



City of Westminster

Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	29 June 2023
Classification:	Public
Title:	Pension Fund Annual Report and Statement of Accounts 2022/23
Wards Affected:	All
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.
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 draft Westminster Pension Fund Annual Report and Statement of Accounts for the year ended 31 March 2023.

2. Recommendations

The Committee is recommended to:

- 2.1 Approve the draft Pension Fund Annual Report for 2022/23.
- 2.2 Delegate completion and approval of the final document to the Tri-Borough Director of Treasury and Pensions in consultation with the Chairman.
- 2.3 Note the Pension Fund accounts for 2022/23.

3. Background

- 3.1 The Pension Fund's Annual Statement of Accounts for 2022/23 was prepared and ready to be submitted to the Council's external auditors for external audit on 23 May 2022. The Fund is still awaiting the commencement of the external audit. It is anticipated that there will be no significant findings.
- 3.2 The accounts were prepared one week in advance of the statutory requirement of 31 May 2023. The draft Statement of Accounts will be presented at the Audit and Performance Committee on 24 July 2023 and are due to be re-presented once the external audit process is finalised.
- 3.3 The production of the Pension Fund Annual Report, which includes the Pension Fund Accounts, is a regulatory requirement and needs to be approved by the Pension Fund Committee by 1 December following the year end. The draft Pension Fund Annual Report for 2022/23 is attached at Appendix 1.
- 3.4 Committee members are asked to comment on any matters in the draft Pension Fund Annual Report and delegate approval of the final document to the Tri-Borough Director of Treasury and Pensions in consultation with the Chairman.

4. Annual Report Overview

- 4.1 The Pension Fund's net assets were £1.794bn at 31 March 2023, a net decrease in Fund value of £81.8m, compared with an increase in value of £124.4m during the 2021/22 year. This is due to equities, long lease property and fixed income assets performing poorly across the sector during 2022/23.
- 4.2 The Fund returned -3.4% over the financial year to 31 March 2023, underperforming its benchmark by -0.9% net of fees. This was largely as a result of poor performance within the long lease property, global equities and fixed income portfolios. Abrdn returned -21.7% net of fees over the year, underperforming the FTSE Gilts All Stocks index by -7.6%. Insight bonds also provided negative returns during this period, returning -10.7% and underperforming the benchmark by -4.8% net of fees.
- 4.3 However, it should be noted that the Pantheon infrastructure, Macquarie renewables and Quinbrook impact funds performed well over the year, returning 22.6%, 21.2% and 30.6% respectively, net of fees.
- 4.4 The estimated funding level for the Westminster Pension Fund has increased to 149% at 31 March 2023 (144% at 31 December 2022).

- 4.5 The financial year 2022/2023 was the Fund's first whole year working with Hampshire Pension Services (HPS). We have a collaborative working relationship that benefits the members of the Westminster Pension Fund, with HPS providing a solid 100% performance across a wide range of administration KPI measures.
- 4.6 During 2022/23, the administration costs decreased by 52% to £776k, largely as a result of the pension administration transition from Surrey CC to Hampshire CC. The new service provision will result in a reduction in overall administration charges.

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

Billie Emery bemery@westminster.gov.uk

BACKGROUND PAPERS: None

APPENDICES

Appendix 1: Pension Fund Annual Report and Statement of Accounts 2022/23