

Oxfordshire Pension Fund: Business Plan 2026/27



Service Definition:

- To administer the Local Government Pension Scheme and the Fire Fighters' Pension Schemes on behalf of Oxfordshire County Council in line with the Regulatory Framework and the Committee's Fiduciary Duty.

Our Customers:

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

Key Objectives:

- Fulfil the Fiduciary Duty to all key stakeholders
- Administer pension benefits in accordance with the relevant regulations and the guidance as set out by the Pension Regulator, to a high service standard for scheme members
- To maintain a funding level above 100% (LGPS only)
- Ensure there are sufficient liquid resources available to meet the Fund's liabilities and commitments (LGPS only) and
- Maintain as nearly a constant employer contribution rate as is possible (LGPS only).

Part A - Service Activities

Service Activity	Outputs	Outcomes
Investment Management – LGPS Only		
Management of the Pension Fund Investments	<p>The Fund is invested in assets in accordance with the Committee’s wishes</p> <p>The Fund’s assets are kept securely</p> <p>Quarterly reports to the Pension Fund Committee</p>	<p>Sufficient resources available to pay all pension benefits as they fall due</p> <p>Employer contribution rates maintained at a stable and affordable level</p> <p>Investments achieved in line with the Fund’s Responsible Investment and Local Investment Policies</p>
Management of the Pension Fund Accounts	Completion of the Annual Report and Accounts	No adverse comments from the Fund’s auditors
Management of the Pension Fund Cash	<p>Cash management strategy and outturn reports</p> <p>Cash Managed in accordance with the strategy</p>	The Pension Fund cash is managed securely and effectively
Scheme Administration and Governance		
Management of the Pension Fund Administration	<p>The administration procedures are robust and in accordance with regulations and service standards, with particular focus on regular reviews to safeguard scheme members from Pension Scams</p> <p>Changes to regulatory framework of the scheme</p>	<p>The workload is completed & checked in accordance with regulations and procedures</p> <p>Work is completed within specified time scales</p> <p>No adverse comments from the Fund’s auditors, the Pension Regulator and Scheme Members/Employers</p> <p>Implementation of actions arising from regulation changes</p>

Part B – Service Priorities

As part of the Business Planning meeting held on 9 February 2026, Committee and Board agreed to a number of key priorities that should be highlighted and tracked in more detail as these were felt to be more critical to the delivery of all priorities, many of which enables other priorities to be completed.

Highlighted Key Priorities

Key Priorities to focus on	Workforce Strategy	Employer/Client relationship
	Transition to LGPS Central	Heywoods Procurement
	Responsible Investment	Cyber Security
	Cashflow Modelling	McCloud
	Local Investment	Training Strategy/Knowledge Assessment
	General Code of Practice	Dashboard
	Common Data quality	Governance Strategy
	Employer/Client Relationship	SAA Implementation

List of Full Service Priorities (including Highlighted Key Priorities)

Objective	Actions	Details
Deliver further improvements to the governance arrangements of the Fund	Review and Implement the Workforce Strategy	Phase 1 – Benchmarking Phase 2 – Fund structure review Phase 3 – Employee value proposition Council Organisational Redesign
	Finalise work on General Code compliance and provide external scrutiny/review ahead of preparation for the Independent Governance Review (IGR)	Finalise review of remaining GCOP modules Independent review of last modules
	Review and implement confirmed Good Governance Review outcomes as part of the 'Fit for the Future' consultations	Review and update Training Strategy as required Review and update Governance Strategy and other policies as required Review, advertise, recruit and appoint an Independent Advisor to Pension Fund Committee (non-voting) Review and prepare for the Independent Governance Review (IGR)

		Appoint Senior LGPS Officer
	National Knowledge Assessment (NKA) and Knowledge and Understanding	All Committee and Board members complete TPR Toolkit First year of scoring baseline for new Committee. Board to maintain or improve NKA score from previous year All Committee and Board members enrolled on LOLA and complete 50% of modules
	Local Government Reform (LGR) - tracking and responding to potential risks and resource implications	Respond effectively to Government consultations Keep Committee and Board regularly consulted and updated Identify stakeholders impacted and track any associated risks through risk register Review Fund position in light of LGR and propose structure that safeguards the smooth operations of the Fund
Deliver further operational effectiveness of the service delivery/administration function, including delivery of regulatory changes	Complete McCloud (data and IT requirements)	Finalise remaining McCloud cases by 31 August 2026
	Monitor and improve Common Data scores	Maintain or improve data score
	Employer Engagement/Client Relationship (including escalation process/fines)	Contributions reconciled monthly Member data reconciled monthly Late data and/or contributions pursued within 1 week - large employers, smaller employers within 2 weeks Develop Employer Services team to be centre of excellence for customer service (to employers), on valuation and employer covenant and all other employer matters Improve employer knowledge and understanding of responsibilities Review and update of all Fund provided employer policies/processes and procedures completed
	Customer Satisfaction - (Compliments/complaints/feedback) [Employer and Member]	Improve scores from member surveys Reduce number of upheld complaints from members Improve scores from employer surveys

		Formalise customer satisfaction reporting to Committee and Board as part of annual administration update
	Implement Government Policy - Access – Fairness/Protections	Once guidance confirmed, review and implement: <ul style="list-style-type: none"> • New Fair Deal • Academies in the LGPS • Normal Minimum Pension Age • Pension access for mayors and councillors • Survivors benefits • Gender Pensions Gap • Other areas detailed in guidance
Develop further the Fund's Investment and Funding service	Preparation for 2028 Valuation	Review, develop and implement employer covenant monitoring Actuarial procurement by December 2026 Complete and finalise any remaining activity on the 2025 valuation
	Develop Cashflow modelling reporting	Expecting to be cashflow negative during 2027/28
	Working with our Investment Pool, implement our Strategic Asset Allocation (SAA)	Seek approval of SAA at March 2026 Committee Work closely with LGPS Central to implement our SAA
	Implement the ' Fit for the Future ' requirements	Become Shareholder and Client in LGPS Central Transition Brunel portfolios to LGPS Central Delegate implementation of investment strategy Implement taking principal advice from LGPS Central Transfer non-pooled assets to LGPS Central Closure and wind up of Brunel Pensions Partnership
	Responsible Investment	Pooling – ensure continuity of data through the transition Reporting – completion of TCFD and Stewardship Code reports. Improve the presentation of reports to enhance stakeholder engagement. Development of RI metrics dashboard

		<p>Climate Change – review of the Climate Change Policy as part of the strategic asset allocation review</p> <p>Natural Capital – develop in collaboration with LGPS Central and other partner Funds</p>
	Value for Money analysis	Cost transparency reviewed and monitored with focus on LGPS Central costs
<p>Deliver service enhancements and cost reductions through increased use of technology</p>	Website launch and development	<p>New website launched by end of the scheme year (March 2026)</p> <p>Accessible requirements completed - WCAG 2.2 requirements, useable on all devices (mobile, computer etc)</p> <p>Development of contact forms, review of materials</p>
	Implement Pensions Dashboard	<p>Finalise work Additional Voluntary Contributions (AVCs)</p> <p>Implement further activity as confirmed by Government</p>
	Development of iConnect - continue to utilise further improvements to the service	<p>Patches implemented on release day</p> <p>Regular engagement with Heywoods maintained to understand upcoming improvements and how to utilise them</p> <p>Training delivered to relevant officers</p>
	Procurement Heywoods	Procurement required contract end 2029
	Increase usage of and develop Fund LinkedIn	<p>Use for wider audience:</p> <ul style="list-style-type: none"> • Recruitment • Fund policies and consultations • Employer information • Increase outward knowledge of Oxfordshire Pension Fund and work as a responsible investor
	Other developments – Cyber Security, electronic pension payslips, EA2P	<p>Cyber Security audit</p> <p>Explore further system developments to support operation of the Fund</p>

Part C – Budget

	2026/27 Budget	2025/26 Budget
	£'000	£'000
Administrative Expenses		
Administrative Employee Costs	2,377	2,067
Support Services including ICT	1,193	1,193
Printing and Stationery	85	78
Advisory and Consultancy Fees	5	5
Other	0	60
Total Administrative Expenses	3,660	3,403
Investment Management Expenses		
Management Fees	22,000	20,500
Transition Fees	2,000	0
Custody Fees	35	30
Pool Company Costs	2,100	1,630
Total Investment Management Expenses	26,135	22,160
Oversight and Governance		
Investment and Governance Employee Costs	588	470
Support Services Including ICT	13	13
Actuarial Fees	450	350
External Audit Fees	120	100
Internal Audit Fees	19	19
Advisory and Consultancy Fees	81	110
Committee and Board Costs	35	25
Subscriptions and Membership	92	92
Total Oversight and Governance Expenses	1,398	1,179
Total Pension Fund Budget	31,193	26,742

Part D - Pension Fund Cash Management Strategy 2026/27

Introduction

1. The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions. The incoming cash currently exceeds the amount of payments made by the Fund. This situation is forecast to continue over the short-term. However, the Fund is maturing and the latest long-term cashflow forecast produced for the fund predicts that the fund will become cashflow negative within the next two years.
2. As well as cash coming into the Fund from contributions the Fund generates income from the investments it makes. For example, receipt of dividends from equity investments and interest payments on bonds. At present, income generated in investment portfolios is generally reinvested, the exceptions being listed private equity and some private market investments. Were the Pension Fund's cashflow to turn negative the Fund could look to have income generated from its portfolios paid back to the Fund as required to make up any cash shortfall. This could be achieved by switching to income share classes within a number of Brunel portfolios. The cash managed in-house by the Administering Authority, provides a working balance for the fund to meet its short-term commitments.
3. The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 state that administering authorities must hold in a separate bank account all monies held on behalf of the Pension Fund. The regulations also state that the Administering Authority must formulate an investment strategy to govern how the authority invests any Pension Fund money that is not needed immediately to make payments from the fund.
4. This Policy covers two areas; firstly, how the Fund intends to manage cashflows at a whole Fund level in particular the arrangements to deal with becoming cashflow negative, and secondly, how operational cash is to be managed. Operational cash is considered to be non-investment cash relating to the receipt of contributions and payment of pensions as well as payments required to be made in the Fund's normal course of business. Investment cash will be managed by the Fund's Asset Pool including managing cash for call payments on private market investments.

Fund Level Cashflows

5. Where the Fund is forecast to have a negative cashflow position on the balance of contributions received and pensions paid it will first seek to cover the shortfall through the use of investment income. Based on current forecasts investment income should be sufficient to cover any cashflow shortfalls over the next 20 years. The Fund will work with its Asset Pool to ensure there are appropriate options for the distribution of income on its investment portfolios.
6. The Fund could also generate income through the sale of investment assets. However, this is considered less preferable to the use of investment income as the Fund could be a forced seller resulting in the Fund having little control over the timing and price at which assets are sold.

7. Where the level of cash required by the Fund could not be met through investment income alone it will seek to understand the timings of the cash requirements in order that sales can be executed in the most efficient manner possible.
8. Actual cashflows are monitored on a monthly basis and are reviewed against forecasts to identify any unexpected changes. Where changes are considered to represent a fundamental change in the Fund's cashflow profile a review of the Fund's position would be undertaken and any adjustments put in place, such as switching an investment portfolio from accumulating to distributing.
9. Reporting of cashflows and how this compares to the forecast position will be reported to the Pension Fund Committee at least annually.

Management Arrangements for Operational Cash

10. The Pension Fund cash balances are managed by the Council's Treasury Management team and Pension Fund Investments team. Cash balances are reviewed on a daily basis and withdrawals and deposits arranged in accordance with the current strategy. Pension Fund cash deposits are held separately from the County Council's cash.
11. The Fund's cash balance is regularly monitored and reviewed. In general, a minimum operational cash balance of £20m will be held to provide an appropriate buffer to deal with fluctuations in the Fund's cashflow profile. Arrangements will be made for cash balances which are not required for operational cashflow purposes, to be transferred to the Pension Fund's investment portfolios.

Investment Strategy for Operational Cash

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

Investment of Operational Pension Fund Cash

13. Management of the Pension Fund's cash balances will be in accordance with the Administering Authority's approved Treasury Management Strategy and policies and procedures.
14. The Pension Fund cash balances will be held predominantly in short-term instruments such as notice accounts, money market funds and short-term fixed deposits. Approved instruments for pension fund cash deposits will be the County Council's list of specified investments for maturities up to 1 year, excluding the Debt Management Account deposit facility which is not available to pension funds and UK Government Gilts which are managed by an external fund manager. The County Council's current approved list of specified investments is attached at appendix 1.

15. Pension Fund deposits will be restricted to a subset the County Council's approved counterparties at the time of deposit and will include the Fund's custodian bank. Approved counterparties as at 11th February 2025 are shown in annex 2. There will be a limit of £30m for cash held with each counterparty.

Borrowing for the Pension Fund

16. The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 give administering authorities a limited power to borrow on behalf of the pension fund for up to 90 days. The power cannot be used to invest, but only for cashflow management in specified circumstances which should in practice be exceptional, i.e. to ensure that benefits are paid on time, and in transition management situations when the allocation of a pension fund's assets is being amended. Money can only be borrowed for these purposes if, at the time of borrowing, the administering authority reasonably believes that the sum borrowed, and any interest charged as a result, can be repaid out of the pension fund within 90 days of the date when the money is borrowed.
17. Pension Fund management arrangements presume no borrowing normally, but the possibility remains of unexpected pressures occurring and in these circumstances the power would enable the Pension Fund to avoid becoming forced sellers of fund assets due to cashflow requirements.
18. Under this Policy the Deputy Chief Executive (Section 151 Officer) is delegated authority to borrow money for the Pension Fund in accordance with the Regulations but only in exceptional circumstances.

Lorna Baxter
Deputy Chief Executive (Section 151 Officer)

February 2026

**Oxfordshire County Council Approved Specified Investments for Maturities
up to one year**

Investment Instrument	Minimum Credit Criteria
Debt Management Agency Deposit Facility	N/A
Term Deposits – UK Government	N/A
Term Deposits – other Local Authorities	N/A
Term Deposits – Banks and Building Societies	Short-term F1, Long-term BBB+, Minimum Sovereign Rating AA+
Certificates of Deposit issued by Banks and Building Societies	A1 or P1
Money Market Funds	AAA
Other Money Market Funds and Collective Investment Schemes ¹	Minimum equivalent credit rating of A+. These funds do not have short-term or support ratings.
Reverse Repurchase Agreements – maturity under 1 year from arrangement and counterparty of high credit quality (not collateral)	Long-term Counterparty Rating A-
Covered Bonds – maturity under 1 year from arrangement	Minimum issue rating of A-
UK Government Gilts	N/A
Treasury Bills	N/A

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

Approved Counterparties

abrdn Liquidity Fund (Lux) – Sterling Fund
Federated Hermes Short-Term Sterling Prime Fund
Insight Sterling Liquidity Fund
Morgan Stanley Sterling Liquidity Fund
State Street Bank & Trust Company
Lloyds Bank Plc
Other Local Authorities