Report to Pension Fund Committee

Date:	21st March 2023
Title:	**Treasury Management Service Level Agreement**
Contact officer:	Julie Edwards, Pensions & Investments Manager
Ward(s) affected:	None specific
Recommendations:	**The Committee is asked to review and note the Pension Fund treasury management service level agreement.**

1. Executive summary

1.1 This report updates the Committee on the provision of treasury management services by Buckinghamshire Council to the Pension Fund in 2022/23 and asks the Committee to discuss and note the arrangements for investing the Pension Fund's surplus cash balances in 2023/24.

2. Content of report

2.1 The Pension Fund maintains relatively small balances of cash arising from the receipt of employer and employee contributions exceeding payments made on behalf of the Fund. Most of the Fund's cash is managed externally, either by the investment managers or State Street, the Fund's custodian bank. The cash held by the administering authority is usually less than 1.0%, or £36m, of the Fund's assets providing a working balance for the Fund to meet its short-term commitments.

2.2 During 2022 (2021) the Pension Fund earned £181.1k (£0.5k) interest on its working cash balances, the average balance of £13.2m (£8.3m). The cash balances ranged from £112k to £31.5m during 2022 (£6.8k to £45.9m during 2021). A separate bank account operates for the Pension Fund. The Council's treasury team invested all the Pension Fund's working cash in the Pension Fund bank account or money market funds. Members are asked to review and note the SLA for 2023/24 attached as Appendix 1.

2.3 Local Government Pension Regulations (Management & Investment) 2009 gave the Pension Fund the power to arrange a temporary loan from a bank for up to 90 days in order to pay benefits due under the Pension Fund Scheme or to meet investment commitments. However, there are no counterparties in the market that will temporarily lend cash to the Pension Fund. In previous years members of the Pension Fund Committee had indicated that they would prefer to borrow from the market rather than the Council. However, with no external market willing to temporarily lend to the Fund, the Pension Fund Committee members agreed that they would prefer the Fund to borrow temporarily from the Council rather than maintain a higher cash buffer to meet any unexpected cash requirements. There were no instance during 2022 where the Fund temporarily borrowed cash from the Council.

3. Other options considered

3.1 Not applicable.

4. Legal and financial implications

4.1 There are none arising directly from this report.

5. Corporate implications

5.1 There are none arising directly from this report.

6. Communication, engagement & further consultation

6.1 Not applicable.

7. Background papers

7.1 None.