

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pensions Board

**Date:** 27 February 2024

**Subject:** Pension Fund Quarterly Update Pack

**Report author:** Ruby Vuong, Tri-Borough Shared Service Pension Fund Manager

**Responsible Director:** Phil Triggs, Director of Treasury and Pensions

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## SUMMARY

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

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

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

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| Our Values                             | Summary of how this report aligns to the H&F Values  |
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| 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: Q3 2023/24

1. This report and attached appendices make up the pack for the quarter three (Q3) review ended 31 December 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 31 December 2023, the market value of the assets increased by £33.4 m to £1,307.3m.
  - The Fund has underperformed its benchmark net of fees by 0.28%, delivering an absolute return of 3.34% over the quarter.
  - The Total Fund delivered a positive return of 5.71% on a net of fees basis over the year to 31 December 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 30 September 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 meeting of the 19 September 2023, the Committee agreed a 10% (£129m) allocation to Allspring Global. This commitment was funded in full in December 2023.
8. At the meeting of the 19 September 2023, Committee agreed a 5% (£64.5m) allocation to LCIV Insight Buy and Maintain Bonds, with a 2.5% allocation to each of the short and long duration sub-funds. This commitment was funded in full in December 2023.

9. Regarding the redemption of all units in the Aviva Infrastructure Income Fund, these monies were due back to the fund by 31 December 2023. Unfortunately, the first tranche of redemption payments (£5m) was not paid until January 2024 and, in the latest update from Aviva, they confirmed that the remainder of the redeemed monies will not be available to be paid back to the Fund until Q2 2024.

### **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. One risk has a change in trend:
  - i. Risk 7 – LCIV has inadequate resources to monitor investment strategy. This has been amended from trending down. It was moved to trending up in the September 2023 meeting due to the departure of Jason as CIO at the LCIV. The LCIV has now appointed Aoifinn Devit as CIO. Between this appointment and other updates we have received on staffing, officers have assessed this to be at a lower level of risk.

### **List of Appendices**

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|--------------|--|
| Appendix 1:  | Scorecard as at 31 December 2023                                       |
| Appendix 2a: | Isio Quarterly Performance Report for Quarter Ended 31 Dec 23 (EXEMPT) |
| Appendix 2b: | Isio Fee Benchmarking Report 31 Dec 2023 (EXEMPT)                      |
| Appendix 3:  | Cashflow Monitoring Report   |
| Appendix 4:  | Pension Fund Risk Register   |