

## Oxfordshire Pension Fund: Business Plan 2025/26



### Service Definition:

- To administer the Local Government Pension Scheme and the Fire Fighters Pension Schemes on behalf of Oxfordshire County Council in line with the Regulatory Framework and the Committee's Fiduciary Duty.

### 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
- Admission Bodies including charitable organisations with a community of interest, and bodies where services have been transferred on contract from other Scheme Employers
- Contributory Employees
- Pensioners and their Dependants
- Council Tax payers

### Key Objectives:

- Fulfil the Fiduciary Duty to all key stakeholders
- Administer pension benefits in accordance with the relevant regulations and the guidance as set out by the Pension Regulator, to a high service standard for scheme members
- To maintain a funding level above 100% (LGPS only)
- Ensure there are sufficient liquid resources available to meet the Fund's liabilities and commitments (LGPS only) and
- Maintain as nearly a constant employer contribution rate as is possible (LGPS only).

## Part A - Service Activities

Service Activity	Outputs	Outcomes
<b>Investment Management – LGPS Only</b>		
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>	<p>Sufficient resources available to pay all pension benefits as they fall due</p> <p>Employer contribution rates maintained at a stable and affordable level</p> <p>Investments achieved in line with the Fund’s Climate Change Policy</p>
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
<b>Scheme Administration and Governance</b>		
Management of the Pension Fund Administration	<p>The administration procedures are robust and in accordance with regulations and service standards, with particular focus on regular reviews to safeguard scheme members from Pension Scams</p> <p>Changes to regulatory framework of the scheme</p>	<p>The workload is completed &amp; checked in accordance with regulations and procedures</p> <p>Work is completed within specified time scales</p> <p>No adverse comments from the Fund’s auditors, the Pension Regulator and Scheme Members/Employers</p> <p>Implementation of actions arising from regulation changes</p>

## Part B – Service Priorities

Objective	Actions	Measures of Success
<p>Deliver further improvements to the governance arrangements of the Fund</p>	<p>Continue to develop and implement the <b>Workforce Strategy</b></p>	<p>Complete the review of staffing needs</p> <p>Complete the identification of gaps in resource and skills</p> <p>Career pathways defined to support retention (to be completed in line with other OCC service areas during 2025)</p> <p>LGPS Academy rolled out across the team</p>
	<p>Continue to work on <b>General Code</b> compliance and provide external scrutiny/review</p>	<p>Review of GCOP compliance completed by officers end of March 2025</p> <p>Independent review completed by end of summer 2025</p> <p>Reviews demonstrate Fund is meeting Regulatory Requirements and TPR expectations</p>
	<p>Monitor, review and implement <b>Good Governance Review</b> outcomes once known</p>	<p>Governance review complete and plan in place to implement recommended changes (dates to be confirmed once Government confirms outcomes)</p>
	<p><b>National Knowledge Assessment (NKA)</b> and Knowledge and Understanding</p>	<p>All Committee and Board members complete TPR Toolkit</p> <p>Maintain NKA score from previous year</p> <p>All Committee and Board members enrolled on LOLA and complete 50% of modules</p>
	<p><b>Local Government Reform</b> - tracking and responding to potential risks and resource implications</p>	<p>Respond effectively to Government consultations</p> <p>Keep Committee and Board regularly consulted and updated</p> <p>Identify stakeholders impacted and track any associated risks through risk register</p>
<p>Deliver further operational effectiveness of the service delivery/administration function, including delivery of regulatory changes</p>	<p>Implement <b>McCloud</b> (data and IT requirements)</p>	<p>Process in place to confirm calculations carried out correctly and within SLA timeframes</p> <p>Issue all Annual Benefit Statements containing McCloud information with Plain English explanation by 31 August 2025</p>
	<p>Monitor and improve <b>Common Data</b> scores</p>	<p>Maintain data score at 95%</p> <p>Aim to exceed 95% and increase to 98%</p>
	<p><b>Employer Engagement/Client</b></p>	<p>Contributions reconciled monthly</p> <p>Member data reconciled monthly</p>

	<p><b>Relationship</b> (including escalation process/fines)</p>	<p>Late data and/or contributions pursued within 1 week - large employers, smaller employers within 2 weeks</p> <p>Employer survey introduced</p> <p>Develop Employer Services team</p> <p>Improve employer knowledge and understanding of responsibilities through provision of a user guide</p> <p>Review and update of all Fund provided employer policies/processes and procedures completed</p>
	<p><b>Customer Satisfaction</b> - (Compliments/complaints/feedback) [Employer and Member]</p>	<p>Improve scores from member surveys</p> <p>Reduce number of upheld complaints from members</p> <p>Improve scores from employer surveys</p>
	<p><b>Day to Day delivery</b> of BAU activities</p>	<p>Administration SLAs –</p> <ul style="list-style-type: none"> <li>▪ Call to helpdesk answered within 40 seconds</li> <li>▪ Deaths processed in 10 days</li> </ul> <p>Reported KPI's all above 80%</p>
	<p>Implement Government <b>tax changes</b></p>	<p>Full process map developed, reviewed and implemented</p>
<p>Develop further the Fund's Investment and Funding service</p>	<p>Deliver the <b>2025 Valuation</b></p>	<p>Data provided to Actuary by requested date</p> <p>Less than 5% data quality queried by Actuary (actual % will be reported to Committee/Board)</p> <p>Maintain stability of costs i.e. employer contributions</p> <p>Achieve consensus around valuation assumptions with Committee by end of June 2025</p>
	<p><b>Cashflow modelling</b> - Committee to see more information on how the Fund handle cashflow</p>	<p>Cashflow modelling policy introduced in 25/26 - with regular reporting, built into existing report</p>
	<p><b>Strategic Asset Allocation</b> (subject to consultation)</p>	<p>Asset Allocation decided with scope for swift response to developing risk and opportunity, March 2026</p> <p>Consultation with key stakeholders</p>
	<p>Implement <b>Government Policy</b></p>	<p>Response issued to relevant consultations</p> <p>Take leading role through SPOG/PLSA and</p>

		<p>other cross industry groups in responding to consultations</p> <p>New Regulations complied with ahead of deadline (where practically possible)</p>
	<b>Responsible Investment</b> Policy development	Leading/recognised accreditation scores within Stewardship Code
	<b>Value for Money</b> analysis	<p>Ensure analysis is completed (active vs. passive) and next steps agreed.</p> <p>Cost transparency reviewed</p>
Deliver service enhancements and cost reductions through increased use of technology	<b>Website</b> development and launch	<p>Website domain and host agreed by mid-2025</p> <p>New website launched by end of the scheme year (March 2026)</p> <p>Overwhelmingly positive feedback from users</p> <p>Accessible requirements completed - WCAG 2.2 requirements, useable on all devices (mobile, computer etc)</p>
	Implement Pensions <b>Dashboard</b>	<p>ISP contract in place – by March 2025</p> <p>Connected to ecosystem by mid-October 2025 for both pension benefits and Additional Voluntary Contributions (AVCs)</p> <p>Report updates to Committee/Board and provide information on how successful connection has been</p>
	Development of <b>iConnect</b> - continue to utilise further improvements to the service	<p>Patches implemented on release day</p> <p>Regular engagement with Heywoods maintained to understand upcoming improvements and how to utilise them</p> <p>Training delivered to relevant officers</p>
	Ensure all technology used is <b>compatible with Windows 11</b>	<p>Engage support of host authority IT Team</p> <p>Complete review of all devices and software</p> <p>Replace those not compatible with Windows 11 by 30 September 2025</p>
	<b>Other developments</b> – MSS, address checker, electronic pension payslips, EA2P, bank account verification	<p>MSS development implemented</p> <p>Increased members uptake and online activity</p> <p>Positive user feedback in surveys received</p>

## Part C – Budget

	<b>2025/26 Budget</b>	<b>2024/25 Budget</b>
	<b>£'000</b>	<b>£'000</b>
<b>Administrative Expenses</b>		
Administrative Employee Costs	2,067	1,861
Support Services including ICT	1,193	1,338
Printing and Stationery	78	82
Advisory and Consultancy Fees	5	165
Other	60	60
	<b>3,403</b>	<b>3,506</b>
<b>Investment Management Expenses</b>		
Management Fees	20,500	14,800
Custody Fees	30	30
Brunel Contract Costs	1,630	1,453
	<b>22,160</b>	<b>16,283</b>
<b>Oversight and Governance</b>		
Investment Employee Costs	470	444
Support Services Including ICT	13	13
Actuarial Fees	350	292
External Audit Fees	100	50
Internal Audit Fees	19	9
Advisory and Consultancy Fees	110	101
Committee and Board Costs	25	24
Subscriptions and Membership	92	20
	<b>1,179</b>	<b>953</b>
<b>Total Pension Fund Budget</b>	<b>26,742</b>	<b>20,742</b>

## **Part D - Pension Fund Cash Management Strategy 2025/26**

### **Introduction**

1. The Oxfordshire Pension Fund maintains a balance of cash arising from the receipt of employer and employee contributions, and income from internally managed investments. This incoming cash currently exceeds the amount of payments made on behalf of the Fund. The situation is forecast to continue for the whole of 2025/26. Income generated in investment portfolios is generally reinvested, the exceptions being listed private equity and some private market investments. Were the Pension Fund's cashflow to turn negative the Fund could look to have income generated from its portfolios paid back to the Fund as required to make up any cash shortfall. This could be achieved by switching to income share classes within a number of Brunel portfolios. The cash managed in-house by the Administering Authority, provides a working balance for the fund to meet its short-term commitments.
2. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 state that administering authorities must hold in a separate bank account all monies held on behalf of the Pension Fund. The regulations also state that the Administering Authority must formulate an investment strategy to govern how the authority invests any Pension Fund money that is not needed immediately to make payments from the fund. This document sets out the strategy for cash for the financial year 2025/26.

### **Management Arrangements**

3. The Pension Fund cash balances are managed by the Council's Treasury Management team and Pension Fund Investments team. Cash balances are reviewed on a daily basis and withdrawals and deposits arranged in accordance with the current strategy. Pension Fund cash deposits are held separately from the County Council's cash.

### **Rebalancing**

4. The Fund's cash balance is regularly monitored and reviewed as part of a quarterly fund rebalancing exercise undertaken by officers and the Independent Investment Adviser.
5. Arrangements will be made for cash balances which are not required for cashflow purposes, to be transferred to the Pension Fund's Investment Managers in accordance with the decisions taken during the rebalancing exercises.
6. In general, a minimum cash balance of £40 million will be retained following a fund rebalancing exercise, to meet cashflow requirements and private market investment transactions. The level of cash balances will fluctuate on a daily basis and may be considerably higher than the minimum balance dependent upon the timing of transactions and strategic asset allocation decisions.

## **Investment Strategy**

7. The Pension Fund cash investment policies and procedures will be in line with those of the administering authority. Priorities for the investment of cash will be:-
  - (a) The security of capital
  - (b) The liquidity of investments
  - (c) Optimum return on investments commensurate with proper levels of security and liquidity

## **Investment of Pension Fund Cash**

8. Management of the Pension Fund's cash balances will be in accordance with the Administering Authority's approved Treasury Management Strategy and policies and procedures.
9. The Pension Fund cash balances will be held predominantly in short-term instruments such as notice accounts, money market funds and short-term fixed deposits. Approved instruments for pension fund cash deposits will be the County Council's list of specified investments for maturities up to 1 year, excluding the Debt Management Account deposit facility which is not available to pension funds and UK Government Gilts which are managed by an external fund manager. The County Council's current approved list of specified investments is attached at appendix 1.
10. Pension Fund deposits will be restricted to a subset the County Council's approved counterparties at the time of deposit and will include the Fund's custodian bank. Approved counterparties as at 11<sup>th</sup> February 2025 are shown in appendix 2. There will be a limit of £30m for cash held with each counterparty.

## **Borrowing for Pension Fund**

11. The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 give administering authorities a limited power to borrow on behalf of the pension fund for up to 90 days. The power cannot be used to invest, but only for cashflow management in specified circumstances which should in practice be exceptional, i.e. to ensure that benefits are paid on time, and in transition management situations when the allocation of a pension fund's assets is being amended. Money can only be borrowed for these purposes if, at the time of borrowing, the administering authority reasonably believes that the sum borrowed, and any interest charged as a result, can be repaid out of the pension fund within 90 days of the date when the money is borrowed.
12. Pension Fund management arrangements presume no borrowing normally, but the possibility remains of unexpected pressures occurring and in these circumstances the power would enable the Pension Fund to avoid becoming forced sellers of fund assets due to cashflow requirements.
13. The Executive Director of Resources and Section 151 Officer and Deputy Chief Executive has delegated authority to borrow money for the Pension Fund in accordance with the regulations but only in exceptional circumstances. It is proposed that the authority to borrow on behalf of the



Pension Fund continues to be delegated to the Executive Director of Resources and Section 151 Officer and Deputy Chief Executive during 2025/26.

Lorna Baxter  
Executive Director of Resources and Section 151 officer and Deputy Chief Executive

February 2025

**Oxfordshire County Council 2022/23 Approved Specified Investments for  
Maturities up to one year**

<b>Investment Instrument</b>	<b>Minimum Credit Criteria</b>
Term Deposits – UK Government	N/A
Term Deposits – other Local Authorities	N/A
Term Deposits – Banks and Building Societies	Short-term F1, Long-term BBB+, Minimum Sovereign Rating AA+
Certificates of Deposit issued by Banks and Building Societies	A1 or P1
Money Market Funds	AAA
Other Money Market Funds and Collective Investment Schemes <sup>1</sup>	Minimum equivalent credit rating of A+. These funds do not have short-term or support ratings.
Reverse Repurchase Agreements – maturity under 1 year from arrangement and counterparty of high credit quality (not collateral)	Long-term Counterparty Rating A-
Covered Bonds – maturity under 1 year from arrangement	Minimum issue rating of A-

<sup>1</sup> I.e., credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

**Approved Counterparties**

Aberdeen Standard Sterling Liquidity Fund  
State Street Bank & Trust Company  
Lloyds Bank Plc  
Other Local Authorities