

Agenda item:

Pensions Committee

On 19/03/09

Report Title. **Fund Performance update**

Report of **The Chief Financial Officer**

Signed :



Contact Officer : **John Hardy – Corporate Finance**
Telephone 020 8489 3726

Wards(s) affected: **All**

Report for: Noting

1. Purpose of the report

1.1. To consider the latest investment performance data for the Pensions Fund and for each of the Fund's investment managers.

1.2. This report sets out fund performance to end of December 2008, compares responsible investments information provided by our Fund Managers and LAPFF and reports budget management to end of January 2009 (period 10).

2. Introduction by Cabinet Member

2.1 Not applicable.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1. Not applicable.

4. Recommendations

4.1 That the Fund performance position as at end of December 2008 be noted.

4.2 That responsible investments information provided be noted.

4.3 That the budget management position to the end of January 2009 (period 10) be noted.

5. Reason for recommendations

5.1. This report is for noting.

6. Other options considered

6.1. Not applicable.

7. Summary

7.1 The annualised performance of the combined Haringey fund has declined in absolute terms by 11.03% per cent up to 31 December 2008, underperformed the gross benchmark by 2.73% and also underperformed the gross target by 4.37%.

7.2 Overall performance this quarter is above benchmark and above target.

7.3 There has been much volatility in the market over the past period due to a number of issues. These have impacted upon the performance of our portfolio, are still ongoing and the position is being monitored carefully.

7.4 In overall terms the budget is on target.

8. Head of Legal Services Comments

8.1 The Head of Legal Services has been consulted on the content of this report. The consideration of this report falls within the duties on the Committee, acting for the Administering Authority, in reviewing investment performance generally and the performance of specific investment fund managers. Such a review must always take into account the interests of stakeholders and beneficiaries.

9. Equalities & Community Cohesion Comments

9.1. There are no equalities issues arising from this report.

10. Consultation

10.1. Not applicable.

11. Service Financial Comments

11.1 Performance of our Fund Managers is being carefully monitored in the current volatile market conditions. Regarding our Fund Managers, Bernstein and Capital are under-performing the most.

11.2 In overall terms the budget is on target. The current surplus is being monitored carefully so that any net gain is invested at the appropriate time in line with the agreed investment strategy. The majority of the current years in-house surpluses are earmarked to fund our private equity investments.

12. Use of appendices /Tables and photographs

12.1. Appendix 1 Top ten shares held and fund holdings.

12.2. Appendix 2 Fund performance to 31 December 2008

12.3. Appendix 3 Responsible Investments (Top ten holdings)

12.4 Appendix 4 Responsible Investments (Other holdings)

12.5 Appendix 5 Budget management to end of January 2009.

13 Local Government (Access to Information) Act 1985

Northern Trust performance monitoring reports

Fund performance update report to Pensions Committee on 1 December 2008

14 Investment performance reported at the December meeting of Pensions Committee

14.1 The investment performance of the Pensions fund was last reported to Pensions Committee in December 2008. That report covered the period up to 30 September 2008, at which time the following points were noted:

- Since monitoring against the new benchmark commenced on 1 April 2007, the annualised performance of the combined Haringey fund has declined in absolute

terms by 10.65% per cent up to 30 September 2008, underperformed the gross benchmark by 3.53% and also underperformed the gross target by 5.17%;

- It has been a difficult time for the whole market and two of our Fund Managers are under-performing in particular; namely Bernstein and Capital. There has been much volatility in the market over the past period due to a number of issues. These have impacted upon the performance of our portfolio, are still ongoing and we are monitoring the position carefully;
- Up to the end of September 2008 performance by our Fund Managers in annualised terms was as follows:
 - Bernstein's Global Equity and UK Equity mandates have underperformed the gross targets by 12.63% and 8.62% respectively;
 - Capital's Equity and Bond mandates are below target by 5.05% and 4.01%;
 - Fidelity's Equity and Bond mandates underperformed the gross targets by 2.22% and 1.02% respectively;
 - ING are below target by 0.60% but above benchmark by 0.40%.

15. Investment performance for the combined Fund updated for this quarter

- 15.1 This report shows performance monitoring against the new benchmarks from 1 April 2007 as our current investment structure was largely implemented on 16 March 2007.
- 15.2 Performance of the combined Haringey fund compared to benchmark and target for the three months and annualised 21 months periods to end of December 2008 are shown below. The target is shown gross of Fund Managers fees and assumes that returns above benchmark are achieved evenly throughout the year.

	3 months to end of December 2008	21 months to end of January 2009 (annualised)
	%	%
Overall fund performance	(3.50)	(11.03)
Benchmark	(3.99)	(8.30)
Performance versus benchmark	0.49	(2.73)
Overall fund performance	(3.50)	(11.03)
Target	(3.58)	(6.66)
Performance versus target	0.08	(4.37)

15.3 This shows that in the 21 months period to December 2008:

- The annualised performance of the combined Haringey fund has decreased in absolute terms by 11.03%, the fund under performed the new benchmark by 2.73% and under performed the target by 4.37%;
- The annualised position has marginally improved since that report to the last meeting with the under performance versus target reducing from (5.17) to (4.37).

15.4 Appendix 1 shows the following for the combined fund as at end of December 2008 and 2007 for comparative purposes: (1) top ten shares held and (2) fund holdings.

16. Fund Manager Performance

16.1 Appendix 2 shows for each Fund Manager investment performance to end of December 2008, compared to benchmarks and targets as supplied by our custodian, Northern Trust. This is the seventh quarter since the new benchmarks were introduced; consequently we have limited historic data.

16.2 The performance targets for each Fund Manager's mandates are shown on the next page. They denote the percentage annualised annual return above the benchmark over a rolling 3 year period. The table excludes active currency as we have not invested in this yet.

16.3 We have invested £9.2 million in Pantheon's private funds to end of December 2008 and is split between the Asia Fund (£0.7 million), European Fund (£3.2 million) and the USA Fund (£5.3 million). Performance numbers received from our custodian are included in Appendix 2 but these performance numbers are not meaningful until a significant proportion has been invested.

16.4 Targets are set out in the table below and are gross of fees.

	% Target above benchmark	% actual annualised performance above/(below) benchmark in the 21 months to December 2008	% actual annualised performance above/(below) target in the 21 months to December 2008
Bernstein – global equities	3.0	(11.51)	(14.51)
Bernstein – UK equities	2.0	(6.86)	(8.86)
Capital - equities	2.0	(2.16)	(4.16)
Capital - bonds	1.0	(2.93)	(3.93)
Fidelity - equities	1.7	(0.25)	(1.45)
Fidelity - bonds	0.6	(1.12)	(1.72)
ING	1.0	1.21	0.21
Pantheon – private equity	0.75	N/A	N/A

16.5 Appendix 2 shows that the equity mandates for Capital and Fidelity have performed above target in the latest quarter. However the fixed income mandates for Capital and Fidelity and Bernstein’s mandates were below benchmark in the latest quarter.

16.6 The latest quarterly meetings took place on 28 January 2009 between each Fund Manager, John Hardy from Corporate Finance and the Independent Advisor to Trustees. A summary of the key issues discussed at those meetings is set out below.

16.6.1 **Bernstein**

- Performance to date.
- Volatility in markets (e.g. credit crunch, inflation, bank rate, oil).
- Future outlook for markets.
- Responsible Investments.

16.6.2 **Capital International**

- Performance to date.
- Volatility in markets (e.g. credit crunch, inflation, bank rate, oil).
- Future outlook for markets.
- Responsible Investments.

16.6.3 **Fidelity**

- Performance to date.
- Volatility in the market (e.g. credit crunch, inflation, bank rate, oil).
- Future outlook for markets.
- Responsible Investments.

16.6.4 **ING**

- Performance to date.
- Volatility in the property market and future estimated returns.
- Investment opportunities to become fully invested to increased property benchmark.

16.6.5 Up to the end of December 2008 performance by our Fund Managers in annualised terms was as follows:

- Bernstein's Global Equity and UK Equity mandates have underperformed the gross targets by 14.51% and 8.86% respectively.
- Capital's Equity and Bond mandates are below target by 4.16% and 3.93%.
- Fidelity's Equity and Bond mandates underperformed the gross targets by 1.45% and 1.72% respectively.
- ING are above target by 0.21%.

17. **Conclusions**

17.1 Since monitoring against the new benchmark commenced on 1 April 2007, the annualised performance of the combined Haringey fund has declined in absolute terms by 11.03% per cent up to 31 December 2008, underperformed the gross benchmark by 2.73% and also underperformed the gross target by 4.37%.

17.2 It has been a difficult time for the whole market and two of our Fund Managers are under-performing in particular; namely Bernstein and Capital. There has been much volatility in the market over the past period due to a number of issues. These have impacted upon the performance of our portfolio, are still ongoing and we are monitoring the position carefully.

17.3 It is planned to report back to the next meeting of the Committee in June regarding how Capital International have done compared with the interim targets and milestones set in December 2008.

18. **Responsible Investments**

18.1 At Pensions Committee on 23 June 2008 a review of our Responsible Investment Policy was considered and agreed by Trustees. One of the recommendations was that officer's monitor the Fund Managers approach to the revised Responsible Investment Policy. In addition at the September meeting of the Committee it was requested that in future Fund Managers detail engagement for the Fund's top ten holdings of shares.

18.2 Appendices 3 and 4 compare responsible investments information provided by our three core Fund Managers for the quarter ending 31 December 2008 with the information supplied by LAPFF over the same time period for the Fund's top ten holdings of shares (Appendix 3) and engagement with other companies (Appendix 4). Where LAPFF have raised issues in companies where Haringey do not own shares, then this information has been excluded. This comparison will be made each quarter going forward as part of this report.

19. Budget Management

19.1 The budget management analysis to period 10 (end of January 2009) is attached in Appendix 5. In overall terms this shows an under-spend to period 10 of £638k against the budget profile (plan).

19.2 Significant variances to date are as follows compared to the budget profile (plan) to period 10:

- transfer values paid, (£695k), and received, £946k, where the volume will vary by year and timing within the year ;
- pensions and other benefits, (£305k), that is dependent upon the number of pensioners and benefits payable;
- lump sums, £640k, that is dependent on the number of staff retiring and sums payable;
- employee, (£1,145k), and employer contributions, (£307k), that are dependent on the number and grades of staff transferring into and out of the scheme;
- investment management expenses, £1,159k, that are influenced by the timing of receipt of invoices from Fund Managers and market values;
- investment income, £1,622k, that is dependent upon companies invested in by our Fund Managers.

19.3 In overall terms the budget is on target. The current surplus is being monitored carefully so that any net gain is invested at the appropriate time in line with the agreed investment strategy. The majority of current year's in-house surpluses are earmarked to fund our private equity investments calls.

APPENDIX 1

TOP TEN SHARES HELD

Shares	As at 31 December 2008			As at 31 December 2007		
	Rank	Percentage of Fund	Market Value	Rank	Percentage of Fund	Market Value
		%	£'000		%	£'000
1. BP	1	3.3	10,359	3	2.1	9,664
2. Shell	2	3.3	10,336	1	3.2	14,463
3. Vodafone	3	2.8	8,860	2	2.4	10,706
4. HSBC	4	1.9	6,028	9	1.1	5,056
5. Glaxosmithkline	5	1.8	5,731	5	1.5	6,619
6. Astrazeneca	6	1.2	3,672			
7. Barclays	7	1.1	3,330	8	1.2	5,320
8. Aviva	8	1.0	3,189	10	1.1	4,972
9. BHP Billiton	9	0.9	2,928			
10. Roche	10	0.8	2,672			
Royal Bank of Scotland				4	1.7	7,654
HBOS				6	1.4	6,276
Rio Tinto				7	1.2	5,521

FUND HOLDINGS

Fund Holdings	As at 31 December 2008		As at 31 December 2007	
	Percentage of Fund	Market Value	Percentage of Fund	Market Value
	%	£'000	%	£'000
UK equities	19.8	103,375	25.4	161,383
Overseas equities	18.6	96,859	22.3	141,786
Pooled investment vehicles	40.8	212,845	34.3	218,129
Index-linked securities	2.8	14,827	4.3	27,112
Fixed interest securities	3.6	18,806	6.4	40,972
Cash	5.4	27,978	2.4	15,046
Property	6.8	35,635	4.9	31,062
Private Equity	2.1	10,838	0.0	-
Totals	100.0	521,164	100.0	635,490

Appendix 3 – Pension Fund Top Equity Ten Holdings – Responsible Investment Activity Quarter 4

Top Ten Holdings & Percentage of Total Fund	Fidelity – Details of Responsible Investment Engagement	Capital International – Details of Responsible Investment Engagement	Alliance Bernstein - Details of Responsible Investment Engagement	LAPFF Engagement	Top Ten Holdings Shares & Value held by Fund Managers at 31-12-08
1. BP Ord USDO.25 (3.290%)	No specific details received ; however Fidelity have reported that their equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly.	Capital have reported that they have not undertaken any engagement on an environmental, social or governance basis in quarter 4.	No specific details received , however Alliance Bernstein have reported that discussions have taken place with BP mainly concerning business issues arising from the sharp deterioration in economic conditions, and Responsible Investment issues were raised where appropriate.	In Quarter 4 LAPFF engaged with BP regarding the investment risk associated with Tar Sands, as set out in a Greenpeace report. BP & Shell have been asked for their response on the issues arising from the report.	BP- Fidelity held 333,235 shares value £1,753,235. In addition Alliance Bernstein held 1,479,600 shares value £7,782,696. Capital held 489,874 shares value £2,576,737.
2. Royal Dutch Shell 'B' Ord Euro 07 (3.282%)	No specific details received ; however Fidelity have reported that their equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly.	Capital have reported that they have not undertaken any engagement on an environmental, social or governance basis in quarter 4.	Alliance Bernstein has reported that discussions have taken place with Shell regarding business issues arising from the sharp deterioration in economic conditions. Alliance Bernstein's analyst met with the Chief Executive Officer of Royal Dutch Shell and discussed, among other issues, the political and other risks involved in their activities in Nigeria.	In Quarter 4 LAPFF engaged with Shell regarding the investment risk associated with Tar Sands, as set out in a Greenpeace report. BP & Shell have been asked for their response on the issues arising from the report.	Royal Dutch Shell - Fidelity - held 89,092 shares value £1,544,416. In addition Capital held 141,350 shares – value £2,439,701. Also Alliance Bernstein held 457,466 shares –value £7,895,863.
3. Vodafone Group Ord USDO.11428571 (2.813%)	No specific details received ; however Fidelity have reported that there equity analysts and	Capital have reported that they have not undertaken any engagement on an environmental, social or governance basis in quarter 4.	No specific details received , however Alliance Bernstein have reported that discussions have taken place with Vodafone mainly concerning business issues arising from the sharp	No activity this quarter.	Vodafone - 1,326,893 shares held by Fidelity -value £1,852,343. In addition Capital held 1,552,500 shares – value £2,157,975. Also

Top Ten Holdings & Percentage of Total Fund	Fidelity – Details of Responsible Investment Engagement	Capital International – Details of Responsible Investment Engagement	Alliance Bernstein - Details of Responsible Investment Engagement	LAPFF Engagement	Top Ten Holdings Shares & Value held by Fund Managers at 31-12-08
	<p>Fidelity managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly.</p>		<p>deterioration in economic conditions, and Responsible Investment issues were raised where appropriate.</p>		<p>Alliance Bernstein held 4,821,500 shares –value £6,701,885.</p>
4. HSBC Holdings Ord USDO.50 (UK REG) (1.914%)	<p>No specific details received ; however Fidelity have reported that their equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly.</p>	<p>Capital have reported that they have not undertaken any engagement on an environmental, social or governance basis in quarter 4.</p>	<p>No specific details received , however Alliance Bernstein have reported that discussions have taken place with HSBC mainly concerning business issues arising from the sharp deterioration in economic conditions, and Responsible Investment issues were raised where appropriate.</p>	<p>No activity this quarter.</p>	<p>HSBC -228,189 shares held by Fidelity –value £1,505,763. In addition Capital held 164,066 shares – value £1,086,117. Also Alliance Bernstein held 746,500 shares –value £4,941,830.</p>
5. Glaxosmithkline Ord GBPO.25 (1.820%)	<p>No specific details received ; however Fidelity have reported that their equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least</p>	<p>Capital have reported that they have not undertaken any engagement on an environmental, social or governance basis in quarter 4.</p>	<p>No specific details received , however Alliance Bernstein have reported that discussions have taken place with Glaxosmithkline mainly concerning business issues arising from the sharp deterioration in economic conditions, and Responsible Investment issues were raised where appropriate.</p>	<p>No activity this quarter.</p>	<p>GlaxoSmithKline – 75,788 shares held by Fidelity –value £976,535. In addition Capital held 95,400 shares – value £1,225,413. Also Alliance Bernstein held 350,800 shares –value £4,506,026.</p>

Top Ten Holdings & Percentage of Total Fund	Fidelity – Details of Responsible Investment Engagement	Capital International – Details of Responsible Investment Engagement	Alliance Bernstein - Details of Responsible Investment Engagement	LAPFF Engagement	Top Ten Holdings Shares & Value held by Fund Managers at 31-12-08
6. Astrazeneca Ord USDO.25 (1.166%)	No specific details received ; however Fidelity have reported that their equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly.	Capital have reported that they have not undertaken any engagement on an environmental, social or governance basis in quarter 4.	No specific details received , however Alliance Bernstein have reported that discussions have taken place with Astrazeneca mainly concerning business issues arising from the sharp deterioration in economic conditions, and Responsible Investment issues were raised where appropriate.	No activity this quarter.	Astrazeneca -26,613 shares held by Fidelity -value £752,632.In addition Capital held 44,500 shares – value £1,249,115.Also Alliance Bernstein held 86,300 shares –value £2,422,441.
7. Barclays Ord GBPO.25 (1.058%)	No specific details received ; however Fidelity have reported that their equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly.	Not held in portfolio.	No specific details received , however Alliance Bernstein have reported that discussions have taken place with Barclays mainly concerning business issues arising from the sharp deterioration in economic conditions, and Responsible Investment issues were raised where appropriate.	No activity this quarter.	Barclays - 31,853 shares held by Fidelity -value £48,783. Capital held no shares. Alliance Bernstein held 2,171,100 shares –value £3,330,467.
8. Aviva Ord GBPO.25 (1.013%)	No specific details received ; however Fidelity have reported that their	Capital have reported that they have not undertaken any engagement on an environmental, social or	No specific details received , however Alliance Bernstein have reported that discussions have taken place with Aviva mainly	No activity this quarter.	Aviva -23,742 shares held by Fidelity -value £92,654.In addition Capital held 258,432

Top Ten Holdings & Percentage of Total Fund	Fidelity – Details of Responsible Investment Engagement	Capital International – Details of Responsible Investment Engagement	Alliance Bernstein - Details of Responsible Investment Engagement	LAPFF Engagement	Top Ten Holdings Shares & Value held by Fund Managers at 31-12-08
9. BHP Billiton PLC USDO. 50 (0.929%)	equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly. No specific details received ; however Fidelity have reported that their equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly.	governance basis in Quarter 4. Capital have reported that they have not undertaken any engagement on an environmental, social or governance basis in quarter 4.	concerning business issues arising from the sharp deterioration in economic conditions, and Responsible Investment issues were raised where appropriate. No specific details received , however Alliance Bernstein have reported that discussions have taken place with BHP Billiton mainly concerning business issues arising from the sharp deterioration in economic conditions, and Responsible Investment issues were raised where appropriate.	No activity this quarter.	shares – value £1,007,885. Also Alliance Bernstein held 559,377 shares –value £2,181,570. BHP Billiton – 90,338 shares held by Fidelity –value £1,168,973. In addition Capital held 31,600 shares – value £408,904. Also Alliance Bernstein held 194,600 shares –value £2,518,124.
10. Roche Hldgs AG Genusscheine NPV (0.848%)	No specific details received ; however Fidelity have reported that their equity analysts and portfolio managers continue to have on going dialogue and contact with investee companies at least every 90 days and more generally bi weekly or monthly.	Capital have reported that they have not undertaken any engagement on an environmental, social or governance basis in quarter 4.	Not held in portfolio.	No activity this quarter.	Roche Holdings 23,448 shares held by Fidelity –value £ 2,489,943. In addition Capital held 25,158 shares – value £2,671,540. Alliance Bernstein held no shares

Top Ten Holdings & Percentage of Total Fund	Fidelity – Details of Responsible Investment Engagement weekly or monthly.	Capital International – Details of Responsible Investment Engagement	Alliance Bernstein - Details of Responsible Investment Engagement	LAPFF Engagement	Top Ten Holdings Shares & Value held by Fund Managers at 31-12-08

Appendix 4

Comparison of Responsible Investment Activity Quarter 4 – Core Fund Managers and Local Authorities Pension Fund Forum (LAPFF)

Fidelity	Capital International	Alliance Bernstein	LAPFF	Number of shares held by Fund Managers & Value at 31/12/08
<p>As set out in Fidelity's quarter 4 Investment Review, the company engaged with the Drax Group and Ryanair in respect of the Emissions Trading Scheme (ETS). The ETS is an important component of the EU's carbon emissions strategy. The ETS is intended to create a "cap and trade" market by limiting the emissions that can be generated by certain industries and allowing individual companies to buy or sell emissions credits to remain in compliance with the overall limitations. Under Phase 3 of the ETS, power companies</p>	<p>The Capital International summary performance report for quarter 4 does not contain details of specific company Responsible Investment activity.</p>	<p>The Alliance Bernstein quarter 4 current strategy review does not contain details of specific company Responsible Investment activity. Alliance Bernstein have been contacted regarding Responsible Investment activity in respect of the fund's top ten holdings – details of which are contained in Appendix 3 of the report.</p>	<p>In quarter 4 LAPFF engaged with BP & Shell regarding the investment risk associated with Tar Sands, as set out in a Greenpeace report. BP & Shell have been asked for their response on the issues arising from the report. LAPFF also engaged with the French Oil Giant Total. Total is being scrutinised because of its continuing involvement in Burma whose ruling junta is widely considered to operate one of the most repressive regimes in the world. Total continues to operate in Burma despite the decision of a growing</p>	<p>Drax Group - Fidelity held 10,164 shares value £57,709 In addition Alliance Bernstein held 155,000 shares value £869,550. Capital held 43,653 shares value £244,893. Ryanair – Fidelity held 416,443 shares value £1,274,317. In addition Capital held 30,600 shares value £93,330. BP- Fidelity held 333,235 shares value £1,753,235. In addition Alliance Bernstein held 1,479,600 shares value £7,782,696. Capital held 489,874 shares value £2,576,737.</p>

<p>Fidelity</p> <p>will be required to purchase emissions allowances starting in 2013. Accordingly Fidelity engaged with the Drax utility company whose activities will be constrained by the scheme. In addition, the Scheme will limit aviation emissions beginning 2012. Consequently Fidelity engaged with Ryanair as the airline group maintain relatively newer fleets of aircraft and thus may benefit from lower operating and emission costs. Fidelity have been contacted regarding Responsible Investment activity in respect of the fund's top ten holdings – details of which are contained in Appendix 3 of the report.</p>	<p>Capital International</p>	<p>Alliance Bernstein</p>	<p>LAPFF</p> <p>number of companies to cut ties with the country. Total responded that their motivations for remaining in the country were firstly the commitment to the 50,000 people in the pipeline area and secondly if Total pulled out of Burma, other governments may question the company's commitment to projects in their countries. The Forum's meeting with Total has established a channel of communication with the company which both sides have agreed to keep open.</p>	<p>Number of shares held by Fund Managers & Value at 31/12/08</p> <p>Royal Dutch Shell - Fidelity - held 89,092 shares value £1,544,416. In addition Capital held 141,350 shares – value £2,439,701. Also Alliance Bernstein held 457,466 shares – value £7,895,863. Total - Fidelity - held 35,732 shares value £1,415,648.</p>
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APPENDIX 5

PENSIONS FUND

BUDGET MANAGEMENT - PERIOD 10 (END OF JANUARY 2009)

	2008/09 Budget £'000	Plan to period 10 £'000	Actual to period 10 £'000	Over/under (-) to Period 10 £'000	Explanations of variations
Income					
Contributions and benefits:					
Employee Contributions	(8,900)	(7,417)	(8,562)	(1,145)	Dependent on number and grade of staff transferring into and out of scheme
Employer Contributions	(32,500)	(27,083)	(27,390)	(307)	Dependent on number and grade of staff transferring into and out of scheme
Transfer Values Received	(4,000)	(3,333)	(2,387)	946	Volume and timing varies
Capital costs	(900)	(750)	(874)	(124)	
Total income	(46,300)	(38,583)	(39,213)	(630)	
Expenditure:					
Pensions and other benefits	25,000	20,833	20,528	(305)	Dependent upon the number of pensioners and benefits payable.
Lump sums	3,500	3,083	3,723	640	Dependent upon the number of staff retiring and sums due.
Transfer values paid	3,950	3,292	2,597	(695)	Volume and timing varies
Refunds on contributions	50	42	11	(31)	
Administrative expenses	700	583	503	(80)	
Total expenditure	33,200	27,833	27,362	(471)	
Net addition from dealings with members	(13,100)	(10,750)	(11,851)	(1,101)	
Returns on Investment:					
Investment income	(17,300)	(14,417)	(12,795)	1,622	Dependent upon companies invested in by our Fund Managers.
Investment management expenses	2,300	1,917	758	(1,159)	Timing of receipt of Fund Managers invoices
Net return on investments	(15,000)	(12,500)	(12,037)	463	