

London Borough of Hammersmith and Fulham Fund

Pension Fund Business Plan Outturn 2022/23

Background

At the Pension Fund Committee meeting on the 28th February 2022, 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 2022/23 and the target date when these should be achieved.

The 2022/23 business plan is shown as Annex 1.

Outturn 2022/23

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.

2022/23 Budget Outturn

	Company Name (If Applicable)	2022/23 Budget	2022/23 Estimate*	2022/23 Outturn	2022/23 Variance
		£000	£000	£'000	£'000
Administration					
Contract Fees		245	245	448	(203)
Other costs		5	5	0	5
		250	250	448	(198)
Governance and Oversight					
Employees		590	590	553	37
Investment advisory services	Deloitte (now Isio)	165	165	96	69
Governance and compliance		160	160	85	75
External audit	Grant Thornton	35	35	45	(10)
Actuarial fees	Hymans Robertson	95	95	40	55
		1046	1046	819	227
Investment Management					
Management, Performance and Transaction fees					0
	Legal & General	318	318	367	(49)
	LCIV Absolute Return	3,179	3,179	2,736	443
	Standard Life Property	287	287	219	68
	Oak Hill Advisors	984	984	481	503
	Partners Group	1,400	1,400	939	461
	Aviva	168	168	149	19
	LCIV Global Bond Fund	362	362	171	191
	Abrdn MSPC	164	164	172	(8)
	Morgan Stanley	1,004	1,004	860	144
	Man Group	120	120	301	(181)
	Alpha Real Capital	250	250	69	181
	Darwin Alternatives	220	220	331	(111)
	Northern Trust	35	35	112	(77)
	LCIV	570	570	105	465
		9,061	9,061	7,014	2,047
Total		10,357	10,357	8,283	2,073

* Estimate was based on charges made as at period 9 and approximate adjustments were made

Outturn: Administration and Communication

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

Outcome: **Achieved**

Comments: The strategy was approved by the Committee in 15 November 2022.

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: **Achieved**

Comments: The strategy was approved in the 15 November 2023.

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 the Fund 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 reported at every opportunity.

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 was formally reviewed following the post triennial valuation targets in the meeting of the 28 February 2023.

Outturn: Pension Fund Committee

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

Outcome: **Achieved**

Comments: Officers have conducted training events on the 29 March 2023 and 7 September 2023: these sessions were recorded to allow members to refer back to them at any time.

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. However, rebalancing was recently undertaken as part of the investment strategy review approved by the Committee in the meeting of 28 February 2023.

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

Outcome: **Achieved**

Comments: The Investment strategy statement has been reviewed and published following the completion of the 2022 triennial valuation.

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: Local Pension 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: **Partially Achieved**

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

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 20 February 2024