

PENSION FUND COMMITTEE

5 September 2025

REVIEW OF THE ANNUAL BUSINESS PLAN 2025/26

Report by the Executive Director of Resources & Section 151 Officer

RECOMMENDATION

1. The Committee is RECOMMENDED to:

- i) Review the progress against each of the key service priorities as set out in the report; and**
- ii) Agree any further actions to be taken to address those areas not currently on target to deliver the required objectives.**

Introduction

- 2. The report reviews the progress against the key service priorities set in the business plan for the Pension Fund for 2025/26 as agreed by this Committee in March 2025.
- 3. The key objectives for the Oxfordshire Pension Fund as set out in the Business Plan for 2025/26 remain consistent with those agreed for previous years, with one slight update to reflect the Fund's improved funding position.
- 4. The overall objectives are summarised as:
 - To fulfil our fiduciary duty to all key stakeholders
 - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
 - To maintain a funding level above 100%
 - 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
- 5. The service priorities for the year do not typically include the business as usual activity which will continue alongside the activities included in the service priorities. Business as usual activities are monitored as part of the Administration Report, the Governance and Communications Report and the report on Investment Performance.

Key Service Priorities – Review of 2025/26

- 6. There were 4 key service priorities included in the 2025/26 plan each with a number of key measures of success. The 4 key service priorities were:
 - Deliver further improvements to the governance arrangements of the Fund

- Deliver further operational effectiveness of the service delivery/administration function, including delivery of regulatory changes.
- Develop further the Fund's Investment and Funding service.
- Deliver service enhancements and cost reductions through increased use of technology.

7. The latest position on each is set out in the paragraphs below. The assessment criteria for each measure of success is as follows:

- 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

6. Deliver further improvements to the governance arrangements of the Fund. The position against the 5 agreed actions are set out in the table below.

Actions	Measure of Success	Key Progress Achieved	Outstanding Actions
Continue to develop and implement the Workforce Strategy AMBER	<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>Workforce Strategy in place</p> <p>Preparation of JD's on new roles underway</p> <p>Temporary staff sourced to support summer holiday cover and then wider development into more senior roles</p> <p>Engaged Aon for salary benchmarking</p> <p>Participation in Hymans salary survey</p>	<p>Work with OCC on job architecture to align with Council roles, postponed until end of 2025</p> <p>Develop revised role profiles in line with OCC</p> <p>Advertise for new roles</p> <p>LGPS Academy rolled out across the team</p>
Continue to work on General Code compliance and provide external scrutiny/review. GREEN	Review of GCOP compliance completed by officers end of March 2025	Independent review by Hymans has been completed on first phase of modules and timetable agreed for	Next steps to complete phase two of independent review

	<p>Independent review completed by end of summer 2025</p> <p>Reviews demonstrate Fund is meeting Regulatory Requirements and TPR expectations</p>	further review on remaining modules	
<p>Monitor, review and implement Good Governance Review outcomes once known GREEN</p>	<p>Governance review complete and plan in place to implement recommended changes (dates to be confirmed once Government confirms outcomes)</p>	<p>Response from Government on the fit for the future consultation received which included the Good Governance Review</p>	<p>Awaiting legislation and associated guidance for implementation</p>
<p>National Knowledge Assessment (NKA) and Knowledge and Understanding GREEN</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>New Committee Members have attended induction training or are in the process of attending/watching training and will start working towards completing the required modules</p> <p>Valuation training provided in August 2025</p>	<p>Completion of TPR toolkit</p> <p>Enrol and commence working through LOLA</p> <p>In-person training day in October 2025</p>
<p>Local Government Reform - tracking and responding to potential risks and resource implications GREEN</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>Ongoing monitoring as reforms develop</p>	<p>N/A</p>

7. The 4 actions under this objective have all been rated green, largely due to waiting on external factors such as Government responses.

8. The Workforce Strategy action has been assessed as amber, indicating that while progress is evident, significant challenges persist. In particular, the attraction and retention of staff at Oxfordshire and within the LGPS sector more widely remains an issue. Following the request from Committee at the June meeting, we are undertaking pay benchmarking with an external specialist. In addition, to this we are taking part in the Hymans' salary survey.
9. Deliver further operational effectiveness of the service delivery/administration function, including delivery of regulatory changes. There were also 6 specific actions set out in the 2025/26 Business Plan in respect of this priority. The progress against these is set out in the table below.

Actions	Measure of Success	Key Progress Achieved	Outstanding Actions
Implement McCloud (data and IT requirements) AMBER	Process in place to confirm calculations carried out correctly and within SLA timeframes Issue all Annual Benefit Statements containing McCloud information with Plain English explanation by 31 August 2025	Significant progress made in the last 6 months, more information is included in the Administration Report later in the agenda for this meeting Extension to 2026 required for a small number of complex cases	Work continues towards the 31 August Annual Benefit Statement deadline, due to timing of reporting to Committee a verbal update will be provided at September Committee
Monitor and improve Common Data scores GREEN	Maintain data score at 95% Aim to exceed 95% and increase to 98%	Continued focus on data quality with employers and internal Fund processes Common Data review due later this year	N/A
Employer Engagement/Client Relationship (including escalation process/fines) GREEN	Contributions reconciled monthly Member data reconciled monthly Late data and/or contributions pursued within 1 week - large employers, smaller employers within 2 weeks	Focus moving to employer engagement and relationship management to maintain progress Employer Services Manager role approved to drive service forward	Advertise Employer Services Manager role Draft user guide to improve employer knowledge and understanding of responsibilities

	<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>Review of employer policies has commenced</p> <p>Employer surveys are being issued</p>	
Customer Satisfaction - (Compliments/complaints/feedback) [Employer and Member] GREEN	<p>Improve scores from member surveys</p> <p>Reduce number of upheld complaints from members</p> <p>Improve scores from employer surveys</p>	<p>Monitoring of scores on member survey and collation of data underway</p> <p>Employer surveys are being issued</p>	Build into reports to Committee
Day to Day delivery of BAU activities GREEN	<p>Administration SLAs –</p> <ul style="list-style-type: none"> ▪ Call to helpdesk answered within 40 seconds ▪ Deaths processed in 10 days <p>Reported KPI's all above 80%</p>	<p>Progress is being made, see Administration Report later in this meeting</p>	N/A
Implement Government tax changes. GREEN	<p>Full process map developed, reviewed and implemented</p>	<p>On track, awaiting Government implementation</p>	N/A

10. Out of 6 key actions, 5 are rated as green, this is largely due to awaiting guidance from government and progress being made against each objective where possible.

11. We have continued to rate the McCloud action as amber; this is due to the significant progress has been made since the previous Committee. However, given the challenging timescales, resource constraints with the administration team over the summer period and complexity of remaining McCloud cases an extension to August 2026 will be requested for a small number of complex cases remaining.

12. Develop further the Fund's Investment and Funding service: There were 6 actions set for this service priority within the Business Plan, and progress against these measures is set out below.

Actions	Measure of Success	Key Progress Achieved	Outstanding Actions
Deliver the 2025 Valuation GREEN	<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>Data provision to Scheme Actuary completed</p> <p>Draft Funding Strategy Statement covered later in the agenda of this meeting, for comment, prior to consultation with employers</p> <p>Training delivered to Committee and Board Members</p>	<p>Engagement with smaller employers</p> <p>Review of Funding Strategy Statement (and associated policies) and employer consultation</p> <p>Data quality report from Actuary to be provided to Committee</p>
Cashflow modelling - Committee to see more information on how the Fund handle cashflow GREEN	<p>Cashflow modelling policy introduced in 25/26 - with regular reporting, built into existing report</p>	<p>Ongoing monitoring of the cashflow position is in place</p>	<p>Cashflow model to be reviewed in light of decisions made throughout 2025 Valuation process</p> <p>Cashflow monitoring policy to be developed</p>
Strategic Asset Allocation	<p>Asset Allocation decided with scope for swift response to developing</p>	<p>Initial scope of work has been agreed and detailed</p>	<p>Review work with Independent Investment</p>

SAA (subject to consultation) GREEN	<p>risk and opportunity, March 2026</p> <p>Consultation with key stakeholders</p>	review work by Apex has commenced	<p>Adviser (IIA) to develop proposed SAA for consultation</p> <p>Investment Strategy Statement (ISS) Review</p> <p>Consult key stakeholders</p> <p>Finalise SAA for sign off in March 2026 Committee</p>
Implement Government Policy GREEN	<p>Response issued to relevant consultations</p> <p>Take leading role through SPOG/PLSA and other cross industry groups in responding to consultations</p> <p>New Regulations complied with ahead of deadline (where practically possible)</p>	<p>Consultation response issued on “<i>Local Government Pension Scheme in England and Wales: Access and Fairness</i>”</p> <p>Fit for future consultation response received, although further details are to be worked through and pension bill has passed the second reading</p> <p>In response to the letter received from Government 9 April regarding Brunel, work commenced at pace, see report on LGPS Pooling Reform later in the agenda</p>	<p>Submit in-principle decision to Government ahead of 30 September 2025 deadline</p> <p>Work closely with stakeholders on new pooling arrangements, to meet Government deadline of 31 March 2026</p>
Responsible Investment Policy development GREEN	Leading/recognised accreditation scores within Stewardship Code	An update will be provided under the Corporate Governance and Socially Responsible Investment item on the agenda	N/A
Value for Money analysis GREEN	<p>Ensure analysis is completed (active vs. passive) and next steps agreed</p> <p>Cost transparency reviewed</p>	This will be included as part of SAA work and selection of new pooling partner	N/A

13. All 5 actions are rated green, largely due to work progressing well in all areas.

14. Implement Government policy is rated as green, this is due that whilst timescales remain challenging, we remain on course for an in-principle decision ahead of the 30 September 2025 deadline. The March 2026 deadline for management of all assets to be pooled is more ambitious, however Fund officers believe this deadline will be met as we work closely and at pace with our new investment pool.

15. A consultation was published on 15 May 2025, Local Government Pension Scheme in England and Wales: Access and Fairness. The consultation, the link is included below:

[Local Government Pension Scheme in England and Wales: Access and fairness - GOV.UK](#)

16. The consultation covers a range of areas. Key areas impact both the Fund and participating employers and are detailed below:

- a. **Survivor pensions and death grants**
- b. **Gender Pension Gap**
- c. **Out-outs**
- d. **Forfeiture**
- e. **McCloud**
- f. **Transfers of Additional Voluntary Contributions (AVCs)**
- g. **Lifetime Allowance (LTA)**
- h. **Refunds**

17. Due to the detailed technical nature Fund officers have drafted a response to the 52 questions and circulated this for information to Committee and Board. Fund officers have also communicated with employers to ensure they are aware of the proposals, some of which would add additional costs to an employer's payroll, as such employers may have responded separately from the Fund response.

18. Deliver service enhancements and cost reductions through increased use of technology. There were 5 actions set for this service priority within the Business Plan, and progress against these measures is set out below.

Actions	Measure of Success	Key Progress Achieved	Outstanding Actions
Website development and launch RED	Website domain and host agreed by mid-2025 New website launched by end of the scheme year (March 2026) Overwhelmingly	Limited progress achieved to date, meeting held at senior level with IT Services to agree a plan of action. Significant resources challenges within IT Services have	Development, internal testing, user acceptance testing and communications to launch new website

	<p>positive feedback from users</p> <p>Accessible requirements completed - WCAG 2.2 requirements, useable on all devices (mobile, computer etc)</p>	<p>impacted the website development, on going dialogue to find alternative ways of delivering the website. March 2026 deadline looks increasingly challenging.</p>	
<p>Implement Pensions Dashboard GREEN</p>	<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>	<p>ISP contract in place and set up of dashboard progressing</p> <p>All except one Pension Regulator code has been received</p>	<p>Connection, testing and launch of dashboard</p> <p>Meetings on matching criteria and AVC data connection are due to be held in September 2025</p>
<p>Development of iConnect - continue to utilise further improvements to the service GREEN</p>	<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>	<p>Steady progress on a number of system updates and service enhancements</p>	<p>Work with Heywoods to support integration of AI into Fund processes</p>
<p>Ensure all technology used is compatible with Windows 11 GREEN</p>	<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>	<p>Updates have started to take place along with replacement of hardware to ensure compatibility with Windows 11</p>	<p>N/A</p>
<p>Other developments</p>	<p>MSS development implemented</p>	<p>Steady progress on a number of system</p>	<p>Work with Heywoods to</p>

– MSS, address checker, electronic pension payslips, EA2P, bank account verification GREEN	Increased members uptake and online activity	updates and service enhancements	support integration of AI into Fund processes
	Positive user feedback in surveys received		Increased members uptake and online activity

19.4 out of the 5 actions are rated green, largely due to work progressing well in these areas. 1 action, website development has increased from amber to red due to limited progress made to date, making the March 2026 deadline for the new website delivery look increasingly unlikely to be met. This has been due to resource challenges within IT Services as several other major projects are taking place. However, discussions have taken place, and a number of actions agreed to plan a way forward, seeking alternative ways to deliver the website.

Budget 2025/26

20. The budget for 2025/26 was agreed at £26,742,000 as part of the Business Plan at Committee on 7 March 2025.

2025/26 Pension Fund Budget - Q1 Update

	Budget	YTD	%	Forecast Outturn	Variance
	2025/26	2025/26		2025/26	2025/26
	£'000	£'000		£'000	£'000
Administrative Expenses					
Administrative Employee Costs	2,067	424	20%	2,067	0
Support Services Including ICT	1,193	524	44%	1,193	0
Printing & Stationary	78	56	72%	78	0
Advisory & Consultancy Fees	5	0	0%	5	0
Other	60	-1	-1%	60	0
Total Administrative Expenses	3,403	1,003	29%	3,403	0
Investment Management Expenses					
Management Fees	20,500	5,000	24%	20,000	-500
Custody Fees	30	3	11%	30	0
Brunel Contract Costs	1,630	827	51%	1,630	0

Total Investment Management Expenses	22,160	5,831	26%	21,660	-500
Oversight & Governance					
Investment & Governance	470	85	18%	400	-70
Employee Costs	13	0	0%	13	0
Support Services Including ICT	350	121	34%	292	-58
Actuarial Fees	100	71	71%	100	0
External Audit Fees	19	0	0%	9	-10
Internal Audit Fees	110	8	7%	70	-40
Advisory & Consultancy Fees	25	0	0%	24	-1
Committee and Board Costs	92	13	14%	20	-72
Subscriptions and Memberships					
Total Oversight & Governance Expenses	1,179	297	25%	928	-251
Total Pension Fund Budget	26,742	7,130	27%	25,991	-751

21. On Investment Management, Oversight and Governance a point to highlight is costs related to Brunel are likely to change. However, at this stage, it remains too early to confirm the financial impact of Government policy requiring the Fund to identify a new pooling partner.

Training Plan

22. Part D of the Business Plan set out the broad Training Plan for Committee and Board Members. This reflects the Knowledge Assessment and feedback from Committee and Board members in 2024. We had pre-Committee training at the June meeting from Brunel, also a training session with the Scheme Actuary during August and Fund officers are working on the agenda for the joint in-person training day with another Pension Fund in October.

23. The Plan also includes reference to the on-line training offered by Hymans Robertson which all Members are encouraged to complete, a list of recommended external courses and conferences which Members are invited to consider as well as the offer of individual sessions with officers and the development of a specific training plan to meet individual needs.

24. Should you need any further information and for any questions, please contact Anna Lloyd our Governance and Communications Officer.

Lorna Baxter
Executive Director of Resources & Section 151 Officer

Appendix: N/A

Background papers: N/A

Contact Officer: Mark Smith, Head of Pensions, 01865 328734,
mark.smith@oxfordshire.gov.uk

August 2025