

Decision Maker: Pensions Investment Sub-Committee

Date: 19th May 2015

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **IMPACT OF EXCHANGE RATES**

Contact Officer: Martin Reeves, Principal Accountant (Technical & Control)
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Chief Officer: Director of Finance

Ward: All

1. Reason for report

At the last meeting of the Sub-Committee in February, it was agreed that Alick Stevenson (Allenbridge Epic) would submit a report to this meeting on the effect that exchange rates have on transactions and profits. This report is attached at Appendix 1.

RECOMMENDATION(S)

The Sub-Committee is asked to note the report.

Corporate Policy

1. Policy Status: Existing policy. The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013, for the purpose of providing pension benefits for its employees. These regulations allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: No cost
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Pension Fund
 4. Total current budget for this head: £35.8m expenditure (pensions, lump sums, etc) - provisional outturn £35.0m; £38.6m income (contributions, investment income, etc) - provisional outturn £40.4m; £744.0m total fund market value at 31st March 2015
 5. Source of funding: Contributions to Pension Fund
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Staff

1. Number of staff (current and additional): 0.4 fte (current)
 2. If from existing staff resources, number of staff hours: c14 hours per week
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Legal

1. Legal Requirement: Statutory requirement. Local Government Pension Scheme (LGPS) Regulations 2013
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 5,782 current employees; 4,948 pensioners; 5,066 deferred pensioners as at 31st March 2015
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

3.1 In February 2015, the Sub-Committee agreed that a report should be prepared on the potential impact of foreign currency exchange rates on Fund transactions and, therefore, on returns. The Fund's independent advisers, AllenbridgeEpic, have prepared a brief report and this is attached at Appendix 1.

4. POLICY IMPLICATIONS

4.1 The Council's Pension Fund is a defined benefit scheme operated under the provisions of the Local Government Pension Scheme (LGPS) Regulations 2013, for the purpose of providing pension benefits for its employees. These regulations allow local authorities to use all the established categories of investments, e.g. equities, bonds, property etc, and to appoint external investment managers who are required to use a wide variety of investments and to comply with certain specific limits.

5. FINANCIAL IMPLICATIONS

5.1 None at this stage.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	LGPS (Administration) Regulations 2008 (as amended) and LGPS Regulations 2013. LGPS (Management & Investment of Funds) Regulations 2009.