



Pensions Committee

24 June 2015

Report title	Service Plan Monitoring 2015/16 – Quarter One	
Originating service	Pension Services	
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Recommendation(s) for noting:

The Committee is recommended to note:

1. Performance against the Fund's key performance indicators as at the end of the first quarter;
2. The forecast outturn against operating budgets as at the end of the first quarter, which is an under spend of £310,000.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on performance against key performance indicators (KPIs) and the forecast outturn for the year against operating budgets as at the end of the first quarter.
- 1.2 The KPIs and operating budgets were approved by the Committee on 18 March 2015 as part of the Service Plan 2015-2020, a full copy of which can be found on the Fund's website: www.wmpfonline.com.

2.0 Performance against medium term plan

- 2.1 The eight key priorities in the Service Plan are detailed in Appendix 1, which represents a summarised update of activities. Activities against the plan continue in line with objectives. An abridged summary of performance against KPIs is included in Appendix 2.
- 2.2 Performance against some pension administration objectives has deteriorated due to the large increase in manual calculations required while LGPS 2014 system upgrades were being developed by our software provider. It is expected that performance will improve to former levels once the upgrades have been completed later in the year.

3.0 Forecast outturn against operating budget 2015/16

- 3.1 The following table sets out the forecast outturn compared with the Fund's operating budget as at the end of the first quarter.

Budget Heading	Approved Budget 2015/16 £000	Forecast 2015/16 £000	Forecast Variance £000
Employees	4,797	4,533	(264)
Premises	328	294	(34)
Transport	60	60	-
Communications and Computing	702	702	-
Investment Management and Advice*	9,559	9,554	(5)
Other	1,923	1,916	(7)
Support Services	454	454	-
Service Development	350	350	-
Total Expenditure	18,173	17,863	(310)
Miscellaneous Income	(5)	(5)	-
Net Expenditure	18,168	17,858	(310)

* Note: this line includes invoiced external fees only

- 3.2 Forecasts have been made using a combination of reviewing spend to date and considering plans for the remainder of the financial year. A prudent approach has been taken in forecasting the cost of those plans, and the figures set out above are therefore likely to be subject to change by year-end.
- 3.3 The forecast under spend has arisen primarily on staffing budgets (£264,000), due to a number of posts being held vacant, or in the process of being recruited to, during the year to date.
- 3.4 The only other significant variance is on premises costs, for which a saving of £34,000 is forecast. This reflects the inclusion of more up-to-date information, including confirmation of actual costs for 2014/15, across a range of premises budgets.
- 3.5 As at the end of the first quarter, investment management fees are forecast to be very close to budget, at just £5,000 under budget. However, since these are heavily influenced by market movements and investment performance, this is particularly subject to change during the remainder of the year.
- 3.6 Cost-per-member is a critical measure for the Fund of its cost-effectiveness. The following table sets out forecast cost-per-member compared to budget, using the three standard headings specified by CIPFA. These figures are stated for West Midlands Pension Fund only, reflecting the £150,000 recharge to the ITA Fund. The forecast cost-per-member is lower than budgeted for each of the three headings.

	2015/16 Budget	2015/16 Forecast
Total Administration Costs (£000)	3,621	3,437
Administration Cost per Member (£)	12.83	12.19
Total Investment Management Costs (£000)	11,975	11,907
Investment Management Cost per Member (£)	42.43	42.24
Total Oversight and Governance Costs (£000)	2,422	2,363
Oversight and Governance Cost per Member (£)	8.58	8.38

- 3.7 The Fund, like all public sector bodies, continues to review its operating costs and procedures, with many key operational processes having been reviewed under the LEAN programme and efficiency gains made.

4.0 Financial implications

- 4.1 The financial implications are discussed in the body of the report.

5.0 Legal implications

5.1 This report contains no direct legal implications for the Authority.

6.0 Equalities implications

6.1 This report has no equalities implications.

7.0 Environmental implications

7.1 This report has no environmental implications.

8.0 Human resources implications

8.1 The report has no human resources implications.

9.0 Corporate landlord implications

9.1 This report has no corporate landlord implications.

10.0 Schedule of background papers

- Service Plan 2015-20, Report to Pensions Committee, 18 March 2015

11.0 Schedule of Appendices

11.1 Appendix 1 – WMPF Service Plan 2015-20, Priorities and Implementation Targets.

11.2 Appendix 2 – KPI Monitoring as at 24 June 2015.