

Division(s):

## **PENSION FUND COMMITTEE – 14 MARCH 2014**

### **OXFORDSHIRE PENSION FUND BUSINESS PLAN FOR 2014/15**

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

#### **Introduction**

1. The business plan for 2014/15 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 2014/15 and the latest risk register for the service.

#### **Key objectives**

2. The key high level objectives of the fund remain consistent with the 2013/14 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.

#### **Oxfordshire Pension Fund 2014/15 Budget**

5. Part C sets out the Fund's investment management and scheme administration budget for 2014/15 and compares it with the budget set for 2013/14. 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 2013/14, will be produced for the September 2014 Committee meeting.

6. The administration and investment team staffing budgets have increased to reflect the estimated increase in salary costs due to pay awards and increments due during 2014/15. Staffing budgets include senior management and other staffing related support service recharges, including H.R., Learning and Development, training costs etc.
7. The Support Service and ICT budget has increased for expected system developments and software licence costs in relation to improvements to the pensions administration system.
8. The Actuarial fees budget has been reduced to reflect that the triennial valuation work was completed in 2013/14.
9. The budget for Advisory and Consultancy fees has been increased to make provision for additional costs associated with implementing any changes to the strategic asset allocation, agreed by the pension fund committee, following consideration of the fundamental review report. In addition provision has been made for legal and advisory costs associated with investigating the implications of potential fund merger and increased collaborative working.

### **Risk Register**

10. 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.
11. The likelihood of risk 27 (absence of key staff) has been increased to reflect the current vacancies within the investments team and the increased staffing risks associated with uncertainty surrounding the future of the Oxfordshire fund.
12. Risk 30 (failure to complete transferee admission agreements) has been added to highlight the additional risks resulting from the increased use of outsourcing by fund employers. All risks are regularly monitored to mitigate against negative results for the Pension Fund.

### **Cash Management**

13. 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 2014/15, 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.

## **RECOMMENDATION**

**The Committee is RECOMMENDED to:**

**(a) approve the Business Plan and Budget for 2014/15 as set out at Annex 1;**

**(b) approve the Pension Fund Cash Management Strategy for 2014/15 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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