
PENSION FUND BUDGET MONITORING TO 30 JUNE 2019

Report by Chief Financial Officer

JOINT PENSION FUND COMMITTEE AND PENSION FUND BOARD

12 September 2019

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 2019 including projections to 31 March 2020.**
- 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 7 March 2019 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 2019 is £0.012m with a projected total expenditure of £6.458m against a budget of £6.402m. This projects a budget variance of £56k which represent professional advisors costs and increased cost for the Pension Fund Administration IT system.

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Pension Fund Committee:-**
 - (a) Notes the actual expenditure to 30 June 2019; and**
 - (b) Agrees the projected out-turn 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 7 March 2019 for 2019/20. 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 2019

- 4.1 The table below shows the expenditure to 30 June 2019, projected out-turn to 31 March, full year budget

	Expenditure to 30 June 19 £000's	Projected to 31 March 20 £000's	2019/20 Budget £000's	2019/20 Variance £000's
Investment Management	19	5,750	5,750	0
Administration	117	446	390	56
Oversight & Governance	(14)	262	262	0
Total	122	6,458	6,402	3

- 4.2 The variance for Administration represents legal and actuarial advice undertaken in the production of the Admission Policy for the Fund and the additional costs for the Pension Administration system as detailed in the separate report.
- 4.3 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 2019 totals.

- 4.4 During 2018 the "Cost Transparency Initiative" was established to further refine the templates and code. The revised guidance has been developed in conjunction with Investment Managers and Funds, resulting in new templates being launched on 21st May 2019. To aid monitoring Fund Managers who do not invoice the Fund have been asked to complete the templates on a quarterly basis.
- 4.5 The invoices for the Custodian accrued for the final quarter of 2018/19 were unpaid at 30 June 2019 due to a delay in the invoicing at Northern Trust. This has resulted in the credit expenditure figure under oversight & governance.

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 12 June 2019

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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