

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Fund Committee

Date: 23 July 2024

Subject: Pension Fund Quarterly Update Q1 2024

Report author: Siân Cogley, Pension Fund Manager

Responsible Director: Phil Triggs, 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 2024;
 - 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 2023/24

1. This report and attached appendices make up the pack for the quarter four (Q4) review ended 31 March 2024. 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 regarding 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 March 2024, the market value of the assets increased by £53m to £1,360m.
 - The Fund has outperformed its benchmark net of fees by 0.56%, delivering an absolute return of 4.56% over the quarter.
 - The total Fund delivered a positive return of 7.88% on a net of fees basis over the year to 31 March 2024.
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 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 in this quarter as there have been no breaches to report.
6. On 15 May 2024, the Minister for Local Government wrote to the LBHF administering authority, consulting on efficiencies in the Local Government Pension Scheme. The response (attached as Appendix 5) was submitted prior to the deadline of 19 July 2024. The consultation focused on two broad areas:
 - How your fund will complete the process of pension asset pooling to deliver the benefits of scale.
 - How you will ensure your LGPS fund is efficiently run, including consideration of governance and the benefits of greater scale.
7. Regarding the redemption of all units in the Aviva Infrastructure Income portfolio, these monies were due back to the LBHF Fund by 31 December 2023. Unfortunately, the first tranche of redemption payments (£5m) was not paid until late January 2024 and, in the latest update from Aviva, the investment manager confirmed that the remainder of the redeemed monies will not be available to be paid back to the Fund until late August 2024.

8. Aviva's chief executive will present to the committee at its meeting on 23 July 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 been reviewed and will be removed from the register in the next quarter:
 - *Risk 45 – COVID-19 affecting the day-to-day functions of the Pensions Administration services including customer telephony service, payment of pensions, retirements, death benefits, transfers and refunds.*

List of Appendices

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| Appendix 1: | Scorecard as at 31 March 2024 |
| Appendix 2a: | Isio Quarterly Performance Report for Quarter Ended 31 March 2024 |
| Appendix 2b: | Isio Fee Benchmarking Report 31 March 2024 (EXEMPT) |
| Appendix 3: | Cashflow Monitoring Report |
| Appendix 4: | Pension Fund Risk Register |
| Appendix 5: | Efficiencies Consultation Response |