

22 June 2017

Agenda Item:

REPORT OF THE SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

FUND VALUATION AND PERFORMANCE

Purpose of the Report

1. To report on the total value and performance of the Pension Fund to 31 March 2017.

Information and Advice

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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 31 March 2017, together with the comparative position 3 and 12 months previously.

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	£m	%	£m	%	£m	%
UK Fixed Interest	733	15%	416	9%	404	10%
Overseas Fixed Interest	13	0%	13	0%	18	0%
Inflation-Linked	121	3%	118	2%	111	3%
UK Equities	1,294	26%	1,405	30%	1,257	32%
Overseas Equities	1,860	38%	1,812	38%	1,422	36%
Private Equity	83	2%	80	2%	83	2%
Infrastructure	118	2%	110	2%	38	1%
UK Property	496	10%	449	10%	420	11%
Overseas Property	76	2%	76	2%	93	2%
Cash	105	2%	237	5%	194	3%
TOTAL	4,898	100%	4,713	100%	4,039	100%

4. The Fund has increased in value by £185 million (3.9%) since the previous quarter and by £859 million (21.3%) over the last 12 months. The table below shows the provisional (pre audit) Fund Account for 2016/17 along with the full year figures for 2015/16.

Summary Fund Account	Full Year 2016/17 £000	Full Year 2015/16 £000
Employer contributions	(135,650)	(131,873)
Member contributions	(43,495)	(43,243)
Transfers in from other pension funds	(4,067)	(4,940)
Pensions	146,132	141,963
Commutation of pensions and lump sums	31,093	26,567
Lump sum death benefits	4,726	3,860
Payments to and on account of leavers	14,746	6,519
Administration Expenses	1,733	1,221
Net (additions)/withdrawals from dealings with members	15,218	74
Oversight & governance expenses	777	584
Investment Income	(142,281)	(112,363)
Profits & losses on disposals & changes in value	(709,932)	119,007
Taxes on income	593	638
Investment management expenses	4,381	3,990
Net Returns on Investments	(847,239)	11,272
Net (increase)/decrease in net assets	(831,244)	11,930

5. The fund value marginally decreased over 2015/16 as market movements offset the investment income. This has been recovered during 2016/17, with the combined effect of net profits on disposals and changes in market value adding £710 million.

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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For any enquiries about this report please contact: Tamsin Rabbitts

Constitutional Comments

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

Financial Comments (TMR 06/06/2017)

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