



meeting **PENSIONS INVESTMENTS SUB-COMMITTEE**

date **30 MARCH 2007**

agenda item number

REPORT OF THE STRATEGIC DIRECTOR OF RESOURCES

CASH FLOW FORECAST

1. Purpose of the Report

- 1.1 To inform the Sub-Committee of estimates of the cash accruing to both Pension Funds during 2006/07 and 2007/08.

2. Background

- 2.1 Appendix A gives a forecast of the cash movement on the Main and Admitted Bodies' funds.
- 2.2 The Main fund's surplus increases through the years as do both income and expenditure. The Magistrates Courts transfer is now expected to happen in either this year or next thereby slightly reducing the surplus for that year.
- 2.3 Investment income accrues to be reinvested by the fund managers. Contributions net surpluses are available for new investments. In 2006 additional funds were allocated to Hermes (£37m), Martin Currie (£10m), Standard Life (£4m) and Private Equity (£4m).

2.4 The higher level of transfer values inward on the Admitted Bodies' fund has exaggerated the surplus in 2005/06. The ongoing surplus is currently expected to increase more gradually in future. It is, however, difficult to predict the levels of transfer values.

2.5 In 2006 £3m was allocated to Martin Currie.

3. Statutory and Policy Implications

3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, Crime and Disorder, Human Rights and those using the relevant service. Where such implications are material, they have been described in the text of the report.

4. Recommendation

4.1 It is recommended that the report be noted.

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Background Papers available for inspection
None.

PROJECTED CASHFLOW FOR THE PENSION FUNDS

	Actual 2005/06 £m	Estimate 2006/07 £m	Estimate 2007/08 £m
MAIN FUND			
Contributions			
Employees Contributions	34	36	37
Employers Contributions	89	97	103
Transfer Values Received	<u>19</u>	<u>14</u>	<u>14</u>
Total Contributions	<u>142</u>	<u>147</u>	<u>154</u>
Benefits			
Pensions and Lump Sums	84	90	96
Transfer Value Paid	20	14	14
Administration and Other	<u>2</u>	<u>2</u>	<u>2</u>
Total Benefits	<u>106</u>	<u>106</u>	<u>112</u>
Net Contributions	36	41	40
Add Investment Income	68	70	72
Less Investment Expenses	<u>-4</u>	<u>-6</u>	<u>-6</u>
Total Surplus	<u>100</u>	<u>105</u>	<u>106</u>
ADMITTED BODIES FUND			
Contributions			
Employees Contributions	1.3	1.4	1.5
Employers Contributions	2.4	2.5	2.6
Transfer Values Received	<u>1.1</u>	<u>0.5</u>	<u>0.5</u>
Total Contributions	<u>4.8</u>	<u>4.4</u>	<u>4.6</u>
Benefits			
Pensions and Lump Sums	1.6	1.8	1.8
Transfer Value Paid	0.7	0.5	0.5
Administration and Other	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
Total Benefits	<u>2.4</u>	<u>2.4</u>	<u>2.4</u>
Net Contributions	2.4	2.0	2.2
Add Investment Income	1.6	1.6	1.7
Less Investment Expenses	<u>-0.1</u>	<u>-0.1</u>	<u>-0.1</u>
Total Surplus	<u>3.9</u>	<u>3.5</u>	<u>3.8</u>