



Report to Pension Fund Committee

Date:	13 th March 2024
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 Buckinghamshire 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 Buckinghamshire Pension Fund in 2023/24 and asks the Committee to discuss and note the arrangements for investing the Pension Fund's surplus cash balances in 2024/25.

2. Content of report

- 2.1 The Buckinghamshire Pension Fund maintains relatively small balances of cash arising from the receipt of employer and employee contributions exceeding payments made on behalf of Buckinghamshire Pension Fund. Most of Buckinghamshire Pension Fund's cash is managed externally, either by the investment managers appointed by the Brunel Pension Partnership or State Street, Buckinghamshire Pension Fund's custodian bank. The cash held by the administering authority is usually less than 1.0%, or £39m, of Buckinghamshire Pension Fund's assets providing a working balance for Buckinghamshire Pension Fund to meet its short-term commitments.
- 2.2 During 2024 (2023) the Pension Fund earned £700k (£181.1k) interest on its working cash balances, the average balance of £14.8m (£13.2m). The cash balances ranged from £4.15m to £25.15m during 2023 (£112k to £31.5m during 2022). A separate bank account operates for the Buckinghamshire Pension Fund. The Council's treasury team invested all the Buckinghamshire Pension Fund's working cash in

money market funds. Members are asked to review and note the SLA for 2024/25 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 Buckinghamshire Pension Fund. In previous years members of the Buckinghamshire 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 Buckinghamshire Pension Fund Committee members agreed that they would prefer the Buckinghamshire Pension Fund to borrow temporarily from Buckinghamshire Council rather than maintain a higher cash buffer to meet any unexpected cash requirements. There were no instances during 2023 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.

