

Bath & North East Somerset Council

MEETING: **AVON PENSION FUND COMMITTEE**

MEETING DATE: **16 MARCH 2012**

AGENDA
ITEM
NUMBER

TITLE: **2012-15 SERVICE PLAN AND BUDGET**

WARD: 'ALL'

AN OPEN PUBLIC ITEM

List of attachments to this report:

Annex: 2012 – 2015 Service Plan and Budget (including 3 Appendices)

1 THE ISSUE

- 1.1 The purpose of this report is to present to Committee the 3-Year Service Plan and Budget for the period 1 April 2012 to 31 March 2015.
- 1.2 The Service Plan (Annex) reports on progress made against 2010/11 planned actions and then details new development proposals that are planned to be undertaken during the next 3 financial years. These are designed to respond to known legislative changes and Committee initiatives as well as to take the Service forward by improving performance and overall quality of service to its stakeholders.

2 RECOMMENDATION

- 2.1 That the Committee approves the 3-Year Service Plan and Budget for 2012-15 for the Avon Pension Fund.

3 FINANCIAL IMPLICATIONS

- 3.1 The administrative and management costs incurred by the Avon Pension Fund are recovered from the employing bodies through the employers' contribution rates.
- 3.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 provide that any costs, charges and expenses incurred administering a pension fund may be paid from it.
- 3.3 Financial implications are contained within the body of the Report.

4 SERVICE PLAN 2012/15

- 4.1 The Service Plan sets out the Pension Fund's objectives for the next three years. The three year budget supports the objectives and actions arising from the plan including work relating to the investment strategy and improvements in the administration of the Fund. Specifically the Fund is developing an administration strategy that incorporates working more closely (as partners) with the Fund's employing bodies.
- 4.2 Full details of the 2012/15 Service Plan are included in the Appendices. Appendix 3 shows progress of the 2010/13 plan as well as the new medium term targets for 2012/15

5 BUDGET FOR 2012-15

- 5.1 The Service Plan includes details of the proposed budget over this period. A three-year budget commencing 1 April 2012 is included as **APPENDIX 3** to the Service Plan.
- 5.2 The budget is split between those areas that relate to the administration of the Fund in terms of providing the administration service to members and employers, and those areas where there is less scope to directly control the costs. The latter areas include Investment Management and Custody costs where the fee structure is agreed by the Fund but the actual costs incurred are dependent upon investment performance and the volume of transactions. They also include governance expenses which are a consequence of the Fund's policy response to regulations and investment strategy.
- 5.3 The budget approved for Administration in 2011/12 was £2,078,300. In the proposed budget for 2012/13 this has had to be increased to £2,149,100 in order to provide the necessary resources to meet the increased administrative pressures on the Fund. Wherever possible the increased demand for resources has been met by savings in other areas. The Service Plan includes explanations of any growth and savings in the budget and any variations resulting from expected developments shown in the Service Plan.

6 RISK MANAGEMENT

- 6.1 The Avon Pension Fund Committee is the formal decision-making body for the Fund. As such it has responsibility to ensure adequate risk management processes are in place. It discharges this responsibility by ensuring the Fund has an appropriate investment strategy and investment management structure in place that is regularly monitored. In addition it monitors the benefits administration, the risk register and compliance with relevant investment, finance and administration regulations. The creation of an Investment Panel further strengthens the governance of investment matters and contributes to reduced risk in these areas.

7 EQUALITIES

- 7.1 An equalities impact assessment is not necessary.

8 CONSULTATION

8.1 N/a

9 ISSUES TO CONSIDER IN REACHING THE DECISION

9.1 Are detailed in the report.

10ADVICE SOUGHT

10.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

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Background papers	Various Accounting Records