

PENSIONS INVESTMENT COMMITTEE			
REPORT TITLE	Annual Budget Controllable Expenditure		
KEY DECISION	No	Item No:	
WARD	N/A		
CONTRIBUTORS	Executive Director for Resources & Regeneration		
CLASS	Part 1	Date:	13 November 2014

1. SUMMARY

- 1.1 This report provides members with a summary of the annual budget for managing the Lewisham Pension fund.

2. RECOMMENDATION

- 2.1 The Committee is recommended to:

To note the annual budget for controllable expenditure for the Pension Fund.

3. BACKGROUND

- 3.1 On 18th August 2014, the Department for Communities and Local Government (DCLG) wrote to Heads of Pensions in England and Wales informing them that guidance from the Chartered Institute of Public Finance and Accountancy on the Annual Report had become statutory.
- 3.2 Regulation 34(3) of the Local Government Pension Scheme (LGPS) (Administration) Regulations 2008 and Regulation 57 (3) of the LGPS Regulations 2013 requires and administrating authority to have regard to guidance given by the Secretary of State when preparing and publishing their pension fund annual report under those regulations.
- 3.3 The Pension Fund Annual report has been already been audited and is a separate paper to the committee. Correspondence from DCLG states that should any additional disclosures be required to comply with the guidance, these may be issued as an addendum to the report and published by 1 December 2014. Within the guidance is the requirement for a budget versus outturn report on the administrative costs of the fund during the year, including investment management expenses.
- 3.4 This report provides this budget versus outturn repor by means of a review of 2013/14 actual spend, spend to date in 2014/15, and projected outturn for 2014/15. In the future a budget will be set and form part of the Annual report.

4. FINANCIAL PERFORMANCE

4.1 Table 1: Financial Performance

<u>ADMINISTRATION COSTS</u>	ACTUALS		PROJECTION	YEAR ON YEAR CHANGE	
	2013/14	Sep-14	2014/15		
	£000s	£000s	£000s	£000s	%
Lewisham Administration	581	318	661	80	14
Advisory Costs	228	160	320	92	40
Audit costs	21	11	23	2	10
Bank Charges	6	1	8	2	33
	836	490	1,012	176	21
<u>INVESTMENT MANAGEMENT FEES</u>	2013/14	Sep-14	2014/15		
	£000s	£000s	£000s	£000s	%
Fund Managers' Fees	1,389	203	1400	11	1
Custodian Fees	48	19	67	19	40
Advisory Costs	30	14	33	3	10
	1,467	236	1,500	33	2

4.2 This is the first year a formal budget has been brought to committee for review. We are reassessing all of the recharges and fees, with particular attention to the impact of the forthcoming Pension Board on expenditure in 2015-16. We will review the outturn at the end of 2014-15 with the aim of setting a more accurate budget for future years.

5. FINANCIAL IMPLICATIONS

5.1 There are additional financial implications.

6. LEGAL IMPLICATIONS

6.1 There are no legal implications directly arising from this report.

7. CRIME AND DISORDER IMPLICATIONS

7.1 There are no crime and disorder implications directly arising from this report.

8. EQUALITIES IMPLICATIONS

8.1 There are no equalities implications directly arising from this report.

9. ENVIRONMENTAL IMPLICATIONS

9.1 There are no environmental implications directly arising from this report.

FURTHER INFORMATION

If there are any queries on this report or you require further information, please contact:

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