



Tyne and Wear County
Superannuation
Fund

Annual Report 1980-81

TYNE AND WEAR COUNTY SUPERANNUATION FUND

MEMBERS, ADVISERS AND OFFICERS 1980-81

Chairman of Finance Committee and Investment Policy Panel	:	Councillor S. Reed
Vice-Chairman of Finance Committee and Investment Policy Panel	:	Councillor L. Irving
Other Members of Investment Policy Panel	:	Councillor T. Conway Councillor W.R.S. Forsyth Councillor W.S. Martin Councillor W.J. McKinley
Investment Managers	:	Ivory & Sime Limited — <i>under the direction of</i> Mr. J.T. Laurenson Local Authorities Mutual Investment Trust — <i>under the direction of</i> Viscount Churchill
Actuary and Adviser	:	M.H. Winters — R. Watson & Sons
Property Adviser	:	P.J. Chuck — Bernard Thorpe & Partners
Chief Executive	:	J.J. Gardner
County Treasurer	:	Peter J. Smith

REPORT FOR THE YEAR ENDED 31st MARCH 1981

The Tyne and Wear County Superannuation Fund includes the employees of the County Council, the City of Newcastle upon Tyne, the Boroughs of Gateshead, North Tyneside, South Tyneside and Sunderland, the Tyne and Wear Passenger Transport Executive, the civilian employees of the Northumbria Police Authority and 29 other organisations providing a public service within the County. At 31st March 1981 there were 34,010 contributors and 7,336 pensions were receiving payment from the Fund.

Each year superannuation legislation becomes more complex and the County Treasurer's Department provides a very necessary advisory service throughout the area for both employees and pensioners. During the year benefits were paid to 1,022 new pensioners or dependants; 6,283 new entrants joined the Fund; and 4,260 people left the Fund on leaving the service of one of the employing authorities. The Department has frequently provided speakers for meetings called to discuss changes in benefits and is glad to be able to provide this assistance to contributors to the Fund.

The Revenue Account for the year is attached and shows contributions by employees of £9.77 million and by employers, £13.78 million. Total pensions and grants paid amounted to £9.98 million, of which £3.69 million was recharged to employing authorities. After taking account of transfer values, return of contributions and other items, there was an excess of contributions over payments and benefits of £16.98 million during the year.

Income from investments, commissions and profits on realisations totalled £15.04 million and after deducting costs directly incurred there was a net income of £14.81 million. The total surplus for the year was therefore £31.79 million; this was transferred to the Fund balance which amounted to £142.85 million at 31st March 1981.

The Balance Sheet explains the way in which the Fund is invested and there is an additional statement attached analysing investments, showing a total market value of £176.01 million at 31st March 1981.

The year to 31st March 1981 was the first full financial year for which the new investment management structure of the Fund has been in operation. Under these new arrangements the Fund was split up into three portions, for management purposes, after first excluding investment in directly purchased property and property unit trusts. Ivory and Sime Limited and the Local Authorities Mutual Investment Trust were appointed each to manage a portion of the Fund with the remaining portion being managed in-house by the County Treasurer acting through the Policy panel. Investment in directly purchased property, because of its specialised nature, remains under the control of the Policy Panel and the County Treasurer who receive advice from Mr. P.J. Chuck of Messrs. Bernard Thorpe and Partners.

Subject to general guide-lines laid down by the Policy Panel the outside managers have discretion as to the direction of investment of the part of the Fund under their control. The managers submit detailed reports to the Policy Panel at quarterly intervals.

The investment performance, to date, of the Fund under these new arrangements has shown encouraging results. The Fund participates in two separate performance analyses undertaken by S.C.T./C.I.P.F.A. and R. Watson and Sons respectively. In both analyses the Fund came within the top 20% of participants.

The members of the Policy Panel hope that this Annual Report will be helpful to both employing authorities and contributors to the Fund.

PETER J. SMITH
County Treasurer

TYNE AND WEAR COUNTY SUPERANNUATION FUND

REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 1981

1979/80		1980/81	
£		£	£
	CONTRIBUTIONS AND PENSIONS		
	Income		
10,352,489	Employers contributions	13,780,746	
8,167,825	Employees contributions	9,768,137	
1,072,478	Transfer values	2,096,406	
<u>19,592,792</u>			25,645,289
	Expenditure		
5,805,164	Retirement pensions	7,435,068	
2,662,492	less: Recharged to employing authorities	<u>3,686,035</u>	
3,142,672	Retirement grants and gratuity payments	3,749,033	
2,486,604	Death grants	2,031,148	
615,405	Return of contributions	509,942	
971,346	Transfer values	773,975	
1,236,748	Payment in lieu of graduated pensions	1,326,504	
18,576	Contributions equivalent premium	13,114	
158,561		<u>265,412</u>	
<u>8,629,912</u>			8,669,128
10,962,880	Excess of contributions over benefits and payments		16,976,161
	INVESTMENT INCOME AND MANAGEMENT		
	Income		
10,359,596	Investment Income	12,662,851	
-	Profit on realisation of investments	2,355,961	
4,476	Commissions and other income	21,823	
<u>10,364,072</u>		<u>15,040,635</u>	
	Expenditure		
30,621	Overseas tax and charges	57,006	
298,330	Loss on realisation of investments	-	
79,835	Administration and fees	<u>167,906</u>	
<u>408,786</u>			224,912
9,955,286	Net income from investments		<u>14,815,723</u>
<u>£20,918,166</u>	Total Surplus for the year added to the fund		<u>£31,791,884</u>

TYNE AND WEAR COUNTY SUPERANNUATION FUND

BALANCE SHEET AS AT 31 MARCH 1981

1979/80		1980/81	
£		£	£
	ASSETS		
	Investments		114,866,380
86,830,425	Quoted		
	Unquoted —		
	U.K. companies	380,002	
	LAMIT wider range fund	1,654,231	
	Property unit trusts	2,136,588	
	Other unit trusts	1,172,346	
	Freehold and leasehold property	13,003,839	
	Local authority mortgages	482,028	
	Cash and short term deposits	6,269,635	
	Overseas currency balances	652,228	
23,125,032			25,750,897
2,256,652	Debtors		3,658,078
<u>£112,212,109</u>			<u>£144,275,355</u>
	LIABILITIES		
90,144,025	Balance of Fund at 1st April 1980	111,062,191	
20,918,166	Surplus for year from Revenue Account	31,791,884	
			142,854,075
111,062,191			
950,027	Leasehold Property Sinking Fund		1,320,185
199,891	Creditors		101,095
<u>£112,212,109</u>			<u>£144,275,355</u>

The market value of investments at 31st March 1981 was as follows:

	£	£
Quoted investments		146,873,451
LAMIT wider range		3,455,403
Property unit trusts		3,360,464
Other unit trusts		1,516,023
Overseas currency balances		668,426
		155,873,767
Valued at cost		
Unquoted U.K. companies	380,002	
Freehold and Leasehold property	13,003,839	
Local authority mortgages	482,028	
Cash and short term deposits	6,269,635	20,135,504
		<u>£176,009,271</u>

ANALYSIS OF INVESTMENTS AS AT 31st MARCH 1981

TYPE OF INVESTMENT	No. of Holdings	Cost of Investments £000	Valuation at 31.3.81 £000	Percentage of Total Fund %
Fixed Interest				
British Government Stocks	17	51,535	51,148	29.06
Local Authority Mortgages	16	482	482	0.28
Cash on Temporary Deposit		6,270	6,270	3.56
Overseas Currency Holdings		652	668	0.38
TOTAL FIXED INTEREST		<u>58,939</u>	<u>58,568</u>	<u>33.28</u>
Quoted Equity Stocks and Shares—U.K.				
Capital Goods				
Building Materials	4	1,075	2,253	1.28
Contracting and Construction	2	233	394	0.22
Electricals	4	2,614	8,297	4.71
Engineering Contractors	2	588	1,017	0.58
Mechanical Engineering	4	1,600	3,344	1.90
Motors	2	207	193	0.11
Other Industrial Materials	2	1,061	2,735	1.55
Consumer Group				
Brewers and Distillers	5	2,175	3,062	1.74
Food Manufacturing	5	2,682	3,955	2.25
Food Retailing	2	1,142	1,544	0.88
Health and Household Products	4	1,797	2,321	1.32
Leisure	5	1,816	2,384	1.35
Newspapers and Publishing	1	269	251	0.14
Stores	9	3,473	5,496	3.12
Textiles	2	760	891	0.51
Tobacco	1	1,135	1,209	0.69
Other Groups				
Chemicals	1	1,629	1,298	0.74
Office Equipment	1	254	195	0.11
Shipping and Transport	3	1,071	1,452	0.82
Miscellaneous	5	1,463	2,226	1.26
Oils	6	6,235	11,308	6.42
Financial Group				
Banks	3	2,888	3,200	1.82
Discount Houses	3	283	381	0.22
Hire Purchase	1	224	565	0.32
Insurance (Life)	3	1,353	2,928	1.66
Insurance (Composite)	4	2,368	3,199	1.82
Insurance (Brokers)	1	263	367	0.21
Merchant Banks	1	244	232	0.13
Property	8	2,018	3,151	1.79
Investment Trusts	13	1,297	2,425	1.38
Mining Finance	4	2,579	3,794	2.15
Overseas Traders	3	1,251	1,925	1.09
TOTAL QUOTED EQUITIES—U.K.		<u>48,047</u>	<u>77,992</u>	<u>44.31</u>
Equity Stocks and Shares—Overseas				
United States	32	9,794	11,474	6.52
Australia	9	2,330	2,970	1.69
Canada	3	803	995	0.56
Japan	1	399	331	0.19
Eire	8	1,904	1,927	1.09
New Zealand	1	54	37	0.02
County American Exempt Fund	1	716	966	0.55
TOTAL EQUITIES—OVERSEAS		<u>16,000</u>	<u>18,700</u>	<u>10.62</u>
L.A.M.I.T. 'Wider Range'	1	1,654	3,455	1.96
Unit Trusts	3	456	550	0.31
Unquoted U.K. Equity Stocks	2	380	380	0.22
Property				
Direct Investments (at cost)	20	13,004	13,004	7.39
Unit Trusts	4	2,137	3,360	1.91
TOTAL PROPERTY		<u>15,141</u>	<u>16,364</u>	<u>9.30</u>
TOTAL FUND		<u>140,617</u>	<u>176,009</u>	<u>100.00</u>

**TYNE AND WEAR COUNTY SUPERANNUATION FUND—
DIRECT INVESTMENT IN PROPERTY**

	Date of Acquisition	Purchase Price £	Net Annual Income £	Yield (Approx.) %
OFFICE DEVELOPMENTS				
Daryl House, Bridge Road, Stockton—Freehold	4.8.76	1,332,202	107,859	8.10
Levick House, Middlesbrough—Freehold	31.8.76	157,814	17,450	11.06
Lichfield House, Walsall—Leasehold—99 years from 1974	22.12.76	329,957	28,337	8.59
10/12 The Ropewalk, Nottingham—Freehold	8.12.76	118,685	11,164	9.41
The Bury, Chesham—Freehold	18.11.77	401,651	34,125	8.50
9/10 Osborne Terrace, Jesmond—Freehold	6.9.78	129,013	12,850	9.96
TOTAL OFFICE PROPERTIES		2,469,322	211,785	8.58
SHOP/OFFICE DEVELOPMENTS				
Midland House, Forster House, Bradford—Leasehold—Phase I 99 years from 1964 Phase II 99 years from 1967	16.11.77	1,461,356	129,940	8.89
53/59 High Street, Erdington—Leasehold—99 years from 1971	6.4.78	242,365	15,858	6.54
Debenhams, High Street, Bromley—Leasehold—119 years from 1975	23.10.78	1,411,672	179,698	12.73
Gosforth Centre, High Street Gosforth—Leasehold—999 years from 1979	11.11.80	2,979,292	238,994	8.02
TOTAL SHOP/OFFICE PROPERTIES		6,094,685	564,490	9.26
INDUSTRIAL/WAREHOUSE DEVELOPMENTS				
Leechmere Industrial Est. (Phase I) Sunderland—Leasehold 125 years from 1973	29.9.76	270,012	44,427	16.45
Cornford Road, Blackpool—Leasehold—99 years from 1976	3.2.78	383,544	35,533	9.26
South Gyle Industrial Est. Edinburgh—Leasehold—99 years from 1978	16.10.78	116,303	9,232	7.94
Brunel Street, Newcastle—Leasehold—99 years from 1979	8.5.79	155,157	11,353	7.32
Don Trading Estate, Sheffield—Leasehold—99 years from 1979	5.11.79	295,041	21,751	7.37
Copley Hill Ind. Est., Leeds—Leasehold—99 years from 1972	10.10.80	495,807	37,447	7.55
Vaughan Way, Leicester—Leasehold—99 years from 1979	27.11.80	490,723	38,145	7.77
Ratcliffe Gate, Mansfield—Freehold	27.11.80	295,181	23,205	7.86
TOTAL INDUSTRIAL PROPERTIES		2,501,768	221,093	8.84
TOTAL DIRECT INVESTMENT IN REAL PROPERTY		11,065,775	997,368	9.01
SHORT TERM LEASES				
Middlefields Vehicle Depot, South Shields—Lease and lease back Capital cost to be repaid by 1983	31.3.77	1,487,200	—	7.85
North Hebburn Community Centre—Lease and lease back Capital cost to be repaid by 1987	31.3.81	450,864	—	10.57
TOTAL ALL PROPERTIES		13,003,839		

SUMMARY OF INVESTMENTS AS AT 31st MARCH 1981

TYPE OF INVESTMENT	Cost of Investments £000	Valuation of Investments £000	Annual Income £000	Yield on Cost %
FIXED INTEREST				
British Government Stocks	51,535	51,148	6,730	13.06
Local Authority Mortgages	482	482	27	5.60
Cash on temporary deposit	6,270	6,270	784	12.50
Overseas Currency Holdings	652	668	94	14.42
QUOTED EQUITIES				
U.K.	48,047	77,992	4,111	8.56
Overseas	16,000	18,700	553	3.46
L.A.M.I.T. 'Wider Range'	1,654	3,455	178	10.76
Unit Trusts	456	550	17	3.73
Unquoted U.K. Equities	380	380	—	0.00
PROPERTY				
Direct Investment	13,004	13,004	997	9.01
Unit Trusts	2,137	3,360	186	8.70
TOTALS	140,617	176,009	13,677	9.73

