

London Borough of Hammersmith & Fulham

Report to: Pension Fund Committee

Date: 21 July 2021

Subject: Pension Fund Quarterly Update Pack

Report of: Patrick Rowe, Pension Fund Manager

Executive Summary

1.1 This paper provides the Pension Fund Committee 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 Pension Fund Committee is recommended to note the update.
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Wards Affected: None

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">• Being ruthlessly financially efficient	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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Verified by Phil Triggs

Background Papers Used in Preparing This Report

None

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 regard to the integration of the environmental, social and governance (ESG) factors as part of its investment strategy.
- 1.3. Appendix 3 provides information about the Pension Fund's investments and performance. 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, namely, the further roll out of the COVID-19 vaccines, giving some assurance of events returning to a degree of 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 outperformed its benchmark net of fees by delivering a return of 2.9% (benchmark returned 1.4%) over the quarter to 31 March 2021, and the estimated funding level was 95.0% as at 31 March 2021.
 - Over the year to 31 March 2021, the fund overperformed against its benchmark by 2.8%, returning 21.9% overall.
 - 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 4. 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 5 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: Scorecard at 31 March 2021

Appendix 2: Pension Fund ESG Report

Appendix 3a: Deloitte Quarterly Report for Quarter Ended 31 Mar 2021

Appendix 3b: Deloitte Quarterly Report for Quarter Ended 31 Mar 2021 (EXEMPT)

Appendix 4: Cashflow Monitoring Report

Appendix 5: Pension Fund Risk Registers

Appendix 1

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
IRAS performance					
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%	
LIABILITIES					
Value (£m)	1,100	1,259	1,275	1,288	
Surplus/(Deficit) (£m)	(25)	(60)	(66)	(71)	
Funding Level	98%	95%	95%	95%	
MEMBERSHIP					
Active members	4,332			4,467	
Deferred beneficiaries	6,840			5,914	
Pensioners	5,111			5,368	
Active Employers	50			52	
CASHFLOW					
Cash balance	£1.6m	£1m	£1.2m	£1.7m	Appendix 4
Variance from forecast	£0.0m	£0.53m	£0.66m	£0.24m	
RISK					
No. of new risks	0	0	0	0	Appendix 5: Risk Register
No. of ratings changed	0	0	0	4	
LGPS REGULATIONS					
New consultations	None	None	None	TPR	

				consultation	
New sets of regulations	None	None	None	None	