

Oxfordshire Pension Fund: Business Plan 2015/16

Service Manager - Pensions & Treasury Management: Sean Collins

Service Definition:

- To administer the Local Government Pension Scheme on behalf of Oxfordshire County Council

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
- Community Admission Bodies e.g. charitable organisations with a community of interest
- Transferee Admission Bodies i.e. bodies where services have been transferred on contract from County or Districts
- Contributory Employees
- Pensioners and their Dependants
- Council Tax payers

Key Objectives:

- 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.

Part A: Service Activities

| Service Activity | Outputs | Outcomes |
|---|--|---|
| Investment Management | | |
| 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> | Pension Fund deficit is minimised by securing favourable returns on investments (compared to benchmarks). |
| 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 | | |
| Management of the Pension Fund Administration | <p>The administration procedures are robust and in accordance with regulations and service standards</p> <p>Changes to regulatory framework of the scheme</p> | <p>The workload is completed & checked in accordance with regulations and procedures. Work is completed within specified time scales</p> <p>No adverse comments from the Fund's auditors</p> <p>Implementation of actions arising from regulation changes</p> |

Part B – Service Priorities

| Task | Actions | Measures of Success |
|---|---|---|
| <p>Refocus the work of the Committee to improve overall governance of the Fund.</p> | <p>Develop a set of key performance indicator reports based on the guidance of the Scheme Advisory Board, and ensure regular reports presented to the Committee and Pension Board.</p> | <p>Oxfordshire LGPS Fund seen as a model of good practice by the Scheme Advisory Board.</p> |
| <p>Develop the Strategy for the management of the Pension Fund Deficit.</p> | <p>Obtain greater transparency of the cash flow associated with future pension liabilities from the Actuary.</p> <p>Improve arrangements for monitoring scheme employer actions which will impact on future liability profiles.</p> <p>Develop asset allocation modelling around future liability cash flows.</p> <p>Develop links to management of employer risks below.</p> | <p>Clear links established between investment strategy and liability profile to maximise the risk/return position with a clear plan for reducing the fund deficit over a given timescale.</p> |
| <p>Develop strategy for the Management of Employer Risk.</p> | <p>Create individual employer monitoring arrangements based on the risk assessments completed by the Fund Actuary.</p> <p>Consider changes to the Funding Strategy Statement to reduce risk of non-payment of individual employer deficits.</p> | <p>Reduced level of future write offs on cessation valuations.</p> |
| <p>Establish the new Local Pension Board.</p> | <p>Run recruitment process to identify Board Members.</p> <p>Establish training programme for Board</p> | <p>Greater transparency of the overall governance arrangements and performance of the Fund.</p> |

| | | |
|--|---|--|
| | <p>Members.</p> <p>Develop initial work programme.</p> | |
| Develop performance and accounting, custody system reports | Work with the fund custodian to develop accounting and performance monitoring reports. | Reports available for efficient performance monitoring, accounting and completion of regular returns. |
| Develop accounting systems and procedures to ensure business continuity and minimise risks following transfer of some support functions to Hampshire County Council. | Work with project leads, identify pension specific issues, develop strategies, policies and procedures to integrate with new systems. Document and communicate changes, monitor, review and update. | <p>Smooth transition of support functions to Hampshire C.C. No regulatory breaches.</p> <p>Robust accounting information available for internal controls, monitoring and final accounts.</p> |
| Develop administration system | Implement new Altair system modules and develop member self-service option | <p>New system modules successfully implemented.</p> <p>Improved customer satisfaction</p> |
| Explore efficiencies through partnership working/scheme merger | Provide support for project investigating potential benefits of fund merger and joint working. | |

Part C. Budget:

| | 2015/16 Budget | 2014/15 Budget |
|---------------------------------------|---------------------------|---------------------------|
| | £'000 | £'000 |
| Administrative Expenses | | |
| Employee Costs | | |
| - Administrative | 915 | 876 |
| - Investment | 269 | 223 |
| Support Services including ICT | 349 | 313 |
| Actuarial Fees | 75 | 50 |
| External Audit Fees | 25 | 57 |
| Internal Audit Fees | 14 | 14 |
| Printing and Stationery | 40 | 40 |
| Advisory and Consultancy Fees | 275 | 275 |
| Other – Pension Board | 10 | 0 |
| Other costs | 117 | 112 |
| | 2,089 | 1,960 |
| Investment Management Expenses | | |
| Management Fees | 4,300 | 3,800 |
| Custody Fees | 100 | 100 |
| Performance Monitoring Service | 15 | 14 |
| Other | 50 | 42 |
| | 4,465 | 3,956 |
| Total Pension Fund Budget | 6,554 | 5,916 |