

Agenda Item 11

**Pension Committee
15 June 2023**

Pension Fund Cash Management Strategy 2023-24

Report of the Head of Pensions

Summary

This report provides the opportunity for the Pensions Committee to consider and approve the proposed Cash Management Strategy for the Pension Fund for 2023-24 which is attached as appendix 1 to this report.

Introduction

The Gloucestershire Pension Fund (“the Pension Fund”), maintains a balance of cash arising from the receipt of employer and employee contributions, income received back from the Fund’s investments, and capital distributions from the Fund’s private market commitments. This cash balance is used to pay member benefits, private market capital calls, and other outgoings.

Regulations state that the administering authority must formulate an investment strategy to govern how the Pension Fund invests money that is not needed immediately to make payments from the Fund. The attached report sets out the strategy for managing cash for the financial year 2023/24.

Main Considerations

The main purpose of this strategy is to provide a framework that ensures that the Pension Fund has an effective process in managing its cash balances and that these are maintained at the appropriate levels to meet future financial obligations and commitments both for the payment of pension benefits and external investments.

- **In House Cash Management**

The management of the Fund’s banking arrangements are undertaken by the Council’s treasury management team and undertaken in accordance with the Council’s approved Treasury Management Strategy, policies, and procedures.

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- **Custodian Cash Management**

The Fund's custodian is State Street Bank and Trust company; cash received/paid out to the investment managers will be through the custody account. This custody account has been setup with a daily sweep, which moves cash balances into State Street Bank and Trust company's Money Markets Funds daily, to ensure that the most optimum rate on cash balances is achieved.

Rebalancing

The Fund does not have a strategic asset allocation to cash. The cash balance is regularly monitored and reviewed as part of a quarterly fund rebalancing exercise undertaken by officers and the Independent Financial Adviser. Arrangements will be made for cash balances which are not required for cash flow purposes, to be deployed as set out in this Cash Management Strategy.

As set out in the strategy, it is proposed that a target balance of approximately £30 million will be retained in money market funds, to meet cash flow requirements and investment commitments.

Recommendation

That the Committee note and approve the Fund's Cash Management Strategy for 2023-24, as attached under appendix 1.

Contact Officer

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