

For Immediate Release: 25 June 2015

West Midlands Pension Fund announces a total return on investments of 15.1% in 2014/15; drives improved transparency and lower costs for members.

The West Midlands Pension Fund has today published its draft annual report and accounts for 2014/15. It has been a very good year for the Fund with the value of its assets increasing by £1.3 billion. This was due to strong investment performance with a return of 15.1% delivered, well ahead of the benchmark return of 11.6%. The Fund was valued at £11.4 billion at the year-end.

The Fund is always acutely aware of the importance of ensuring that the arrangements for investing the monies in its custody represent good value for money – so, during 2014/15, it continued its recent work of restructuring the investment portfolio, withdrawing from investments which no longer met its strategy or did not offer the best value for money, and building up its in-house team of investment management experts.

Actions taken by the Fund over the last three years to reduce investment costs have resulted in on-going cost savings of more than £25 million per year. Whilst this represents useful progress, the Fund will not stop here – there are further plans being put in place that will reduce costs further still.

The Fund has also embraced the challenge of providing a full and accurate picture of the costs of managing its investments, in line with recent guidance published by the Chartered Institute of Public Finance and Accountancy. The accounts show total investment management costs for the year of £81.2 million (equivalent to 0.7% of assets). It should be noted that the Fund's return of 15.1% in 2014/15 is reported net of virtually all investment management costs.

The Fund has not only focussed on investment fees: it has reduced costs in all areas of its business. As a result of better use of technology, a range of efficiencies and a culture of challenging every item of expenditure, the cost-per-member of administering pensions has fallen from £19.16 in 2013/14 to £18.70 in 2014/15.

The Fund is committed to collaborative investment ventures both locally and nationally. The Fund is one of the founding members of the Pensions Infrastructure Platform (PIP), which facilitates investment in UK infrastructure projects. In 2014, it announced a partnership with Finance Birmingham to provide financial backing to small and medium enterprises (SMEs) in the West Midlands.

Councillor Bert Turner, Chair of the Pensions Committee, said of the investment activity, "West Midlands Pension Fund is dedicated to novel investment opportunities that offer both attractive returns and help to build a modern economy. I am pleased that the Fund is investing in these ventures, from which people and businesses across both the region and the nation will benefit."

The Fund has contributed to the Scheme Advisory Board and various national groups on local government pensions, working on investment and pensions benefits issues. In the current year, the Board's work plan covers the important issue of deficit management.

The Fund has a deficit recovery plan agreed following the triennial actuarial valuation in 2013. On 31 March 2015, its funding position stood at 66% on an accounting basis, reflecting continuing low bond yields used to value future liabilities.

In April 2015, the Fund established and recruited to a local Pensions Board, ahead of the statutory deadline. It is proud to have been a forerunner in doing so, and is pleased that it has attracted knowledgeable and committed individuals from across all employer and member groups to this important role. Paul Sheehan, Pensions Board Employer Representative said, "Members of the Pensions Board are keen to ensure that West Midlands Pension Fund remains focused on minimising all costs, and in turn securing value for money for the Fund's stakeholders".

Ends

Notes for Editors:

The West Midlands Pension Fund is one of the largest funds of the LGPS in England and Wales. As at 31 March 2015, it provided pension services to 277,558 current and former employees of the seven West Midlands district councils and 473 participating employers. The Fund was valued at £11.4 billion on that date and employed 116 FTE members of staff.

The West Midlands Pension Fund strives to be a best practice organisation, delivering a customer-focused service, while providing value for money to its stakeholders.

More information and case studies on the West Midland Pension Fund's social investments in the region can be found in the Annual Report and Accounts 2014/15 at www.wmpfonline.com/annualreports.

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