



London Borough of Hammersmith & Fulham

AUDIT, PENSIONS AND STANDARDS COMMITTEE

2nd December 2014

QUARTERLY PENSION FUND UPDATE

Report of the Executive Director of Finance and Corporate Governance

Open Report

Classification: For Information

Key Decision: No

Wards Affected: All

Accountable Executive Director: Jane West, Executive Director of Finance and Corporate Governance

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1. EXECUTIVE SUMMARY

- 1.1. This report provides an update on the cashflow position, investment performance and funding level of the Pension Fund at 30th September 2014.
- 1.2. Appendix 1 is the cashflow update showing the Pension Fund actual cashflow compared to forecast in September and October 2014. Overall there was £350k less cash coming in than forecast.
- 1.3. The investment report (attached at Appendix 2) has been prepared by Deloitte, the Fund's investment adviser, who will be attending the meeting to present the key points and answer questions.
- 1.4. Appendix 3 is the funding update provided by the Fund Actuary, Barnett Waddingham. This shows the funding level of the Fund at 30th September 2014 remained at 86% from the last update as at 30th June 2014. This is an improvement from 83% at the last triennial valuation at 31st March 2013.

2. RECOMMENDATIONS

- 2.1. To note the report.

3. REASONS FOR DECISION

3.1. Not applicable.

4. INTRODUCTION AND BACKGROUND

4.1. Not applicable.

5. PROPOSAL AND ISSUES

5.1. Not applicable.

6. OPTIONS AND ANALYSIS OF OPTIONS

6.1. Not applicable.

7. CONSULTATION

7.1 Not applicable.

8. EQUALITY IMPLICATIONS

8.1. Not applicable.

9. LEGAL IMPLICATIONS

9.1. Not applicable.

10. FINANCIAL AND RESOURCES IMPLICATIONS

10.1 Not applicable.

11. RISK MANAGEMENT

11.1. Not applicable.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

12.1. Not applicable.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Quarterly Fund Manager reports	Nicola Webb 020 7641 4331	16 th Floor, Westminster City Hall

LIST OF APPENDICES:

Appendix 1: Cashflow update: September – October 2014

Appendix 2: Deloitte Quarterly report for quarter ended 30th September 2014

Appendix 3: Barnett Waddingham Funding Update report at 30th September 2014

Appendix 1: Cashflow Update: September – October 2014

At the meeting of the committee on 16th September 2014, a Pension Fund cashflow forecast for the period September 2014 to August 2015 was presented. An update will be provided every quarter to measure progress against this forecast.

At the time of preparing this report actual figures are available for September and October 2014 only.

	September 2014		October 2014		Sep & Oct 14
	Forecast	Actual	Forecast	Actual	Variance
	£000	£000	£000	£000	£000
Contributions	1,800	1,855	1,800	1,741	-4
Pensions	-2,300	-2,398	-2,300	-2,335	-133
Lump Sums	-390	-357	-390	-881	-458
Net transfers in/(out)	-75	330	-75	0	480
Expenses	-20	-189	-20	-86	-235
Net cash movement in month	-985	-759	-985	-1,561	-350
Withdrawal from fund managers	8,000	8,000	0	0	0

Across the two month period the Pension Fund has £350k less cash than forecast, mainly due to much higher value of lump sum payments in October than anticipated and higher expenses than anticipated in September.

The £8m withdrawal from fund managers is the transfer of cash from Barings agreed by committee on 16th September 2014. The majority of the proceeds from Barings have been invested in the Legal & General Sterling Liquidity Fund as agreed.