

## NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

22 MAY 2014

## BUDGET / STATISTICS

## Report of the Treasurer

**1.0 PURPOSE OF THE REPORT**

1.1 To report on the following:

- (a) the expenditure/income position for the year to March 2014 (see section 2)
- (b) the cash deployment of the Fund (see section 3)

**2.0 DRAFT 2014/15 OUTURN**

- 2.1 The Cash surplus for the year to 31 March 2014 (£15.5m) exceeded budget (£10.3m) by £5.2m. As shown in **Appendix 1**, this was due to income for the year exceeding the forecast by £4.0m while expenditure was lower than anticipated by £1.2m.
- 2.2 The cost of Benefits paid to the end of March was £3.2m below budget. This was mainly due to Lump Sum (retirement grant) expenditure of £22.3m being lower than anticipated by £3.7m. The level of retirement grants (£26m) was forecast in anticipation of several employers reviewing staffing structures with a view to further rationalisation but the timing was not predicted accurately. However it is expected that this will occur in coming years and the 2014-15 budget remains unchanged.
- 2.3 As mentioned in the Budget and Statistics report presented at the February 2014 meeting of the PFC, strong investment performance resulted in higher than expected investment management performance fees, which exceeded the budget (£0.8m) by £1.8m.
- 2.4 Transfer income of £9.6m exceeded the budget for the period (£7.0m) by £2.6m. The largest transfer during the year was the £2.4m bulk transfer of staff from an employer on the Cumbria Pension Fund to Askham Bryan College.

### 3.0 CASH DEPLOYMENT IN 2013-14

3.1 The cash generated in the year by the annual surplus, together with the opening balance and currency hedging cashflows has been managed in 2013/14 as follows:

	£m	
Cash Balance Brought Forward from 2012/13	6.2	
Surplus to 31 March 2014 (as per <b>Appendix 1</b> )	15.5	
<b>Cash Available as at 31 March 2014</b>	<b>21.7</b>	<b>(a)</b>
<b>Rebalancing of Fund</b>		
April 2013 (Standard Life Investments)	-5.0	
May 2013 (Hermes Distribution)	0.3	
July 2013 (RC Brown Disposal)	2.7	
Aug 2013 (YHEF Distribution)	0.6	
Aug 2013 (Standard Life Investments)	-10.0	
Aug 2013 (Hermes Distribution)	0.2	
Sept 2013 (Threadneedle)	-7.5	
Oct 2013 (Threadneedle)	-5.2	
Nov 2013 (Threadneedle)	-8.9	
Nov 2013 (Hermes Distribution)	0.3	
Feb 2014 (Hermes Distribution)	0.3	
<b>Total Rebalancing</b>	<b>-32.2</b>	<b>(b)</b>
<b>Net Currency Hedging In/Outflows to 31/3/2014</b>	<b>15.7</b>	<b>(c)</b>
<b>Available for Rebalancing of the Fund</b>	<b>5.2</b>	<b>(d) = (a+b+c)</b>

3.2 Section 7 of the Performance of the Portfolio report describes how the available cash has been deployed.

### 4.0 RECOMMENDATIONS

4.1 Members to note the contents of the report

GARY FIELDING  
Treasurer  
Central Services, County Hall, Northallerton

13 May 2014

North Yorkshire Pension Fund Income and Expenditure as at 31 March 2014

		<b>Budget to 31 March</b>	<b>Actual Income / Expenditure to 31 March</b>	<b>Variance ie (i-ii)</b>	<b>Budget 2014/15</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
		<b>(i)</b>	<b>(ii)</b>	<b>(iii)</b>	<b>(iv)</b>
<b><u>EXPENDITURE</u></b>					
<b>Benefits</b>	Pension Payments	66,000	66,512	512	70,000
	Lump Sums (including refunds)	26,000	22,328	-3,672	26,000
	<b>sub total (a)</b>	<b>92,000</b>	<b>88,840</b>	<b>-3,160</b>	<b>96,000</b>
<b>Admin Expenses</b>	Finance and Central Services	1,100	1,100	0	1,100
	Other Services (Including Actuarial)	200	182	-18	210
	Other Admin Expenses	200	343	143	200
	<b>sub total (b)</b>	<b>1,500</b>	<b>1,625</b>	<b>125</b>	<b>1,510</b>
<b>Investment Expenses</b>	Investment Management Fees (Base)	3,000	3,049	49	3,150
	Performance Related	800	2,594	1,794	1,000
	Custodian Fees	150	150	0	150
	Other Investment Expenses	250	205	-45	260
	<b>sub total (c)</b>	<b>4,200</b>	<b>5,998</b>	<b>1,798</b>	<b>4,560</b>
<b>Total Expenditure</b>	<b>(d)</b>	<b>97,700</b>	<b>96,463</b>	<b>-1,237</b>	<b>102,070</b>
<b><u>INCOME</u></b>					
<b>Contributions</b>	Employer and Employee Contributions	103,000	103,283	283	105,000
	Early Retirement Costs Recharged	3,000	3,178	178	3,000
	<b>sub total (e)</b>	<b>106,000</b>	<b>106,461</b>	<b>461</b>	<b>108,000</b>
<b>Transfers</b>	Transfers IN (per individuals)	7,000	9,591	2,591	7,000
	Transfers OUT (per individuals)	-5,000	-4,106	894	-4,000
	<b>sub total (f)</b>	<b>2,000</b>	<b>5,485</b>	<b>3,485</b>	<b>3,000</b>
<b>Total Income</b>	<b>(g)</b>	<b>108,000</b>	<b>111,946</b>	<b>3,946</b>	<b>111,000</b>
<b>Net Surplus</b>	<b>(h)</b>	<b>10,300</b>	<b>15,483</b>	<b>5,183</b>	<b>8,930</b>