

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	<input type="text"/>
MEETING DATE:	28 MARCH 2014	
TITLE:	2014 - 17 SERVICE PLAN AND BUDGET	
WARD:	'ALL'	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Appendix 1: 2014 – 17 Service Plan and Budget (including 4 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 2014 to 31 March 2017.
- 1.2 The Service Plan (Appendix 1) 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 2014-17 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 2014-17

- 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 The initial focus of this plan is the Fund's response to two key government initiatives, the new governance arrangements and the restructuring of the local LGPS funds, and the introduction of the new scheme. In addition, there are investment and funding projects that need to be undertaken as well as further development of the Fund's electronic capability and facilities for stakeholders to access. The later years will focus on consolidation, realising efficiencies and embedding partnership working.
- 4.3 Full details of the 2014-17 Service Plan are included in the Appendix. Appendix 3 of the Service Plan shows the new medium term targets for 2014/17

5 BUDGET FOR 2014-17

- 5.1 The Service Plan includes details of the proposed budget over this period. A three-year budget commencing 1 April 2014 is included as **APPENDIX 4A** to the Service Plan. For the first time, this year the budget includes a cash flow forecast for the Fund. A commentary on the budget is given in **APPENDIX 4B**.
- 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 2013/14 was £3,009,500. In the proposed budget for 2014/15 this has been reduced to £2,834,300. The reduction is mainly due to the removal of one off items included in the 2013/14 budget such as the cost of the Triennial Valuation and the cost of Investment Consultants relating to the Strategic Review. Some, one off costs have been added for 2014/15 where they are required to maintain the level of service. Wherever possible savings have been made and inflation absorbed. The Service Plan includes an analysis of the difference between the 2013/14 budget and the 2014/15 budget.

5.4 The addition of a cash flow forecast in this year's budget reflects the increased need to monitor the Fund's cash flow since it ceased to be continuously cash flow positive. The close monitoring of the Fund's cash flow position is a vital tool in the management of the cash flow that is achieved through its investment strategy.

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 - Business Support) have had the opportunity to input to this report and have cleared it for publication.

Contact persons	Budget – Martin Phillips, Finance & Systems Manager (Pensions) (01225 395259) Service Plan -- Tony Bartlett, Head of Business, Finance and Pensions (01225 477302), Geoff Cleak, Pensions Manager (01225 395277), Liz Woodyard, Investments Manager (01225 395306)
Background papers	Various Accounting Records