

London Borough of Hammersmith & Fulham

Report to: Pensions Board

Date: 13/01/2020

Subject: MHCLG LCIV Progress Report

Report of: Matt Hopson

Executive Summary

1.1 At the request of the Ministry for Housing, Communities and Local Government (MHCLG), the London CIV (LCIV) has prepared a pooling progress report as at September 2019, detailing an indicative projection of shareholder member pooling intentions, transition costs and savings over the next four years.

Recommendations

1. The Pensions Board is recommended to note this report.

Wards Affected: None

H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
<ul style="list-style-type: none">Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and taxpayer.

Financial Impact

- None

Legal Implications

- None
-

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

1. MHCLG Progress Report

- 1.1 The London CIV pooling progress report has been prepared based on the data provided by the 32 local authorities within London and, in preparing cost and saving projections, a number of assumptions have been applied to this data. The estimated savings passed on to member shareholders by March 2023 is projected to be circa £60m.
- 1.2 As at 31 March 2019, the LCIV had achieved a 48% pooling level across London's total of £38bn assets under management, with a projected LCIV pooling level of 68% by 31 March 2023. Of the £18bn held in pooled assets, £8bn is invested directly through the LCIV and £10bn invested in passive. The London Borough of Hammersmith and Fulham Pension Fund had 70% of assets pooled as at 31 March 2019 and this is anticipated to reach 78% by 31 March 2023.
- 1.3 The LCIV's cumulative total costs including annual running costs, service provider fees, transition and set up costs is expected to reach £81m by 31 March 2023, with cumulative savings of £109m anticipated to be generated during this period. By 31 March 2023 the total savings generated by the LCIV net of costs is estimated to be £60m.

2. Equality Implications

- 2.1. N/A

3. Risk Management Implications

- 3.1. N/A

4. Other Implications

- 4.1. N/A

5. Consultation

- 5.1. N/A

List of Appendices:

Appendix 1: MHCLG Progress Report