

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

11 September 2020

Appendix 3 to this report contains exempt information of the description contained in paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006.

BUDGET / STATISTICS

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

1.1 To report on the following:

- | | |
|---|-----------------|
| (a) 2020/21 budget - cost of running the Fund | (see section 2) |
| (b) the 3 year cashflow projection for the Fund | (see section 3) |
| (c) 2019/20 investment fees | (see section 4) |

2.0 2020/21 BUDGET- COST OF RUNNING THE FUND

- 2.1 The latest forecast outturn position against the 2020/21 budget is attached as **Appendix 1** and shows an increase in anticipated expenditure of £153k.
- 2.2 Following approval from the Committee in July, an additional £75k has now been included in the forecasted pooling project costs to reflect the maximum additional expenditure requested to develop the BCPP Property Funds.
- 2.3 The forecasted pooling operational charges have also been increased by £68k reflecting the fact that costs are now split between eleven Partner Funds rather than the previous twelve.
- 2.4 Administration costs have been increased by £10k following confirmation of the cost of the pension data reconciliation.
- 2.5 As discussed in the February PFC meeting, the current budget, included in Appendix 1, does not yet include any costs for the re-procurement of the administration system. In the meeting it was agreed that any known budget changes would be brought to the September meeting for approval. At this stage there are no changes required to the 2020/21 budget as a result of the system re-procurement.

3.0 3 YEAR CASHFLOW PROJECTION

- 3.1 The cash position of the Fund is presented in **Appendix 2**. The table shows the projected cashflows of the Fund over the three-year period 2020/21 to 2022/23. This cashflow includes the contribution income and benefits payable, the main inflow and outflow of the Fund. In addition to this it also includes all other items that go through the bank account, for example, any costs of administering the scheme; this provides a more accurate prediction of the cash position of the Fund.
- 3.2 Projected expenditure on pensions and anticipated income from contributions have been updated across the three years to reflect the latest available data. This has resulted in lower deficit positions of £4.2m in 2020/21, £13.8m in 2021/22 and £25.1m in 2022/23 being forecast compared with the positions from the previous quarter of £13.9m in 2020/21, £23.1m in 2021/22 and £34.8m in 2022/23.
- 3.3 The forecast investment income has also been increased to reflect income being received from the BCPP Infrastructure sub-fund.
- 3.4 A review is to be undertaken of cash movements between the Fund and the fund managers for alternative investments, now that commitments are increasing in this area, which will have an impact on the overall cash position. This review will include capital calls, redistributed capital and income, with a view to incorporating these in future cashflow reports.

4.0 2019/20 INVESTMENT FEES

- 4.1 A breakdown of the 2019/20 investment fees by fund manager is provided in a confidential **Appendix 3** along with the value of each mandate. This information is currently under review as part of the audit of the Fund's draft accounts and therefore is subject to change.

5.0 RECOMMENDATIONS

- 5.1 Members to note the contents of the report.

GARY FIELDING
Treasurer to North Yorkshire Pension Fund
NYCC
County Hall
Northallerton

1 September 2020

North Yorkshire Pension Fund - 2020/21 Budget - Cost of Running the Pension Fund

	Expenditure to 30/06/20 £k	Original Budget 2020/21 £k	Forecast 2020/21 £k	Variance £k
EXPENDITURE				
Admin Expenses				
Finance and Central Services	0	430	430	0
Provision of Pensioner Payroll (ESS)	0	140	140	0
Pensions Administration Team	0	1,090	1,090	0
Pension Data Reconciliation	0	50	60	10
Other Admin Expenses	171	270	270	0
	171	1,980	1,990	10
Oversight and Governance				
Actuarial Fees	1	40	40	0
Custodian Fees	5	50	50	0
Consultants Fees	43	290	290	0
Pooling Project Costs	55	70	145	75
Pooling Operational Charge	195	600	668	68
Other O & G Expenses	9	100	100	0
	308	1,150	1,293	143
Investment Fees				
Investment Management Base Fee invoiced	741	2,200	2,200	0
Performance Fees invoiced	0	2,000	2,000	0
Investment Fees deducted from Fund	0	22,760	22,760	0
	741	26,960	26,960	0
TOTAL	1,220	30,090	30,243	153

North Yorkshire Pension Fund Cashflow Forecast

	Cashflow 2020/2021 £k	Cashflow 2021/2022 £k	Cashflow 2022/2023 £k
EXPENDITURE			
Benefits			
Pensions	98,108	107,040	116,780
Lump Sums	27,950	27,950	27,950
	126,058	134,990	144,730
Payments to and on account of leavers			
Transfers out	17,750	17,750	17,750
Refunds to leavers	600	600	600
	18,350	18,350	18,350
TOTAL EXPENDITURE	144,408	153,340	163,080
INCOME			
Employer and Employee Contributions	123,602	121,520	120,080
Transfers in (from other schemes)	16,840	16,840	16,840
Investment Income	7,229	8,570	8,570
	147,671	146,930	145,490
SURPLUS/ (DEFICIT)	3,263	(6,410)	(17,590)
Add cost of administering the pension fund	30,243	31,560	32,390
Less Management Fees charged direct to the fund	(22,760)	(24,160)	(24,910)
NET SURPLUS/ (DEFICIT)	(4,220)	(13,810)	(25,070)