

WILTSHIRE COUNCIL

WILTSHIRE PENSION FUND COMMITTEE
24 June 2021

WILTSHIRE PENSION FUND RUNNING COSTS OUTTURN 2020-21

Purpose of the Report

1. The purpose of this report is to present the financial outturn of the funds running costs versus budget for 2020-21.

Background

2. To ensure good governance, budgets are required to monitor the stewardship of the Fund's expenditure and financial plans assist in mitigating risks by allocating necessary resources to deliver the service.
3. This report sets out the final Pension Fund outturn results for 2020-21 as at 31 March 2021. The appendix presents the outturn against the main budget areas of the Fund.

Key variances against 2020-21 budget

4. There was a net underspend £131k (4.7%) against the Fund's controllable budget. This comprises a £3k net underspend against the Pension Fund Administration budget a £12k underspend against the Investment Administration budget a £103k underspend against the Oversight and Governance budget and a £14k underspend against the Local Pension Board budget.
5. The summary table below sets out the prior year expenditure (2019/20), the in year actual (2020/21) compared to plan and the budget agreed by committee for 2021/22. A detailed budget schedule is included in Appendix 1 for reference.

Pension Fund Running Costs - Summary Report							
£ 000's	2019/20		2020/21				2021/22
	Actual		Actual	Budget	Variance	%	
Investment Administration	127		115	127	12	9%	217
Scheme Administration	1,738		1,845	1,848	3	0%	1,988
Oversight and Governance	729		704	807	103	13%	895
Local Pension Board	14		14	27	14	50%	25
Controlable Budget Total	2,607		2,678	2,810	131	5%	3,125
Investment Management Fees	34,614		26,496				
Total Fund Running Costs	37,221		29,174	2,810	131	5%	3,125

6. Investment management fees are considered outside of the controllable budget total as they vary in relation to investment performance over the year. Given their scale and variability no budget is set for these costs. This is covered elsewhere on this agenda.
7. The key variances that contributed towards the net underspend against the controllable Pension Fund budget were:
 - a) Underspend of £50k versus the staffing budget due to lower use of agency staff than planned to address backlogs and some vacant posts in year.

- b) Underspend of £32k against anticipated legal fees from external firms.
 - c) Underspend of £20k on costs of conferences and training partially due to restrictions on such events over the year.
8. Total fund running costs per member in 2020/21 were £354, a decrease of £107 from 2019/20. The £8m year on year reduction in investment management costs are the main driver of this reduction. Other scheme running costs have remained largely static year on year.

Fund Running Costs per member	2019/20	2020/21
Total Membership	80,824	82,454
	£'s per member	£'s per member
Investments (admin and management fee's)	429.8	322.7
Scheme Administration	21.5	22.4
Oversight and Governance (Inc Local Pension Board)	9.2	8.7
Total Cost Per Member	460.5	353.8

9. The Government annually publishes information on fund running costs, the latest data is from 2019/20. This incorporates all running costs including the investment management fees. When 2020/21 information is available officers will bring a summary of the fund running costs benchmarked against this data.

Environmental Impact of the Proposal

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

Safeguarding Considerations/Public Health Implications/Equalities Impact

11. There are no known implications at this time.

Risk Assessment

12. The Committee is asked to recognise that some costs, particularly investment fees, are dependent upon factors that are outside of the Council's control. They may go up or down, depending on market conditions.
13. In line with good governance practice, officers will be bringing budget monitoring reports back to Committee each quarter.

Proposals

14. The Committee is asked to note the outturn for 2020/21 and figures in the attached Appendix.

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

Wiltshire Pension Fund Budget Report 2020/21

£'s	2019/20	2020/21				2021/22
	Actual	Actual	Budget	Variance	%	Budget
Investment Administration						
Investment Administration Staffing Costs	119,299	114,227	123,364	9,137	7.4%	209,768
Investment Administration Travel/Conferences/Training Costs	7,480	913	3,600	2,688	74.7%	7,500
INVESTMENT ADMINISTRATION COSTS	126,779	115,140	126,964	11,824	9.3%	217,268
Scheme Administration						
Pension Scheme Administration Staffing Costs	995,688	1,035,704	1,071,844	36,140	3.4%	1,207,549
Staff Training	18,689	22,288	32,200	9,912	30.8%	22,960
Corporate charges	311,450	311,450	311,450	0	0.0%	311,450
Pension Administration systems and data cleansing	310,093	354,084	353,600	(484)	-0.1%	357,405
Other Administration Costs	101,749	51,161	79,000	27,839	35.2%	88,750
SCHEME ADMINISTRATION COSTS	1,737,669	1,774,688	1,848,094	73,406	4.0%	1,988,114
Oversight and Governance						
Oversight and Governance Staffing Costs	168,360	180,128	181,945	1,817	1.0%	221,388
Training and Conferences	9,942	575	8,000	7,425	92.8%	23,000
Subscriptions, memberships and levies	33,906	32,480	44,950	12,470	27.7%	42,200
Actuarial Services	205,546	153,619	156,000	2,381	1.5%	152,785
Audit Fees	10,309	27,000	27,300	300	1.1%	27,300
Legal Fees	12,530	26,120	58,250	32,130	55.2%	48,250
Advisory Fees (Investment and Independent Advisor)	142,277	195,871	184,500	(11,371)	-6.2%	233,375
Corporate charges & other costs	146,250	158,950	146,250	(12,700)	-8.7%	146,250
OVERSIGHT AND GOVERNANCE COSTS	729,120	774,743	807,195	32,452	4.0%	894,548
LOCAL PENSION BOARD COSTS	13,901	13,736	27,400	13,664	49.9%	25,209
GRAND TOTAL	2,607,469	2,678,307	2,809,653	131,346	4.7%	3,125,139
Investment Management Fees	34,613,531	26,496,126				
Total Fund Running Costs	37,221,000	29,174,432				