

NORTH YORKSHIRE COUNTY COUNCIL

PENSION FUND COMMITTEE

23 NOVEMBER 2017

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 2017/18 (see section 2)
- (b) the cash deployment of the Fund (see section 3)

2.0 2017/18 FORECAST

- 2.1 Pensions Payroll Expenditure of £39.6m and Retirement Grant payments of £14.4m were lower than forecast by £0.2m.
- 2.2 Contributions Income is currently forecast to exceed budget by 1.2m.
- 2.3 In the six months to 30 September 2017 there have been much greater instances of both transfers in and out compared to previous years. The forecast for transfers in has increased by £1.5m to £9m and transfers out by £2m to £7m. Short term variances are expected for transfers.
- 2.4 The forecast for Performance Related fees has increased by £1.5m to £5m and Investment Management Fees has increased by £1m to £4.7m. This is a consequence of the excellent fund performance and therefore an increase in assets under management over the past twelve months.
- 2.5 The underlying yearly 17/18 cash-flow forecast for the pension fund is estimated at an in-year cash surplus of £1.2m. This is derived from the net surplus of £27.1m (Appendix 1) less the prepayments of 3 year past service deficits by seven employers of £25.9m.

3.0 CASH DEPLOYMENT IN 2017-18

- 3.1 The cash generated in the year by the annual surplus, together with the opening balance has been utilised in 2017/18 as follows:

	£m	
Cash Balance Brought Forward from 2016/17	8.7	
Surplus to 30 September 2017 (as per Appendix 1)	30.1	
Cash Available as at 30 Sept 2017 before Rebalancing	38.8	(a)
Rebalancing – Cash Transfers		
April 2017 Transfer to BlueBay	-0.9	
April 2017 Transfer to Newton	-10.0	
May 2017 Transfer to Standard Life	-10.0	
June 2017 Transfer from Permira	0.2	
July 2017 Transfer to Permira	-3.5	
August 2017 Transfer to M & G	-166.2	
August 2017 Transfer from Fidelity	30.7	
August 2017 Transfer from ECM	94.7	
August 2017 Transfer to Newton	-17.8	
August 2017 Transfer to Standard Life	-24.4	
August 2017 Transfer from Baillie Gifford	71.4	
August 2017 Transfer from Bluebay	3.5	
September 2017 Transfer from Permira	1.0	
Total Rebalancing	- 31.3	(b)
Cash Available as at 30 September 2017	7.5	(a) + (b)
Add accruals as at 30 September 2017	6.0	(c)
Available for Rebalancing of the Fund	13.5	(d) = (a+b+c)

4.0 RECOMMENDATIONS

4.1 Members to note the contents of the report.

GARY FIELDING
Treasurer
Central Services
County Hall
Northallerton

10 November 2017

North Yorkshire Pension Fund Income and Expenditure as at 30 September 2017

Appendix 1

	Budget 2017/18 £000 (i)	Profiled Budget to 30 Sept £000 (ii)	Actual Income/ Expenditure to 30 Sept £000 (iii)	Variance ie (iii-ii) £000 (iv)	Forecast 2017/18 £000 (v)
EXPENDITURE					
Benefits					
Pensions	80,000	40,000	39,632	-368	80,000
Lump Sums (including refunds)	28,500	14,250	14,417	167	28,500
sub total (a)	108,500	54,250	54,049	-201	108,500
Admin Expenses					
Finance and Central Services inc ESS	1,200	600	0	-600	1,200
Pooling Expenses	350	175	45	-130	350
GMP Reconciliation programme	230	0	0	0	230
Other Admin Expenses	410	205	163	-42	410
sub total (b)	2,190	980	208	-772	2,190
Investment Expenses					
Investment Management Fees (Base)	3,700	1,850	2,235	385	4,700
Performance Related	3,500	0	0	0	5,000
Custodian Fees	150	75	67	-8	150
Other Investment Expenses	260	130	125	-5	260
sub total (c)	7,610	2,055	2,426	371	10,110
Total Expenditure (d)	118,300	57,285	56,684	-601	120,800
INCOME					
Contributions					
Employer and Employee Contributions	141,000	82,200	82,703	503	142,200
Early Retirement Costs Recharged	2,500	1,250	1,636	386	2,500
sub total (e)	143,500	83,450	84,339	889	144,700
Transfers					
Transfers IN (per individuals)	7,500	3,750	5,521	1,771	9,000
Transfers OUT (per individuals)	-5,000	-2,500	-4,159	-1,659	-7,000
sub total (f)	2,500	1,250	1,361	111	2,000
Other Income					
Class Action Proceeds	0	0	518	518	0
Other Investment Income (Hermes)	1,200	600	611	11	1,200
sub total (g)	1,200	600	1,129	529	1,200
Total Income (h)	147,200	85,300	86,830	1,530	147,900
Net Surplus (i)	28,900	28,015	30,146	2,131	27,100