

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

TEESSIDE PENSION BOARD REPORT

11 JULY 2016

INTERIM CHIEF FINANCE OFFICER – MARK TAYLOR

DRAFT ACCOUNTS 2015/16

1. PURPOSE OF THE REPORT

- 1.1 To present to Members the draft accounts for 2015/16 (Appendix A).

2. RECOMMENDATIONS

- 2.1 That Members note the report, draft accounts and pass any comment.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications from the report, however the draft accounts reflect the accounting status of the Teesside Pension Fund as at 31 March 2016, and the transactions in the year to that date.

4. SUMMARY OF DRAFT ACCOUNTS

- 4.1 The draft accounts were presented and noted by the Teesside Pension Fund & Investment Panel meeting held on 29 June 2016. Membership of the Fund increase by 1,721 over the year, with increases of 520 new active members, deferred members increased by 642, and pensioners increased by 558.
- 4.2 The most notable change in contributions received and benefits paid is the cost of Leavers decreased this year, compared to last year, from £80.8 million to £7.1 million. Last year's amount is large compared to other years. This is a result of a large, one-off transfer during 2014/15 of approx. £76 million after responsibility for administering and managing pensions for all Probations Services moved to one LGPS Fund (Greater Manchester Pension Fund).
- 4.3 Management expenses increased by £535,000. Most of this increase is due to transaction costs increasing as the volume of transactions increased as opportunities were taken while markets were volatile during the year.
- 4.4 Investment income increased by approx. £4.8 million as investments continue to be made in high yielding assets, particularly higher dividend yielding equities and now property investments.

- 4.5 Finally, market volatility in equity markets resulted in negative returns in sterling terms in most territories, North America being the only exception. Given the high equity weighting of the Fund, 84% as at 31 March 2016, this had a negative effect on the value of assets, and explains the fall of £163.7 million.
- 4.6 The asset value, as calculated using accounting principles, at the 31 March 2016 decreased by approx. £110 million to £3,133 million.

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