

By: Chairman Superannuation Fund Committee
Head of Financial Services

To: Superannuation Fund Committee – 4 March 2011

Subject: **CASH MANAGEMENT**

Classification: Unrestricted

Summary: Update on the Pension Fund's cashflow and internally managed cash

FOR INFORMATION

INTRODUCTION

1. The Pension Fund's cash is managed separately from the KCC pool and invested in accordance with the Treasury Management Strategy agreed by the Superannuation Committee on 18 June 2010. The aim is to maintain a minimum balance of £15m to cover the payment of pensions and other ongoing expenses. Any surplus may be transferred to existing fund managers or used to fund new investments.

CASH MANAGEMENT

2. As at 31 January 2011 the internally managed cash balance was £23.4m. £23.1m was in an RBS call account and £0.3m invested in the JP Morgan Sterling Liquidity Fund.
3. Since July the average overall return on the cash has been just over 1.03% pa.
4. At 1 April 2010 the available cash balance was £42m. During 2010/11 the Fund's cashflow has been positive with contributions and other receipts exceeding outgoings by some £70m. From this surplus together with the cash in hand some £72.7m has been transferred to fund managers and £15.5m used for the purchase of properties. It is anticipated that the available cash balance at 31 March 2011 will be £21m.
5. Total receipts in 2010/11 are forecast to be in line with 2009/10 at £240m. Total employers' contributions are expected to amount to £176m of which £60m, 25%, relate to funding the past deficit.

RECOMMENDATION

6. Members are asked to note the Pension Fund's cash balance and cashflow.

Alison Mings
Treasury and Investments Manager