

PENSION FUND COMMITTEE – 16 MARCH 2012

OXFORDSHIRE PENSION FUND BUSINESS PLAN FOR 2012/13

Report by Assistant Chief Executive & Chief Finance Officer

Introduction

1. The Business Plan for 2012/13 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 2012/13 and an updated risk register for the service (Annex 2).

Key objectives

2. The key high level objectives of the fund remain consistent with the 2011/12 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 nearly 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.

Oxfordshire Pension Fund 2012/13 Budget

5. Part C sets out the Fund's investment management and scheme administration budget for 2012/13 and compares it with the budget set for 2011/12. Overall there is an increase of £120k to £4.566m. The main variations are explained below. A report comparing the investment management and scheme administration outturn figures against the budget for 2011/12 will be produced for the September 2012 Committee meeting.

6. The variation in the **Global Custody Fee** reflects the reduction in actively managed equities, following the transfer of £100m of the global equity mandate to a passive fund managed by Legal and General.
7. The **consultancy** budget has been reduced to exclude the one off increase in 2011/12 for costs associated with implementing the recommendations of the last fundamental review. It also reflects a transfer of £10k from the consultancy budget to Investment team and support costs associated with ad-hoc consultancy work, now undertaken in-house.
8. The income budget for **Stock Lending fees** has been reduced as a consequence of the reduction in the number of stocks available to lend, following the transfer of £100m of the global equity allocation to passive management. It also reflects lower levels of stock lending income.
9. The reduction in the **Scheme Administration Team** reflects a reduction in staff numbers, as a consequence of more experienced staff and more efficient working practices.
10. An increase of £5,000 has been allocated to printing costs in anticipation of the additional information which will need to be sent to members regarding scheme changes, following Lord Hutton's review, as well as tax changes.
11. The budget for software has been increased to include £159,000 to make provision for the purchase and implementation of the new upgraded software as well as an option to use hosted servers.
12. External audit fees have been reduced in line with revised charges provided.
13. The main increase to other costs arises from the compensation costs awarded against the Administering Authority by the Pensions Ombudsman, as detailed at the last meeting of this Committee.

RECOMMENDATION

14. **The Committee is RECOMMENDED to approve the Business Plan and Budget for 2012/13 as set out at Annex 1.**

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Background papers:

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