

REPORT FOR: Pension Fund Committee

Date of Meeting: 6 September 2016

Subject: **Information Report** – London Borough of Harrow Pension Fund: Management Expenses 2015-16

Responsible Officer: Dawn Calvert, Director of Finance

Exempt: No

Wards affected: All

Enclosures: Appendix 1 – Summary of Management Expenses 2015-16

Section 1 – Summary and Recommendations

The report sets out the details of management expenses incurred by the Pension Fund during 2015-16.

FOR INFORMATION

Section 2 – Report

- Attached as Appendix I is a schedule of the management expenses incurred by the Pension Fund in 2015-16.
- Total costs are £4.630m made up as follows:

	£m
Administrative costs	0.642
Investment management expenses	3.452
Oversight and governance costs	0.536
TOTAL	4.630

- This total is £0.672m higher than 2014-15 (£3.958m). Within the totals there are a number of variances, the most significant of which are:

	£m
Administrative costs	
Computer software	(0.08)
Administrative expenses – mainly pensioners’ payslips	(0.10)
TOTAL	(0.18)
Investment management expenses	
GMO – full year fees in 2015-16 compared to part year in 2014-15	0.35
Longview – full year impact of increase in assets under management	0.09
Oldfields - full year fees in 2015-16 compared to part year fees in 2014-15	0.43
Fidelity – termination of contract in 2014-15	0.08
Wellington – termination of contract in 2014-15	(0.12)
Barings – termination of contract in 2014-15	(0.21)
Insight - full year fees in 2015-16 compared to part year fees in 2014-15	0.09
Other	0.17
TOTAL	0.88
Oversight and governance costs	
TOTAL	(0.03)
TOTAL	0.67

- The administrative costs (£0.642m) represent 0.10% (2014-15: 0.12%) of the Pension Fund value, the investment and management expenses (£3.452m) represent 0.52% (2014-15: 0.38%) of the Pension Fund value and the oversight and governance costs (£0.536m) represent 0.08% (2014-15 0.08%) of the Pension Fund value.

Financial Implications

5. All costs contained within the report and appendices and are met by the Pension Fund. They represent 0.70% of the net assets of the Pension Fund.

Risk Management Implications

6. Relevant risks are included within the Pension Fund Risk Register.

Equalities implications

7. There are no direct equalities implications arising from this report.

Council Priorities

8. Management expenses have a direct impact on the financial health of the Pension Fund which directly affects the level of employer contribution which then, in turn, affects the resources available for the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Director of Finance
Date: 18 August 2016		

Ward Councillors notified:	NO
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Section 4 - Contact Details

Contact: Ian Talbot, Treasury and Pension Fund Manager
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Background Papers - None