

5 June 2014

Agenda Item: 5

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 31 March 2014.

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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 Fund as at 31 March 2014, together with the comparative position 3 and 12 months previously.

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	31 Mar 2014		31 Dec 2013		31 Mar 2013	
	£m	%	£m	%	£m	%
UK Fixed Interest	323	9%	314	9%	319	9%
Overseas Fixed Interest	38	1%	84	2%	86	3%
Inflation-Linked	103	3%	58	2%	63	2%
UK Equities	1,287	35%	1,337	36%	1,212	35%
Overseas Equities	1,325	35%	1,300	35%	1,232	35%
Private Equity	76	2%	79	2%	75	2%
UK Property	328	9%	319	9%	323	9%
Overseas Property	79	2%	82	2%	87	3%
Cash	154	4%	105	3%	81	2%
TOTAL	3,712	100%	3,678	100%	3,477	100%

4. The Fund has increased by £34 million (0.9%) since the previous quarter and is £235 million (7%) higher than the same period last year. The table below shows the provisional Fund Account for 2013/14 along with the full year figures for 2012/13.

Summary Fund Account	2013/14 Provisional £000	2012/13 Full year £000
Employer contributions	(123,905)	(127,132)
Member contributions	(41,018)	(42,829)
Transfers in from other pension funds	(6,638)	(11,535)
Pensions	132,832	127,078
Commutation of pensions and lump sums	23,115	28,187
Lump sum death benefits	3,793	3,714
Payments to and on account of leavers	15,326	16,048
Administration Expenses	1,442	1,409
Net additions from dealings with members	4,947	(5,060)
Investment Income	(105,388)	(88,307)
Profits & losses on disposals & changes in value	(141,270)	(334,869)
Taxes on income	644	580
Investment management expenses	4,369	3,506
Net Returns on Investments	(241,645)	(419,090)
 Net (increase)/decrease in net assets	 (236,698)	 (424,150)

5. A total of £164.9 million was received in 2013/14 from employer and employee contributions with £159.7 million paid out in pensions and lump sum payments. Net transfers out to other funds of £8.7 million resulted in an overall net cash outflow from members in the year. Net returns on investments were £241.6 million including net investment income of £100.4 million. This produces an income yield of almost 2.7%, ahead of the 2.6% yield assumed by the actuaries in their recent cash flow modelling. The cash flow position will continue to be closely monitored throughout 2014/15.

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 Cunnington