

13 September 2018

Agenda Item: 5

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 2018.

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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 30 June 2018, in comparison with the benchmark, together with the comparative position 3 and 12 months previously.

	Latest Quarter		Benchmark	Previous Quarter		Previous Year	
	30 Jun 2018			31 Mar 2018		30 Jun 2017	
	£m	%		£m	%	£m	%
Equities							
Quoted	3,382	62.5%	60%	3,195	62.2%	3,167	64.2%
Private	300	5.6%	5%	263	5.1%	222	4.5%
Property	747	13.8%	15%	691	13.5%	581	11.8%
Bonds							
Gilts	150	2.8%	5%	125	2.4%	150	3.0%
Other Bonds	729	13.5%	12.5%	721	14.0%	726	14.7%
Cash	99	1.8%	2.5%	138	2.7%	88	1.8%
	5,407	100%	100%	5,133	100%	4,934	100%

4. Within Equities (both quoted and private) and Other Bonds are investments in Infrastructure assets amounting to £201.1m or 3.7% of the fund. Infrastructure commitments amount to 4.5% of the fund. There is a long term target for investments in infrastructure to be 5% of the fund.

5. The Fund investments have increased by £274.4 million (5.3%) since the previous quarter (more than offsetting the previous quarter's losses). Fund investments have increased by £472.9 million (9.6%) over the last 12 months. The table below shows the unaudited Fund Account for 2018/19 along with the full year figures for 2017/18.

Summary Fund Account	Q1 2018/19 £000	Full Year 2017/18 £000
Employer contributions	(24,780)	(193,459)
Member contributions	(8,727)	(45,176)
Transfers in from other pension funds	(3,598)	(9,813)
Pensions	40,010	153,122
Commutation of pensions and lump sums	9,104	27,700
Lump sum death benefits	752	4,741
Payments to and on account of leavers	2,770	16,713
Net (additions)/withdrawals from dealings with members	15,531	(46,172)
Administration Expenses	15	1,953
Oversight & governance expenses	595	488
Investment Income	(16,459)	(149,816)
Profits & losses on disposals & changes in value	(235,495)	(51,189)
Taxes on income	297	620
Investment management expenses	197	4,895
Net Returns on Investments	(251,460)	(195,490)
 Net (increase)/decrease in net assets	 (235,319)	 (239,221)

6. The fund value increased in 2017/18 but only by 4.8% reflecting a market adjustment in the last two months of the year. This has reversed in the current quarter, explaining the exceptional rate of return for the quarter. There continues to be increased investment, especially in infrastructure and property.

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.

Name of Report Author: Tamsin Rabbitts

Title of Report Author: Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Tamsin Rabbitts

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 22/8/2018)

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