

From: Chairman Superannuation Fund Committee  
Corporate Director of Finance

To: Superannuation Fund Committee – 23 June 2021

Subject: Pension Fund Business Plan

Classification: Unrestricted

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**Summary:**

To advise the Committee of the 2020-21 outturn costs and progress made to date on the 2021-22 business plan and related outturn for 2021-22.

**Recommendation:**

The Committee is recommended to note the 2020-21 outturn costs, the updated Business Plan and the related outturn for 2021-22.

**FOR INFORMATION**

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**1. Introduction**

1.1 The Committee is asked to consider the updated business plan and forecast costs required to deliver the plan in 2020-21 and 2021-22.

**2. 2021-22 Business plan**

2.1 The Fund's business plan has been updated to reflect progress made to date and anticipated for 2021-22 and a copy is at appendix 1.

2.2 Members are asked to particularly note the following:

- i) Barnett Waddingham have completed their review of the KCC finance support for the Pension Fund and are close to completing the review of the governance of the Pension Fund. It is anticipated that during 2021-22 the focus will be on the implementation of the recommendations.
- ii) A review of the Fund's strategic asset allocation has been deferred to early 2022.

**3. 2020-21 outturn**

3.1 Total actual costs to support the 2020-21 business plan amounted to £4.3m, some £389,000 lower than forecast mainly as a result of lower pensions administration costs and details are included in the table below. Most other actual costs were below budget with the exception of investment consultancy fees relating to the establishment of the equity downside protection programme and audit fees.

#### 4. 2021-22 forecast

- 4.1 The forecast is unchanged with costs to support the 2021-22 business plan expected to amount to some £5.05m taking into account pension administration, investment accounting and governance costs related to the implementation of the recommendations of the finance function review.
- 4.2 The resources required to support the changes to the Fund's governance arising from the Barnett Waddingham review have yet to be considered.

#### 5. Pension Fund Management Costs

	Agreed Budget 2020-21	Actual costs 2020-21	(Overspend) / Underspend	Forecast 2021-22
	£	£	£	£
Pensions Administration	3,411,900	3,033,733	378,167	3,610,000
Pension Payroll Services	225,973	221,542	4,431	226,000
Payment services	17,340	16,650	690	17,400
Financial Services	68,340	64,700	3,640	69,000
<b>Administration Expenses</b>	<b>3,723,553</b>	<b>3,336,625</b>	<b>386,928</b>	<b>3,922,400</b>
Actuarial Fee including cost of valuation	260,000	315,823	-55,823	250,000
Legal Fees	125,000	23,721	101,279	50,000
Direct recovery of actuary, legal fees and admin costs	(225,000)	(257,090)	32,090	(225,000)
Subscriptions	46,000	41,511	4,489	46,000
ACCESS pooling costs	100,000	82,160	17,840	115,000
Investment Accounting and Oversight costs	400,000	372,866	27,134	600,000
Performance Measurement Fees	10,000	29,080	-19,080	30,000
Investment and governance consultancy	210,000	172,921	37,079	180,000
Equity Protection consultancy		145,426	(145,426)	*30,000
Other professional advice	20,000	-	20,000	20,000
<b>Governance and Oversight Expenses</b>	<b>946,000</b>	<b>926,419</b>	<b>(19,582)</b>	<b>1,096,000</b>
Audit fee	24,000	41,029	(17,029)	50,000
<b>Total</b>	<b>4,693,553</b>	<b>4,304,073</b>	<b>(389,481)</b>	<b>5,068,400</b>

\*Does not include Equity protection restructuring advice cost

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**June 2021**

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