

29 September 2016

Agenda Item:4

## **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 30 June 2016.

#### **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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 30 June 2016, together with the comparative position 3 and 12 months previously.

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	30 Jun 2016		31 Mar 2016		30 Jun 2015	
	£m	%	£m	%	£m	%
UK Fixed Interest	432	10%	404	10%	368	9%
Overseas Fixed Interest	14	0%	18	0%	14	0%
Inflation-Linked	114	3%	111	3%	114	3%
UK Equities	1,276	30%	1,257	32%	1,342	34%
Overseas Equities	1,555	37%	1,422	36%	1,406	36%
Private Equity	79	2%	83	2%	72	2%
Infrastructure	68	2%	38	1%	15	0%
UK Property	421	10%	420	11%	416	10%
Overseas Property	90	2%	93	2%	81	2%
Cash	180	4%	194	3%	138	4%
<b>TOTAL</b>	<b>4,229</b>	<b>100%</b>	<b>4,039</b>	<b>100%</b>	<b>3,965</b>	<b>100%</b>

4. The Fund has increased in value by £190 million (4.7%) since the previous quarter and is £264 million (6.7%) higher than the same period last year. The table below shows the provisional Fund Account for 2016/17 along with the full year figures for 2015/16.

<b>Summary Fund Account</b>	<b>To Qtr End 2016/17 £000</b>	<b>Full Year 2015/16 £000</b>
Employer contributions	(30,316)	(131,873)
Member contributions	(9,553)	(43,243)
Transfers in from other pension funds	(371)	(4,940)
Pensions	35,412	141,963
Commutation of pensions and lump sums	9,342	26,567
Lump sum death benefits	1,480	3,860
Payments to and on account of leavers	1,427	6,519
Administration expenses	4	1,221
<b>Net (additions)/withdrawals from dealings with members</b>	<b>7,425</b>	<b>74</b>
<b>Oversight &amp; governance expenses</b>	<b>62</b>	<b>584</b>
Investment income	(21,646)	(112,363)
Profits & losses on disposals & changes in value	(148,628)	119,007
Taxes on income	372	638
Investment management expenses	(29)	3,990
<b>Net Returns on Investments</b>	<b>(169,931)</b>	<b>11,272</b>
<b>Net (increase)/decrease in net assets</b>	<b>(162,444)</b>	<b>11,930</b>

5. The fund value marginally decreased over 2015/16 as market movements offset the investment income. This was reversed in the first quarter of 2016/17, with the combined effect of net profits on disposals and changes in market value adding £149 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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**Title of Report Author: Senior Accountant – Pensions & Treasury Management**

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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.