
PENSION FUND BUDGET MONITORING TO 30 SEPTEMBER 2018

Report by Chief Financial Officer

JOINT PENSION FUND COMMITTEE AND PENSION FUND BOARD

30 November 2018

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 September 2018 including projections to 31 March 2019.**
- 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 14 June 2018 following the recommendations within the CIPFA accounting guidelines headings. This report is the second quarterly monitoring report of the approved budgets.
- 1.4 The total expenditure to 30 September 2018 is £0.347m with a projected total expenditure of £6.389m. The projected expenditure is in line with budget.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Pension Fund Committee:-**
 - (a) Notes the actual expenditure to 30 September 2018; and**
 - (b) Notes the projected expenditure.**

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 14 June 2018 for 2018/19. 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 SEPTEMBER 2018

- 4.1 The table below shows the expenditure to 30 September 2018, projected out-turn to 31 March, full year budget

	Expenditure to 30 Sept 18 £000's	Projected to 31 March 19 £000's	2018/19 Budget £000's	2018/19 Variance £000's
Investment Management	247	5,792	5,792	0
Administration	78	368	368	0
Oversight & Governance	22	241	241	0
Total	347	6,389	6,389	0

- 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 second quarter investment management fees are not therefore included in the expenditure to 30 September 2018 totals.
- 4.3 A revised strategic asset allocation was approved at the Joint meeting on 13 September. The implementation of this will have an impact investment fees as new managers are appointed and funds are transferred. The impact on fees will be assessed and reviewed as part of the implementation of the revised asset allocation.

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. Risk are managed in line with the Corporate Risk Management framework, with risks and controls monitored and reported on a quarterly basis.

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 13 September 2018

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Pension and Investment

Team can also give information on other language translations as well as providing additional copies.

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