

## **Pension Fund Committee**

**26 July 2021**

### **Overall Value of Pension Fund Investments to 31 March 2021**



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## **Report of Paul Darby, Corporate Director of Resources (Interim)**

### **Purpose of the Report**

1. To provide an update to Members on the:
  - (a) overall value of the Pension Fund's investments at 31 March 2021;
  - (b) movement in the cash balance during the last four quarters.

### **Executive Summary**

2. Appendix 1 details the working cash balance position of the Pension Fund and actual cash flow for the last four quarters. At 31 March 2021 the value of the Fund was £3.433 billion and the cash balance held in the Durham County Council Pension Fund bank account was £43.059 million. Fund Managers also held cash of £45.761 million at that date.

### **Recommendation**

3. Members are asked to note the information contained within this report.

## **Background**

### **Value of the Pension Fund**

4. Reports from the five appointed fund managers, namely:
  - AB
  - BlackRock
  - BCPP
  - CB Richard Ellis
  - Mondrian

are included in Part B of today's agenda.

5. The value of the Fund at 31 March 2021 was £3.433 billion compared to £3.391 billion at 31 December 2020. This is an increase of £0.041 million (or 1.22%) in the fourth quarter of 2020/21.

### **Allocation of New Investment Money / Withdrawal of Investment Money to Deal with Estimated Shortfall**

6. New investment money is allocated to fund managers when the Pension Fund has cash which is not required to be available as a working cash balance, for example to pay pensioners or fees.
7. When it is estimated that the Pension Fund will not have sufficient cash available as a working cash balance, cash is withdrawn from fund managers.
8. Appendix 1 details the working cash balance position of the Pension Fund and actual cash flow for the last four quarters. As at 31 March 2021 the cash balance held in the Durham County Council Pension Fund bank account was £43.059 million. In addition to this, not included in this table, fund managers were holding cash of £45.761 million at 31 March 2021.
9. During the quarter ending 31 March 2021, further drawdowns totalling £4.972 million were made to BCPP, to invest in private equity, infrastructure and private credit.

## **Fund Rebalancing**

10. Fund rebalancing is the mechanism by which the Pension Fund would ensure that the asset allocation to fund managers is maintained at the target levels previously agreed by the Pension Fund Committee and as set out in the Investment Strategy Statement. It is also the means by which cash is moved to or from managers as a consequence of the cash flow forecasts.
11. Due to the current suspension of fund rebalancing, there was no rebalancing exercise this quarter.

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## Actual Cash Flow – For the period 1 April 2020 to 31 March 2021

Quarter Ended	30.06.20		30.09.20		31.12.20		31.03.21	
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
	£	£	£	£	£	£	£	£
<b>Cash Inflows</b>								
Contributions - DCC	46,070,000	45,283,011	16,900,000	15,889,112	16,500,000	16,975,404	16,500,000	16,373,095
Contributions - Other	10,480,000	11,331,498	10,480,000	11,981,629	11,600,000	12,574,269	11,600,000	13,840,399
Unfunded pensions recharges	1,080,000	1,020,500	1,050,000	720,935	1,050,000	1,105,483	1,050,000	997,505
Transfer Values	1,250,000	1,276,938	1,250,000	1,012,935	1,250,000	699,626	1,250,000	1,295,926
Other income	2,000,000	1,002,018	2,000,000	1,041,720	1,500,000	1,094,288	1,500,000	2,136,926
Funds recovered from Managers	0	0	0	0	0	0	20,000,000	20,000,000
Interest on short term investments	75,000	70,000	80,000	11,744	2,000	2,605	2,000	852
<b>Total Cash Inflow</b>	<b>60,955,000</b>	<b>59,983,965</b>	<b>31,760,000</b>	<b>30,658,075</b>	<b>31,902,000</b>	<b>32,451,677</b>	<b>51,902,000</b>	<b>54,644,703</b>
<b>Cash Outflows</b>								
Payroll Paysheets	27,820,000	27,259,803	28,070,000	27,582,685	27,750,000	27,608,520	28,000,000	27,749,126
Payables Paysheets (incl. Managers' fees)	12,000,000	14,118,012	12,000,000	9,197,600	11,000,000	9,263,003	11,000,000	9,155,996
Funds transferred to Managers	0	4,164,024	0	3,046,947	3,000,000	3,343,661	3,000,000	4,971,934
Other Expenditure	1,000	1,169	1,000	1,361	1,000	1,013	1,000	914
<b>Total Cash Outflows</b>	<b>39,821,000</b>	<b>45,543,008</b>	<b>40,071,000</b>	<b>39,828,593</b>	<b>41,751,000</b>	<b>40,216,198</b>	<b>42,001,000</b>	<b>41,877,970</b>
<b>Net Cash Inflow / (-) Outflow</b>	<b>21,134,000</b>	<b>14,440,957</b>	<b>-8,311,000</b>	<b>-9,170,518</b>	<b>-9,849,000</b>	<b>-7,764,521</b>	<b>9,901,000</b>	<b>12,766,733</b>
Balance at Bank (opening)		32,792,549		47,222,886		38,050,655		30,290,299
Balance at Bank (closing)		47,222,886		38,050,655		30,290,299		43,058,895