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## **PENSION FUND BUDGET MONITORING TO 30 JUNE 2017**

**Report by Chief Financial Officer**

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### **JOINT PENSION FUND COMMITTEE AND PENSION FUND BOARD**

**14 September 2017**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 The purpose of this report is to provide the Pension Fund Committee and Pension Fund Board with an update position of the Pension Fund budget to 30 June 2017 including projections to 31 March 2018.**
- 1.2 The Local Government Pension Scheme (Scotland) Regulation 2014 requires Administering Authorities to ensure strong governance arrangements and sets out the standards they are to be measured against.
- 1.3 To ensure the Fund meets the standards a budget was approved on 16 March 2017 following the recommendations within the CIPFA accounting guidelines headings. This report is the first quarterly monitoring report of the approved budgets.
- 1.4 The total expenditure to 30 June 2017 is £0.026m with a projected total expenditure of £3.928m. This is against an approved budget of £3.829m giving a negative variance of £0.099m. The variance has resulted from the externalisation of the GMP reconciliation as detailed in a separate report.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Pension Fund Committee:-**
  - (a) Notes the actual expenditure to 30 June 2017; and**
  - (b) Agrees the projected expenditure of £3.928m as the revised budget.**

### 3 BACKGROUND

- 3.1 The Local Government Pension Scheme (Scotland) Regulation 2014 requires Administering Authorities to ensure strong governance arrangements and sets out the standards they are to be measured against. The Fund is required to report on an annual basis within its Annual Report if it has met these standards. To demonstrate full compliance requires the setting and monitoring of a budget for the Fund.
- 3.2 A budget was approved at the Joint Pension Fund Committee and Pension Fund Board meeting on 16 March 2017 for 2017/18. The approved budget follows the Local Government Pension Scheme management costs guidance issued by CIPFA into the following 3 categories.

Category	Costs included
Investment Management	All expenses incurred in relation to management of pension fund assets. Including costs invoiced direct and fees deducted from fund assets. Custody and performance fees also included
Administration	Costs incurred in administration of the fund including staff, IT costs and associated overheads, benefits consultants.
Oversight and governance	Costs incurred in the selection & appointment of managers, audit fees, investment advisory services, tax advisory, accounting services, banking service and support to the pensions committee and board.

### 4 MONITORING TO 30 JUNE 2017

- 4.1 The table below shows the expenditure to 30 June 2017, projected out-turn to 31 March, full year budget

	Expenditure to 30 June 17 £000's	Projected to 31 March 18 £000's	2017/18 Budget £000's	2017/18 Variance £000's
Investment Management	28	3,330	3,330	0
Administration	14	385	286	(99)
Oversight & Governance	(16)	213	213	0
<b>Total</b>	<b>26</b>	<b>3,928</b>	<b>3,829</b>	<b>(99)</b>

- 4.2 Investment Management fees are charged on a quarterly basis in arrears based on the value of assets held on a quarterly basis. The first quarter investment management fees are not therefore included in the expenditure to 30 June 2017 totals.

- 4.3 The projected overspend for administration represents the additional cost to the fund for the externalisation of the GMP reconciliation. A separate report on this is included on the agenda.

## **5 IMPLICATIONS**

### **5.1 Financial**

There are not costs attached to any of the recommendations contained in this report.

### **5.2 Risk and Mitigations**

This report is part of the governance framework to manager the operation of the Pension Fund and reflects the compliance with the best practice recommendations.

### **5.3 Equalities**

It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report.

### **5.4 Acting Sustainably**

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

### **5.5 Carbon Management**

There are no direct carbon emissions impacts as a result of this report.

### **5.6 Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

### **5.7 Changes to Scheme of Administration or Scheme of Delegation**

There are not changes to the Scheme of Administration or the Scheme of Delegation required as a result of this report.

## **6 CONSULTATION**

- 6.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR and the Clerk to the Council have been consulted and their comments have been included in the report.

**Approved by**

**David Robertson**  
**Chief Financial Officer**

**Signature .....**

**Author(s)**

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**Background Papers:**

**Previous Minute Reference:** Joint Pension Fund Committee and Pension Fund Board 16 March 2017

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Capital and Investment Team can also give information on other language translations as well as providing additional copies.

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