

Divisions: N/A

**PENSION FUND COMMITTEE – 4 DECEMBER 2020**  
**REVIEW OF THE ANNUAL BUSINESS PLAN 2020/21**  
**Report by the Director of Finance**

**RECOMMENDATION**

**The Committee is RECOMMENDED to note the progress against the key service priorities and the budget as set out in their annual business plan for 2020/21.**

**Introduction**

1. This report sets out the progress against the key service priorities included in the 2020/21 Annual Business Plan for the Pension Fund as agreed at the March meeting of this Committee. It also sets out the latest position against the agreed budget for the year. Following comments from the Local Pension Board at its meeting on 23 October 2020, the format of the report has been revised to present the position in a more accessible form.
2. The key service priorities need to be seen in the context of the objectives for the Oxfordshire Pension Fund as set out on the first page of the Business Plan. These are summarised as:
  - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
  - To achieve a 100% funding level
  - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
  - To maintain as near stable and affordable employer contribution rates as possible.

**Key Service Priorities for 2012/21**

3. There were 4 key service priorities agreed in the 2020/21 Plan, with key measures of success agreed for each priority. At the Pension Board meeting on 23 October 2020, the Board noted that progress against these measures of success was not readily accessible, with the review being too wordy. They suggested that the report would be improved by the introduction of a summary assessment score from Officers.
4. This report has therefore been amended to show the position against each of the service priorities in tabular form, with Officers assessment of the progress against each of the measures of success shown using a traffic light system and

well as notes of key progress achieved and key actions going forward. In the table, the colours have the following meanings:

- Green – measures of success met, or on target to be met
- Amber – progress made, but further actions required to ensure measures of success delivered
- Red – insufficient progress or insufficient actions identified to deliver measures of success

Measures of Success	Key Progress Achieved	Next Steps
<b>Successful transition of investments to Brunel</b>		
Assurance Framework in Place	Initial Draft Assurance reports now reported quarterly to Client Group and Oversight Board	Amendments required to initial reports for Private Market Investments.
Transitions Completed	Over 60% of legacy assets now transitioned	Fixed Income Assets due to transition April 2021.
Business Plan Objectives Achieved	Transitions to date completed within budget. Fee savings achieved in line with business plan.	
<b>Implementation of the Climate Change Policy</b>		
Implementation Plan in Place	Initial Draft Plan agreed by Committee.	Plan needs specific details and timescales.
Metrics Agreed and Targets Set	Initial conversations held with Brunel and reports received. Overall carbon emission reduction target set.	Metrics to be defined across all asset classes. Targets to be set once benchmarks established.
Compliance with Policy Readily Demonstrated		Key measurable deliverables and timescales to be agreed and published, and monitoring arrangements established.
Portfolios Developed to meet Investment Strategy	Positive initial conversations held with Brunel. Client Group agreement on need to prioritise passive options. Brunel piloting net zero framework developed by the IIGCC.	IIGCC framework to be extended to all asset classes. Prioritised programme for all asset classes to be agreed by client group.
<b>Improve Governance Arrangements of the Fund</b>		
Annual Governance Statement identifying no significant weaknesses	Good Governance project delayed, so final format of annual governance statement not yet agreed.	
Independent Governance Review identifying no significant weaknesses	Hymans commissioned to deliver independent governance review.	
<b>Improve Scheme Member and Employer Engagement Arrangements</b>		
Improved Customer Satisfaction Results	Numbers of complaints remain at very low levels.	Formal arrangements to collect scheme member and employer feedback to be put in place.
Data Quality Scores Improved	Initial Data Quality scores show improvement from last year.	Final data quality run to be completed and any lessons learned from outstanding errors implemented.
Increase Sign-Up and Use of Self-Service Tools	Increase levels of take up evidenced and members using	

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	self-help facilities to undertake their own estimates of pension benefits.	
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5. Work against the 2020/21 business plan has been undertaken largely in line with the agreed budget with just a couple of major exceptions forecast at this time. The table below shows the actual expenditure during the first half of the financial year compared to budget, as well as an end of year forecast.
6. The vacancies within the Pension Services team have been discussed elsewhere on this agenda within the Administration report. Whilst we have run a successful recruitment campaign and seen a number of new recruits start working over the last quarter, it is likely that as a result of the vacancies held during the first part of the year, there will be a total underspend in the region of £175,000.
7. The second area forecast to underspend is fund manager fees, where we are expecting a total underspend of £574,000. The actual fees paid in 2020/21 will be highly dependent on the future market movements through to 31 March 2021 and the results of the future procurement exercises carried out by Brunel, so it is possible that there could be significant further variation in this figure by the end of the financial year.

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	Budget	YTD	%	Forecast Outturn	Variance
	2020/21	2020/21		2020/21	2020/21
	£'000	£'000		£'000	£'000
<b>Administrative Expenses</b>					
Administrative Employee Costs	1,391	607	44	1,216	-175
Support Services Including ICT	694	553	80	694	0
Printing & Stationary	72	46	63	72	0
Advisory & Consultancy Fees	165	14	9	165	0
Other	59	14	23	59	0
<b>Total Administrative Expenses</b>	<b>2,381</b>	<b>1,234</b>	<b>52</b>	<b>2,206</b>	<b>-175</b>
<b>Investment Management Expenses</b>					
Management Fees	10,374	4,059	22	9,800	-574
Custody Fees	25	12	28	25	0
Brunel Contract Costs	1,028	805	51	1,028	0
<b>Total Investment Management Expenses</b>	<b>11,427</b>	<b>4,876</b>	<b>25</b>	<b>10,853</b>	<b>-574</b>
<b>Oversight &amp; Governance</b>					
Investment Employee Costs	259	121	23	261	2
Support Services Including ICT	11	8	71	16	5
Actuarial Fees	160	133	67	180	20
External Audit Fees	35	6	16	45	10
Internal Audit Fees	15	0	0	15	0
Advisory & Consultancy Fees	106	23	12	100	-6
Committee and Board Costs	50	0	-1	40	-10
Subscriptions and Memberships	50	13	26	53	3
<b>Total Oversight &amp; Governance Expenses</b>	<b>686</b>	<b>304</b>	<b>30</b>	<b>710</b>	<b>24</b>
<b>Total Pension Fund Budget</b>	<b>14,494</b>	<b>6,414</b>	<b>27</b>	<b>13,769</b>	<b>-725</b>

## Training Plan

8. Part D of the Business Plan sets out the broad Training Plan for Committee Members, based on the draft Policy previously agreed by the Committee. We are continuing to work with Hymans to put together a detailed training plan to include areas of current interest, areas of greatest weakness highlighted by the recent national knowledge assessment, and areas relating to the current business of the Committee.
9. Due to the Covid-19 pandemic most of the planned training and conference programmes have been revised, with many cancelled and others switched to

virtual sessions only. As a consequence, we have not circulated the normal level of training opportunities to Committee Members and we have not booked any Committee Member onto a training session this year. Cllr Nicholas Field-Johnson has though successfully completed all 11 modules of the Pension Regulators on-line training programme and submitted his results through to be included on the training record.

10. The first Governance Newsletter distributed to all members of the Committee and Pension Board included a training paper on the impacts of the Restriction on Public Sector Exit Payment Regulations 2020. Further papers will follow on McCloud and the Further Restriction of Public Sector Exit Payments being introduced by the Ministry of Housing, Communities and Local Government. Members of the Committee also attended the recent training days organised by Brunel.

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November 2020