

3 September 2015
Agenda Item: 4

REPORT OF THE SERVICE DIRECTOR (FINANCE & PROCUREMENT)

FUND VALUATION AND PERFORMANCE

Purpose of the Report

1. To report on the total value and performance of the Pension Fund to 30 June 2015.

Information and Advice

2. This report is to inform the Sub-Committee of the value of the Pension Fund at the end of the latest quarter and give information on the performance of the Fund. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix.
3. The table below shows a summary of the total value of the investment assets of the Fund as at 30 June 2015, together with the comparative position 3 and 12 months previously.

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	30 Jun 2015		31 Mar 2015		30 Jun 2014	
	£m	%	£m	%	£m	%
UK Fixed Interest	368	9%	396	10%	350	9%
Overseas Fixed Interest	14	0%	17	0%	15	0%
Inflation-Linked	114	3%	116	3%	104	3%
UK Equities	1,342	34%	1,337	33%	1,325	35%
Overseas Equities	1,406	36%	1,527	38%	1,356	36%
Private Equity	72	2%	72	2%	72	2%
Infrastructure	15	0%				
UK Property	416	10%	369	9%	342	9%
Overseas Property	81	2%	84	2%	78	2%
Cash	138	4%	132	3%	155	4%
TOTAL	3,965	100%	4,050	100%	3,797	100%

4. The Fund has decreased by £85 million (2.1%) since the previous quarter but is £168 million (4.4%) higher than the same period last year. The table below shows the provisional Fund Account for 2015/16 along with the full year figures for 2014/15.

Summary Fund Account	To Qtr End 2015/16 £000	Full Year 2014/15 £000
Employer contributions	(31,419)	(130,112)
Member contributions	(10,263)	(42,714)
Transfers in from other pension funds	(678)	(6,124)
Pensions	35,554	137,495
Commutation of pensions and lump sums	7,647	25,991
Lump sum death benefits	901	3,324
Payments to and on account of leavers	2,467	87,072
Administration expenses	16	1,764
Net (additions)/withdrawals from dealings with members	4,225	76,696
Oversight & governance expenses	20	572
Investment income	(10,201)	(110,790)
Profits & losses on disposals & changes in value	119,198	(316,474)
Taxes on income	355	703
Investment management expenses	138	3,838
Net Returns on Investments	109,490	(422,723)
 Net (increase)/decrease in net assets	 113,735	 (345,455)

5. The provisional fund account for 2015/16 to the end of June includes adjustments made only for contributions owing to the Fund. No other adjustments have been made for amounts owing (debtors and creditors). The fund account for 2014/15 includes adjustments made for all material amounts owing to/from the Fund at the year end. The 'Payments to and on account of leavers' in 2014/15 includes £76 million paid to the Greater Manchester Pension Fund in respect of the transfer of liabilities relating to the Probation Service.

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That the report be noted.

Name of Report Author: Simon Cunnington

Title of Report Author: Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunningham

Constitutional Comments

7. Because this report is for noting only, no Constitutional Comments are required.

Financial Comments (SRC 19/08/15)

8. There are no direct financial implications arising from this report.