

Report of the Director West Yorkshire Pension Fund to the meeting of Governance and Audit Committee to be held on 25th September 2015.

P**Subject:**

West Yorkshire Pension Fund Report and Accounts for the year ended 31 March 2015.

Summary statement:

This is the latest West Yorkshire Pension Fund financial activities and financial performance for the year 2014/15. In the financial year WYPF fund value increased in net asset value by £0.950 billion, from £10.37 billion to £11.32 billion.

Our investment activities made a return on asset invested of 11.8%, 1.1% above our benchmark of 10.7%. The average for all local government fund is 13.2%. This placed us in the 73rd percentile for all local government pension funds. Our long-term performance continues to be very good. WYPF is 96% funded based on our last actuarial valuation, this is one of the best funding levels within LGPS.

Based on figures available at the end of August 2015 our total administration cost of £27.80 for pension management is the lowest within local government in England and Wales for 2012/13. Our latest Report and Accounts for 2014/15 indicates, we are in a strong position to retain this performance for the 2014/15 financial year when the 2014/15 DCLG SF3 data collection results are published.

Mr Rodney Barton
Director WYPF

Report Contact: Ola Ajala
Financial Controller WYPF
Phone: (01274) 434 534
E-mail: ola.ajala@bradford.gov.uk



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 2015. The accounts have been prepared in accordance with:
- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2014/15
 - 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 2015 is £11,319.2m, a net increase of £950.42m, percentage increase of 9.17%. This compares with the closing net assets of the Fund over the previous five years as follows:

<u>Year</u>	<u>Net Asset</u>	<u>Increase on Previous Year</u>	<u>Increase on Previous Year</u>
	<u>£m</u>	<u>£m</u>	<u>%</u>
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%
31 st March 2010	7,939.50	2,008.10	33.86%

- 2.3 The increase in net assets of £950.42m between 31 March 2015 and 31 March 2014 is the result of positive net return on investments of £1,192.41m and pensions contributions from employers and employees of £407.56m less pensions costs of £642.36m (payment to pensioners of £460.89m, payments to leavers £181.49m, and management expenses of £7.20m).
- 2.4 The net return on investments of £1.192.41m is mainly due to increase in market value of investments of £896.45m; net investment income, stock lending less taxes on investment income amounted to £295.96m.



- 2.5 The Fund had a positive net cash flow during 2014/15 of £53.96m, comprising of investment income of £295.96m less £242.00m net payments from dealing with members. The significant reduction in net cash flow in 2014/15 compared to 2013/14 is the result of a transfer of £171m cash for Probation Services - Ministry of Justice pensions - to Greater Manchester Pension Fund.
- 2.6 The return on investments in 2014/15 was 11.8%. This performance is above the average for our Fund specific benchmark of 10.7%. However, the 11.8% performance is below the average return for all local authority pension funds of 13.2%, placing the Fund in the 73rd percentile of all local authority funds. Our long-term performance continues to be good, the annualised averages for the medium and long term are provided below.

	<u>WYPF</u>	<u>L.A Rank</u> <u>out of 88</u> <u>funds</u>	<u>L.A Average</u>
	<u>% p.a.</u>		<u>% p.a.</u>
3 Years	10.1	80th	11.0
5 Years	8.3	69th	8.7
10 Years	8.3	27th	7.9
20 Years	8.3	11th	7.8
25 Years	8.8	15th	8.4

- 2.7 During the 2014/15 financial year active membership increased from 94,056 to 97,548, an increase of 3,492 members, 3.7%. Total membership rose by 12,219, an increase of 4.8% from 256,561 to 268,780.
- 2.8 During 2014/15 408 employers paid pension contributions into the Fund. However, a number of employer organisations combined to form a single trust resulting in the number of employers reducing from 408 to 383 at the end of the financial year, a net increase of 16 compared to 367 employers at 31 March 2014.
- 2.9 On quality management, we achieved most of our Key Performance Indicator targets, however a number of targets were missed due to late delivery of technical guidance from the Department for Communities and Local Government for the 2014 Scheme, and the consequent late delivery of IT processes for these regulatory changes. The table below shows our performance on 14 of our key work areas, this performance reflects the commitment of officers, managers and our services partners in delivering services to all our clients.



WORKTYPE	TOTAL CASES	TARGET DAYS	TARGET MET CASES	KPI TARGET	ACTUAL KPI
1. Payment of pensions (pensioners + beneficiaries)	82,148	Due days	82,148	100%	100%
2. Pension Set Up – Payment of Lump Sum	2,661	3	2,551	85%	96%
3. Deferred Benefits Into Payment – Payment of Lump Sum	25	3	24	85%	96%
4. Death in Service – Payment of Death Grant	24	5	23	85%	96%
5. Death of a Pensioner – Payment of Death Grant after receipt of all necessary information	74	5	60	85%	81%
6. Payment of Beneficiary Pension	686	5	646	85%	94%
7. Initial letter acknowledging death of active, deferred or pensioner member	2,232	5	2,119	85%	95%
8. Refund Payment	619	5	573	85%	93%
9. New starter set up	1,781	5	1,591	85%	89%
10. Divorce Quote, within legislative timescales	315	40 days used as a general average	291	85%	92%
11. Transfer In Quote	426	10	349	85%	82%
12. Employer satisfaction with the service provided by the Pensions Administration section	n/a	n/a	n/a	83%	83%
13. The percentage of visitors waiting less than seven minutes at a reception point.	n/a	n/a	n/a	100%	100%
14. The percentage of phone calls answered within 20 seconds.	n/a	n/a	n/a	94%	97%

2.10 Based on the 2014/15 outturn, total average cost per member is estimated at £26.78 (pensions administration £15.34 and investments £11.44). Based on DCLG published figures for 2013/14 our cost was £27.80 (pensions administration £18.66 and investments £9.14), 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 in LGPS.



3. OTHER CONSIDERATIONS

This is the latest update on Report and Accounts for West Yorkshire Pension Fund 2014/15. The Report and Accounts for 2014/15 is currently being audited by Mazars LLP. Mazars LLP officers will be attending this meeting to report on the audit. Once the 2014/15 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 2014-15 Statement of Accounts be approved and signed by the Chair of the Governance and Audit Committee.

5. APPENDICES

Appendix 1

WEST YORKSHIRE PENSION FUND –
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

