

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

21 MAY 2015

BUDGET / STATISTICS

Report of the Treasurer

1.0 PURPOSE OF THE REPORT

1.1 To report on the following:

- (a) the income/expenditure and position for the year 2014/15 (see section 2)
- (b) the cash deployment of the Fund (see section 3)

2.0 2014/15 INCOME AND EXPENDITURE POSITION

2.1 The Cash surplus for the year to 31 March 2015 of £21m exceeded the budgeted figure by £12.1m. As shown in **Appendix 1**, expenditure was £2.1m below the budget and income was higher than anticipated by £10m.

2.2 On the last day of the financial year, one of the Fund's employers paid an additional £8.3m towards the deficit. Added to this, the effect of auto-enrolment and the smaller reductions in staff in 2014/15 than originally envisaged resulted in higher than expected contributions. The positive variance for the year was £9.8m.

2.3 Quarterly cash distributions from one of the Fund's property managers are now shown separately on the income and expenditure analysis and are reflected in the budget for 2015/16. Previously they had been included within contributions income.

2.4 Fewer people retired than expected but those that did opted for higher pension payments and lower lump sums than budgeted for. Combined with a prudent estimate of lump sums in the 2014/15 budget, £3.6m less was paid out than expected. If this trend continues into 2015/16 this may improve the net surplus for that year.

2.5 Investment manager fees and performance related fees exceeded the budgets by £1.4m combined, reflecting the growth of the assets of the Fund (+15.9%) over the year which was substantially above expectations.

3.0 CASH DEPLOYMENT IN 2014-15

3.1 The cash generated in the year by the annual surplus, together with the opening balance has been utilised in 2014/15 as follows:

	£m	
Cash Balance Brought Forward from 2013/14	4.9	
Surplus for the year (as per Appendix 1)	21.0	
Cash Available as at 31 March 2015	25.9	(a)
Rebalancing		
May 2014 (transfer from Cash to LGIM)	-20.0	
October 2014 (Transfer from Cash to Threadneedle)	-11.7	
October 2014 (Transfer of Probation Assets to GMPF)	-33.8	
October 2014 (Transfer from Amundi to Cash)	17.0	
October 2014 (Transfer from Fidelity to Cash)	18.0	
December 2014 (Transfer from Amundi to Cash)	14.0	
Total Rebalancing	-16.5	(b)
Accrual for March 2015 Contribution Income	8.4	(c)
Available for Rebalancing of the Fund	17.8	(d) = (a+b+c)

3.2 Rebalancing activity is described in **section 7** of the **Performance of the Portfolio report**.

4.0 **RECOMMENDATIONS**

4.1 Members to note the contents of the report.

GARY FIELDING
Treasurer
Central Services
County Hall
Northallerton

11 May 2015

North Yorkshire Pension Fund Income and Expenditure as at 31 March 2015

Appendix 1

	Budget 2014/15 £000 (i)	Actual Income / Expenditure to 31 March £000 (ii)	Variance ie (i-ii) £000 (iii)	Budget 2015/16 £000 (iv)
EXPENDITURE				
Benefits				
Pensions	70,000	69,889	-111	74,000
Lump Sums (including refunds)	26,000	22,536	-3,464	26,000
sub total (a)	96,000	92,425	-3,575	100,000
Admin Expenses				
Finance and Central Services	1,100	1,128	28	1,100
Other Services	210	199	-11	210
Other Admin Expenses	200	214	14	200
sub total (b)	1,510	1,541	31	1,510
Investment Expenses				
Investment Management Fees (Base)	3,150	3,496	346	3,150
Performance Related	1,000	2,078	1,078	700
Custodian Fees	150	150	0	150
Other Investment Expenses	260	285	25	260
sub total (c)	4,560	6,009	1,449	4,260
Total Expenditure (d)	102,070	99,975	-2,095	105,770
INCOME				
Contributions				
Employer and Employee Contributions	105,000	114,655	9,655	108,000
Early Retirement Costs Recharged	3,000	3,147	147	2,500
sub total (e)	108,000	117,802	9,802	110,500
Transfers				
Transfers IN (per individuals)	7,000	7,690	690	7,000
Transfers OUT (per individuals)	-4,000	-5,495	-1,495	-5,000
sub total (f)	3,000	2,195	-805	2,000
Other Income				
Other Investment Income	0	1,000	1,000	1,000
sub total (g)	0	1,000	1,000	1,000
Total Income (h)	111,000	120,997	9,997	113,500
Net Surplus (i)	8,930	21,022	12,092	7,730