


London Borough of Hammersmith & Fulham PENSIONS BOARD 6 February 2019		 hammersmith & fulham
PENSION FUND QUARTERLY UPDATE PACK		
Report of the Strategic Director of Finance & Governance		
Open Report		
Classification: For Information		
Key Decision: No		
Wards Affected: None		
Accountable Director: Phil Triggs, Director of Pensions and Treasury		
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1. Executive Summary

- 1.1. This paper provides the Pensions Board Members with a summary of the Pension Fund's:
- a. Overall performance for the quarter ended 30 September 2018.
 - b. Cashflow update and forecast.
 - c. Assessment of risks and actions taken to mitigate these.
 - d. Sub-Committee's strategic forward plan.

2. Recommendations

- 2.1. The Pensions Board is recommended to note this report.

3. LBHF Pension Fund Quarter 2 Update

- 3.1. This report and associated appendices make up the pack for the quarter ended 30 September 2018. An overview of the Pension Fund's performance is provided in Appendix 1. This includes administrative, investment, and cash management performance for the quarter.

- 3.2. Appendix 2 provides information about the Pension Fund's investments and performance. Kevin Humpherson from Deloitte will be attending the meeting to present this report.
- 3.3. The actual cashflow for the period July to September 2018 and the forecast up to June 2019 are shown in Appendix 3. An analysis of the differences between the actuals and the forecast for the quarter is also shown.
- 3.4. Appendix 4 shows the Pension Fund's Risk Register which was revamped to show a more meaningful assessment of risks and the actions taken to mitigate them. This has led to the identification of additional risks in investment, governance and administrative areas.
- 3.5. A summary of the voting undertaken by the investment managers running segregated equity portfolios forms Appendix 5. This now includes both the London CIV Majedie and Ruffer portfolios, in addition to the LGIM Global data.
- 3.6. Appendix 6 gives an update on the Forward Plan as at 30 June 2018.
- 3.7. Following the Pensions Sub-Committee meeting held on 4 September 2018, the Pension Fund completed the sale of assets remaining in the residual Majedie Focus and Tortoise Funds on 31 October 2018. These holdings were incorporated into the fund's passive equities transition to the MSCI Low Carbon Index Fund under the LGIM mandate. This transition was completed on 18 December 2018.

4. OPTIONS AND ANALYSIS OF OPTIONS

- 4.1. Not applicable.

5. CONSULTATION

- 5.1. Not applicable.

6. EQUALITY IMPLICATIONS

- 6.1. Not applicable.

7. LEGAL IMPLICATIONS

- 7.1. None.

8. FINANCIAL IMPLICATIONS

- 8.1. None.

9. IMPLICATIONS FOR BUSINESS

9.1. None.

10. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

10.1. None

LIST OF APPENDICES:

Appendix 1: Scorecard at 30 September 2018

Appendix 2: Deloitte quarterly report for quarter ended 30 September 2018

Appendix 3: Cashflow monitoring

Appendix 4: Pension Fund Risk Register

Appendix 5: Pension Fund Voting Summary

Appendix 6: Pensions Sub-Committee Forward Plan

Appendix 1: Scorecard at 30 September 2018

HAMMERSMITH AND FULHAM PENSION FUND QUARTERLY MONITORING

	Dec 17	Mar 18	Jun 18	Sep 18	Comment/ Report Ref if applicable
LIABILITIES					
Value (£m)	1,033.1	997.6	1,035.3	1,055.6	Deloitte Report Gross of Fees
% return quarter	2.6%	-2.5%	4.1%	1.6%	
% return one year	7.1%	1.7%	5.2%	5.8%	
LIABILITIES					
Value (£m)	1,084.9	1,073.6	1,087.4	1,087.4*	
Deficit (£m)	64.8	52.0	42.5	42.5	
Funding Level	94%	95%	96%	96%	
MEMBERSHIP					
Active members	4,228	4,166	4,307	4,306	
Deferred beneficiaries	5,687	6,603	5,752	5,703	
Pensioners	4,909	4,920	4,986	5,018	
Employers	41	41	61	61	
CASHFLOW					
Cash balance	£1.3m	£4.3m	£6.6m	£4.1m	Appendix 3
Variance from forecast	(0.5m)	0.6m	0.6m	0.4m	
RISK					
No. of new risks	0	0	0	39**	Appendix 4 – New Risk Register
No. of ratings changed	0	0	0	0	
VOTING					
No. of resolutions voted on by fund managers	4,732	5,711	5,711	4183	Appendix 5 – LGIM, Ruffer & Majedie this quarter
LGPS REGULATIONS					
New consultations	None	None	None	None	No impact on the pension fund
New sets of regulations	None	None	IFRS9	None	

*To be provided as an additional appendix at the meeting

** The risk register has been revamped to provide a more in depth analysis of risks and mitigating actions being taken. This has led to the inclusion of 39 new risks and a different assessment format.