



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>Pension Fund Committee</b>
<b>Date:</b>	<b>21 June 2016</b>
<b>Classification:</b>	<b>General Release</b>
<b>Title:</b>	<b>Fund Financial Management</b>
<b>Wards Affected:</b>	<b>All</b>
<b>Policy Context:</b>	<b>Effective control over Council Activities</b>
<b>Financial Summary:</b>	<b>There are no immediate financial implications arising from this report.</b>
<b>Report of:</b>	<b>Steven Mair</b> <i>City Treasurer</i> <a href="mailto:smair@westminster.gov.uk">smair@westminster.gov.uk</a> <b>020 7641 2904</b>

## 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. Recommendations

- 2.1 The Committee is asked approve the updated risk register for the Pension Fund and note that a further review will be undertaken by officers on the scoring process.
- 2.2 The Committee is asked to note the Fund's compliance with the limits specified in Schedule 1 of the LGPS (Management and Investment of Funds) Regulations 2009.
- 2.3 The Committee is asked to note the cashflow position of the Fund and approve that cash requirements are funded from the most overweight mandates.

### **3. Risk Register Monitoring**

- 3.1 The risk register has been reviewed by officers and is attached as Appendix 1 for information. The rationale for the changes is set out on the first page of the Appendix.
- 3.2 During the review of the risk register, it was identified that the scoring matrix which is used to evaluate the residual risk is very subjective and would benefit from greater definition of the likelihood and impact scores. It is suggested that a more appropriate quantitative approach be introduced. A review to the risk register scoring process will be undertaken by Officers and reported back to the Committee later in the year.

### **4. Investment Regulations Limits Review**

- 4.1 As at 31 March 2016, the Fund complied with the LGPS (Management and Investment of Funds) Regulations 2009 as documented in the Statement of Investment Principles.
- 4.2 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 22.83% with Majedie against the limit of 35%. The LGIM holding is split between two vehicles.

### **5. Consultations / Legislation Changes**

#### Pooling of Investments

- 5.1 See item **x** on the agenda.

### **6. Cashflow Monitoring**

- 6.1 The cashflow forecast which was previously presented to the Pension Fund Committee at the last meeting has been updated to reflect the end position for 2015/16. This is included at Appendix 2.
- 6.2 The cashflow analysis indicates a requirement to realise assets of £18 million during 2016-17. It is proposed to meet this outflow from the overweight equity mandates with Baillie Gifford and Longview, thereby achieving an element of rebalancing to benchmark. Currently these mandates exceed their target allocation by 2.7% (£28 million).
- 6.3 Officers will continue to monitor the cash balance on a regular basis and will take the appropriate action to liquidise the assets in order to fulfil the cashflow requirement as stated above.

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

**Nikki Parsons [nparsons@westminster.gov.uk](mailto:nparsons@westminster.gov.uk) or 020 7641 6925**

**BACKGROUND PAPERS:**           None

**APPENDICES:**

Appendix 1 – Pension Fund Risk Register Review, June 2016  
Appendix 2 – Cash Flow Monitoring