

12 September 2019
Agenda Item: 8

REPORT OF THE SERVICE DIRECTOR FOR FINANCE, INFRASTRUCTURE & IMPROVEMENT

FUND VALUATION AND PERFORMANCE

Purpose of the Report

1. To report on the total value and performance of the Pension Fund to 30 June 2019.

Information

2. This report is to inform the Pension Fund 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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 appendices.
3. The table below shows a summary of the total value of the investment assets of the Fund as at 30 June 2019, in comparison with the benchmark, together with the comparative position 3 and 12 months previously. The majority of the changes are due to growth in equity markets in the last quarter. The benchmark was reviewed and changed early in 2019. This is a long-term target and it will take some years to achieve it.

	Latest Quarter		Long term	Previous Quarter		Previous Year	
	30 June 2019		Benchmark	31 Mar 2019		30 June 2018	
	£m	%		£m	%	£m	%
Equities							
Quoted	3,343	59.8%	56%	3,222	59.6%	3,382	62.5%
Private	476	8.5%	12%	448	8.3%	300	5.6%
Property	738	13.2%	15%	732	13.5%	747	13.8%
Bonds							
Gilts	183	3.3%	2%	176	3.3%	150	2.8%
Other Bonds	683	12.2%	13%	699	12.9%	729	13.5%
Cash	164	2.9%	2%	131	2.4%	99	1.8%
	5,586	100%	100%	5,407	100%	5,407	100%

4. Within Equities (both quoted and private) and Other Bonds are investments in Infrastructure assets amounting to £278.2m or 5.0% of the fund. Infrastructure commitments amount to 5.9% of the fund. There is a long term target for investments in infrastructure to be 8% of the fund.
5. The Fund investments have increased by £179.0 million (3.3%) since the previous quarter. Fund investments have increased by £178.8 million (3.3%) over the last 12 months. The table below shows the Fund Account for 2019/20 to date along with the full year figures for 2018/19.

Summary Fund Account	Q1 2019/20 £000	Full Year 2018/19 £000
Employer contributions	(37,510)	(135,001)
Member contributions	(8,452)	(46,216)
Transfers in from other pension funds	(737)	(9,473)
Pensions	42,620	162,267
Commutation of pensions and lump sums	9,412	34,937
Lump sum death benefits	1,311	4,495
Payments to and on account of leavers	1,355	34,732
Net (additions)/withdrawals from dealings with members	7,999	45,741
Administration Expenses	24	2,112
Oversight & governance expenses	191	1,630
Investment Income	5,115	(162,772)
Profits & losses on disposals & changes in value	(166,304)	(154,446)
Taxes on income	207	850
Investment management expenses	149	5,410
Net Returns on Investments	(160,833)	(310,958)
 Net (increase)/decrease in net assets	 (152,619)	 (261,474)

6. The majority of the changes in value in the quarter are due to growth in equity markets.

Statutory and Policy Implications

7. 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 members consider whether there are any actions they require in relation to the issues contained within the report.

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Constitutional Comments

8. This is an updating information report and Pension Committee is the correct body for considering that information and any further action which members may wish to take in light of that information.

Financial Comments (TMR 2/9/2019)

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