

LONDON BOROUGH OF CAMDEN	Wards: All
REPORT TITLE: Cash Flow and Membership report (2024-25)	
REPORT OF: Executive Director Corporate Services Interim	
FOR SUBMISSION TO: Pension Committee	DATE: 18 March 2026
SUMMARY OF REPORT: This report details the Pension Fund cash flow and membership statistics for the year 2024-2025 and over the longer term.	
Local Government Act 1972 – Access to Information No documents required to be listed were used in the preparation of this report. Contact Officer: Priya Nair Treasury & Pension Fund Manager Finance Corporate Services 5 Pancras Square London N1C 4AG Telephone: 0207 974 2349 Email priya.nair@camden.gov.uk	
RECOMMENDATION: The Committee is requested to note the contents of this report.	
Signed by Director of Finance: Agreed Date: 6 March 2026	

1. INTRODUCTION

- 1.1** This report presents an analysis of the cash flow for the pension fund during the last year and over the longer term and analyses the movement in scheme membership. This report is received annually by Committee.

2. CASH FLOW

2.1 Overview

The cash flow for the year to 31 March 2025, with previous financial years for comparison, is as set out in **Table 1**. To highlight key financial trends and their impact on the Pension Fund's overall cash position, the analysis distinguishes between:

- cash flow before transfer values
- cash flow after transfer values
- total cash flow of the Pension Fund (including investment income)

2.2 Core Cash Flow Before Transfers

The core operational cash flow before transfers, which includes contributions, benefit payments, and administration costs, remained in surplus in 2024/25 at £3.6m, following a surplus of £6.8m in 2023/24. While lower than the prior year, this continues to represent a materially stronger position than the deficit recorded in 2022/23.

This outcome was driven by:

- Higher employer contributions (£65.8m), increasing further from £64.2m in 2023/24, reflecting valuation driven contribution rates and growth in pensionable pay.
- Higher employee contributions (£16.5m), up from £15.2m in the prior year, consistent with increased active membership and pay progression.

2.3 Pension Benefit Payments & Outflows

Payments to scheme members increased to £77.0m, compared to £70.3m in 2023/24, continuing the upward trend in benefit outflows.

This increase was primarily driven by:

- Retirement pensions, which rose to £65.0m, up from £60.1m, reflecting inflationary pension increases and continued growth in the pensioner population.
- Retirement grants, which increased to £10.6m, compared to £8.6m in the prior year.
- Lump sum death grants, which remained broadly stable at £1.2m.
- Refunds of contributions, which remained low and stable at £0.2m.

2.4 Administrative & Investment Costs

- Administration costs remained stable at £1.3m, broadly in line with the previous year.
- Investment management fees reduced slightly to £1.4m, compared to £1.6m in 2023/24, reflecting continued cost control and the ongoing evolution of the investment portfolio.

2.5 Transfer Value Activity

- Transfer values received increased to £8.2m, compared to £4.1m in the previous year.
- Transfer values paid reduced further to £5.9m, down from £11.9m in 2023/24.
- As a result, net transfer values moved to a net inflow of £2.2m, compared to a net outflow of £7.8m in the prior year.
- This represents a marked stabilisation in transfer activity following the exceptional volatility experienced in earlier years.

2.6 Net Cash Flow Before Investment Income

- After taking account of transfer values, the Fund recorded a net inflow of £5.9m before investment income, compared to a net outflow of £1.0m in 2023/24.
- This improvement reflects both the sustained strength of contribution income and the reversal of net transfer outflows.

2.7 Investment Income & Final Cash Position

- Investment income increased further to £40.5m, compared to £34.4m in 2023/24, reflecting favourable market conditions across the Fund's investment portfolio.
- The total inflow to the Pension Fund, including investment income, was £46.4m, representing a continued strengthening of the Fund's overall cash position.

2.8 Key Trends & Observations

- Contribution income remains strong, supporting a positive underlying cash flow position.
- Benefit payments continue to rise, driven by demographic trends and inflation-linked pension increases.
- Transfer value activity has stabilised, with a net inflow recorded in the year.
- Investment income continues to play a critical role in supporting overall Fund liquidity.

Overall, the Fund maintained a robust cash flow position in 2024/25, supported by strong contributions, stabilised transfer activity, and continued investment income.

- ## **2.9**
- Officers continue to monitor cash requirements closely to ensure that funds are available to meet the day-to-day administration and benefit payment obligations of the scheme. The Council operates a segregated Pension Fund bank account, which is monitored regularly to ensure sufficient liquidity is maintained.

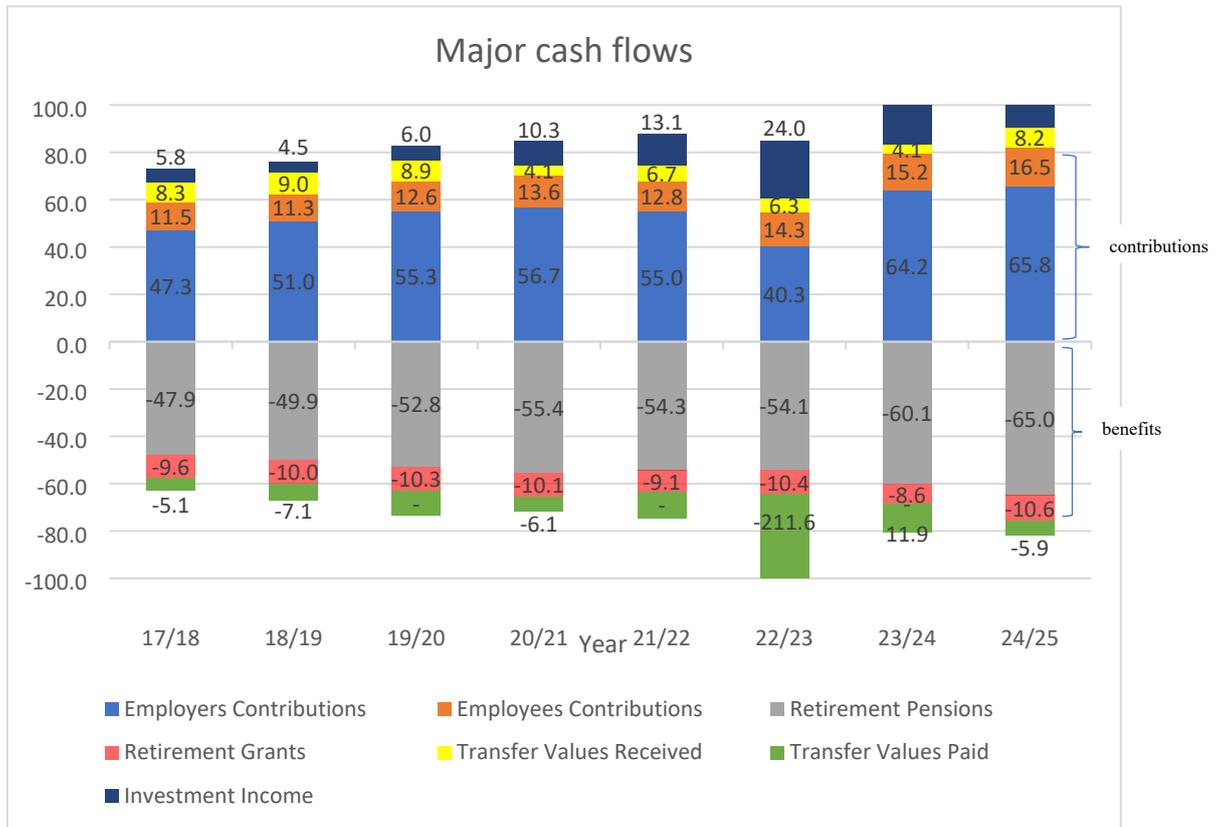
TABLE 1

Pension Fund Cash Flow to March 2025

	2018-19	2019-20	2020-21	2021-22	2021-22	2022-23	2023-24	2024-25	12m Qtrly Avg £m	12m Mnth Avg £m	
	£m	£m	£m	£m	£m	£m	£m	£m			
Inflows											
Employers Contributions	51.0	55.3	56.7	55.0	40.3	64.2	51.0	65.8	16.050	5.350	23.9
Employees Contributions	11.3	12.6	13.6	12.8	14.3	15.2	11.3	16.5	3.796	1.265	0.9
Early Retirement Charges	0.3	0.8	0.7	0.7	0.9	0.5	0.3	1.0	0.134	0.045	-0.3
Total Inflows	62.6	68.6	71.0	68.4	55.5	79.9	62.6	83.3	19.980	6.660	24.4
Outflows											
Retirement Pensions	-49.9	-52.8	-55.4	-54.3	-54.1	-60.1	-49.9	-65.0	-15.021	-5.007	-6.0
Retirement Grants	-10.0	-10.3	-10.1	-9.1	-10.4	-8.6	-10.0	-10.6	-2.159	-0.720	1.8
Lump Sum Death Grants	-1.0	-1.4	-1.4	-1.4	-2.7	-1.4	-1.0	-1.2	-0.338	-0.113	1.4
Refund of Contributions	-0.4	-0.2	-0.2	-0.1	-0.2	-0.2	-0.4	-0.2	-0.049	-0.016	-0.0
Payments to Scheme Members	-61.3	-64.7	-67.1	-65.0	-67.4	-70.3	-61.3	-77.0	-17.567	-5.856	-2.8
Administration	-1.4	-1.2	-0.7	-1.5	-1.5	-1.2	-1.4	-1.3	-0.364	-0.104	0.3
Investment Management Fees	-2.4	-3.3	-1.2	-2.2	-1.7	-1.6	-2.4	-1.4	-0.546	-0.137	0.1
Total Outflows	-65.1	-69.2	-69.0	-68.6	-70.7	-73.2	-65.1	-79.7	-18.290	-6.097	-2.5
Cash Flow before Transfers	-2.4	-0.5	2.0	-0.1	-15.2	6.8	-2.4	3.6	1.690	0.563	22.0
Transfer Values Received	9.0	8.9	4.1	6.7	6.3	4.1	9.0	8.2	1.019	0.340	-2.2
Transfer Values Paid	-7.1	-10.2	-6.1	-11.0	-211.6	-11.9	-7.1	-5.9	-2.968	-0.989	199.7
Net Transfer Values	1.9	-1.3	-2.0	-4.3	-205.3	-7.8	1.9	2.2	-1.949	-0.650	197.5
Net Inflow of Funds to Fund	-0.5	-1.8	0.0	-4.5	-220.5	-1.0	-0.5	5.9	-0.258	-0.086	219.5
Investment Income	4.5	6.0	10.3	13.1	24.0	34.4	4.5	40.5	8.589	2.863	10.3
Inflow to Pension Fund	4.0	4.2	10.3	8.6	-196.5	33.3	4.0	46.4	8.330	2.777	229.8

2.10 Looking at longer-term trends **Table 2** below shows a summary position of cash flows over the past few financial years. This only looks at the major cash flows of pension contributions, benefits, transfer values and investment income.

Table 2: Contributions & Benefits Cash flow Trends



2.11 Trends in Contributions and Benefit Payments

The longer-term trend continues to show growth in both contributions received and benefits paid, reflecting increases in pensionable pay, contribution rates set through actuarial valuation, and the maturing profile of the Fund.

For 2024/25, total contribution inflows increased further to £83.3m, compared to £79.9m in 2023/24. This was driven by:

- Employer contributions increasing to £65.8m, up from £64.2m in the prior year, maintaining the higher contribution base established following the most recent Triennial Valuation.
- Employee contributions rising to £16.5m, compared to £15.2m in 2023/24, reflecting active membership growth and salary progression.
- Early retirement charges increasing modestly to £1.0m.

The graph demonstrates a sustained strengthening of contribution income since the low point recorded in 2022/23.

2.12 Retirement and Death Benefit Trends

Benefit payments continue to rise in line with demographic and inflationary pressures.

Total payments to scheme members increased to £77.0m in 2024/25, compared to £70.3m in 2023/24.

The key drivers were:

- Retirement pensions increasing to £65.0m, continuing the upward trend seen over recent years, reflecting both pension indexation and an increasing number of pensioners.
- Retirement grants rising to £10.6m, compared to £8.6m in the prior year.
- Death grants and refunds of contributions remaining relatively stable year-on-year.

The graph clearly illustrates the structural increase in pension outflows over time as the membership profile matures.

2.13 Cash Flow Position

Cash flow before transfers remained positive in 2024/25 at £3.6m, following a surplus of £6.8m in 2023/24.

Although lower than the previous year, the Fund has now recorded two consecutive years of positive core cash flow following the deficit position in 2022/23. This reflects the strengthened contribution base relative to benefit payments.

Net transfer activity also improved materially in 2024/25, with a net inflow of £2.2m, compared to a net outflow of £7.8m in 2023/24. The second graph demonstrates how transfer volatility has reduced significantly compared to the exceptional movement seen in 2022/23.

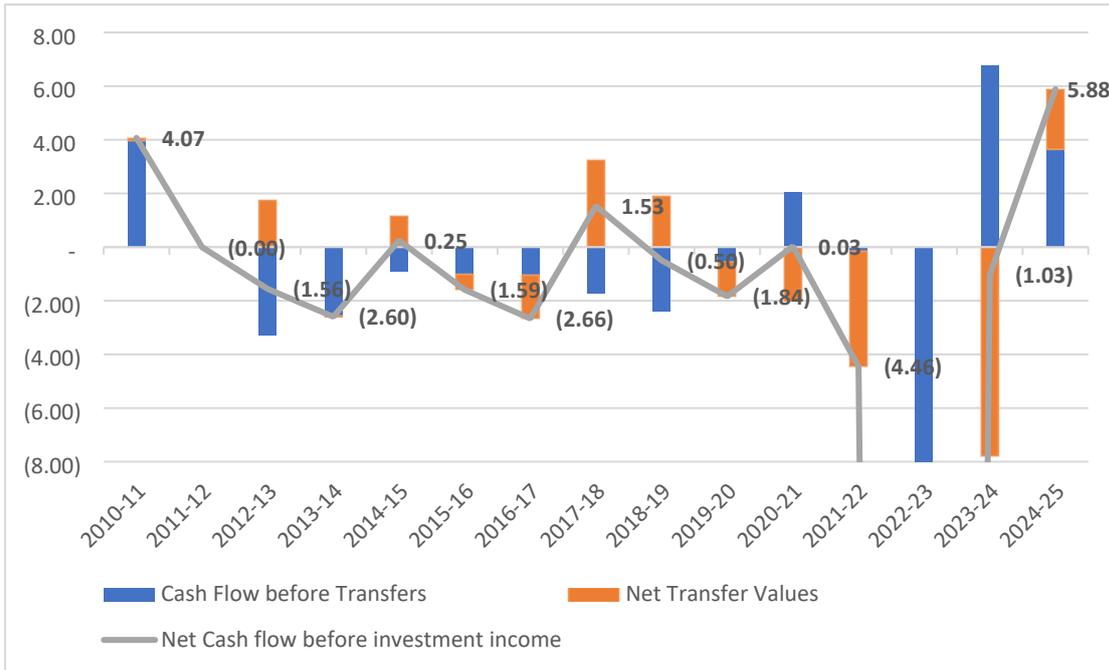
As a result, the Fund recorded a net inflow of £5.9m before investment income, compared to a net outflow of £1.0m in the prior year.

2.14 Long-Term Observations

- Contribution income has strengthened materially since 2022/23 and remains at historically high levels.
- Benefit payments continue their steady upward trajectory, reflecting demographic trends and inflation-linked pension increases.
- Transfer values, while historically volatile, have stabilised over the last two financial years.
- The Fund's overall liquidity position remains supported by strong investment income and improved core cash flow performance.

Overall, the Fund remains in a stable cash flow position. While benefit payments are increasing structurally over time, contribution income and investment returns continue to support the Fund's ability to meet its obligations.

Table 3: Net Transfer Values' Impact on Cash Flow



2.15 Net Transfer Values' Impact on Cash Flow

Table 3 illustrates the impact of net transfer values on the Fund's overall cash flow position over the longer term, alongside core cash flow before transfers and net cash flow before investment income.

Net Transfer Values and Volatility

- Net transfer values have historically been volatile, fluctuating between inflows and outflows year-on-year.
- The exceptional net outflow recorded in 2022/23 had a significant distorting effect on overall cash flow.
- In 2023/24, transfer activity normalised but remained in net outflow.
- In 2024/25, the Fund recorded a net transfer inflow, contributing positively to the overall cash position.
- The graph demonstrates a clear stabilisation of transfer activity over the last two years compared to the extreme volatility seen previously.

Impact on Net Cash Flow

- Cash flow before transfers has remained positive for the last two financial years.
- The movement from net transfer outflows to a net transfer inflow in 2024/25 has strengthened the Fund's net cash flow before investment income.
- As illustrated by the grey line in the chart, the Fund has moved from the significant deficit position recorded in 2022/23 to a materially improved and positive position in 2024/25.

Key Observations

- Transfer activity can materially influence annual cash flow outcomes.
- The reduction in volatility over the past two years has improved predictability in cash flow planning.
- The Fund's underlying contribution base now provides greater resilience against transfer-related fluctuations.

3. SCHEME MEMBERSHIP

3.1 The activity in scheme membership for the past year is recorded in **Table 4** below. It should be noted that there will be movement in historic data due to retrospective processing of records, and the report shows known cases as at the time of compiling the data.

Table 4: Administration Report

	Year Ending	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25
TOTAL MEMBERSHIP STATUS						
Active Members		5,781	5,437	5,558	5,820	6,128
Deferreds / Frozen Refunds (ex employees)		9,379	9,117	9,415	9,426	9,430
Pensioners		7,603	7,466	7,663	7,784	8,022
		22,763	22,020	22,636	23,030	23,580
% MEMBERSHIP STATUS						
Active Members		25.40%	24.69%	24.55%	25.27%	27.07%
Deferreds / Frozen Refunds		41.20%	41.40%	41.59%	40.93%	41.66%
Pensioners		33.40%	33.91%	33.85%	33.80%	35.44%
		100.00%	100.00%	100.00%	100.00%	100.00%
ACTIVE MEMBERS						
Total New Active Members		539	633	1,458	1,096	1,026
Leavers		-403	-587	-774	-611	-602
Opt Out		-35	-66	-434	-125	-3
Retirements		-92	-112	-123	-96	-109
Death in Service		-8	-11	-6	-2	-4
<i>Transferred to Merseyside PF</i>			-201			
Total Active Leavers		-538	-977	-1,337 	-834	-718
Net Movement of Active Members		1	-344	121	262	308
DEFERRED/FROZEN REFUND MEMBERS						
Total New Deferred Members		338	545	722	609	478
Transfers Out		-244	-203	-216	-294	-188
Retirements		-197	-214	-187	-274	-273
Restored Actives		-1	-5	-16	-18	-9
Deaths		-9	-6	-5	-12	-4
<i>Transferred to Merseyside PF</i>			-368			
Total Leavers from Deferred		-451	-796	-424 	-598	-474
Net Movement of Deferred Members		-113	-251	298	11	4
PENSIONER MEMBERS						
New Retirements		289	333	352	250	318
New Dependants Pensions		72	54	38	53	52
Total New Pensioners		361	387	390	303	401
Cessation of child pensions		-1	-7	-5	-4	-3
Undecided Leaver		0	0	-1	-2	0
Deaths		-202	-153	-187	-176	-160
<i>Transferred to Merseyside PF</i>			-364			
Total Pensioner Leavers		-203	-524	-193	-182	-163
Net Movement of Pensioners		158	-137	197	121	238

3.2 Total Membership Growth: The total number of members has increased to 23,580, reflecting a year-on-year increase of 550. This growth is mainly driven by an increase of 308 active members, alongside a modest increase of 4 in deferred members and 238 in pensioners.

3.3 Active Membership: The number of new active members has decreased to 1,026, down from 1,096 in the previous year. However, there has been a reduction in active member leavers, from 834 last year to 718 this year, resulting in an overall net increase of 262 active members.

- The number of opt-outs has significantly reduced from 125 last year to 3 this year, likely due to greater awareness of pension benefits.
- Retirements from active status have increased, from 96 last year to 109 this year.
- Deaths in service remain low at 4.

3.4 Auto-Enrolment and 50/50 Scheme: Auto-enrolment continues to influence active membership trends, with more employees choosing to remain in the scheme.

The 50/50 scheme, which allows members to pay half contributions for half benefits, has decreased slightly in take-up from 102 members in 2024 to 95 members in 2025.

3.5 Deferred Membership: The net movement in deferred members remains positive but has slowed, with an increase of only 4 members this year, compared to 11 last year.

- The number of new deferred members has decreased from 609 last year to 478 this year.
- Transfers out have decreased from 294 to 188.
- Retirements from deferred status are more or less the same at 273 this year vs 274 last year.
- Deaths among deferred members have dropped, from 12 last year to 4 this year.

3.6 Pensioner Membership: The number of pensioners has grown by 238, the highest annual increase over the past five years. The number of new pensioners has increased from 303 last year to 401 this year.

- New retirements have increased from 250 last year to 318 this year.
- Deaths among pensioners have slightly reduced, from 176 last year to 160 this year.
- Net pensioner movement remains positive at 238.

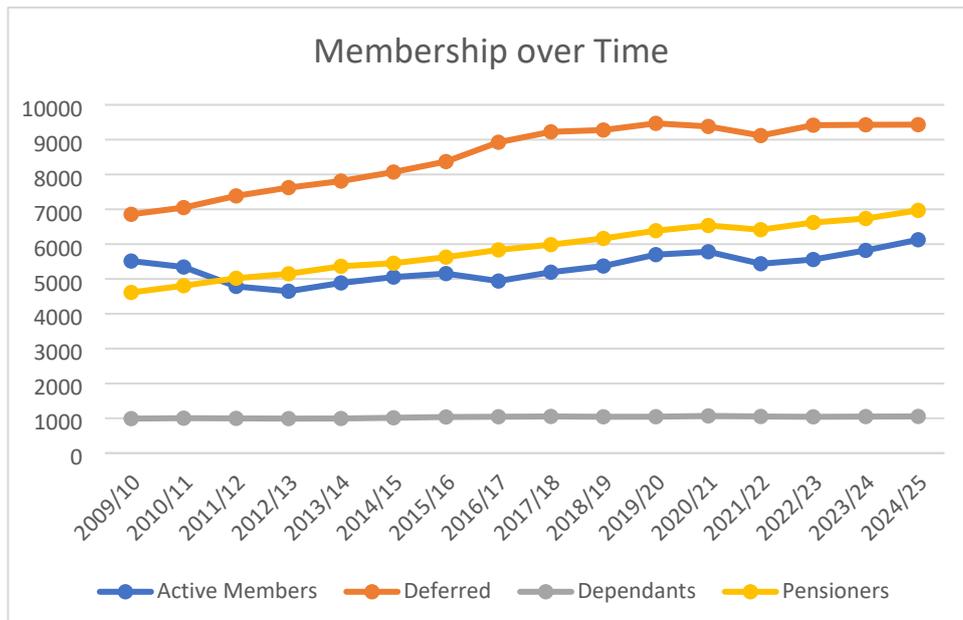
3.7 Summary of Trends

- Active membership continued to increase overall, with improved retention and a sharp reduction in opt-outs offsetting a modest fall in new joiners.
- Deferred membership remained broadly stable, with lower new deferrals and reduced transfer-out activity resulting in minimal net movement year-on-year.
- Pensioner membership recorded its strongest growth in recent years, driven by a marked increase in retirements from both active and deferred statuses.

- Scheme participation remains supported by auto-enrolment, with opt-out rates falling significantly and increased take-up of the 50/50 section.
- Overall membership continues to mature, with growth increasingly driven by pensioner numbers, reinforcing the longer-term upward trend in benefit payments observed in the cash flow analysis.

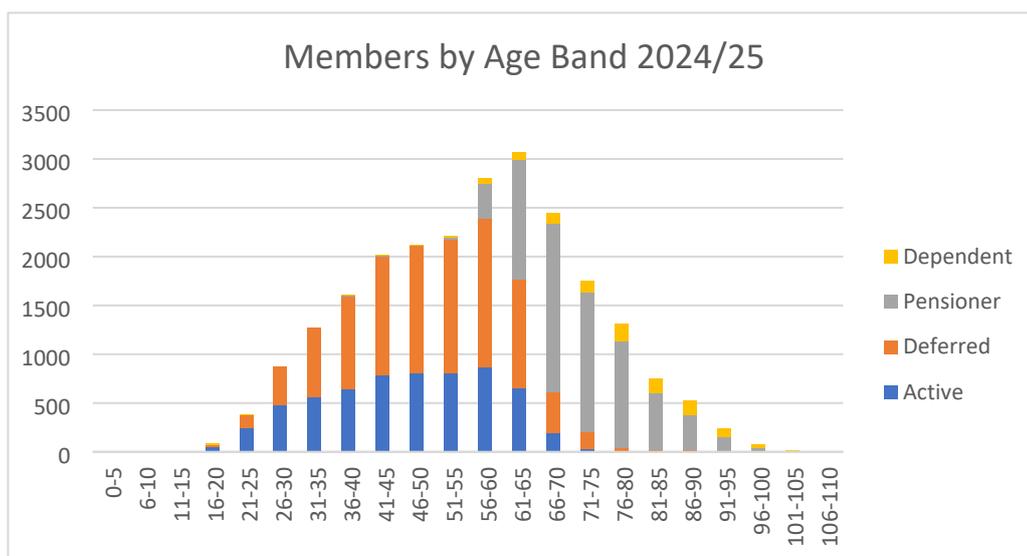
3.8 Table 5 below shows long term trends in scheme membership which has increased from 23,030 in 2023-24 to 23,578 in 24-25.

Table 5: Long Term Membership Trends



3.9 Table 6 shows the age profile of the four main categories of membership as at 31 March 2025.

Table 6: Age Profile of Membership



3.10 The “pyramid” shape profile of the Fund’s membership demonstrates that a significant proportion of the fund’s total membership is aged between 41 and 75 (70%). Active and deferred membership increased towards age 60

and pensioner members are predominantly aged between 60 and 75. Dependants are mainly over 60.

4. ENVIRONMENTAL IMPLICATIONS

4.1 There are no environmental implications flowing from this report.

5. RESPONSIBLE INVESTOR COMMENT

5.1 The monitoring of the cashflow and the membership of the fund enables the Pension Fund to fulfil its various responsibilities, including to the environment.

6. FINANCE COMMENTS OF THE DIRECTOR OF FINANCE

6.1 It is important that cash flow is monitored to ensure that the Fund can meet its obligations to pay pensionable benefits in the short term and also that in the longer term the Fund has liquid assets which can support the objectives of the Fund.

7. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

7.1 The Pension Committee has a fiduciary responsibility to protect the pension benefits of members by maximising returns and keeping contributions to a minimum. A failure to do so would be a breach of this responsibility and would be open to legal challenge. This report details information to ensure that the Fund is acting in accordance with its fiduciary responsibilities.