

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
17 December 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 September 2020.

Key variances against 2020/21 budget

1. As at 30 September 2020, a net underspend of £17k was being projected against the budget, i.e. an underspend of 0.6%. 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 £32k.
2. The key variances that contributed towards the net underspend against budget were:
 - a) Lower than expected spend on external legal advice year to date, which is unlikely to occur later in the year;
 - b) The additional £15k on the Mercer review of the Brunel portfolios, as mentioned above;
 - c) Lower than budgeted spend against the local pension board budget;
 - d) Higher postage and printing (within other administration costs), which is a result of higher than anticipated use of Docmail (remote printing organisation), due to home working;
 - e) Higher than anticipated actuarial costs due to some additional projects, such as advice on reviewing the arrangements around the ill-health insurance. These costs can be hard to plan exactly, so the final position is still not quite certain.

2021/2022 Budget

3. Whilst the full 2021/2022 Budget (and Business plan) will be brought to the next Committee meeting in March 2021, officers request that some additional staff spending is approved at this meeting so that recruitment exercises and appointments can begin in advance in relation to the added work caused by McCloud, the early indications from the payroll reconciliation (see part 2 paper) and to help clear backlogs as outlined in the KPI paper.

Environmental Impact of the Proposal

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

Risk Considerations

5. There are no known implications at this time.

Proposals

6. The Committee is asked to:
 - a) note the projected outturn for 2020/21

- b) Approve additional staff/resource spending of £105,000 to help fund temporary support to deal with the following areas:
 - i. The additional work created by the McCloud ruling, mostly immediately, collecting and processing the retrospective data needed back to April 2014 (as discussed in the Scheme update paper)
 - ii. Dedicated resource in relation to tackle administrative backlogs (as shown in appendix 5 of the KPI paper)
 - iii. Reconciliation and rectification work (as later explained in item 23).

Note: Most of the additional spending requested is likely to occur within the 2021/2022 financial year but it is requested now so the recruitment can start shortly.

JENNIFER DEVINE Head of Pension Fund Investments

Report Author: Jennifer Devine, Head of Pension Fund Investments
& Andy Cunningham, Head of Pensions Administration and Relations

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

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

	2020/21	2020/21		
	Budget	Forecast as at Sep-20	Variance	Comment
	£	£	£	
Investment Administration				
Investment Administration Staffing Costs	123,364	127,560	-4,196	
Investment Administration Travel/Conferences/Training	3,600	1,000	2,600	
INVESTMENT ADMINISTRATION COSTS	126,964	128,560	-1,596	-1.3%
Scheme Administration				
Pension Scheme Administration Staffing Costs	1,071,844	1,059,168	12,676	1.2% 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	336,319	17,281	4.9%
Other Administration Costs	79,000	89,250	-10,250	-13.0% Higher than anticipated use of Docmail, due to remote working
SCHEME ADMINISTRATION COSTS	1,848,094	1,828,387	19,707	1.1%
Oversight and Governance				
Staffing and Related	181,945	192,626	-10,681	-5.9%
Training and Conferences	8,000	5,500	2,500	31.3%
Subscriptions, memberships and levies	44,950	43,950	1,000	2.2%
Actuarial Services	156,000	171,806	-15,806	-10.1% Spend can be variable, this year has included advice on ill-health insurance and some other project work
Audit	27,300	27,300	0	0.0%
Legal Fees	58,250	35,200	23,050	39.6% Lower than budgeted spend on external advice in the first quarter of the year
Advisory Fees (Investment and Independent Advisor)	169,500	183,909	-14,409	-8.5% 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	792,195	806,540	-14,345	-1.8%
LOCAL PENSION BOARD COSTS	27,400	14,000	13,400	48.9% Lower than budgeted spend on consultancy support
GRAND TOTAL	2,794,653	2,777,487	17,166	0.6%