



meeting **PENSIONS INVESTMENTS SUB-COMMITTEE**

date **27 MARCH 2009**

agenda item number

## REPORT OF THE SERVICE DIRECTOR (FINANCE)

### 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 2008/09 and 2009/10.

#### **2. Background**

- 2.1 A forecast of the cash movement on the Main and Admitted Bodies' funds for 2008/9 and 2009/10 has been completed and is attached for Members' information. In broad terms, in 2008/9, the Main Fund is estimated to receive approximately £169m in employers/employees contributions and transfer values inwards, and to pay benefits and transfer values out of approximately £127m, producing net contributions of £42m which increase to an estimated surplus of £118m when investment income is added.
- 2.2 The picture for 2009/10 will be slightly different. Investment income will reduce as many companies will be cutting, or even passing, dividend payments whilst cash balances will

earn much less interest, thereby reducing the surplus to £108m.

- 2.3 Investment income accrues to be reinvested by the fund managers. Contribution surpluses, net of pension costs, are available for new investments. In 2008 additional funds were allocated to Schroders (£20m), Aegon (£20m), and Private Equity (£15m).
- 2.4 The forecasts for the Admitted Bodies' Fund also indicate a decline in surplus to around £4 million, due to falls in transfer values received and investment income.
- 2.5 In 2008 £2.5m was allocated to Schroders and £2.5m to Aegon.

### **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.

**A SUMBY  
SERVICE DIRECTOR (FINANCE)**

Background Papers available for inspection

None.

**PROJECTED CASHFLOW FOR THE PENSION FUNDS**

	Actual 2007/08 £m	Estimate 2008/09 £m	Estimate 2009/10 £m
<b>MAIN FUND</b>			
<b>Contributions</b>			
Employees Contributions	38	41	42
Employers Contributions	107	114	121
Transfer Values Received	<u>18</u>	<u>14</u>	<u>14</u>
<b>Total Contributions</b>	<b><u>163</u></b>	<b><u>169</u></b>	<b><u>177</u></b>
<b>Benefits</b>			
Pensions and Lump Sums	103	112	120
Transfer Value Paid	9	14	14
Administration and Other	<u>1</u>	<u>1</u>	<u>1</u>
<b>Total Benefits</b>	<b><u>113</u></b>	<b><u>127</u></b>	<b><u>135</u></b>
<b>Net Contributions</b>			
Add Investment Income	81	80	70
Less Investment Expenses	<u>-4</u>	<u>-4</u>	<u>-4</u>
<b>Total Surplus</b>	<b><u>127</u></b>	<b><u>118</u></b>	<b><u>108</u></b>
<b>ADMITTED BODIES FUND</b>			
<b>Contributions</b>			
Employees Contributions	1.4	1.6	1.6
Employers Contributions	2.8	3.2	3.4
Transfer Values Received	<u>1.5</u>	<u>1.0</u>	<u>0.5</u>
<b>Total Contributions</b>	<b><u>5.7</u></b>	<b><u>5.8</u></b>	<b><u>5.5</u></b>
<b>Benefits</b>			
Pensions and Lump Sums	2.5	2.7	2.9
Transfer Value Paid	0.4	0.4	0.4
Administration and Other	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
<b>Total Benefits</b>	<b><u>3.0</u></b>	<b><u>3.2</u></b>	<b><u>3.4</u></b>
<b>Net Contributions</b>			
Add Investment Income	2.2	2.1	1.9
Less Investment Expenses	<u>-0.1</u>	<u>-0.1</u>	<u>-0.1</u>
<b>Total Surplus</b>	<b><u>4.8</u></b>	<b><u>4.6</u></b>	<b><u>3.9</u></b>