

3 March 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 31 December 2015.

**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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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 31 December 2015, together with the comparative position 3 and 12 months previously.

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	31 Dec 2015		30 Sep 2015		31 Dec 2014	
	£m	%	£m	%	£m	%
UK Fixed Interest	384	10%	389	10%	388	10%
Overseas Fixed Interest	11	0%	12	1%	13	0%
Inflation-Linked	112	3%	110	3%	110	3%
UK Equities	1,280	32%	1,261	33%	1,287	33%
Overseas Equities	1,400	36%	1,305	34%	1,415	36%
Private Equity	80	2%	78	2%	72	2%
Infrastructure	37	1%	38	1%	0	0%
UK Property	415	11%	416	11%	368	9%
Overseas Property	86	2%	83	2%	92	2%
Cash	117	3%	115	3%	191	5%
<b>TOTAL</b>	<b>3,920</b>	<b>100%</b>	<b>3,807</b>	<b>100%</b>	<b>3,935</b>	<b>100%</b>

4. The Fund has increased in value by £113 million (3.0%) since the previous quarter but is £15 million (0.4%) lower than the same period last year. The table below shows the provisional Fund Account for 2015/16 along with the full year figures for 2014/15.

<b>Summary Fund Account</b>	<b>To Qtr End</b>	<b>Full Year</b>
	<b>2015/16</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>
Employer contributions	(101,355)	(130,112)
Member contributions	(32,303)	(42,714)
Transfers in from other pension funds	(2,795)	(6,124)
Pensions	106,114	137,495
Commutation of pensions and lump sums	20,170	25,991
Lump sum death benefits	2,850	3,324
Payments to and on account of leavers	4,924	87,072
Administration expenses	64	1,764
<b>Net (additions)/withdrawals from dealings with members</b>	<b>(2,331)</b>	<b>76,696</b>
<b>Oversight &amp; governance expenses</b>	<b>56</b>	<b>572</b>
Investment income	(72,069)	(110,790)
Profits & losses on disposals & changes in value	185,998	(316,474)
Taxes on income	533	703
Investment management expenses	2,146	3,838
<b>Net Returns on Investments</b>	<b>116,608</b>	<b>(422,723)</b>
<b>Net (increase)/decrease in net assets</b>	<b>114,333</b>	<b>(345,455)</b>

5. The provisional fund account for 2015/16 to the end of December includes adjustments made only for contributions owing to the Fund. No other adjustments have been made for amounts owing (debtors and creditors). The fund account for 2014/15 includes adjustments made for all material amounts owing to/from the Fund at the year end. The 'Payments to and on account of leavers' in 2014/15 includes £76 million paid to the Greater Manchester Pension Fund in respect of the transfer of liabilities relating to the Probation Service.

## **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.

**Name of Report Author: Simon Cunnington**

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

**For any enquiries about this report please contact: Simon Cunnington**

### **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.