

WILTSHIRE PENSION FUND PROJECTED OUTTURN

Purpose of the Report

1. This paper presents a projected outturn on the Fund's financial activities.

Key Considerations for the Committee

Overall Projection

2. A net overall over-spend of £43k is currently being projected against controllable budgets (excluding investment management fees and securities lending income). This comprises a £29k projected underspend against Fund Scheme Administration, partially offset by a £72k overspend against Fund Investment Costs.
3. Because of better than expected investment performance the latest projection for investment management costs is a total £1.9m spend above budget, net of an increased forecast in stock lending income. Investment Management Fees are mostly dependent on manager performance. This also includes an increase in the forecast spend on costs of pooling via Brunel, due to the increased budget and amended business case as reviewed and approved by the Brunel Oversight Board.

Key points for members to note

4. The overspend against Fund Investment Costs includes £50k overspend against Investment Administration. Members are asked to note however that these are agency costs that relate to last financial year which were not charged to our accounts until 2019/20 due to a delay in the member of staff being set up on the Bloom agency system via HR/Procurement. The investment overspend also includes £5k overspend against Investment Consultancy fees in respect of manager selection costs (Magellan).
5. The £29k net underspend projected against the Administration budget is largely to a projected underspend against external legal costs, bank interest received following increases to bank interest rates.

Environmental Impacts of the Proposals

6. There no known environmental impact of this report.

Financial & Legal Implications

7. The financial implications are outlined within the report. There are no known legal implications from the proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There no known implications at this time.

Proposals

9. The Committee is asked to note the projected outturn for 2019/20 and details in the attached appendix

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Unpublished documents relied upon in the production of this report: NONE

Appendices:

Appendix 1: Projected Outturn Summary

Appendix 1

2019-20 Explanations

Fund Investment Management Fees

	Budget £000	Projection £000	Variance £000	Explanations
Segregated Funds	5,568	5,566	-2	
Pooled Funds *	3,339	4,969	1,630	*Includes Invisible (or non direct charged) fees adjustment for higher asset base and investment in direct infrastructure.
Total FUND INVESTMENT FEES	8,907	10,535	1,628	
Brunel - cost of pooling	660	1,004	344	Higher forecast spend on pooling via Brunel, due to increased budget and amended business case as reviewed and approved by the Brunel Oversight Board
Securities Lending	-300	-350	-50	
Total MANAGEMENT FEES & SECURITIES LENDING	9,267	11,188	1,921	Better than expected investment performance has led to higher fees

* pooled costs paid through investment holdings

Fund Investment Costs

e Investment Administration	149	199	50	Costs from '1819 due to HR/Procurement delay in setting member of agency staff up for payment
f Investment Consultancy	117	122	5	Cost of manager selection (Magellan)
g Corporate Governance Services	9	9	0	
	275	330	55	

Fund Scheme Administration

a Pension Scheme Administration	2,002	2,015	13	Net underspend against external legal costs printing interest rates have increased leading to greater returns on overnight deposits
d Actuarial Services	285	285	0	
b Audit	27	28	1	
c Legal Advice	50	24	-26	Reduced spend expected on external legal services in 1920 due to changes in the Internal Legal Team
b Committee & Governance	82	65	-17	Forecast underspend against trustee training (£6k) and Local Pension Board Budget (£11k)
	2,446	2,417	-29	

GRAND TOTAL (EXC INVEST MAN FEES & SECURITIES LENDING INCOME)

26

Total FUND COSTS (INC INVEST MAN FEES & SECURITIES LENDING INCOME)

1,947

Total net overspend of £1.9m forecast reported which is largely attributable to investment manager fees

