

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 19 September 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 30 June 2023;
 - cashflow update and forecast;
 - assessment of risks and actions taken to mitigate these.
-

RECOMMENDATIONS

1. The Pension Fund Committee is recommended to note the update.
-

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: Q1 2022/23

1. This report and attached appendices make up the pack for the quarter one (Q1) review ended 30 June 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:
 - Overall, the investment performance report shows that, over the quarter to 30 June 2023, the market value of the assets increased by £4.5m to £1,285.4m.
 - The Fund has underperformed its benchmark net of fees by 1.1%, delivering an absolute return of 0.4% over the quarter.
 - The Total Fund delivered a positive return of 4.3% on a net of fees basis over the year to 30 June 2023.
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 March 2024. 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=eyJrljoiYjc2ZTEyZjltODI0Yi00NzY2LWJkNTMtODAwYjNINWNjYTQ5IiwidCI6IjUwZDhjMTE1LWI3N2YtNDM5NS1hM2JhLTNiNDA3Y2FmMGQ4OCIsImMiOiJh9>

Please note that the ESG Dashboard is as at the quarter ended 31 March 2023 while officers are exploring additional data options for this resource.

7. At the extraordinary meeting of the pension fund on 31 July 2023, committee agreed a 3.5% (£45m) allocation to Quinbrook Renewable Infrastructure. £38m of this commitment was drawn on 25 August 2023.

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 6 – Implementation of proposed changes to LGPS Pooling. This has been amended from trending neutral to trending up. This is because of the active government consultation.
 - ii. Risk 7 – LCIV has inadequate resources to monitor investment strategy. This has been amended from trending neutral to trending up, this is due to the departure of Jason as CIO at the LCIV and will be reviewed again once they have recruited.
 - iii. Risk 29 – Pensions legislation or regulation changes result in increase costs to the scheme. This has been amended from trending neutral to trending up. This is because of the active government consultation.

Update to the Investment Belief Statement

At the meeting of the 28 February 2023, officers brought a draft Investment Beliefs report for discussion. Isio have updated the investment beliefs document incorporating a few changes as suggested by Marian George and the Committee and this is attached as Appendix 5 of this report.

LIST OF APPENDICES

Appendix 1:	Scorecard as at 30 June 2023
Appendix 2a:	Isio Quarterly Performance Report for Quarter Ended 30 June 2023 (EXEMPT)
Appendix 2b:	Isio Quarterly Report for Quarter Ended 30 June 2023 (EXEMPT)
Appendix 3:	Cashflow Monitoring Report
Appendix 4:	Pension Fund Risk Registers
Appendix 5:	Investment Belief Statement