

**Bath & North East Somerset Council**

MEETING:	<b>AVON PENSION FUND COMMITTEE</b>	<input type="text"/>
MEETING DATE:	<b>22 MARCH 2013</b>	
TITLE:	<b>2013-16 SERVICE PLAN AND BUDGET</b>	
WARD:	<b>'ALL'</b>	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b> <b>Annex: 2013 – 2016 Service Plan and Budget (including 3 Appendices)</b>		

**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 2013 to 31 March 2016.
- 1.2 The Service Plan (Annex) details 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 2013-16 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 2013/16**

- 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.
- 4.2 Within this plan, 2013-14 is a particularly busy period with the introduction of the new scheme, the 2013 valuation, implementation of the new investment strategy and roll out of electronic information systems. The later years will focus on consolidation, realising efficiencies and embedding partnership working.
- 4.3 Full details of the 2013/16 Service Plan are included in the Appendix. Appendix 3 of the Service Plan shows the new medium term targets for 2013/16

### **5 BUDGET FOR 2013/16**

- 5.1 The Service Plan includes details of the proposed budget over this period. A three-year budget commencing 1 April 2013 is included as **APPENDIX 3A** to the Service Plan. A commentary on the budget is given in **APPENDIX 3B**.
- 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, Governance and Compliance in 2012/13 was £2,716,800. In the proposed budget for 2013/14 this has had to be increased to £3,009,500. The increase is mainly in order to meet the one off costs of the strategic review of investments and to provide the necessary resources to meet the increased administrative pressures on the Fund. This increase in budget includes £125,000 relating to the restructure of the Benefits section that was approved by Committee in September 2012. 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.

## 10 ADVICE 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.

<b>Contact persons</b>	<p><b>Budget</b> – Martin Phillips, Finance &amp; Systems Manager (Pensions) (01225 395259)</p> <p><b>Service Plan</b> -- Tony Bartlett, Head of Business, Finance and Pensions (01225 477302), Steve McMillan, Pensions Manager (01225 395254), Liz Woodyard, Investments Manager (01225 395306)</p>
<b>Background papers</b>	Various Accounting Records