

## London Borough of Hammersmith & Fulham

**Report to:** Pensions Board

**Date:** 13/01/2020

**Subject:** Pension Fund Quarterly Update Pack

**Report of:** Tim Mpofu

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### Executive Summary

- 1.1 This paper provides the Pensions Board with summary of the Pension Fund's:
- a. Overall performance for the quarter ended 30 September 2019
  - b. Cashflow update and forecast
  - c. Assessment of risks and actions taken to mitigate these
  - d. Sub-Committee's strategic forward plan

### Recommendations

1. The Pensions Board is recommended to note this report
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**Wards Affected:** None

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### H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none"><li>• Being ruthlessly financially efficient</li></ul>	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and taxpayer.

### Financial Impact

- None

### Legal Implications

- None
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Verified by Phil Triggs

**Background Papers Used in Preparing This Report**

None

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## **DETAILED ANALYSIS**

### **1. LBHF Pension Fund Quarterly Update – Q1 2019/2020**

- 1.1. This report and associated appendices make up the pack for the quarter ended 30 September 2019. An overview of the Pension Fund's performance is provided in Appendix 1. This includes administrative, investment, and cash management performance for the quarter.
- 1.2. Appendix 2 contains the Pension Fund's report on the latest updates with regards to the integration of the environmental, social and governance (ESG) factors as part of the its investment strategy.
- 1.3. Appendix 3 provides information about the Pension Fund's investments and performance. For this meeting, this item has been included in the exempt agenda as it contains some sensitive information.
- 1.4. The Pension Fund's cashflow monitor is provided in Appendix 4. This shows both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to June 2010. An analysis of the differences between the actuals and the forecasts for the quarter is also included.
- 1.5. Appendix 5 contains the Pension Fund's Risk Registers which were revamped to show a more meaningful assessment of risks and the actions taken to mitigate them. These also highlight the risks that are increasing in their likelihood for enhanced monitoring by officers.
- 1.6. A summary of the voting undertaken by the investment managers running segregated equity portfolios forms Appendix 6. This includes LGIM and both London CIV Majedie and London CIV Ruffer funds.
- 1.6 Appendix 7 gives an update on the Forward Plan as at 30 September 2019

### **2. Equality Implications**

- 2.1. N/A

### **3. Risk Management Implications**

- 3.1. N/A

### **4. Other Implications**

- 4.1. N/A

### **5. Consultation**

- 5.1. N/A

**List of Appendices:**

Appendix 1: Scorecard at 30 September 2019

Appendix 2: Pension Fund ESG Report

Appendix 3: Deloitte Quarterly Report for Quarter Ended 30 September 2019

Appendix 4: Cashflow Monitoring Report

Appendix 5: Pension Fund Risk Register

Appendix 6: Pension Fund Voting Summary

Appendix 7: Pensions Sub-Committee Forward Plan

## Appendix 1: Scorecard at 30 September 2019

### London Borough of Hammersmith and Fulham Pension Fund Quarterly Monitoring Report

	Dec 18	Mar 19	June 19	Sep 19	Comment/ Report
<b>LIABILITIES</b>					
Value (£m)	986.6	1,037.0	1,067.3	1,098.6	Deloitte Report Gross of Fees
% return quarter	-5.7%	5.5%	3.2%	3.0%	
% return one year	-2.8%	6.3%	4.8%	5.9%	
<b>LIABILITIES</b>					
Value (£m)	1,057.3	1,057.3	1,057.3	1,057.3	No funding update was carried out in Q1 2019, as the assumptions have been changed ahead of the triennial valuation
Deficit (£m)	27.6	27.6	27.6	27.6	
Funding Level	97%	97%	97%	97%	
<b>MEMBERSHIP</b>					
Active members	4,306	4,332	4,332	3,821	
Deferred beneficiaries	5,703	6,840	6,840	7,171	
Pensioners	5,018	5,111	5,111	5,173	
Employers	61	50	50	50	
<b>CASHFLOW</b>					
Cash balance	£0.8m	£2.7m	£2.5m	£4.4m	Appendix 4
Variance from forecast	-£0.6m	£0.8m	£1.0m	£3.1m	
<b>RISK</b>					
No. of new risks	2	0	0	0	Appendix 5 – Risk Register
No. of ratings changed	0	16	0	7	
<b>VOTING</b>					
No. of resolutions voted on by fund managers	3,182	324	15,401	1,765	Appendix 6 – LGIM, Ruffer & Majedie
<b>LGPS REGULATIONS</b>					
New consultations	MHCLG Pooling	MHCLG Pooling 95K Cap	None	CMA Review	
New sets of regulations	None	None	None	None	

