

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 13 June 2023

Subject: Pension Fund Quarterly Update Pack

Report author: Siân Cogley, Pension Fund Manager

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

SUMMARY

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

- overall performance for the quarter ended 31 March 2023;
 - cashflow update and forecast;
 - assessment of risks and actions taken to mitigate these.
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RECOMMENDATIONS

1. The Pension Fund Committee is recommended to note the update.
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Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
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 taxpayer.

Financial Impact

None

Legal Implications

None

DETAILED ANALYSIS

LBHF Pension Fund Quarterly Update: Q4 2022/23

1. This report and attached appendices make up the pack for the quarter four (Q4) review ended 31 March 2023. 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:
 - Global markets investment performance was positive over the quarter, with global equity indices returning a 2.47% in local currency terms over the quarter.
 - Overall, the investment performance report shows that, over the quarter to 31 March 2023, the market value of the assets increased by £27.4m to £1,280.8m.
 - The Fund has underperformed its benchmark net of fees by 1.1%, delivering a return of 2.5% over the quarter.
 - Over the year to 31 March 2023, the fund underperformed its benchmark by 0.3%, returning -1.7% overall.
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 31 December 2023. An analysis of the differences between the actuals and the forecast for the quarter is also included.
4. Appendix 4 contains the Pension Fund's risk registers.
5. The breaches of the law log has not been included this quarter as there have been no breaches to report.
6. The ESG dashboard can be found at:
<https://app.powerbi.com/view?r=eyJrljoiYjc2ZTEyZjltODI0Yi00NzY2LWJkNTMtODAwYjNINWNjYTQ5IiwidCI6IjUwZDhjMTE1LWI3N2YtNDM5NS1hM2JhLTNiNDI0YjY2ZmMGQ4OCIsImMiOiJh9>
7. At the previous committee of 28 February 2023, a top-up investment allocation of 2.5% into Alpha Real ILIF Fund was agreed. This was drawn on 23 May 2023. The value of the top-up investment was £37m.

Risk Management Implications

1. These are included in the risk registers.
2. There have been no new risks identified on the risk register.
3. There have been no changes in the risk scores on the risk register.
4. The below risks have had a change in trend:
 - i. Risk 3 – The LCIV Partnerships. This has been amended from trending neutral to trending down. This is because the LCIV shareholder issue has now been resolved.

LIST OF APPENDICES

Appendix 1:	Scorecard as at 31 March 2023
Appendix 2a:	Deloitte Quarterly Report for Quarter Ended 31 March 2023 (EXEMPT)
Appendix 2b:	Deloitte Quarterly Report for Quarter Ended 31 March 2023 (EXEMPT)
Appendix 3:	Cashflow Monitoring Report
Appendix 4:	Pension Fund Risk Registers