

9 June 2016

Agenda Item:

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVMENT

FUND VALUATION AND PERFORMANCE

Purpose of the Report

1. To report on the total value and performance of the Pension Fund to 31 December 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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 appendices.
3. The table below shows a summary of the total value of the investment assets of the Fund as at 31 March 2016, together with the comparative position 3 and 12 months previously.

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	31 Mar 2016		31 Dec 2015		31 Mar 2015	
	£m	%	£m	%	£m	%
UK Fixed Interest	404	10%	384	10%	396	10%
Overseas Fixed Interest	18	0%	11	0%	17	0%
Inflation-Linked	111	3%	112	3%	116	3%
UK Equities	1,257	32%	1,280	32%	1,337	33%
Overseas Equities	1,422	36%	1,400	36%	1,527	38%
Private Equity	83	2%	80	2%	72	2%
Infrastructure	38	1%	37	1%	0	0%
UK Property	420	11%	415	11%	369	9%
Overseas Property	93	2%	86	2%	84	2%
Cash	194	3%	117	3%	132	3%
TOTAL	4,039	100%	3,920	100%	4,050	100%

4. The Fund has increased in value by £119 million (3.0%) since the previous quarter but is £11 million (0.3%) lower than the same period last year. The table below shows the Fund Account for 2015/16 along with the full year figures for 2014/15.

Summary Fund Account	Full Year 2015/16 £000	Full Year 2014/15 £000
Employer contributions	(131,873)	(130,112)
Member contributions	(43,243)	(42,714)
Transfers in from other pension funds	(4,940)	(6,124)
Pensions	141,963	137,495
Commutation of pensions and lump sums	26,567	25,991
Lump sum death benefits	3,860	3,324
Payments to and on account of leavers	6,519	87,072
Administration expenses	1,221	1,764
Net (additions)/withdrawals from dealings with members	74	76,696
Oversight & governance expenses	584	572
Investment income	(112,363)	(110,790)
Profits & losses on disposals & changes in value	119,007	(316,474)
Taxes on income	638	703
Investment management expenses	3,990	3,838
Net Returns on Investments	11,272	(422,723)
Net (increase)/decrease in net assets	11,930	(345,455)

5. The fund account for 2015/16 shows that there was a marginal net withdrawal from dealings with members over the year. The previous year included £76 million paid to the Greater Manchester Pension Fund in respect of the transfer of liabilities relating to the Probation Service (shown within 'Payments to and on account of leavers'). Excluding this one-off payment, the net position has improved. The Fund has also increased its investment income in 2015/16 although market values have suffered over the year to produce a net decrease in assets overall.

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.

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Constitutional Comments

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

Financial Comments (SRC)

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