



Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	25 June 2020
Classification:	General Release
Title:	Performance of the Council's Pension Fund
Wards Affected:	All
Policy Context:	Effective control over council activities
Financial Summary:	There are no immediate financial implications arising from this report.
Report of:	Phil Triggs <i>Tri-Borough Director of Treasury and Pensions</i> ptriggs@westminster.gov.uk 020 7641 4136

1. Executive Summary

- 1.1 This report presents the performance of the Pension Fund's investments to 30 April 2020, together with an update of the funding position as at 31 March 2020.
- 1.2 The Fund returned 7.8% net of fees for the month to 30 April 2020 and the estimated funding level as at 31 March 2020 was 97.2%.

2. Recommendations

- 2.1 The Committee is asked to note:
 - the performance of the Fund's investments to 30 April 2020 and the funding level as at 31 March 2020.

3. Background

- 3.1 The terms of reference of the Pension Fund Committee require the committee to monitor the performance of the Pension Fund, individual fund managers, and other service providers to ensure that they remain suitable.

- 3.2 This report presents a summary of the Pension Fund's performance to 30 April 2020 and estimated funding level as at 31 March 2020. The investment performance report (Appendix 1) has been prepared by Deloitte, the Fund's investment adviser.
- 3.3 The Investment Performance report shows that over the month to 30 April 2020, the market value of the assets increased by £100m to £1.425bn, largely as a result of a resurgence in equity markets. The Fund returned 7.8% net of fees over the same period, with LGIM, Baillie Gifford and Longview being major contributors. The Pantheon and Hermes mandates detracted slightly from the positive performance with returns of -1.7% and -1.1% net of fees respectively.
- 3.4 Over the year to 30 April 2020, the market value of the assets fell by £15m (£1.440bn at 30 April 2019), reflecting a partial recovery during the last couple of months following COVID-19. The Fund returned -7.5% net of fees over the year to 30 April 2020, with all mandates providing a negative return net of fees, with the exception of Pantheon and Aberdeen Standard.
- 3.5 The funding level update (Appendix 2) has been prepared by the Fund's actuary, Barnett Waddingham. The estimated funding level for the City of Westminster Pension Fund has fallen by 1.4% to 97.2% as at 31 March 2020 (98.6% at 31 March 2019). There is potential for this to reduce further over the coming months as actuarial smoothing mechanisms continue to take effect. There is also a realistic possibility that equity dividends may be cut or suspended later this year.
- 3.6 The funding level for Westminster City Council as an employer remains stable at 86% as at 31 March 2020, this is in part due to the Council's deficit recovery payments made to the Pension Fund.

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

Billie Emery pensionfund@westminster.gov.uk

BACKGROUND PAPERS: None

APPENDICES:

Appendix 1: Deloitte Performance Update at 30 April 2020

Appendix 2: Barnett Waddingham Funding Update at 31 March 2020