

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Fund Committee

**Date:** 28 February 2022

**Subject:** Pension Fund Quarterly Update Pack

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

**Responsible Director:** Phil Triggs, Tri-Borough Director of Treasury and Pensions

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## SUMMARY

This paper provides the Pensions Fund Committee with a summary of the Pension Fund's:

- Overall performance for the quarter ended 31 December 2021;
- Cashflow update and forecast;
- Assessment of risks and actions taken to mitigate these.

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## RECOMMENDATIONS

1. Appendix 2b is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. The Pension Fund Committee is recommended to note the update.

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**Wards Affected:** None

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<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
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

## **DETAILED ANALYSIS**

### **LBHF Pension Fund Quarterly Update – Q3 2020/21**

1. This report and attached appendices make up the pack for the quarter three (Q3) ended 31 December 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.
2. Appendix 2 provides information about the Pension Fund's investments and performance. The highlights from the quarter are shown below:
  - Overall global markets performance performed positively, with global equity indices increasing by 7% in local currency terms over the quarter.
  - Overall, the investment performance report shows that over the quarter to 31 December 2021, the market value of the assets increased by £43.7m to £1,320.5m.
  - The Fund outperformed its benchmark net of fees by 0.7% in delivering a return of 4.4% over the quarter to 31 December 2022, and the estimated funding level was 93.0% as at 31 December 2022.
  - Over the year to 31 December 2022, the fund overperformed against its benchmark by 3%, returning 14.0% overall.
  - The highlights over the quarter to 31 December 2022 came from the LCIV Global Equity Core Fund, contributing 0.40% of outperformance.
  - Officers and Deloitte will attend a manager review day on 24 February 2022. An update will be circulated to members prior to the committee meeting.
3. 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 30 September 2022. An analysis of the differences between the actuals and the forecasts for the quarter is also included.
4. Appendix 4 contains the Pension Fund's Risk Registers.
5. Appendix 5 contains the Pension Fund's Breaches of the Law log.
6. Appendix 6 contains the LBHF Committee and Board Knowledge and Skills 2022 questionnaire. Please complete this and send to Mat Dawson.

## **Risk Management Implications**

1. This is included in the risk registers.

## **LIST OF APPENDICES**

Appendix 1: Scorecard at 31 Dec 2021

Appendix 2a: Deloitte Quarterly Report for Quarter Ended 31 Dec 2021

Appendix 2b: Deloitte Quarterly Report for Quarter Ended 31 Dec 2021 (EXEMPT)

Appendix 3: Cashflow Monitoring Report

Appendix 4: Pension Fund Risk Registers

Appendix 5: Breaches of the Law Log

Appendix 6: LBHF Committee and Board Knowledge and Skills 2022