

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 September 2020

WILTSHIRE PENSION FUND FORECAST OUTTURN 2020/21

Purpose of the Report

1. This paper presents a projected outturn on the Fund's financial activities against the 2020/21 budget, as at 30 June 2020.

Key variances against 2020/12 budget

1. As at 30 June 2020, a net underspend of £68k was being projected against the budget, i.e. an underspend of 2.4%. However, this figure includes an additional £15k of spend on a review of Brunel's portfolios by Mercer, which was commissioned by the Committee. Taking this into account, the projected underspend is £83k.
2. The key variances that contributed towards the net underspend against budget were:
 - a) Lower than originally budgeted staffing costs as a result of a team restructure. However, members should be aware that the position for the investments team is still quite uncertain – a vacancy is currently being carried as a result of a restructure, but this is currently approximately being offset by temporary consultancy support while a recruitment exercise is being carried out. It is anticipated that the final position may not be too far from the agreed budget;
 - b) Lower than expected spend on external legal advice in the quarter to June, which is unlikely to occur later in the year;
 - c) The additional £15k on the Mercer review of the Brunel portfolios, as mentioned above;
 - d) Lower than budgeted spend against the local pension board budget.

Investment fees and costs

3. In previous budget monitoring reports to Committee, information about the investment management fees and costs was included. It is proposed that going forward, this information is excluded from this paper, and is reported elsewhere, in order to allow the focus to be on monitoring of the controllable costs.
4. The costs associated with the management of the investment portfolios are made up of two parts, fees (which are agreed up front, usually as a percentage of the market value of the portfolios), and costs (which include transaction and other costs, and are dependent on the volume of transactions which have taken place). In multi-manager portfolios (CBRE for property, and Partners Group for infrastructure), there are also costs associated with the underlying funds held in the portfolios.
5. Unless a manager invoices for fees throughout the year, all fees and costs will be passed through the portfolios, and are reported to Wiltshire once a year as part of detailed cost transparency reporting. All the fees and costs are then included in the year end accounts, to show the complete position.

6. It is therefore proposed that a separate paper is brought to Committee annually to report on these costs. The first such report is included in the agenda for this meeting, as Item 24.

Environmental Impact of the Proposal

7. There are no known environmental impacts from these proposals.

Safeguarding Considerations/Public Health Implications/Equalities Impact

8. There are no known implications at this time.

Proposals

9. The Committee is asked to:
 - a) note the projected outturn for 2020/21;
 - b) approve that going forward, the costs of managing the investment portfolios are reported separately to the controllable budget, on an annual basis.

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

Budget vs Forecast for 2020/21 as at 30 June 2020

	2020/21	2020/21		
	Budget £	Forecast as at Jun-20 £	Variance £	Comment
Investment Administration Staffing Costs	123,364	123,364	0	Actual position will likely be slightly different to budget, but too early to be precise at this stage, so forecast kept as budget for now
Investment Administration Travel Costs	3,600	3,600	0	
INVESTMENT ADMINISTRATION COSTS	<u>126,964</u>	<u>126,964</u>	<u>0</u>	0.0%
Scheme Administration				
Pension Scheme Administration Staffing Costs	1,071,844	1,014,161	57,683	5.4% There have been some changes in staffing as a result of a team restructure
Staff Training	32,200	32,200	0	0.0%
Corporate charges	311,450	311,450	0	0.0%
Pension Administration systems and data cleansing	353,600	353,600	0	0.0%
Other Administration Costs	79,000	79,100	-100	-0.1%
SCHEME ADMINISTRATION COSTS	<u>1,848,094</u>	<u>1,790,511</u>	<u>57,583</u>	3.1%
Oversight and Governance				
Staffing and Related	181,945	184,383	-2,438	-1.3%
Training and Conferences	8,000	6,000	2,000	25.0% Lower than budgeted spend on external advice in the first quarter of the year
Subscriptions, memberships and levies	44,950	44,450	500	1.1%
Actuarial Services	156,000	156,000	0	0.0%
Audit	27,300	27,300	0	0.0%
Legal Fees	58,250	46,188	12,063	20.7% Lower than budgeted spend on external advice in the first quarter of the year
Advisory Fees (Investment and Independent Advisor)	169,500	184,500	-15,000	-8.8% An additional £15k of spend on a review of Brunel's portfolios was commissioned by the Committee post setting of the budget
Corporate Charges & other costs	146,250	146,250	0	0.0%
OVERSIGHT AND GOVERNANCE COSTS	<u>792,195</u>	<u>795,071</u>	<u>-2,876</u>	-0.4%
LOCAL PENSION BOARD COSTS	<u>27,400</u>	<u>14,000</u>	<u>13,400</u>	48.9% Lower than budgeted spend on consultancy support
GRAND TOTAL	<u>2,794,653</u>	<u>2,726,546</u>	<u>68,107</u>	2.4%