



Haringey Council

Agenda item:

Pensions Committee

On 21 June 2010

Report Title. **Fund Performance update**

Report of **Director of Corporate Resources**

Signed : *J. Power* 11/6/10.

Contact Officer : **Nicola Webb – 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 Pension Fund and for each of the Fund's investment managers.
- 1.2. To report on key responsible investment issues using information provided by the Fund Managers and the Local Authority Pension Fund Forum (LAPFF).
- 1.3. To report on the Pension Fund 2009/10 out-turn against budget.

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 March 2010 be noted.
- 4.2 That responsible investments information provided be noted.
- 4.3 That the pension fund out-turn position for 2009/10 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 investment return achieved in the quarter to March 2010 was 6.56%, which was 0.42% behind the benchmark and 0.83% behind the target. Capital continue to under perform both the benchmark and the target.
- 7.2 The out-turn position against budget was a £5m overspend. The main reason for this was a lower level of investment income than anticipated due to the impact of recessions in many global economies.

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 the Fund Managers continues to be carefully monitored in the current market conditions. Capital continues to under perform both the benchmark and the target.
- 11.2 In overall terms the out-turn was £5m under budget, mainly due to lower than anticipated investment income. However the Pension Fund is still generating a surplus of cash every month, as contributions are higher than benefits.

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 2009.
- 12.3 Appendix 3: Responsible Investments - Top ten holdings.
- 12.4 Appendix 4: Responsible Investments - Other holdings.
- 12.5 Appendix 5: Budget management : 2009/10 out-turn.

13 Local Government (Access to Information) Act 1985

Northern Trust performance monitoring reports.

Fund performance update report to Pensions Committee on 15 April 2010.

14. Investment performance reported at the April meeting of Pensions Committee

- 14.1 The investment performance of the Pensions fund was last reported to Pensions Committee in April 2010. That report covered the period up to 31 December 2009, at which time the following points were noted:
- Since monitoring against the new benchmark commenced on 1 April 2007, the combined Haringey fund had declined in absolute terms by 2.04% per cent up to 31 December 2009, underperformed the gross benchmark by 2.54% and also underperformed the gross target by 4.18%.
 - The performance by the Fund Managers over the same period was as follows:

- Fidelity's Bond mandate out performed the gross target by 0.78% and the Equity mandate under performed the gross target by 1.29% but achieved the benchmark.
- Capital's Equity and Bond mandates were below target by 3.55% and 1.79% respectively.
- ING were below target by 1.12%.

15. Investment performance for the combined Fund updated for quarter to 31st March 2010

- 15.1 The current investment strategy was implemented on 1st April 2007 and so all the performance figures which follow show performance since that date.
- 15.2 Performance of the combined Haringey fund compared to benchmark and target for the three months and annualised 3 years periods to end of March 2010 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 March 2010	3 years to end of March 2010 (annualised)
	%	%
Overall fund performance	6.56	0.22
Benchmark	6.98	2.75
Performance versus benchmark	(0.42)	(2.53)
Overall fund performance	6.56	0.22
Target	7.39	4.39
Performance versus target	(0.83)	(4.17)

15.3 This shows that in the 3 year period to 31st March 2010:

- The annualised performance of the combined Haringey fund has increased slightly in absolute terms by 0.22%, the fund under performed the new benchmark by 2.53% and under performed the target by 4.17%;
- The annualised position has marginally improved since the report to the last meeting with the under performance versus target decreasing from (4.29) to (4.18).

15.4 Appendix 1 shows the following for the combined fund as at end of March 2010 and end of March 2009 for comparative purposes: (1) top ten shares held and (2) fund holdings.

16. Fund Manager Performance

16.1 Appendix 2 shows investment performance to end of March 2010 for each Fund Manager, compared to benchmarks and targets as supplied by the custodian, Northern Trust. The data covers the period since 1 April 2007 when the current investment strategy was implemented.

16.2 The performance targets for each Fund Manager's mandates are shown below. They denote the percentage annualised return above benchmark over a rolling 3 year period. The contract with Alliance Bernstein was terminated on 16 June 2009 and the resulting assets transferred to Legal and General and invested in tracker funds as previously agreed by the Committee. This means long term performance data for Legal & General is not available.

16.3 There have been 33 calls on the Pantheon Asia, Europe and USA funds totalling £12.8 million to date. Private equity is a long term asset class and consequently performance numbers are excluded as they are not considered meaningful when the funds are still in the drawdown phase.

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

	% Target above benchmark	% annualised performance above/ (below) benchmark in the 3 years to March 2010	% annualised performance above/ (below) target in the 3 years to March 2010
Capital - equities	2.0	(1.73)	(3.73)
Capital - bonds	1.0	(0.43)	(1.43)
Fidelity - equities	1.7	0.28	(1.42)
Fidelity - bonds	0.6	1.63	1.03
ING - property	1.0	(0.36)	(1.36)
Pantheon – private equity	0.75	N/A	N/A

16.5 The latest quarterly meetings took place in June 2010 between each active Fund Manager and the Head of Finance: Treasury & Pensions. A summary of the key issues discussed at those meetings is set out below.

Capital International

- Performance to date.
- Future outlook for markets.
- Review of Responsible Investment issues.

Fidelity

- Performance to date.
- Future outlook for markets.
- Review of Responsible Investments Issues.

ING

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

Pantheon

- Performance to date.
- Future outlook for markets.
- Change of ownership.
- Future pattern of cash flows.

17. Conclusions

- 17.1 Since monitoring against the new benchmark commenced on 1 April 2007, the annualised performance of the combined Haringey fund has increased only slightly in absolute terms by 0.22% per cent up to 31 March 2010, under performed the gross benchmark by 2.53% and also under performed the gross target by 4.17%.
- 17.2 Capital and ING are underperforming against both the benchmark and the target.
- 17.3 Although the investment returns in all asset classes remained positive in the last quarter, the markets have been very volatile since. There are a number of ongoing issues which are likely to impact on future performance, and the situation will continue to be monitored carefully. These include:
- Sovereign debt issues, particularly in the Eurozone;
 - The price of oil and commodities;
 - The trends of inflation and risks of deflation;
 - Interest rates;
 - Property prices and rental values.

18. Responsible Investments

- 18.1 At Pensions Committee on 23 June 2008 a review of the Fund's Responsible Investment Policy was considered and agreed by members. One of the recommendations was that officers monitor the Fund Managers approach to the revised Responsible Investment Policy. The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) who provide information about responsible investment issues and undertake engagement with companies on these issues on behalf of local authorities.
- 18.2 Appendices 3 and 4 compare responsible investment information provided by the Council's two core Fund Managers for the quarter ending 31 March 2010 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). Only information relating to companies held by the Haringey fund has been included.

19. Budget Management

- 19.1 The analysis of the out-turn position against the budget set for 2009/10 is shown in detail in Appendix 5.
- 19.2 The significant variances were:
- In addition to the usual volatility of transfer values paid and received, some cases were stockpiled by local authorities until this year pending government guidance. This has led to values of both transfer values paid and received being higher than budget;
 - Capital cost credits (0.548m) not separately budgeted for, relate to early retirements;
 - Investment income was £6.1m less than budgeted for due to companies reducing the value of dividends they issued in the current economic climate;
 - Lump sums and refunds varied significantly in percentage terms from budget due to the impact of changes to benefit regulations.
- 19.3 In overall terms the out-turn was £5m over budget mainly due to £6.1m less being received in investment income than was budgeted.

20. Invested cash

- 20.1 Following the strategic review of the Fund in March 2007 the Pensions Committee approved an increase in property holdings from 6% to 10%. An amount of cash equivalent to that increased holding of £18m was invested in the money market pending the identification of suitable investment opportunities by the property manager ING. To date, £14.748m has been drawn down by ING to fund investments in both UK and European property funds. The balance of £3.252m remains invested in fixed term deposits of up to one year pending further cash calls from ING.
- 20.2 The downturn in the property market has impacted on the timing of future cash calls such that the mandate is unlikely to be fully invested until the end of 2010 at the earliest.
- 20.3 The strategic review of March 2007 also recommended that cash generated annually from surplus contributions, equivalent to £10m pa be earmarked to fund a new private equity mandate managed by Pantheon. In the year to March 2010 £3.37m was transferred directly to Pantheon to fund cash calls on the mandate. As at 31 March 2010 £13.174m is invested by the Council on the Fund's behalf in fixed term deposits pending cash calls by Pantheon.
- 20.4 The contributions to the Pension Fund are higher than the benefits paid every month, which means a surplus of cash builds up. This surplus, which amounted to £17.5m at 31st March 2010 was invested in fixed term deposits and money market funds pending the investment strategy review due in 2010.
- 20.5 The Council's standard risk protocols are applied to all investments made on behalf of the pension fund and all investments are placed in accordance with the Council's Treasury Management Strategy.

APPENDIX 1

TOP TEN SHARES HELD

Shares	As at 31 March 2010			As at 31 March 2009		
	Rank	Percentage of Equities	Market Value	Rank	Percentage of Fund	Market Value
		%	£'000		%	£'000
1. BP	1	2.26	2,763	2	3.1	8,654
2. Lloyds Banking Group	2	2.21	2,694			
3. Royal Dutch Shell	3	2.11	2,566	1	3.1	8,733
4. Vodafone	4	2.03	2,476	3	2.7	7,528
5. SMC Corp	5	1.48	1,797			
6. Barclays	6	1.44	1,761			
7. Roche	7	1.30	1,583	8	0.9	2,484
8. HSBC	8	1.26	1,544	5	1.7	4,683
9. E-on	9	1.24	1,514			
10. NTT Docomo	10	1.15	1,405			
Glaxosmithkline				4	2.0	5,688
Astrazeneca				6	1.4	3,961
BHP Billiton				7	0.9	2,625
Tesco				9	0.8	2,372
Aviva				10	0.8	2,307

FUND HOLDINGS

Fund Holdings	As at 31 March 2010		As at 31 March 2009	
	Percentage of Fund	Market Value	Percentage of Fund	Market Value
	%	£'000	%	£'000
UK equities	5.5	36,338	18.3	87,800
Overseas equities	13.0	85,729	17.4	83,366
Pooled investment vehicles	62.0	410,629	41.6	199,551
Index-linked securities	2.6	17,508	3.0	14,273
Fixed interest securities	2.5	16,335	3.9	18,665
Cash	5.5	36,199	6.6	31,852
Property	6.9	45,514	6.8	32,453
Private Equity	2.0	13,053	2.4	11,509
Totals	100.0	661,305	100.0	479,469

**APPENDIX 2
FUND PERFORMANCE TO 31 DECEMBER 2009
GROSS OF FEES**

	Market valuations 31.03.08 £'000	Market valuations 31.03.09 £'000	Market valuations 31.03.10 £'000	Weighted % Fund change 1 January to 31 March 2010	% benchmark change 1 January to 31 March 2010	% target 1 January to 31 March 2010	Under (-)/over (+) performance versus target 1 January to 31 March 2010	Weighted % Fund change 1 April 2007 to 31 March 2010	% benchmark change 1 April 2007 to 31 March 2010	% target 1 April 2007 to 31 March 2010	Under (-)/over (+) annualised performance versus target 1 April 2007 to 31 March 2010
				%	%	%	%	%	%	%	%
Capital -Equities	125,246	95,609	139,785	8.00	8.87	9.37	(1.37)	2.00	3.73	5.73	(3.73)
Capital -Fixed Income	62,451	63,111	70,923	2.92	2.04	2.29	0.63	4.82	5.25	6.25	(1.43)
Fidelity -Equities	126,566	98,171	144,909	8.51	8.84	9.27	(0.76)	3.75	3.47	5.17	(1.42)
Fidelity - Fixed Income	65,390	64,390	77,481	3.96	2.90	3.05	0.91	7.57	5.94	6.54	1.03
Bernstein -UK Equity	117,805	71,622	-	-	-	-	-	-	-	-	-
Bernstein -Global Equity	28,299	18,875	-	-	-	-	-	-	-	-	-
L & G-UK Equity	-	-	108,949	6.44	6.42	6.42	0.02	-	-	-	-
L & G-Global Equity	-	-	28,077	9.88	9.87	9.87	0.01	-	-	-	-
ING	51,505	36,000	46,167	3.94	4.80	5.05	(1.11)	(10.62)	(10.26)	(9.26)	(1.36)
Pantheon - private equity	2,719	11,509	13,131	10.48	11.34	12.09	(1.61)			N/A	N/A
Total	579,981	459,287	629,422	6.56	6.98	7.39	(0.83)	0.22	2.75	4.39	(4.17)
In house cash - earmarked for property	9,350	9,350	3,252								
In house cash - earmarked for private equity	9,500	9,500	13,174								
Other	544	4,154	17,504								
Total Fund	599,375	482,291	663,352								

In house cash - earmarked for property

In house cash - earmarked for private equity

Other

Total Fund

Appendix 3 – Pension Fund Top Equity Ten Holdings – Responsible Investment Activity - Quarter ending 31 March 2010

Top Ten Holdings & Percentage of Total Equities of Fund	Fidelity – Details of Responsible Investment Engagement	Capital International – Details of Responsible Investment Engagement	LAPFF Engagement
1. BP (2.26%)	Fidelity's proxy voting team met with BP to discuss the proposals put forward by a group of environmentally conscious investors regarding the company's oil sands development strategy.	No responsible investment engagement in the quarter.	The forum continued the engagement it started in 2008 with the company in respect of the environmental, social and investment risks of the tar sands project to understand the balance of the risks.
2. Lloyds Banking Gp (2.21%)	Fidelity's proxy voting team met with Lloyds to discuss their executive remuneration arrangements.	No responsible investment engagement in the quarter.	No specific responsible investment engagement in the quarter, but see notes in Appendix 4 re remuneration.
3. Royal Dutch Shell (2.11%)	Fidelity's proxy voting team met with Shell to discuss the proposals put forward by a group of environmentally conscious investors regarding the company's oil sands development strategy.	Capital attended a meeting with Shell to discuss the shareholder oil sands resolution which was to be on the agenda for the company AGM in May. The resolution had the backing of around 0.13% of shareholders, led by the pension advisor Fairpensions. It proposes that the company produce a report which includes details of the company's economic assumptions in respect of their oil sands operations in Canada. A similar resolution was submitted to BP. In the meeting Capital gained an understanding of Shell's attitude towards the proposal and the level of disclosure currently in place. Capital also learned about the progress being made and potential costs of environmental impact mitigation strategies such as carbon capture and storage. Separately, they attended a briefing with Fairpensions	The forum continued the engagement it started in 2008 with the company in respect of the environmental, social and investment risks of the tar sands project to understand the balance of the risks.

Top Ten Holdings & Percentage of Total Equities of Fund	Fidelity – Details of Responsible Investment Engagement	Capital International – Details of Responsible Investment Engagement	LAPFF Engagement
4. Vodafone (2.03%)	No responsible investment engagement in the quarter.	and Co-op Asset Management to learn more of the background behind the resolutions. One of Capital's Corporate Governance Analysts and one of their Investment Specialists attended a Vodafone Investors' Dinner in March 2010. Almost the entire Vodafone Board was present at the meeting. This was a great opportunity for investors to be able to have intimate discussions with people of the Board on various topics including Corporate Governance. Tables were composed of executive and non-executive members of the Board. Capital appreciated the Company's effort in giving Investors this opportunity for an open discussion. Also, one of their analysts has met twice with the company over the quarter. Although both meetings were research focused, there were some discussions on pay and incentives.	No responsible investment engagement in the quarter.
5. SMC Corp (1.48%)	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.
6. Barclays (1.44%)	Fidelity's proxy voting team met with Barclays to discuss their executive remuneration arrangements.	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.
7. Roche Holdings (1.30%)	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.
8. HSBC (1.26%)	Fidelity's corporate finance team held discussions with HSBC regarding the	Capital's investment specialist and one of their banking research analysts attended a meeting with the chair of	No responsible investment engagement in the quarter.

Top Ten Holdings & Percentage of Total Equities of Fund	Fidelity – Details of Responsible Investment Engagement	Capital International – Details of Responsible Investment Engagement	LAPFF Engagement
	<p>company's remuneration framework for executive directors, in particular regarding salary and bonus levels.</p>	<p>HSBC's remuneration committee, who highlighted that the increased levels of pay were part of the company's succession planning for the chairman and chief executive roles. In order to attract a new chairman of a suitable calibre when the current chairman retires, HSBC believes it would need to offer a higher base salary and a long-term incentive plan. The investment professionals at Capital believe that management succession is a key issue for investors. It was clear to Capital that HSBC's senior executives are remunerated at levels below the top quartile of the company's global peer group and Capital believe any external candidates for the chairman and chief executive roles would require larger incentives than HSBC's management currently enjoy. After pressure from several shareholders and newspaper reports, HSBC decided not to award its chief executive such a large pay increase at this time, though it remained committed to reviewing the pay of its other executives including the chief financial officer. HSBC valued Capital's input and will continue a dialogue with Capital to seek a more balanced medium-term approach.</p>	
9. E-On (1.24%)	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.

Top Ten Holdings & Percentage of Total Equities of Fund	Fidelity – Details of Responsible Investment Engagement	Capital International – Details of Responsible Investment Engagement	LAPFF Engagement
10. NTT Docomo (1.15%)	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.	No responsible investment engagement in the quarter.

Note:

Fidelity explain that their engagement with companies is channelled primarily through their team of equity analysts. This contact includes quarterly face-to-face meetings with the Chief Executive Officer or Finance Director, monthly contact with the Investor Relations team, periodic site visits to see the company's operations and attendance at analyst days hosted by the company. Dialogue encompasses all aspects of a company's business including strategy, operations, trading, governance, shareholder rights, environmental and social policies. Where there is a divergence of views or a matter of particular importance arises, Fidelity's corporate finance team may become involved. Matters involving corporate finance might include board and management composition, corporate strategy, specific corporate transactions and legal matters. Fidelity's proxy voting function also forms part of the corporate finance team and has a particular focus on remuneration-related issues.

Appendix 4

Comparison of Responsible Investment Activity Quarter ending 31 March 2010 Core Equity Fund Managers and the Local Authority Pension Fund Forum (LAPFF)

Fidelity	Capital International	LAPFF
<p>Environmental Issues</p> <p><u>Carbon Emissions</u> Fidelity's UK utilities analyst has identified the regulatory efforts relating to carbon reduction as a catalyst for utility companies to transition their portfolio of energy production assets away from coal-based power stations towards those that are less polluting. During the quarter Fidelity discussed the potential risks of future additional CO2 limitation in the UK with Drax, Scottish & Southern Energy and Centrica.</p> <p><u>Energy Efficiency</u> Fidelity has identified a potential market in the construction of energy efficient buildings. They have been discussing this with companies including Nexity, Bouygues, Barratt Developments and Taylor Wimpey.</p> <p><u>Sustainable Transport</u> Fidelity's automobile analyst has been examining the strategies being used by companies to meet future emission targets.</p>	<p>No specific environmental engagement reported in addition to that with Royal Dutch Shell – see Appendix 3.</p>	<p><u>Climate Change Statement</u> The LAPFF have published their Climate Change Statement.</p> <p>The Forum believes that companies have a unique role to play in addressing the challenges posed by climate change not only because they are emitters of greenhouse gases, but also as they are providers of short and long-term solutions to decarbonising the economy and adapting to climate change. In line with their mission to promote the investment interests of their members, the Forum aims to encourage companies to incorporate relevant considerations into their business strategies and to identify and disclose related performance indicators. The Forum believes that companies will be exposed to risk if they are unprepared for the potential impacts associated with climate change. The degree to which a company is prepared for these changes will impact the company's bottom line and therefore shareholder value.</p>

Fidelity	Capital International	LAPFF
<p>Governance / Remuneration Issues</p> <p>No specific governance or remuneration issues reported in addition to those with the banks reported in Appendix 3.</p>	<p><u>Grainger</u> Grainger, the UK's largest residential landlord has suffered a shareholder revolt against a £2.83 million pay-out to the former chief executive who stepped down due to ill health. Capital discussed their concerns over the payment with Grainger and the company was unable to provide any further information to allay concerns, so they voted against the remuneration report at the AGM.</p> <p>No other specific governance or remuneration issues reported in addition to those with HSBC and Vodafone reported in Appendix 3.</p>	<p><u>Grainger</u> The Forum also raised concerns about the remuneration issues at Grainger. The company's remuneration report was voted down by shareholders.</p> <p><u>Marks & Spencer</u> The Forum has continued to discuss with Marks & Spencer their concerns over Sir Stuart Rose's combined roles of Chief Executive and Chairman. This practice is out of line with the best practice adhered to by the vast majority of company boards.</p>
<p>Other Issues</p> <p><u>Unilever</u> Fidelity discussed Unilever's framework to manage reputational risk through the monitoring and auditing of its global supply chain. Unilever has developed a Supplier Code of best practice which all of its suppliers are required to sign. If a supplier repeatedly contravenes the Code or fails to improve, Unilever terminates their contract.</p> <p><u>Vedanta</u> Fidelity's mining analyst recently discussed with Vedanta public concerns arising from the company's mining operations in Orissa, India. The company has</p>	<p><u>Indofood</u> Capital staff worked closely with Indofood, an Indonesian food company, in which Capital investors are in total a significant shareholder with respect to a related party acquisition. Through this close work, the company paid a reduced price for the acquisition saving money for investors.</p> <p><u>UN Principles for Responsible Investing</u> On 31st March 2010 Capital International became a signatory to the United Nations Principles for Responsible Investment. (The Haringey Pension Fund is already a signatory.)</p>	<p><u>Global Focus List</u> The Forum has agreed a list of companies to focus on in the coming year. The focus list has been drawn up by taking account of the scale and scope of LAPFF members shareholdings, and by establishing detailed research profiles for each of these companies. The criteria used are: Structural & Cultural Factors, Market Factors, Sectoral Factors and Financial Performance.</p> <p>The Forum will also build on current collaborative relationships and initiate closer links to US investors with similar objectives, especially where a</p>

<p>Fidelity</p> <p>been the subject of a number of highly critical reports with regard to environmental damage and dislocation of indigenous people. A report by Amnesty International has brought more pressure to bear. Fidelity are closely monitoring the situation.</p>	<p>Capital International</p>	<p>LAPFF</p> <p>face-to-face meeting is being sought.</p> <p>The final target number of 15 companies emerging from this process is split between the markets approximately proportional to asset allocations namely six (UK), five (EU), and four (US).</p> <p>The Forum will in future also be considering the issues of principle and related logistical issues which would arise from engaging with companies in emerging markets and Asia.</p>
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APPENDIX 5

PENSION FUND: BUDGET MANAGEMENT - OUT TURN POSITION AT 31ST MARCH 2010

	2009/10 Budget £'000	2009/10 Out-turn £'000	Over/under (-) £'000	Percentage Variance %	Explanations of variations greater than 10%
Income					
Contributions and benefits:					
Employee Contributions	(10,500)	(10,602)	(102)	0.97	
Employer Contributions	(34,700)	(35,166)	(466)	1.34	
Transfer Values Received	(4,000)	(7,003)	(3,003)	75.08	Transfer values are very unpredictable in terms of volume and timing
Total income	(49,200)	(52,771)	(2,397)	4.87	
Expenditure:					
Pensions and other benefits	26,800	24,484	(2,316)	(8.64)	
Lump sums	3,500	4,921	1,421	40.60	This is similar to the 08/09 out-turn and results from new option to take more pension as lump sum
Transfer values paid	4,000	6,324	2,324	58.10	Transfer values are very unpredictable in terms of volume and timing
Refunds on contributions	50	4	(46)	(92.00)	Due to the reduction of the period during which a refund can be paid from 2 years to 3 months
Administrative expenses	750	725	(25)	(3.33)	
Total expenditure	35,100	36,458	1,358	3.87	
Net addition from dealings with members	(14,100)	(16,313)	(1,039)	7.37	
Returns on Investment:					
Investment income	(18,300)	(12,148)	6,152	(33.62)	Dividends from companies have been low due to recessionary conditions in many markets
Taxation	200	152	(48)	(24.00)	The amount of tax deducted is directly related to investment income
Investment management expenses	3,600	3,549	(51)	(1.42)	
Net return on investments	(14,500)	(8,447)	6,053	(41.74)	
Totals	(28,600)	(24,760)	5,014	(17.53)	