
Listed Investments	76,970	61,893
Unlisted Investments	9	19
	<b>76,979</b>	<b>61,912</b>

## Derivative Contracts

### Objectives and policies

The Pension Fund Committee have authorised the use of derivatives by their investment managers as part of their investment strategy for the pension scheme.

The main objectives and policies followed during the year are summarised as follows:

Futures -index based futures contracts, with an underlying economic value broadly equivalent to cash held, were bought to avoid cash held being 'out of the market'.

Forward Foreign Exchange - in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

### Futures

The scheme had exchange traded overseas stock index futures outstanding at the year end relating to its overseas equity portfolio as follows:

Nature	Notional Amount £000	Duration	Asset Value at year end £000	Liability Value at year end £000
S&P stock future bought	1,236	3 months	28	0

£367,721 is included within cash balances in respect of initial and variation margins arising on open contracts at the year end.

### Forward Foreign Exchange (FX)

The scheme had open FX contracts at the year end as follows:

Contract	Settlement Date	Currency Bought '000	Currency Sold '000	Asset value At year end £000	Liability value At year end £000
Forward OTC	2 months	403 GBP	640 CAD	0	(7)
Forward OTC	2 months	83 GBP	860 SEK	0	(1)
Forward OTC	2 months	6,459 GBP	7,540 EUR	0	(214)
Forward OTC	2 months	7,796 GBP	12,675 USD	0	(118)
Forward OTC	2 months	9,007 GBP	1,205,000 JPY	0	(74)
Forward OTC	2 months	3,100 USD	1,921 GBP	15	0
Forward OTC	3 months	4,208 GBP	6,707 CAD	0	(91)
Forward OTC	3 months	11,823 GBP	13,920 EUR	0	(495)
				15	(1,000)

## Other Investment Balances

	2010/11 £'000	2009/10 £'000
<b>Debtors</b>		
Sale of Investments	1,746	1,992
Dividend & Interest Accrued	3,976	3,735
Inland Revenue	59	76
Other	11	9
	<b>5,792</b>	<b>5,812</b>
<b>Creditors</b>		
Purchase of Investments	(2,641)	(4,232)
Management Fees	(632)	(605)
Custodian Fees	(17)	(10)
	<b>(3,290)</b>	<b>(4,847)</b>
<b>Total</b>	<b>2,502</b>	<b>965</b>

## Cash

	2010/11 £000	2009/10 £000
Sterling Interest Earning Deposits	23,765	49,001
	<b>23,765</b>	<b>49,001</b>

## Loans

	2010/11 £000	2009/10 £000
Short-Term Loans	3,100	0
	<b>3,100</b>	<b>0</b>

## Note 11 - Other Debtors

	2010/11 £000	2009/10 £000
Cash Balances (not forming part of investments assets)	892	0
Employer Contributions	6,534	1,964
Employee Contributions	723	668
Transferred Benefits	870	700
Costs of Early Retirement	56	99
Other	273	236
	<b>9,348</b>	<b>3,667</b>

Contributions owed by Employers relating to both employee and employer contributions at 31 March 2011 have subsequently been received.

## Note 12 - Other Creditors

	2010/11 £000	2009/10 £000
Transferred Benefits	(233)	(1,513)
Inland Revenue	(614)	(593)
Costs of Early Retirement	(201)	0
Staff Costs	(691)	0
Consultancy	(87)	0
Other	(24)	(16)
	<b>(1,850)</b>	<b>(2,122)</b>

## Note 13 - Assets under External Management

The market value of assets under external fund management amounted to £1,110m as at 31 March 2011. The table that follows gives a breakdown of this sum:

	2010/11		2009/10	
	Market Value £000	%	Market Value £000	%
Alliance Bernstein	255,996	23.06%	244,010	24.53%
Baillie Gifford	240,021	21.62%	203,855	20.50%
Legal & General	323,136	29.11%	292,969	29.45%
UBS	290,964	26.21%	253,871	25.52%
	<b>1,110,117</b>	<b>100.00%</b>	<b>994,705</b>	<b>100.00%</b>

## Note 14 - Taxation

The scheme is a 'registered pension scheme' for tax purposes under the Finance Act 2004. As such most of its income and investment gains are free of taxation. However, the Scheme cannot reclaim certain amounts of withholding taxes relating to overseas investment income.

## Note 15 - Additional Voluntary Contributions

	2010/11 £'000	2009/10 £'000
Value of AVC Fund at beginning of year	15,144	14,590
Employee contributions	1,338	1,294
Investment income and change in market value	739	806
Benefits paid and transfers out	(2,183)	(1,539)
Management Fees	(9)	(7)
Value of AVC Fund at end of year	<b>15,029</b>	<b>15,144</b>



The funds are invested as follows:-

	2010/11 £'000	2009/10 £'000
BGI Aquila UK Equity Index Fund	9	6
Backrock Aquila (50:50) Global Equity Index Fund	2	0
Deposit Fund	544	395
Prudential Cash Fund	112	105
Prudential Corporate Bond Fund	22	5
Prudential Discretionary Fund	304	256
Prudential Fixed Interest Fund	53	47
Prudential Global Equity Fund	61	51
Prudential Index Linked Fund	70	54
Prudential International Equity Fund	139	130
Prudential Pre-Retirement Fund	7	3
Prudential Property Fund	74	65
Prudential Retirement Protection Fund	177	140
Prudential Socially Responsible Fund	79	65
Prudential UK Equity (Active) Fund	88	83
Prudential UK Equity (Passive) Fund	269	254
With Profits Cash Accumulation Fund	13,019	13,485
<b>Total</b>	<b>15,029</b>	<b>15,144</b>

The AVC provider to the Fund is the Prudential. The assets of these investments are held separately from the Fund. The AVC provider secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year.

The Fund relies on individual contributors to check that deductions made on their behalf are accurately reflected in the statements provided by the Prudential. A summary of the information provided by the Prudential is shown in the tables above.

#### Note 16 - Contingent Liabilities and Assets

There are two contingencies to note:

1. Westminster College. An estimated bulk transfer payment of £0.6m is due to Oxfordshire County Council Pension Fund. The date for settling this balance has yet to be agreed.
2. Magistrates Court Staff transferred to Department of Constitutional Affairs (DCA) on 01 April 2005. Actuaries are currently working on the calculations of the payment to be made.

## Note 17- Actuarial Present Value of Promised Retirement Benefits

	2011 £000	2010 £000
Present Value of Funded Obligation	1,683,123	1,925,313

Present Value of Funded Obligation consists of £1,395,363,000 in respect of Vested Obligation and £287,760,000 in respect of Non-Vested Obligation.

## Note 18 - Financial Instruments

To be completed

## Note 19 - Risk

To be completed

## TOP TEN HOLDINGS AS AT 31 MARCH 2011

Value of the Fund's Top Ten Holdings	£'000	% of Fund
HG Capital Trust	19,144	1.54
Electra Investment Trust	16,899	1.36
BG Group	14,676	1.18
Rio Tinto	12,063	0.97
HSBC	10,604	0.85
BHP Billiton	10,183	0.82
Royal Dutch Shell 'B' Shares	9,652	0.78
British American Tobacco	9,581	0.77
Imperial Tobacco	8,459	0.68
Royal Dutch Shell 'A' Shares	8,203	0.66

**Independent auditor's report to the members of Oxfordshire County Council**  
To be included on completion of audit

**Oxfordshire County Council Pension Fund**

**Actuary's Statement as at 31 March 2011**

## Introduction

The last full triennial valuation of the Oxfordshire County Council Pension fund was carried as at 31 March 2010 in accordance with the Funding Strategy Statement of the fund. The results were published in the triennial valuation report dated March 2011.

## 2010 Valuation Results

The results of the fund were as follows

- The Oxfordshire County Council Pension fund had a funding level of 79%, i.e. the assets amounted to 79% of the liability promises made as at that valuation date. This corresponded to a deficit of £287.1m at that time.
- The overall contribution rate was set at 19.0% of payroll assuming the funding level was to be restored over a 25 year period.
- The common contribution rate was set at 14.4% of payroll and individual employers paid additional contributions reflecting their own experience in the fund.
- The funding level of the fund had increased since the 2007 triennial valuation level of 78%.

## Valuation method

The contribution rates were calculated using the Projected Unit Method or the Attained Age Method. Employers remaining open to new entrants being valued on the Projected Unit Method, whereas the employers who did not allow new entrants to join were valued using the Attained Age method.

## Contribution Rates

The contributions rates, in addition to those paid by the members of the Fund, are set to be sufficient to meet

- The additional annual accrual of benefits allowing for future pay increases and increases to pension in payment when these fall due
- plus an amount to reflect each participating employer's notional share of value of the Fund's assets compared with 100% of their liabilities in the Fund in respect of service to the valuation date.

## Key Financial Assumptions

The liabilities were valued allowing for expected future investment returns and increases to benefits as determined by market levels at the valuation date as follows;

Rate of return on investments	6.7% per annum
Rate of increases in pay	5.0% per annum
Rate of Increases to pensions in payment	3.0% per annum

## Asset valuation

To be consistent with the assumptions used to value the liabilities the assets were valued at their smooth market value spanning the date of valuation.

## Post Valuation Events – Changes in market conditions

Since March 2010 investment returns have been better than assumed at the 2010 valuation although liabilities may have also increased due to a reduction in the real discount rate underlying the valuation funding model.

The next actuarial valuation is due as at 31 March 2013 and the resulting contribution rates required by the employers will take effect from 1 April 2014. We will continue to monitor the financial position of the Fund.

**Alison Hamilton FFA**

**Partner**

19 August 2011

## SUMMARY OF BENEFITS AT MARCH 2011

### Introduction

Membership of the Local Government Pension Scheme (LGPS) secures entitlement to benefits that are determined by statute, contained within the LGPS Regulations. The regulations current for this year's report were effective from April 2008. A summary of the main benefit structure follows. There is further specific information in the sections, making up an Employee Guide currently held on the pension pages of the County public website. [www.oxfordshire.gov.uk/pensions](http://www.oxfordshire.gov.uk/pensions)

### • Employers' Discretion

The regulations require each employer within the Oxfordshire Fund to determine their own local policy in specific areas. These policy statements have to be published and kept under review.

The specific areas include how employers will exercise discretionary powers to award additional membership to an active member, award additional pension for a member, agreement to early or flexible retirement on request of the member and setting up a shared cost AVC scheme.

### • Retirement

Although the scheme retirement age is 65 for men and women, membership of the scheme continues when employment continues after age 65. All pensions **must** be paid before the 75th birthday. Scheme benefits can be taken after leaving employment from age 60, but the benefit payable may be reduced. Alternatively when retirement is deferred until after age 65, the benefit will be increased.

The regulations confirm 'normal retirement age' to be 65, but protection is offered to those members who

previously had the entitlement for earlier retirement with an unreduced benefit. The protections offered are limited according to the age of the member and may not apply on the whole of their membership.

The earliest age for payment of pensions increased to 55 from April 2008 but is only permitted with the employer's approval.

Flexible retirement options, now from 55 were introduced from April 2006. A person could reduce their hours or grade and request a payment of pension while continuing in employment. Employers have to agree to the whole arrangement.

Ill health retirement - the Regulations now provide 3 tiers of benefit depending upon the likelihood of the member being able to obtain gainful employment in the future. An employer's assessment for ill health pension is based upon capability to carry out duties of the member's current job and must be supported by appropriate independent medical certification.

From age 55, unreduced benefits are payable immediately when an employer terminates employment due to a redundancy or efficiency dismissal.

### • Benefits

A retirement benefit, whether payable immediately or deferred, consists of an annual retirement pension and lump sum retirement grant for membership to 31 March 2008 and an annual retirement pension on membership from April 2008 (see below). However there is an option for members to convert pension to lump sum retirement grant. The minimum period of membership to qualify for retirement benefits is 3 months. The standard pension calculation, for

membership to 31 March 2008, is 1/80 of final years' pensionable pay for each year of membership and the retirement grant is 3/80 of final year's pensionable pay for each year of membership. From 1 April 2008 the standard calculation is 1/60 of final years' pensionable pay for each year of membership.

**Example - retirement in 2013**

25 years membership, final pay £15,000

**Annual Pension.**

20 years x 1/80 x £15,000 = **£3,750**

5 years x 1/60 x £15,000 = **£1,250**

**Retirement Grant**

20 years x 3/80 x £15,000 = **£11,250**

Members can choose at retirement to exchange pension for a larger retirement grant lump sum. AVC funds can also be used to provide a larger tax free lump sum. This combined lump sum can be up to 25 percent of the member's individual total pension fund value.

There are differences for elected members: Final pay is derived from career average pay and the benefit calculation remains for the time being as 1/80 for annual pension and 3/80 retirement grant.

• **Liability to pay future benefits**

The Pension Fund financial statements provide information about the financial position, performance and financial arrangements of the Fund. They are intended to show the results of the stewardship and management, that is the accountability of management for the resources entrusted to it, and of the disposition of its assets at the period end. The only items that are required to be excluded by regulations are liabilities to pay pensions and other benefits in the future, which are reported upon in the actuary's statement.

• **Increasing Benefits**

Scheme members have several options as to how they increase their benefits,

additional contributions to the LGPS or by contributing to the group AVC scheme arranged with the Prudential. **Additional Regular contributions (ARC's)** to the LGPS can buy units of additional pension for the member or the member and the dependants. Each unit buys £250 of annual pension (to a maximum of £5000). Members apply to Pension Services for quotations, although an online ready-reckoner is on our website. **Prudential AVCs.** A member's additional contributions are invested by the Prudential to enable an annuity to be bought at retirement either from the Prudential, on the open market or as a top up pension with the LGPS. In certain protected circumstances the AVC value may also be used to buy additional LGPS membership

Members may also make their own arrangements using a stakeholder pension or an FSAVC.

• **Death**

Following a death in service a death grant of up to three times pensionable pay is payable. Scheme members are recommended to keep their 'expression of wish' nominations current.

• **Widows' and Widowers' Pension; Civil Partners' Pension; Nominated co-habiting partners' Pension**

The formula for pensions for surviving partners is 1/160 of the members' final year's pensionable pay for the allowable membership.

For a widow or widower married before the member left employment all of membership can be used.

For civil partners and nominated cohabiting partners only membership from 6 April 1988 is allowable for pension calculations.

A co-habiting partner must be nominated and couple's declaration must be held on the pension record to show that they qualify under the LGPS rules.

Once in payment a pension for the surviving partner is payable for their lifetime.

- **Leaving the Scheme**

With less than 3 months membership leavers can choose between a refund of their contributions, or a transfer to an approved scheme. Taking a refund could affect any other benefits held in the LGPS.

Entitlement to a deferred benefit exists when membership is of at least 3 months duration. The deferred benefit remains

within this fund until retirement or an earlier transfer to an approved scheme.

- **Early Retirement**

Most early retirements, where employer decisions release an unreduced benefit incur a cost to the pension fund. Employers are advised of these costs to enable them to make informed decisions about the early release of benefit. The Pension Fund recoups the cost direct from employers who agree early retirements.



## ◆ STATEMENT OF INVESTMENT PRINCIPLES

### 1 Introduction

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

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

### 2 Overall Responsibility

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

The review and monitoring of investment performance and fund administration is delegated to the County Council's Pension Fund Committee. The Assistant Chief Executive & Chief Finance Officer has delegated powers for investing the Oxfordshire Pension Fund in accordance with the policies determined by the Pension Fund Committee. The

Committee is comprised of seven County Councillors plus two District Council representatives. A beneficiaries' representative attends Committee meetings as a non-voting member.

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

### 3 Investment Objectives and Strategy

#### Investment Objectives

The investment objectives are:

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

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

#### Risk

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

achieving their target rate of return, or even their benchmark return.

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

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

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

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

### Strategic asset allocation

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

Asset Class	Target asset allocation %	Range %
UK Equities		
- passively managed	10	
- actively managed	21	
<b>Total UK Equities</b>	<b>31</b>	<b>29 - 33</b>
Overseas Equities	32	30 - 34
<b>Total Equities</b>	<b>63</b>	
UK Gilts	3	
Index Linked Gilts	5	
Overseas Bonds	2	
Corporate Bonds	6	
<b>Total Bonds &amp; Index Linked</b>	<b>16</b>	<b>14 - 18</b>
Property	8	5 - 9
Private Equity	10	6 - 11
Hedge Funds	3	2 - 4
Cash	0	0 - 5
<b>Total Other Assets</b>	<b>21</b>	
<b>Total All Assets</b>	<b>100</b>	

#### 4 Management of the Assets

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

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

Asset Class	Investment Manager	Benchmark	Annual Target
UK Equities	Baillie Gifford Legal & General	FTSE Actuaries All-Share FTSE 100	+1.25% Passive
Overseas Equities	UBS Global Asset Management	Various FTSE geographical indices	+1.0%
Global Equities	Alliance Bernstein	FTSE All World	+ 3.0%
Bonds & Index Linked - UK Gilts - Index Linked - Corporate bonds - Overseas bonds	Legal & General	FTSE A All Gilts Stocks FTSE A Over 5 year IBoxx Sterling Non-Gilts JPMorgan Global Govt (ex UK) traded bond	+ 0.4%
Property	UBS Global Asset Management	IPD UK All Balanced Funds Index weighted average	+1.0%
Private Equity - Quoted Inv. Trusts - Limited Partnerships	Peter Davies Adams Street Partners Group	FTSE smaller companies (including investment trusts)	+ 1.0%
Hedge Funds	UBS Wealth Management	3 month Libor	+ 3.0%
Cash	Internal	3 month Libor	-

# Target performance is based on rolling 3-year periods

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

## Restrictions on Investment

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

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

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

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

The Council has determined to increase its limits as follows:

- to increase the limit on the proportion of the Fund that may

be invested in unit linked contracts of insurance

- the limit on this investment has been increased to 35%
- this increase has been agreed to allow the Council to effectively manage the transition between the Fund Managers for the global equity element of its portfolio. During the transition, the Funds will be held by a single manager in a passive fund. As the money is in a passive fund there is no additional risk associated with manager decision, as the manager is required to follow the market.
- The increase has been agreed for a period not exceeding 2 years.
- The increase will be reviewed within 1 year, no later than 5 May 2012
- The decision to increase the limit has been made in accordance with the Regulations.

## Realisation of Investments

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

## Monitoring and review

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

## 5 Social, Environmental & Ethically Responsible Investment

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

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

## 6 Exercise of Rights attached to Investments

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

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

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

## 7 Custody & Stock Lending

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

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

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

## **8 Compliance**

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

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

## **9 Review of this Statement**

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

## OTHER GOVERNANCE AND FINANCIAL STATEMENTS

In addition to the statement of Investment Principles, the regulations now require the Pension Fund Report to include a reference to the Funding Strategy Statement, the Governance Compliance Statement and the Communications Policy. These documents are available in full on the OCC website at <http://www.oxfordshire.gov.uk/howthe-pensionfundismanaged>. Detailed below is a summary.

- **Funding Strategy Statement**

This is a key document in driving the tri-annual Valuation process, and sets out the Pension Fund's approach to ensuring the long term financial position of the Fund. The three main purposes of this Funding Strategy Statement are:

- To establish a clear and transparent strategy, specific to the Fund, which will identify how employers' pension liabilities are best met going forward.
- To support the regulatory requirement in relation to the desirability of maintaining as nearly constant employer contribution rates as possible.
- To take a prudent longer-term view of funding the Fund's liabilities.

The document sets out the aims and purposes of the Fund, the key responsibilities of stakeholders of the Fund, definitions of solvency, and the approach to allowing deficits to be recovered over periods of time, the approach to grouping employers for Valuation purposes, the approach to risks and the links to the investment principles.

- **The Governance Compliance Statement**

The Governance Compliance Statement - All Pension funds must publish a Governance Policy and a Governance Compliance Statement which sets out the extent to which this Governance Policy matches best practice guidance. The Governance Policy covers how the Administering Authority delegated its powers, the frequency of meetings, the terms of reference, structure and operating procedures in relation to the use of delegated powers, and the representation of scheme employers, and members within the arrangements. The first Governance Compliance Statement indicates that the Oxfordshire Fund is fully compliant in respect of most of the best practice statements, and partial compliant in just two. These two relate to the fact that not all key scheme employers have representation on the Pension Fund Committee, and the fact that there is no restriction on who can substitute for a Committee Member in terms of a minimum level of training on Pension fund matters.

- **The Communications Policy**

The Communications Policy sets out the approach of the Pension Fund to ensuring all key stakeholders and scheme members are briefed on Pension Fund issues. The Policy sets out that the Administering Authority seeks to fully brief all Scheme employers, such that they in turn can brief individual scheme members. The Administering Authority does not regard itself as solely responsible for communicating directly with all scheme members. Key elements of the Communication Policy include the development of the Website, the production of regular newsletters, and the holding of regular Pension User Group Meetings, and the annual Pension Forum.

## COMMUNICATION

The Pension Fund Committee approved a Communication Strategy, which sets out the fund's communication policy with all employing bodies, contributors and pensioners. The following initiatives are currently in place: -

- **Annual Report and Accounts** - This is circulated to all Oxfordshire County Council Directors, all employing bodies and copies are available for public inspection in the main Oxfordshire public libraries.
- **Summary of Report and Accounts Leaflet** - This is circulated to all contributors and pensioners in the Oxfordshire Fund.
- **Annual Pension Fund Forum** - This is held each autumn and all employing bodies are invited to submit topics for discussion and to send representatives. The purpose of the forum is to keep employing bodies informed of topical issues and events that have occurred in the last year and also to give them the opportunity to raise any questions in relation to the Pension Fund.
- **Annual Small Employer Forum**  
This has been introduced to meet the needs of smaller scheme employers who are unable to attend either the forum or user group. This meeting will cover both topical issues and operational issues.
- **Pensions User Group** - This is a quarterly held meeting for all employing bodies within the Oxfordshire Fund. The purpose of the group is to inform, consult and discuss pension matters such as changes in legislation, the results of the actuarial valuation and other policy changes.
- **Employee Guide to LGPS** - This booklet, summarising the benefits of the Scheme, is currently under a full review. When next available for all employees it will reflect the New Look LGPS.
- **Short Guide to the LGPS** - a reduced version of the scheme guide, with main points, given to all employees on starting employment.
- **Reports by Beneficiaries Observer** - The beneficiaries' observer attends all Pension Fund Committee meetings as an observer. He has no voting rights but is allowed to speak with the permission of the Chairman. The Observer aims to send a written report of each meeting attended and circulate it to all employing bodies for their staff, and post it to the pensions website pages.
- **Reporting Pensions** - a quarterly newsletter distributed to scheme members and those eligible to join the fund. These pick up major changes to the LGPS and ensure that Oxfordshire County Council complies with the Disclosure of Information Regulations.
- **Website** - Pensions administration and investment information, including Pension Fund Committee reports and minutes are available on the pension pages of the County Council public web site. Here employers can find administration information summarised as the 'toolkit' and members locate outline benefit information and latest newsletters.
- **Intranet** - for County Council employees provides access to the pensions newsletters and reports in alternative media. Other fund employers also provide information on their intra-net sites for employees.
- **Talking Pensions** - This is an informal monthly newsheet for all employers in the Oxfordshire Fund distributed to all Human Resources and Payroll contacts.
- **Annual Benefit Statements** - These are issued to all current and deferred beneficiaries of the scheme, with supporting details and information on the website.



- Administration principles - we encourage all new employers to attend a meeting to help acquaint them to our requirements and their responsibilities within the scheme.

## USEFUL CONTACTS AND ADDRESSES

### BENEFIT ADMINISTRATION

Pension Services  
Oxfordshire County Council  
Unipart House  
Garsington Road  
Oxford, OX4 2GQ

Telephone:  
01865 797133 or 01865 797125  
email:  
pension.services@oxfordshire.gov.uk

### SPECIFIED PERSON FOR INTERNAL DISPUTE RESOLUTION PROCEDURE

Second stage disputes to be sent to:-

Pensions Services Manager  
Oxfordshire County Council  
Unipart House  
Garsington Road  
Oxford, OX4 2GQ

Telephone: 01865 797111  
Email: sally.fox@oxfordshire.gov.uk

### ACCOUNTS AND INVESTMENTS

Principal Financial Manager  
(Treasury Management & Pensions  
Investment)  
Financial Services  
Oxfordshire County Council  
County Hall  
Oxford, OX1 1ND

Telephone 01865 328001

email:  
pension.investments@oxfordshire.gov.uk

### The Pensions Regulator

Napier House  
Trafalgar Place  
Brighton  
East Sussex  
BN1 4DW      0870 606 3636

### The Registrar of Occupational and Personal Pension Schemes

PO Box 1NN  
Newcastle upon Tyne  
NE99 1NN

### The Pensions Advisory Service (TPAS)

11 Belgrave Road  
London  
SW1V 1RB      0845 601 2923

### Pensions Ombudsman

11 Belgrave Road  
London  
SW1V 1RB      0207 834 9144

### BENEFICIARIES OBSERVER

c/o Pension Services  
Oxfordshire County Council  
Unipart House  
Garsington Road  
Oxford  
OX4 2GQ