



City of Westminster

Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	8 September 2015
Classification:	Public
Title:	Fund Financial Management
Wards Affected:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no immediate financial implications arising from this report.
Report of:	Steven Mair <i>City Treasurer</i> smair@westminster.gov.uk 020 7641 2904

1. Executive Summary

- 1.1 This report presents a variety of information that will assist the Pension Fund Committee in monitoring key areas to ensure effective control of the Fund's operations and help inform strategic decisions.

2. Recommendation

- 2.1 The Committee is asked to note the cashflow position of the Fund. A further report will be brought to the next meeting.
- 2.2 The Committee is asked to approve the updated risk register for the Pension Fund.
- 2.3 The Committee is asked to note the Fund's position against the Investment Regulations.
- 2.4 The Committee is asked to note the Class Actions update.
- 2.5 The Committee is asked to note the information regarding the LGPS in Budget announcement and the future consultation.

3. Cashflow Monitoring

- 3.1 At the May 2015 meeting, Committee members were presented with the Fund's cashflow position for the previous 6 month period, to demonstrate the draw on the Fund's asset's required to pay liabilities as they become due.
- 3.2 The revised actual cashflow for the period April to July 2015 and the forecast up to March 2016 is shown in Appendix 1.
- 3.3 The forecast shows that it is expected the Fund will be overdrawn in December 2015 without additional monies. Officers are working to develop a longer term cashflow forecast for the Fund and will report back on this work at the November meeting.
- 3.4 The forecast includes the upfront payment of City of Westminster employer contributions for the remainder of the financial year 2015/16 of £7.2million in September 2015.
- 3.5 However, the forecast for the rest of the financial year shows that it is expected that the trend of payments exceeding receipts by approximately £2.5 to £3 million a month following the early payment of the Councils contributions. The longer term cashflow strategy is being considered by officers in conjunction with the fund's investment adviser.

4. Risk Register Monitoring

- 4.1 The risk register has been reviewed by officers and is attached as Appendix 2 for information. The rationale for the changes is set out on the first page of the appendix.

5. Investment Regulations Limits Review

- 5.1 As at 30 June 2015, the Fund complied with the LGPS Management & Investment Funds Regulations 2009 as documented in the Statement of Investment Principles which was approved at the last Committee Meeting on 21st May 2015.
- 5.2 In particular, the fund had no self-investments (regulatory maximum of 5%), it had no single segregated holding great than 10% and its largest investment in a single vehicle was 23.8% with Majedie against the limit of 35%. The LGIM holding is split between two vehicles.

6. Class Actions Update

- 6.1 The report from SRKW provided by IPS on recent class action matters is attached as Appendix 3. This report highlights all new and on-going investor class actions and specifically identifies those relevant to the City of Westminster Pension Fund. There are no new actions recommended for consideration.

7. Consultations / Legislation Changes

- 7.1 Although there have been no new consultations published in the quarter, Appendix 4 provides some information about an announcement in the Budget about the LGPS and a future consultation.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

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BACKGROUND PAPERS: None

APPENDICES:

- Appendix 1 – Cashflow Monitoring
- Appendix 2 – Pension Fund Risk Register
- Appendix 3 – SRKW Report 1 April to 30 June 2015
- Appendix 4 – Budget Announcement re Future Consultation