



West Northamptonshire Council

Pension Committee

28/06/2023

Mark Whitby – Head of Pensions

Report Title	Cash Management Strategy
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Contributors/Checkers/Approvers

MO	Sarah Hall on behalf of Catherine Whitehead	5/6/2023
S151	James Smith on behalf of Martin Henry	8/6/2023
Head of Pensions	Mark Whitby	24/5/2023

List of Appendices

Appendix A – Proposed Cash Management Strategy 2023 clean

Appendix B – Proposed Cash Management Strategy 2023 tracked

1. Purpose of Report

- 1.1 To present to the Pension Committee for approval the updates to the Cash Management Strategy.

2. Executive Summary

- 2.1 The purpose of the Cash Management Strategy is to manage Fund's cash efficiently, ensuring adequate cash is available in the Fund's accounts held at Barclays Bank to meet the day to day cash requirements of the Fund, and to ensure timely payment of surplus cash to Northern Trust for investment in line with the Fund's Investment Strategy.
- 2.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations") came into force on 1 November 2016 and require the Fund to review its cash management strategy on a regular basis.
- 2.3 This key changes to the strategy since approval by Pension Fund Committee 23 March 2019 include removal of references to LGSS and formatting issues. There have been no changes to internal processes since the Strategy's approval.

3. Recommendations

3.1 Approve the updates to the Cash Management Strategy.

4. Reason for Recommendations

4.1 To comply with the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, requiring the Fund to review its cash management strategy on a regular basis.

5. Background

5.1 Under the Regulations, the Fund is required to have its own separate bank account, may only borrow by way of temporary loan or overdraft for the purpose of paying benefits due under the scheme or to meet investment commitments, and must invest, in accordance with its Investment Strategy, any fund money that is not needed immediately to make payments from the Fund.

5.2 To meet the requirements of the Regulations, the Fund has identified objectives and key principles to govern the Fund's approach to cash management, as can be seen in sections 3 and 4 of the Cash Management Strategy.

5.3 The processes set up in response to the strategy include, daily forecasting and monitoring from the finance team using Public Sector Live software; monthly forecasting and reporting to management; and periodically moving cash to and from NatWest and Northern Trust when there is a surplus or deficit.

5.4 The strategy allows officers the ability to react efficiently to the cash requirements of the Fund.

6. Proposed changes to the existing policy

6.1 As a result of the review, the following changes are being proposed:

Section	Proposed change
Operational Issues	- Remove reference to LGSS
Flow Chart	- Moved from section 8 Operational Issues to Section 7 Key Cash Flow Movements/Timings - Includes refunds in cash flow out of Barclays
Throughout	- Formatting issues
Key Cash Flow Movements/Timings	- Includes refunds in cash flow out of Barclays
New section 9	- Effective date and reviews of the policy
Glossary	- Moved from section 9 to 10

7. Implications (including financial implications)

7.1 Resources and Financial

7.1.1 There are no finance or resources implications arising from the proposals in this paper.

7.2 Legal

7.2.1 There are no legal implications arising from the report.

7.3 Risk

7.3.1 The mitigated risks associated with this report has been captured in the Fund's risk register as detailed below –

Risk	Residual risk rating
Contributions to the Fund are not received on the correct date and/or for the correct amount.	Amber
Fund assets are not sufficient to meet obligations and liabilities.	Amber
Risk of fraud and error.	Green
Custody arrangements may not be sufficient to safeguard Pension Fund assets.	Green
Failure to administer the scheme in line with regulations and guidance.	Green

7.3.2 The Fund's full risk register can be found on the Fund's website at the following link:

[Northamptonshire Risk Register](#)

7.4 Relevant Pension Fund Objectives

7.4.1 The following objectives have been considered in this report -

- 7.4.1.1 To have robust governance arrangements in place, to facilitate informed decision making, supported by appropriate advice, policies, and strategies, whilst ensuring compliance with appropriate legislation and statutory guidance.
- 7.4.1.2 To manage the Fund in a fair and equitable manner, having regard to what is in the best interest of the Fund's stakeholders, particularly the scheme members and employers.
- 7.4.1.3 To ensure the relevant stakeholders responsible for managing, governing and administering the Fund, understand their roles and responsibilities and have the appropriate skills and knowledge to ensure those attributes are maintained in a changing environment.
- 7.4.1.4 To continually monitor and manage risk, ensuring the relevant stakeholders are able to mitigate risk where appropriate.
- 7.4.1.5 To administer the Fund in a professional and efficient manner, utilising technological solutions and collaboration.
- 7.4.1.6 To ensure cash flows in to and out of the Fund are timely and of the correct amount.
- 7.4.1.7 To ensure the long-term solvency of the Fund, taking a prudent long-term view, so that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- 7.4.1.8 To ensure an appropriate cash management strategy is in place so that net cash outgoings can be met as and when required.

7.5 Consultation

7.5.1 No consultation was required in connection with this review.

7.6 Communications

7.6.1 Policy documents will be updated as appropriate and published on the Fund's website.

8. Background Papers

8.1 Not applicable