

Report to: Pension Board

Date of meeting: 5 June 2024

By: Chief Finance Officer

Title: East Sussex Pension Fund (ESPF) 2023/24 Outturn report

Purpose: This report provides the financial outturn of the ESPF for the 2023/24 financial year

RECOMMENDATIONS

The Pension Board is recommended to note the report.

1. Background

1.1 The East Sussex Pension Fund's (the Fund) business plan and budget sets out the direction of travel, objectives and targets to be achieved in the financial management for the administering authority to carry out its statutory duties in a structured way. The Pension Committee is charged with meeting the duties of the Council as administering authority in respect of the Fund.

1.2 Budget estimates do not incorporate any provision for investment fees earned by the investment managers since there is limited scope for the Fund to influence these costs. This is due to the nature of the fees being based on factors outside the control of the Fund such as market movements along with other decisions affecting these such as strategic asset allocation changes.

2. 2023/24 Outturn Position

2.1 The budget requirements for 2023/24 were set **at £4.463m** (£4.269m 2022/23 excluding manager fees) to support the Business Plan activities and administration of the Fund.

2.2 The final outturn position of 2023/24 is **£4.082m**, this is a decrease from the last projected position of £0.297m and also reflects an underspend against the approved budget of £0.381m. The 2023/24 outturn against budget line items is shown in the table below.

2.3 The underspend mostly relates to a reduction in staffing overhead costs, lower than expected IT systems costs due to negotiations in fee by paying costs for licenses upfront and lower inflation assumptions.

2023/24 Outturn Report

2022/23 Outturn £000	Item	2023/24 Budget £000	2023/24 Actual Outturn £000	2023/24 Forecast Outturn Q3 £000	Variance to Previous Quarter £000
	Pension Fund Staff Costs				
1,482	Fund Officers	2,023	1,958	1,968	10
1,482	Sub Total	2,023	1,958	1,968	10
	Oversight and Governance Expenses				
318	Investment Advice	392	365	394	29
125	Actuarial Fund Work	87	39	51	12
69	Actuarial Employer Work	81	118	87	(31)
(76)	Employer reimbursement	(81)	(119)	(87)	32
56	Legal Fees	69	38	46	8
48	Governance consultancy costs	70	42	48	6
96	Audit	71	115	123	8
636	Sub Total	689	598	662	64
	Investment Expenses				
101	Custodian	97	107	98	(9)
101	Sub Total	97	107	98	(9)
	Administration Expenses				
438	IT Systems licenses costs and Hardware	572	489	492	3
256	Overheads	475	315	448	133
267	Admin operational support services	279	246	309	63
13	Improvement projects	100	106	99	(7)
235	Consultancy	45	61	80	19
7	Communications	47	60	68	8
13	Training	20	26	28	2
87	Subscriptions	75	84	85	1
48	Other Expenses	60	53	60	7
1,364	Sub Total	1,673	1,440	1,670	230
	Income				
(15)	Other Income	(19)	(21)	(19)	2
(15)	Sub Total	(19)	(21)	(19)	2
3,568	Total	4,463	4,082	4,379	297

2.4 The outturn for the overheads is considerably lower than the previous forecast position. The overhead charge to the Fund is a combination of charges based on the staff which is to cover items such as office space the Fund uses. For the year end we were provided a complete breakdown of the costs to the Fund. This identified that previous reporting had double counted within the overhead classification some costs which are paid for as specific agreed costs to East Sussex County Council and do not form part of the overhead. This has led to a £133,000 reduction from the last forecast position. In addition there was duplication of costs anticipated in Admin operational support services that were

specific to another budget line as the invoice was paid by ESCC on the Funds behalf, which is reflected by a saving of £63,000.

2.5 The forecast on the investment advice line was reduced it had been anticipated starting a couple of pieces of specific investment work that have since been deferred. This resulted in the reduction of £29,000 against the projected outturn.

2.6 The forecast for consultancy line was kept high at the last reported position as there is a one off piece of consultancy work on going with ITM and with Heywoods in regards to the integrated service provider project which may have occurred in 2023/24 but have slipped into the next financial year. This will come under the improvement projects line in the next years budget. This has produced an £19,000 underspend since the last projected outturn.

2.7 The pension fund received confirmation that the continuation of the Local Audit Grant for the 2023/24 audit in February this has resulted in the reduction in Audit costs for the year by £8,000.

3. Conclusion and reasons for recommendation

3.1 The Board is recommended to note the final 2023/24 outturn position.

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