

**Report to:** Pension Board

**Date of meeting:** 2 March 2020

**By:** Chief Finance Officer

**Title:** 2019/20 Budget Monitoring

**Purpose:** This report covers the 2019/20 forecast outturn for the Pension Fund against its budget.

**RECOMMENDATION – The Board is recommended to consider and note the report.**

## 1. Background

1.1 Under the Local Government Pension Scheme (LGPS) Regulations, the Council is required to maintain a pension fund, the East Sussex Pension Fund (the Fund), for its employees and other 'scheduled bodies' as defined in the Regulations. The Regulations also empower the Fund to admit employees of other 'defined' (e.g. other public bodies) bodies into the Fund.

1.2 The 2019/20 budget for the Fund was set at the February 2019 meeting of the Pension Committee and was put together to assist in the management of the Fund, and allow the Council to be able to perform its role as the administering authority in a structured way.

1.3 The estimates do not incorporate any provision for investment fees earned by the alternative fund managers. The Fund has not been able to obtain reliable outturn information around the costs for Fund officers and pension administration that will be charged to the Fund so these are currently being reported on budget.

## 2. 2019/20 Budget Monitoring

2.1 In February 2019 the Pension Committee agreed a budget in respect of the Fund's investment and administration expenses of £4.857m for the 2019/20 financial year.

Description	2019/20 Budget £000	2019/20 Projected Outturn £000	Change £000
Pension administration	1,081	1,081	-
Oversight and governance	776	1,106	330
Investment management (invoiced fees)	3,000	3,285	285
<b>Total</b>	<b>4,857</b>	<b>5,372</b>	<b>515</b>

2.2 The projection for pension administration is currently set as per budget as the Fund has not been able to receive reliable outturn information around these costs. The Fund is working to get more reliable information around these costs.

2.3 The projected overspend in oversight and governance is mainly due work not budgeted for that has been requested by the Pension Committee these include but not limited to the Good Governance Project and Data Improvement Project. In addition to this a greater reliance has been

put on third party providers due to vacancies in the Fund officer team. It is not clear what the charge to the Fund will be for the Fund Officers and the Fund is working to get more reliable information around these costs.

2.4 The Projected overspend in investment management as we have received higher than anticipated investment returns for the year to date and due to delays in moving managers into the ACS.

### **3. Conclusion and reasons for recommendation**

3.1 The Fund expenditures on pension administration, oversight and governance and investment management will be charged to the Fund, and there is no direct charge to local authorities or other employer bodies for the costs detailed in this report.

3.2 The actual spend will be detailed within the Pension Fund Annual Report, which is subject to external audit.

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