



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>15 November 2016</b>
<b>Classification:</b>	<b>Public</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 to note the risk register for the Pension Fund.
- 2.2 The Committee is asked to note the cashflow position of the Fund.

## **3. Risk Register Monitoring**

- 3.1 The risk register has been reviewed by officers and is attached as Appendix 1 for information. There are no changes to report.

#### **4. Consultations / Legislation Changes**

- 4.1 The LGPS investment Regulation changes are reported elsewhere on this agenda.

#### **5. Cashflow Monitoring**

- 5.1 The cashflow forecast has been updated to reflect the actual position held at the end of September 2016. This is included at Appendix 2.
- 5.2 In September 2016, arrangements were put in place to redeem £4.5 million from both the Baillie Gifford mandate (managed by the London Collective Investment Vehicle) and the Longview mandate as previously approved by the Pension Fund Committee. Half of these funds were transferred into the bank account to service the immediate cashflow requirement and the remainder is being held in a money market fund earning interest at Northern Trust until it is required. This is expected to be required in January 2017.
- 5.3 Income which is earned from both the Baillie Gifford fund and Hermes fund are now being taken as cash distributions. The quarterly distributions which are paid amount to approximately £530,000 per manager. Again, these funds will be held at Northern Trust until the cash is required.
- 5.4 The Collective Investment Vehicle (CIV) fee savings for the Baillie Gifford mandate have been reflected in the cashflow forecast for this and the following three years. The fee savings for the Legal and General mandate are not included because the fees are not paid by invoice but are deducted from the fund at source. Any fee savings for the Majedie mandate will be incorporated once discussions have been finalised.
- 5.5 Officers will continue to monitor the cash balance on a regular basis and will transfer funds from Northern Trust as required.

**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 – Pension Fund Risk Register Review, November 2016

Appendix 2 – Cash Flow Monitoring, November 2016