

## London Borough of Hammersmith & Fulham

**Report to:** Local Pension Board

**Date:** 9 June 2021

**Subject:** Pension Fund Quarterly Update Pack

**Report of:** Patrick Rowe, Pension Fund Manager

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### Executive Summary

1.1 This paper provides the Local Pension Board with summary of the Pension Fund's:

- a. overall performance for the quarter ended 31 March 2021;
- b. cashflow update and forecast;
- c. assessment of risks and actions taken to mitigate these.

### Recommendations

1. The Local Pension Board is recommended to note the update.
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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 the council tax payer.

### Financial Impact

- None

### Legal Implications

- None
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**Contact Officer(s):**

Name: Patrick Rowe  
Position: Pension Fund Manager  
Telephone: 07941580166  
Email: [gkarim@westminster.gov.uk](mailto:gkarim@westminster.gov.uk)

Name: Matt Hopson  
Position: Strategic Investment Manager  
Telephone: 020 7641 4126  
Email: [mhopson@westminster.gov.uk](mailto:mhopson@westminster.gov.uk)

Name: Phil Triggs  
Position: Director of Treasury and Pensions  
Telephone: 020 7641 4136  
Email: [ptriggs@westminster.gov.uk](mailto:ptriggs@westminster.gov.uk)

Verified by Phil Triggs

**Background Papers Used in Preparing This Report**

**None**

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## DETAILED ANALYSIS

### 1. LBHF Pension Fund Quarterly Update – Q4 2020/21

- 1.1. This report and attached appendices make up the pack for the quarter four (Q4) ended 31 March 2021. 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. The highlights from the quarter are shown below:
  - In general, this has been a positive quarter for equity markets due to a number of positive activities that have taken place over this quarter, mainly being the release of the COVID-19 vaccine, giving some form of assurance of events returning to some normality, and the continued belief by scientists of its efficacy.
  - Overall, the investment performance report shows that over the quarter to 31 March 2021, following the downturn in markets caused by the COVID-19 outbreak, the market value of the assets increased by £28m to £1,213.2m.
  - The Fund performed in line with the benchmark net of fees by delivering a return of 2.93% over the quarter to 31 March 2021, and the estimated funding level was 96.6% as at 31 March 2021.
  - Over the year to 31 March 2021, the fund overperformed against its benchmark by 2.84%.
  - The highlights over the quarter to 31 March 2021 came from the performance of the LCIV Absolute Return Fund and Oak Hill Advisors, who both outperformed their 'cash plus' benchmark.
- 1.4. The Pension Fund's cashflow monitor is provided in Appendix 3. This shows both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 31 December 2021. An analysis of the differences between the actuals and the forecasts for the quarter is also included.
- 1.5. Appendix 4 contains the Pension Fund's Risk Registers.

## **2. Risk Management Implications**

2.1 This is included in the risk registers.

## **3. Other Implications**

3.1. n/a

## **4. Consultation**

4.1. n/a

### **List of Appendices:**

Appendix 1: Pension Fund ESG Report

Appendix 2: Cashflow Monitoring Report

Appendix 3: Pension Fund Risk Registers.

## Scorecard at 31 March 2021

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

#### Monitoring Report

	Mar 20	Jan 21	Feb 21	March 21	Report reference
Value (£m)	1,006.4	1, 168.7	1,178.2	1, 213.2	IRAS performance report
% return quarter	-8.8%	5.68%	1.51%	2.93%	
% return one year	-2.9%	6.67%	10.44%	21.89%	
<b>LIABILITIES</b>					
Value (£m)	1,100			1,225*	*note that the most recent liability figures for March 2021 are not yet available so December 2020 is shown as a comparator, though deficit and funding level have been left blank intentionally.
Surplus/(Deficit) (£m)	(25)				
Funding Level	98%				
<b>MEMBERSHIP</b>					
Active members	4,332			4,467	
Deferred beneficiaries	6,840			5,914	
Pensioners	5,111			5,368	
Employers	50			57	
<b>CASHFLOW</b>					
Cash balance	£1.6m	£1.6m	£2.0m	£2.7m	Appendix 3
Variance from forecast	£0.0m	£0.1m	£0.35m	£1.4m	
<b>RISK</b>					
No. of new risks	0	0	0	0	Appendix 4: Risk Register
No. of ratings changed	0	0	0	0	
<b>LGPS REGULATIONS</b>					
New consultations	None	None	None	None	
New sets of regulations	None	None	None	None	