
PENSION FUND BUDGET OUT-TURN AS AT 31 MARCH 2021

Report by Executive Director Finance and Regulatory

JOINT PENSION FUND COMMITTEE AND PENSION FUND BOARD

10 June 2021

1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to provide the Pension Fund Committee and Pension Fund Board with a final out-turn position of the Pension Fund as at 31 March 2021.**
- 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 for financial year 2020/21 was approved on 10 March 2020 following the standard presentation recommended by the CIPFA accounting guidelines. This report is the final out-turn report of the approved budget.
- 1.4 The total expenditure to 31 March 2021 is £5.979m against a budget of £6.906m giving an underspend of £0.927m.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Pension Fund Committee:-**
 - (a) Notes the actual expenditure to 31 March 2021**

3 BACKGROUND

- 3.1 The Local Government Pension Scheme (Scotland) Regulation 2014 require Administering Authorities to ensure strong governance arrangements and sets out the standards they are to be measured against. The Fund is required to report compliance with these standards within its Annual Report. To demonstrate full compliance requires the setting and monitoring of a budget for the Fund.
- 3.2 The 2020/21 budget was approved at the Joint Pension Fund Committee and Pension Fund Board meeting on 10 March 2020 and the 2021/22 budget on 4 March 2021. The approved budgets follow 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 OUT-TURN POSITION 31 MARCH 2021

- 4.1 The table below shows the actual expenditure to 31 March 2021 and approved budget for 2020/21.

	Expend to 31 March 2021 £000's	2020/21 Budget £000's	2020/21 Variance £000's	2021/22 Approved Budget £000's
Investment Management Fees	5,309	6,198	(889)	6,420
Administration	352	408	(56)	378
Oversight & Governance	318	300	18	210
Total	5,979	6,906	(927)	7,008

- 4.2 Investment management fees are charged according to the individual Investment Management Agreements (IMAs). The fees are calculated as a percentage of the valuations and include transaction costs incurred. The underspend shown above is as a result of valuations increasing slower than anticipated when the budget was set and a reduction in transaction

costs during the year.

- 4.3 The budget variance in Administration for 2020/21 reflects an amendment to the training, testing and implementation phases of the Member Self Service project and the planned review of admission agreements due to COVID19. A revised delivery timeline for Member Self Service has been discussed and agreed with the software provider, working towards a go live during July 2021. The admission agreement review will also be completed during 2021/22.
- 4.4 The increase in costs for Oversight and Governance has resulted from additional work undertaken in the completion of the 2020 triennial valuation and the production of the revised Funding Strategy Statement which was completed and approved at the March meeting.

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

5.3 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine good governance required under the Local Government Pension Scheme (Governance) (Scotland) Regulations 2014. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing 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 Chief Legal Officer (Monitoring Officer), the Chief Officer Audit and Risk, the Service Director HR and Communications and the Clerk to the Council have been consulted and their comments have been included in the report.

Approved by

David Robertson

Executive Director Finance & Regulatory

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Joint Pension Fund Committee and Pension Fund Board 4 March 2021

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