

## **Pension Fund Committee**

**16 June 2022**

## **Overall Value of Pension Fund Investments to 31 March 2022**



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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 31 March 2022;
  - (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 2022, the value of the Fund was £3.544 billion and the cash balance held in the Durham County Council Pension Fund bank account was £46.805 million. Fund managers also held cash of £17.741 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 four appointed fund managers, namely:

- AB
- BCPP
- CB Richard Ellis
- Mondrian

are included in Part B of today's agenda.

5. The value of the Fund at 31 March 2022 was £3.544 billion compared to £3.729 billion at 31 December 2021. This is a decrease of £185 million (or 4.9%) in the fourth quarter of 2021/22, which is mainly due to the global effects of the war between Russia and Ukraine.

### **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 When it is estimated that the Pension Fund will not have sufficient cash available as a working cash balance, cash is withdrawn from fund managers.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 2022, the cash balance held in the Durham County Council Pension Fund bank account was £46.805 million. In addition to this, not included in this table, fund managers were holding cash of £17.741 million at 31 March 2022.

9. During the quarter ending 31 March 2022 further drawdowns totalling £13.233 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 2021 to 31 March 2022

Quarter Ended	30.06.21		30.09.21		31.12.21		31.03.22	
	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
	£	£	£	£	£	£	£	£
<b>Cash Inflows</b>								
Contributions - DCC	16,500,000	16,179,251	16,400,000	16,368,529	16,400,000	16,062,865	16,400,000	16,522,541
Contributions - Other	11,600,000	12,519,409	12,500,000	12,927,581	12,500,000	13,008,928	12,900,000	13,194,458
Unfunded pensions recharges	1,050,000	1,282,189	1,050,000	963,123	1,050,000	989,384	1,050,000	972,201
Transfer Values	1,250,000	2,401,896	1,250,000	2,347,137	1,250,000	2,065,930	1,250,000	1,073,906
Other income	1,500,000	759,882	1,500,000	715,767	1,500,000	1,119,736	1,500,000	1,823,950
Funds recovered from Managers	0	0	20,000,000	20,000,000	0	20,000,000	50,000,000	49,904,456
Interest on short term investments	2,000	6,198	2,000	3,066	2,000	4,104	1,500	16,973
<b>Total Cash Inflow</b>	<b>31,902,000</b>	<b>33,148,825</b>	<b>52,702,000</b>	<b>53,325,203</b>	<b>32,702,000</b>	<b>53,250,947</b>	<b>83,101,500</b>	<b>83,508,485</b>
<b>Cash Outflows</b>								
Payroll Paysheets	28,450,000	27,884,214	28,000,000	28,160,229	28,200,000	28,679,140	28,400,000	28,318,989
Payables Paysheets (incl. Managers' fees)	11,000,000	13,108,703	10,000,000	10,321,204	10,000,000	10,561,452	10,000,000	10,243,308
Funds transferred to Managers	3,000,000	7,355,588	7,000,000	12,017,375	7,000,000	29,768,186	19,000,000	13,329,520
Other Expenditure	1,000	902	1,000	920	1,000	876	1,000	853
<b>Total Cash Outflows</b>	<b>42,451,000</b>	<b>48,349,407</b>	<b>45,001,000</b>	<b>50,499,728</b>	<b>45,201,000</b>	<b>69,009,654</b>	<b>57,401,000</b>	<b>51,892,671</b>
<b>Net Cash Inflow / (-) Outflow</b>	<b>-10,549,000</b>	<b>-15,200,583</b>	<b>7,701,000</b>	<b>2,825,475</b>	<b>-12,499,000</b>	<b>-15,758,707</b>	<b>25,700,500</b>	<b>31,615,815</b>
Balance at Bank (opening)		43,058,895		27,855,839		30,642,471		14,922,665
Balance at Bank (closing)		27,855,839		30,642,471		14,922,665		46,805,379