

PENSION FUND COMMITTEE – 18 MARCH 2011

OXFORDSHIRE PENSION FUND BUSINESS PLAN FOR 2011/12

Report by Assistant Chief Executive & Chief Finance Officer

Introduction

1. This business plan for 2011/12 is set out at Annex 1. The format of the plan has been reviewed and includes the key objectives of the Fund, details of the service activities, the service priorities for the coming year, a budget for 2011/12 and a risk register for the service. A risk register has never been produced for the Pension Fund before and its inclusion enables the Fund to comply with best practice and indeed the recommendation of a recent audit.

Key Objectives

2. It was felt important that the business plan should set out the key high level objectives that the Fund is striving for. These are contained on the front page of the plan and are:
 - 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 2011/12 Budget

5. Part C sets out the Fund's investment management and scheme administration budget for 2011/12 and compares it with the budget set for 2010/11. Overall there is a reduction of about £100k to £4.447m. A report comparing the investment management and scheme administration outturn figures against the budget for 2010/11 will be produced for the June 2011 Committee meeting.
6. The **Fund Management Fee** budget has reduced from £3.0m to £2.8m. This reflects in part the average market value of the assets under management and in part anticipates the outcome from the fundamental review.

7. The variation in the **Global Custody Fee** follows the reduction in the Fund Management fee.
8. The **consultancy** budget has been increased by £50k in 2011/12 in anticipation of work that is usually required following a fundamental review.
9. The budget for the **Investment Management Team** has increased due to the need to manage Pension Fund cash separately from County Council cash.
10. The income budget for **Stock Lending fees** has been substantially reduced to reflect a reduction in activity. There had been an increase in the budget in 2010/11 following a substantial increase in stock lending activity. This activity does appear to be cyclical.
11. The reduction in the **Scheme Administration Team** reflects a reduction in staff numbers.

RECOMMENDATION

12. **The Committee is RECOMMENDED to approve the Business Plan for 2011/12 as set out in Annex 1.**

SUE SCANE
Assistant Chief Executive & Chief Finance Officer

Background papers: Nil

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