

## **PENSION FUND COMMITTEE – 13 MARCH 2015**

### **OXFORDSHIRE PENSION FUND BUSINESS PLAN FOR 2015/16**

#### **Report by the Chief Finance Officer**

##### **Introduction**

1. The business plan for 2015/16 is set out at Annex 1. The plan includes the key objectives of the Fund, details of the service activities, the service priorities for the coming year, a budget for 2015/16 and the latest risk register for the service.

##### **Key objectives**

2. The key high level objectives of the fund remain consistent with the 2014/15 plan. The objectives are shown on the front page of the plan and are summarised as:
  - Administer pension benefits in accordance with the LGPS regulations;
  - Achieve a 100% funding level;
  - Ensure there are sufficient liquid resources available to meet the Fund's liabilities and commitments; and
  - Maintain as near a constant employer contribution rate as is possible.
3. In approving the Business Plan the Committee will be endorsing these objectives.
4. Part A of the plan includes a broad summary of the service activity undertaken. Part B includes the service priorities along with the relevant action plans to deliver on the priorities. These priorities represent improvements or developments that the officers are planning for the coming year. By definition they exclude business as usual.
5. As discussed in recent Committee meetings, the plan looks to move the focus away from quarterly review of the performance of fund managers, to a more strategic oversight of the performance of the Fund.

##### **Oxfordshire Pension Fund 2015/16 Budget**

6. Part C sets out the Fund's investment management and scheme administration budget for 2015/16 and compares it with the budget set for 2014/15. The budget increase is predominantly due to an expected rise in fund management fees resulting from an increase in the value of the fund's assets. A report comparing the scheme administration and investment

management actual expenses figures, against the budget for 2014/15, will be produced for the September 2015 Committee meeting.

7. The administration and investment team staffing budgets have increased to reflect the increase in salary costs due to pay awards and increments due during 2015/16. The budget has also increased to reflect the fact that the Pension Fund will benefit from a greater proportion of senior management time, following the transfer of some county council services to Hampshire in July 2015. Employee costs also include other staffing related support service recharges, including H.R., Learning and Development, training costs etc.
8. The increase in the budget for Support Services including ICT reflects the implementation of new modules of the Altair system which over time should support the more efficient and effective administration of the Fund.
9. Within the Other category of costs, there is a new budget line to reflect the budget allocated to support the work of the new Pension Board. This allocation will need to cover any expenses and allowances paid to Board Members, the costs of their training programme, and any specialist advice they require to undertake their responsibilities. As this is the first year of the Board, the appropriateness of the allocation will need to be reviewed during the year.

### **Risk Register**

9. The risk register for the Pension Fund is included as Part D of the Business Plan. This has been reviewed, and some minor changes have been made to update the text.
10. Risk 19 has been added to acknowledge the risk associated with failure to recruit to the new Pension Board. As this is a new initiative, the risk is not to current standards, but could impact on the ability to improve our governance arrangements going forward. The refocuses of the work of the Committee as covered in the service priorities above should mitigate this risk.

### **Cash Management**

11. Annex 2 to this report provides the annual Cash Management Strategy for the Pension Fund. This Strategy is broadly in line with that proposed for the County Council for 2015/16, though with a more restricted set of potential counter-parties reflecting the lower sums of cash involved, and the fact that the Pension Fund already has wider investment opportunities established as part of its asset allocation.

## RECOMMENDATIONS

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

- (a) approve the Business Plan and Budget for 2015/16 as set out at Annex 1;**
- (b) approve the Pension Fund Cash Management Strategy for 2015/16 as set out at Annex 2;**
- (c) delegate authority to the Chief Finance Officer to make changes necessary to the Pension Fund Cash Management Strategy during the year, in line with changes to the County Council's Treasury Management Strategy;**
- (d) delegate authority to the Chief Finance Officer to open separate pension fund bank, deposit and investment accounts as appropriate; and**
- (e) delegate authority to the Chief Finance Officer to borrow money for the pension fund in accordance with the regulations.**

LORNA BAXTER  
Chief Finance Officer

Background papers: Nil

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March 2015