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## **PENSION FUND BUDGET MONITORING TO 30 SEPTEMBER 2019**

**Report by Chief Financial Officer**

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

**17 December 2019**

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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 September 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 recommended structure 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 2019 is £0.067m with a projected total expenditure of £6.458m against a budget of £6.458m. There is no projected variance.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Pension Fund Committee notes the actual expenditure to 30 September 2019 and the projected budget outturn to 31 March 2020.**

### 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 SEPTEMBER 2019

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

	Expenditure to 30 Sept 19 £000's	Projected to 31 March 20 £000's	2019/20 Budget £000's	2019/20 Variance £000's
Investment Management	370	5,750	5,750	0
Administration	241	446	446	0
Oversight & Governance	56	262	262	0
<b>Total</b>	<b>667</b>	<b>6,458</b>	<b>6,458</b>	<b>0</b>

- 4.2 All budget lines are currently projected within budget. The investment management fees however are fully dependant on the value of the assets. If asset values increase or decrease over the remaining year fees move accordingly.

- 4.3 Investment Management fees are charged on a quarterly basis in arrears based on the value of assets held. The second quarter investment management fees are not therefore included in the expenditure to 30 September 2019 totals.
- 4.4 Following the launch of the Cost Transparency Initiatives (CTI) templates all Managers were requested to signing up and would be able to complete the templates on a quarterly basis. The CTI timescales allows managers to April 2020 to fully comply with the templates. Most fund managers have indicated they are currently working on their systems to allow the templates to be completed quarterly but for 2019/20 will only be able to produce one annual return in April 2020. Two Fund managers have however returned completed templates for the first two quarters.
- 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 no 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 manage the operation of the Pension Fund and reflects the compliance with the best practice recommendations. Risks 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 no 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, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

### Approved by

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

**Signature .....**

### Author(s)

Name	Designation and Contact Number
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### Background Papers:

**Previous Minute Reference:** Joint Pension Fund Committee and Pension Fund Board 12 Sept 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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