

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Pension Fund Committee

**Date:** 10 September 2024

**Subject:** Pension Fund Quarterly Update Q2 2024

**Report author:** Siân Cogley, Pension Fund Manager

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

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## SUMMARY

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

- overall performance for the quarter ended 30 June 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.

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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 taxpayer.

## Financial Impact

None

## Legal Implications

None

## DETAILED ANALYSIS

### LBHF Pension Fund Quarterly Update: Q1 2024/25

1. This report and attached appendices make up the pack for the quarter one (Q1) review ended 30 June 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 30 June 2024, the market value of the assets increased by £111m to £1,371m.
  - The Fund has underperformed its benchmark net of fees by 0.56%, delivering an absolute return of 0.82% over the quarter.
  - The total Fund delivered a positive return of 8.31% on a net of fees basis over the year to 30 June 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 March 2025. 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. At the Committee meeting of the 23 July 2024, Cllr Chevoppe-Verdier requested that the Pension Fund risk register is aligned with the format of the Audit Committee risk register. Work in this area is still ongoing and there has not been a change for the September 2024 meeting. The register should be aligned by the November Committee meeting.
5. Cllr Melton has requested a discussion paper on arms and weapons. Fund managers have been contacted to provide information to facilitate the request with a paper to be brought by officers to the November meeting of the Committee.
6. The breaches of the law log has not been included in this quarter as there have been no breaches to report.
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 Q3 2024.
8. Aviva's chief executive will present to the committee at its meeting on 10 September 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 had a change in trend:
  - Risk 7 – *LCIV has inadequate resources to monitor investment strategy*. This has been amended from trending down to trending up. It was moved to trending down in the February 2024 meeting due to the appointment of Aoifinn Devitt as CIO. However, Aoifinn Devitt has now resigned. Though an interim CIO has been appointed, officers have assessed there to be a slightly higher level of risk than in the previous quarter.

## List of Appendices

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| Appendix 1:  | Scorecard as at 30 June 2024  |
| Appendix 2a: | Isio Quarterly Performance Report for Quarter Ended 30 June 2024 (public) |
| Appendix 2b: | Isio Fee Benchmarking Report 30 June 2024 (EXEMPT)                        |
| Appendix 3:  | Cashflow Monitoring Report  |
| Appendix 4:  | Pension Fund Risk Register  |