

Report of the Director West Yorkshire Pension Fund to the meeting of Governance and Audit Committee to be held on 30 September 2016.

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Subject:

West Yorkshire Pension Fund Report and Accounts for the year ended 31 March 2016.

Summary statement:

This is the latest report on West Yorkshire Pension Fund financial activities and financial performance for the year 2015/16. At the end of the financial year the Fund value is £11,210m a net decrease of £108.22m (-0.96%), compared to £11,319.2m at the end of March 2014/15. This is the result of weak equity markets in 2015/16.

In 2015/16 our investment activities made a negative return on asset invested of -0.3%, this is below the Fund specific benchmark of -0.1%. The average for all local government fund is 0.2%, placing the Fund in the 53rd percentile for all local government pension funds. Our long-term performance continues to be good, having achieved the benchmark over three and five years, and extended it over ten years. WYPF is 96% funded based on our last actuarial valuation, this is one of the best funding levels within LGPS.

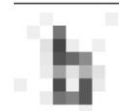
Based on the 2015/16 outturn, total average cost per member is estimated at £27.28 (pensions administration £16.64 and investments £10.64). Based on DCLG published figures for 2014/15 our cost was £28.30 (pensions administration £16.81 and investments £11.49), we expect our cost to compare favourably to other funds when figures are published later in the year. In terms of cost performance, we still expect WYPF to have the lowest total cost per member in LGPS.

Mr Rodney Barton
Director WYPF

Portfolio: Leader

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Overview & Scrutiny Area: Corporate



2. BACKGROUND

2.1 The unaudited Reports and Accounts provides a summary of West Yorkshire Pension Fund's financial position for the year ended 31 March 2016. The accounts have been prepared in accordance with:

- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2015/16
- CIPFA Guidance on Accounting for Local Government Pension Scheme Management Costs.
- Pensions Statement of Recommended Practice 2007
- International Financial Reporting Standards (IFRS), as amended for the UK public sector

2.2 The value of the Fund as at 31 March 2016 is £11,210.98m, a net decrease in value of £108.22m, percentage change of -0.96%. The table below gives the Fund asset value over the last six years including 2015/16:

<u>Year</u>	<u>Net Asset</u>	<u>Increase (Decrease) on Previous Year</u>	<u>Increase (Decrease) on Previous Year</u>
	£m	£m	%
31 st March 2016	11,210.98	(108.22)	-0.96%
31 st March 2015	11,319.20	950.40	9.17%
31 st March 2014	10,368.80	428.50	4.31%
31 st March 2013	9,940.30	1,155.89	13.16%
31 st March 2012	8,784.41	134.11	1.55%
31 st March 2011	8,650.30	710.80	8.95%

2.3 The reduction in net assets of £108.22m between 31 March 2015 and 31 March 2016 is the result of weak quoted stock markets in 2015/16. The net reduction in asset value is made up of net negative return on investment of £17.01m, as well as pensions contributions from employers and employees of £416.57m, being less than pension costs of £500.31m.

2.4 The negative return on investment of £17.01m is made up of net reduction in market value of investments of £331.15m and net investment income of £314.14m from dividends, interest, stock lending, and commissions less taxes on investment income.



- 2.5 The Fund had a positive net cash flow during 2015/16 of £222.9m comprising of net investment income of £314.14m less £83.74m net payments from dealing with members.
- 2.6 In 2015/16 we had a negative return on investments of -0.3%. This performance is below the return for our Fund specific benchmark of -0.1%. The -0.3% performance is below the average return for all local authority pension funds of 0.2%, placing the Fund in the 53rd percentile of all local authority funds. Our long-term performance continues to be good, the annualised returns for the medium and long term are provided below.

	<u>WYPF</u>	<u>WYPF</u> <u>Benchmark</u>	<u>Rank</u>	<u>L.A</u> <u>Average</u>
	% p.a.	% p.a.		% p.a.
3 Years	5.3	5.3	81	6.4
5 Years	6.3	6.3	80	7.1
10 Years	5.8	5.5	30	5.6

- 2.7 During 2015/16 our active membership increased by 3,379 (3.5%) from 97,548 to 100,927. Total membership rose by 10,171 (3.8%) from 268,780 to 278,951.
- 2.8 During 2015/16 employer numbers increased from 401 to 404, an increase of 1.8%.
- 2.9 The table below shows our performance on the top 10 key work areas, this reflects the commitment of officers, managers, employers and our shared services partners in delivering services to all our clients.

WORK TYPE	TOTAL CASES	TARGET DAYS	TARGET MET CASES	KPI TARGET	ACTUAL KPI
1. Payment of pensions (pensioners + beneficiaries)	1,279,044	Due days	1,279,044	100%	100%
2. Death in Service – Payment of Death Grant	773	5	762	85%	99%
3. Refund Payment	1,499	10	1,488	85%	99%
4. Transfer Out Payment	345	35	329	85%	95%
5. Pension Estimate	9,571	10	7,025	85%	73%
6. Retirement Actual	3,544	3	3,398	85%	96%
7. Deferred Benefits Into Payment	2,593	5	2,461	85%	95%
8. Death Grant Single Payment	773	5	762	85%	99%
9. Life Certificate Received	4,904	20	4,813	85%	98%
10. Death Notification	3,478	5	3,361	85%	97%



- 2.10 Based on the 2015/16 outturn, total average cost per member is estimated at £27.28 (pensions administration £16.64 and investments £10.64). Based on DCLG published figures for 2014/15 our cost was £28.30 (pensions administration £16.81 and investments £11.49), we expect our cost to compare favourably to other funds when figures are published later in the year. In terms of cost performance, we still expect WYPF to have the lowest total cost per member in LGPS.

3. OTHER CONSIDERATIONS

This is the latest update on the Report and Accounts for West Yorkshire Pension Fund 2015/16. The Report and Accounts for 2015/16 is currently being audited by Mazars LLP. Mazars LLP officers will be attending this meeting to report on the audit. Once final audit is completed the audited Report and Accounts will be published on WYPF website:

http://www.wypf.org.uk/Member/Publications/ReportAndAccounts/WYPF/ReportAndAccounts_WYPF_Index.aspx

4. RECOMMENDATION:

The 2015/16 Statement of Accounts be approved and signed by the Chair of Governance and Audit Committee.

5. APPENDICES

Appendix 1

WEST YORKSHIRE PENSION FUND –
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

