

## NORTH YORKSHIRE COUNTY COUNCIL

## PENSION FUND COMMITTEE

26 NOVEMBER 2015

## BUDGET / STATISTICS

## Report of the Treasurer

**1.0 PURPOSE OF THE REPORT**

1.1 To report on the following:

- (a) the expenditure/income position to date for 2015/16 (see section 2)
- (b) the cash deployment of the Fund (see section 3)

**2.0 2015/16 FORECAST**

- 2.1 The Cash surplus for the year to 30 September 2015 (£11.1m) was slightly higher than forecast (£10.1m), by £1.0m.
- 2.2 Pensions Payroll Expenditure of £18.4m and Retirement Grant payments of £8.2m were higher than forecast by £1.5m.
- 2.3 Contributions Income of £63.3m represents a £0.5m positive variance to budget, while Early Retirement income exceeded the forecast by £1.2m. The income profile for strain on the Fund costs generally sees the bulk of retirement activity taking place in Q1. The annual forecast for this income will therefore remain unchanged.
- 2.4 Transfer Income for the period of £3.9m exceeded forecast by £0.4m, while Transfer Expenditure was £0.5m less than budget at £0.7m. Transfer activity is driven by individual member movement and is therefore a challenging area to forecast. Short term variances are to be expected and there are no bulk transfers anticipated for 2015-16. The forecasts for the year therefore remain unchanged.
- 2.4 Performance Related Fees of £2.4m were higher than anticipated by £0.4m. The fees related to Baillie Gifford and were based on an extended period of substantial and award-winning outperformance. Recent months have seen more modest performance and the full year forecast for Management fees will not be adjusted.

**3.0 CASH DEPLOYMENT IN 2015-16**

- 3.1 The cash generated in the year by the annual surplus, together with the opening balance has been utilised in 2015/16 as follows:

	£m	
Cash Balance Brought Forward from 2014/15	17.8	
Surplus to 30 September 2015 (as per Appendix 1)	11.1	
<b>Cash Available as at 30 September 2015</b>	<b>28.9</b>	<b>(a)</b>
<b>Rebalancing</b>		
April 2015 (transfer from Standard Life)	67.0	
April 2015 (transfer from Fidelity)	168.0	
April 2015 (transfer to Dodge and Cox)	-117.5	
April 2015 (transfer to Veritas)	-117.5	
May 2015 (transfer to Standard Life GARS)	-20.0	
May 2015 (transfer to Threadneedle)	-8.5	
September 2015 (transfer from Amundi)	40.0	
September 2015 (transfer to M&G)	-35.0	
<b>Total Rebalancing</b>	<b>5.4</b>	<b>(b)</b>
<b>Accrual for September 2015 Contribution Income</b>	<b>7.5</b>	<b>(c)</b>
<b>Available for Rebalancing of the Fund</b>	<b>12.9</b>	<b>(d) = (a+b+c)</b>

3.2 Post September 2015 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

17 November 2015

	<b>Budget 2015/16</b>	<b>Profiled Budget to 30 Sept</b>	<b>Actual Income / Expenditure to 30 Sept</b>	<b>Variance ie (iii-ii)</b>	<b>Forecast 2015/16</b>
	<b>£000</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>(v)</b>
<b>EXPENDITURE</b>					
<b>Benefits</b>					
Pensions	74,000	37,000	37,407	407	74,000
Lump Sums (including refunds)	26,000	14,000	15,057	1,057	26,000
<b>sub total (a)</b>	<b>100,000</b>	<b>51,000</b>	<b>52,464</b>	<b>1,464</b>	<b>100,000</b>
<b>Admin Expenses</b>					
Finance and Central Services	1,100	550	550	0	1,100
Other Services	210	100	95	-5	210
Other Admin Expenses	200	100	90	-10	200
<b>sub total (b)</b>	<b>1,510</b>	<b>750</b>	<b>735</b>	<b>-15</b>	<b>1,510</b>
<b>Investment Expenses</b>					
Investment Management Fees (Base)	3,150	1,500	1,793	293	3,150
Performance Related	2,700	2,000	2,367	367	2,700
Custodian Fees	150	75	69	-6	150
Other Investment Expenses	260	130	142	12	260
<b>sub total (c)</b>	<b>6,260</b>	<b>3,705</b>	<b>4,371</b>	<b>666</b>	<b>6,260</b>
<b>Total Expenditure (d)</b>	<b>107,770</b>	<b>55,455</b>	<b>57,570</b>	<b>2,115</b>	<b>107,770</b>
<b>INCOME</b>					
<b>Contributions</b>					
Employer and Employee Contributions	108,000	62,800	63,302	502	108,000
Early Retirement Costs Recharged	2,500	1,250	2,412	1,162	2,500
<b>sub total (e)</b>	<b>110,500</b>	<b>64,050</b>	<b>65,714</b>	<b>1,664</b>	<b>110,500</b>
<b>Transfers</b>					
Transfers IN (per individuals)	7,000	3,500	3,906	406	7,000
Transfers OUT (per individuals)	-5,000	-2,500	-1,431	1,069	-5,000
<b>sub total (f)</b>	<b>2,000</b>	<b>1,000</b>	<b>2,475</b>	<b>1,475</b>	<b>2,000</b>
<b>Other Income</b>					
Other Investment Income	1,000	500	480	-20	1,000
<b>sub total (g)</b>	<b>1,000</b>	<b>500</b>	<b>480</b>	<b>-20</b>	<b>1,000</b>
<b>Total Income (h)</b>	<b>113,500</b>	<b>65,550</b>	<b>68,669</b>	<b>3,119</b>	<b>113,500</b>
<b>Net Surplus (i)</b>	<b>5,730</b>	<b>10,095</b>	<b>11,099</b>	<b>1,004</b>	<b>5,730</b>