



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>12 October 2017</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 The risk register has been updated to include an additional risk in relation to MiFID II under the heading 'Strategic: Regulation' and risk number 26 (formerly 25) has been modified due to improvement in aspects of service delivery. The cash flow forecast has been updated for the next three years and the forward plan has been updated with three workflows for the October to March 2018 meeting cycles.

## 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 cash flow position and three year forecast.
- 2.3 The Committee is asked to note the changes to the forward plan.

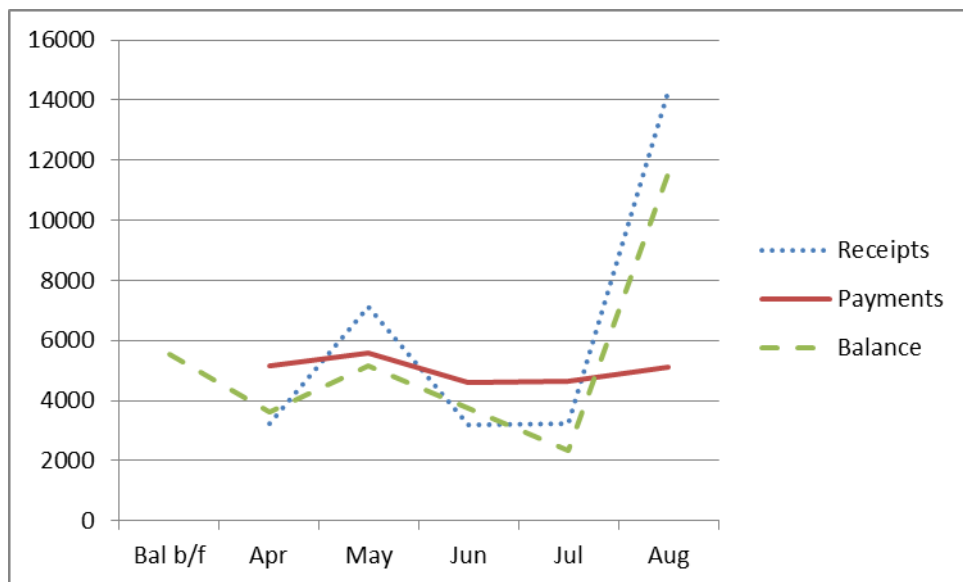
## 3. Risk Register Monitoring

3.1 Officers have been monitoring the implementation of Markets in Financial Instruments Directive II (MiFID II) and the likely implications for the Pension Fund's Investments. The implementation date has been

confirmed by the Financial Conduct Authority as 3 January 2018. Item 10 has been added to the register to consider the implications of missing the deadline or the rejection by of an application to 'opt up'. The requirements and impact of MiFID II have been explained in Agenda item 10 'MiFID II Update'. Risk rating for number 26 has also been changed from high to medium. The risk register is attached at appendix 2.

#### 4. Cashflow Monitoring

- 4.1 The balance on the pension fund bank account at 31 August 2017 was £11.5 million. This was due to a one off payment £10 million into the fund toward reducing the deficit. The graph below shows the bank account position as well as receipts and payments to August 2017



- 4.2 The Fund is not expected to draw-down cash from investments for 2017/18 in addition the original plan to receive distributions into the pension fund bank account is now not likely to be exercised for this year. This is because, a further £20 million is due to be paid into the bank account over the year, as recommended in the triennial valuation.
- 4.3 Officers will continue to keep the cash balance on under review and take appropriate action where necessary.

#### 5. Budget Monitoring

- 5.1 The pension fund has a budget for the fund account which is monitored on a quarterly basis. The Q2 outturn is attached at appendix 5 (to Follow).

#### 6. Forward Plan

6.1 The forward plan has been reviewed and amended for the Committee to updates on MiFID II during the October 2017 meeting cycle.

6.2 The updated forward plan is attached at appendix 4.

**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 – Tri-Borough Risk Management Scoring Matrix
- Appendix 2 – Pension Fund Risk Register Review, October 2017
- Appendix 3 – Cash Flow Monitoring, October 2017
- Appendix 4 – Pension Fund Forward Plan, October 2017