

London Borough of Hammersmith and Fulham Fund

Pension Fund Business Plan Outturn 2021/22

**Background**

At the Pension Fund Committee meeting on the 21<sup>st</sup> of March 2021, the Committee approved a business plan for 2021/22, identifying the key issues affecting the Pension Fund over the medium term and a timetable of activities needed to help achieve the strategic objectives. The business plan listed the investment process and pension administration tasks to be carried out during 2021/22, and the target date when these should be achieved.

The original 2021/22 business plan is shown as Annex 1.

**Outturn 2021/22**

This report sets out the outturn results of the pension fund business plan implementation, setting out each individual action required (in line with the original approved business plan shown as Annex 1) and the commentary where necessary of the outcome results of the year's work of the Pension Fund investment and administration staff.

## 2021/22 Budget Outturn

	Company Name (If Applicable)	2021/22 Budget	2021/22 Estimate*	2021/22 Outturn	2021/22 Variance
		£000	£000	£'000	£'000
<b>Administration</b>					
Contract Fees		395	236	230	(165)
Other costs		5	5	4	(1)
		<b>400</b>	<b>241</b>	<b>234</b>	<b>(166)</b>
<b>Governance and Oversight</b>					
Employees		479	570	644	165
Investment advisory services	Deloitte	125	132	59	(66)
Governance and compliance		160	160	142	(18)
External audit	Grant Thornton	30	30	40	10
Actuarial fees	Barnett Waddingham/ Hymans Robertson	95	95	35	(60)
		<b>889</b>	<b>987</b>	<b>921</b>	<b>32</b>
<b>Investment Management</b>					
Management, Performance and Transaction fees					
	Legal & General	205	303	318	113
	LCIV Absolute Return	1185	3,028	3,362	2,177
	Standard Life Property	265	273	988	723
	Oak Hill Advisors	600	937	679	79
	Partners Group	1175	1,400	911	(264)
	Aviva	180	160	166	(14)
	LCIV Global Bond Fund	265	345	234	(31)
	Abrdn MSPC	180	156	157	(23)
	Morgan Stanley	865	956	633	(232)
	Man Group	115	38	472	357
	Alpha Real Capital	230	-	0	(230)
	Darwin Alternatives	115	50	53	(62)
	Northern Trust	35	35	13	(22)
	LCIV	110	340	349	239
		<b>5,525</b>	<b>8,021</b>	<b>8,334</b>	<b>2,809</b>
<b>Total</b>		<b>6,814</b>	<b>9,249</b>	<b>9,489</b>	<b>2,675</b>

\* Estimate is based on charges made as at period 9 and approximate adjustments made

## **Outturn: Administration and Communication**

Action 1: Annual review and publication of the Pensions Administration strategy

Outcome: **Not Achieved**

Comments: Officers have had to focus their attention on the transition to the new administration provider LPPA, so this action has not yet been met.

Action 2: Compliance and reporting of key service performance indicators (KPIs)

Outcome: **Achieved**

Comments: These are reported quarterly at Committee meetings.

Action 3: Review and publication of communication policy

Outcome: **Not Achieved**

Comments: Officers have had to focus their attention on the transition to the new administration provider LPPA, so this action has not yet been met.

Action 4: Annual report and accounts published on website

Outcome: **Partially Achieved**

Comments: While the accounts and annual report were produced within the statutory timeframes, there have been resourcing issues with the Fund's external auditor which caused delays to obtaining an external audit opinion and publishing the accounts and annual report online.

Action 5: Freedom of information (FOI) requests responded to within statutory deadline

Outcome: **Partially Achieved**

Comments: All requests have been responded to, although some have fallen outside of the statutory deadline due to the complexity of the request and the dependence on external parties to provide information. Where this occurred, it was never significantly delayed.

## **Outturn: Actuarial / Funding**

Action 1: Provide employers with IAS19/FRS102 funding statements in line with employer year end.

Outcome: **Achieved**

Comments: We are limited in how quickly we can produce these reports as we need to first finalise the investment values and payment figures, however, we have still been able to provide our employers with the reports in a timely manner suitable to them.

Action 2: Funding level to be reported to Pension Fund Committee quarterly.

Outcome: **Achieved**

Comments: this is provided as part of the quarterly update and always achieved.

Action 3: Monitor and reconcile employer contributions remittances with the pension fund bank statement.

Outcome: **Achieved**

Comments: this is carried out on a monthly basis and always achieved.

Action 4: Member training to cover actuarial funding issues.

Outcome: **Achieved**

Comments: Hymans Robertson delivered training to all Tri-Borough boards and committees on 31/01/22

Action 5: Funding strategy reviewed and updated

Outcome: **Achieved**

Comments: The strategy is subject to constant review, with new asset classes introduced. It will next be formally reviewed in line with our post triennial valuation targets.

#### **Outturn: Pension Fund Committee**

Action 1: Train and develop all members to enable them to perform their duties effectively.

Outcome: **Achieved**

Comments: In addition to officer conducted training events, there was also breaches of the law training at the Pension Fund Committee meeting dated 23 November 2021.

Action 2: Committee papers to be issued to members five working days prior to meeting, and minutes to be circulated in a timely manner.

Outcome: **Achieved**

Comments: In line with statutory duties, the Council publishes papers for all public committees on its website at least five clear working days in advance of the meetings. Minutes are circulated to members and officers following the meeting and published on the Council's website.

Action 3: Committee meetings should include the investment advisor as appropriate

Outcome: **Achieved**

Comments: All Committee meetings included our investment advisor.

Action 4: Manager monitoring reports to be presented to Pension Fund Committee members.

Outcome: **Achieved**

Comments: these are included as part of the quarterly update pack.

Action 5: Pension Fund Committee to receive quarterly investment monitoring reports.

Outcome: **Achieved**

Comments: these are included as part of the quarterly update pack.

Action 6: Review and implement asset allocation, rebalancing where necessary.

Outcome: **Partially Achieved**

Comments: Investment allocations and variances to investment allocation policy are reported quarterly to the Pension Fund Committee. The Pension Fund does not have a specific rebalancing policy so rebalancing cannot take place without specific Committee approval. A proposed rebalancing policy will be brought to the Committee.

Action 7: Review, implement and publish the Investment Strategy Statement.

Outcome: **Achieved**

Comments: The Investment strategy statement has been reviewed and published, and will be considered as part of our post triennial valuation exercises.

Action 8: Respond to all government consultations and report to the Pension Fund Committee as necessary.

Outcome: **Achieved**

Comments: All consultations were answered and reported.

### **Outturn: Pensions Board**

Action 1: Provide Pensions Board members with access to training offered to Pension Fund Committee members.

Outcome: **Achieved**

Comments: Bespoke training arranged by officers is available to both Board and Committee members.

Action 2: Comply with any requests from the Pensions Board with regard to any aspect of the Scheme Manager function.

Outcome: **Achieved**

Comments: All requests were followed up.

Action 3: Pass on recommendations made by the Pension Fund Committee to the Pensions Board within a reasonable period of time.

Outcome: **Achieved**

Comments: All recommendations were passed on.

### **Outturn: Risk Management**

Action 1: Monitor Pension Fund expenses for the year against the agreed forecast.

Outcome: **Achieved**

Comments: Breakdowns of outturn against budget is provided above.

Action 2: Produce an Annual Statement of Accounts and achieve an unqualified audit.

Outcome: **Achieved**

Comments: This was achieved in line with the Fund's statutory duties.

Action 3: Ensure ongoing risk assessments of the management of the Fund.

Outcome: **Achieved**

Comments: these are included as part of the quarterly update pack and are reviewed by committee and board on that basis.

Action 4: Review MiFID documentation to ensure the Fund retains its professional investor status.

Outcome: **Achieved**

Comments: Documentation is updated as and when required.

Action 5: Obtain independent internal controls assurance reports for investment managers and fund global custodian.

Outcome: **Achieved**

Comments: This is carried out and compiled as part of the year-end close down process.

Action 6: Approve the Risk Register

Outcome: **Achieved**

Comments: This is carried out as part of the quarterly review and approved each quarter.

**Outturn: Further Information**

Action 1: Review the performance of the Fund's investment advisor against its stated aims and objectives.

Outcome: **Achieved**

Comments: This was taken to Committee on 29 February 2022.