

## **Pension Fund Committee**

**9 December 2021**

## **Overall Value of Pension Fund Investments to 30 September 2021**



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### **Report of Paul Darby, Corporate Director of Resources**

#### **Purpose of the Report**

1. To provide an update to Members on the:
  - (a) overall value of the Pension Fund's investments at 30 September 2021; and
  - (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 30 September 2021 the value of the Fund was £3.610 billion and the cash balance held in the Durham County Council Pension Fund bank account was £30.642 million. Fund Managers also held cash of £39.424 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 30 September 2021 was £3.610 billion compared to £3.601 billion at 30 June 2021. This is an increase of £9 million (or 0.25%) in the second quarter of 2021/22.

### **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 When it is estimated that the Pension Fund will not have sufficient cash available as a working cash balance, cash is withdrawn from fund managers.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 30 September 2021 the cash balance held in the Durham County Council Pension Fund bank account was £30.642 million. In addition to this, not included in this table, fund managers were holding cash of £39.424 million at 30 September 2021.
9. During the quarter ending 30 September 2021, further drawdowns totalling £12.017 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 October 2020 to 30 September 2021

Quarter Ended	31.12.20		31.03.21		30.06.21		30.09.21	
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
	£	£	£	£	£	£	£	£
<b>Cash Inflows</b>								
Contributions - DCC	16,500,000	16,975,404	16,500,000	16,373,095	16,500,000	16,179,251	16,400,000	16,368,529
Contributions - Other	11,600,000	12,574,269	11,600,000	13,840,399	11,600,000	12,519,409	12,500,000	12,927,581
Unfunded pensions recharges	1,050,000	1,105,483	1,050,000	997,505	1,050,000	1,282,189	1,050,000	963,123
Transfer Values	1,250,000	699,626	1,250,000	1,295,926	1,250,000	2,401,896	1,250,000	2,347,137
Other income	1,500,000	1,091,573	1,500,000	2,134,211	1,500,000	759,882	1,500,000	715,767
Funds recovered from Managers	0	0	20,000,000	20,000,000	0	0	20,000,000	20,000,000
Interest on short term investments	2,000	5,320	2,000	3,567	2,000	6,198	2,000	3,066
<b>Total Cash Inflow</b>	<b>31,902,000</b>	<b>32,451,677</b>	<b>51,902,000</b>	<b>54,644,703</b>	<b>31,902,000</b>	<b>33,148,825</b>	<b>52,702,000</b>	<b>53,325,203</b>
<b>Cash Outflows</b>								
Payroll Paysheets	27,750,000	27,608,520	28,000,000	27,749,126	28,450,000	27,884,214	28,000,000	28,160,229
Payables Paysheets (incl. Managers' fees)	11,000,000	9,263,003	11,000,000	9,155,996	11,000,000	13,108,703	10,000,000	10,321,204
Funds transferred to Managers	3,000,000	3,343,661	3,000,000	4,971,934	3,000,000	7,355,588	7,000,000	12,017,375
Other Expenditure	1,000	1,013	1,000	914	1,000	902	1,000	920
<b>Total Cash Outflows</b>	<b>41,751,000</b>	<b>40,216,198</b>	<b>42,001,000</b>	<b>41,877,970</b>	<b>42,451,000</b>	<b>48,349,407</b>	<b>45,001,000</b>	<b>50,499,728</b>
<b>Net Cash Inflow / (-) Outflow</b>	<b>-9,849,000</b>	<b>-7,764,521</b>	<b>9,901,000</b>	<b>12,766,733</b>	<b>-10,549,000</b>	<b>-15,200,583</b>	<b>7,701,000</b>	<b>2,825,475</b>
Balance at Bank (opening)		38,050,655		30,290,299		43,058,895		27,855,839
Balance at Bank (closing)		30,290,299		43,058,895		27,855,839		30,642,471