

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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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

Quarter ended:	Latest Quarter		Previous Quarter		Previous Year	
	30 Sep 2016		30 Jun 2016		30 Sep 2015	
	£m	%	£m	%	£m	%
UK Fixed Interest	447	10%	432	10%	389	10%
Overseas Fixed Interest	14	0%	14	0%	12	1%
Inflation-Linked	118	3%	114	3%	110	3%
UK Equities	1,397	31%	1,276	30%	1,261	33%
Overseas Equities	1,688	37%	1,555	37%	1,305	34%
Private Equity	80	2%	79	2%	78	2%
Infrastructure	98	2%	68	2%	38	1%
UK Property	424	9%	421	10%	416	11%
Overseas Property	84	2%	90	2%	83	2%
Cash	198	4%	180	4%	115	3%
TOTAL	4,547	100%	4,229	100%	3,807	100%

4. The Fund has increased in value by £318 million (7.5%) since the previous quarter and by £740 million (19.4%) over the last 12 months. The table below shows the provisional Fund Account for 2016/17 along with the full year figures for 2015/16.

Summary Fund Account	To Qtr End 2016/17 £000	Full Year 2015/16 £000
Employer contributions	(69,215)	(131,873)
Member contributions	(21,683)	(43,243)
Transfers in from other pension funds	(855)	(4,940)
Pensions	72,092	141,963
Commutation of pensions and lump sums	18,428	26,567
Lump sum death benefits	2,975	3,860
Payments to and on account of leavers	3,558	6,519
Administration expenses	23	1,221
Net (additions)/withdrawals from dealings with members	5,323	74
Oversight & governance expenses	116	584
Investment income	(49,979)	(112,363)
Profits & losses on disposals & changes in value	(437,831)	119,007
Taxes on income	508	638
Investment management expenses	1,207	3,990
Net Returns on Investments	(486,095)	11,272
 Net (increase)/decrease in net assets	 (480,656)	 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 £438 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: 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.