

London Borough of Hammersmith and Fulham Fund

Pension Fund Business Plan 2022/23

Introduction

The Myners Report to HM Treasury, published in March 2001, recommends that local authority pension funds should approve an annual business plan in respect of the objectives required for the next one to three years.

Estimates are based on current investment allocations and expected expenses based on historic information and available forecasts. Investment allocations are subject to change, impacting management expenses.

Strategic medium-term objectives are grouped under the following headings:

- Administration and Communication;
- Actuarial / Funding;
- Pension Fund Committee;
- Pensions Board;
- Risk Management.

In order to meet objectives, a timetable of performance indicators has been agreed and an outturn report will be presented to the Pension Fund Committee to update members on progress.

2021/22 Forecast Expenditure

	Company Name (If Applicable)	2020/21	2021/22	2022/23
		Actual	Estimate*	Estimate
		£000	£000	£'000
Administration				
Contract Fees		361	236	245
Other costs		3	5	5
		365	241	250
Governance and oversight				
Employees		447	570	590
Investment advisory services	Deloitte	68	132	165
Governance and compliance		145	160	160
External audit	Grant Thornton	25	30	35
Actuarial fees	Barnett Waddingham/ Hymans Robertson	79	95	95
		764	987	1046
Investment Management				
Management, Performance and Transaction fees				
	Legal & General	210	303	318
	LCIV Absolute Return	2,846	3,028	3,179
	M&G	388	-	-
	Standard Life Property	291	273	287
	Oak Hill Advisors	823	937	984
	Partners Group	1,397	1,400	1,400
	Aviva	189	160	168
	LCIV Global Bond Fund	320	345	362
	Abrdn MSPC	142	156	164
	Morgan Stanley	537	956	1,004
	Man Group	-	38	120
	Alpha Real Capital	-	-	250
	Darwin Alternatives	-	50	220
	Northern Trust	21	35	35
	LCIV	309	340	570
		7,472	8,021	9,061
Total		8,601	9,107	10,200

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

Administration and Communication

The LBHF Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with secondary legislation.

The administration of the Fund has been undertaken by Surrey County Council since 2015. It was decided to terminate the delegation agreement from 31 January 2022, with services being provided by the Local Pension Partnership from 1 February 2022 onwards.

Objectives

1. Ensure the scheme is run in accordance with agreed service standards and in compliance with Regulations;
2. Deliver a high quality, cost effective pension administration service;
3. Collaborative working with outsourced parties;
4. Successful transition to LPPA team following exit from Surrey County Council.

	Actions	Timeline	Responsibility	Overseen by
A	Annual review and publication of the Pensions Administration strategy	31/3/23	Eleanor Dennis	Dawn Auger
B	Compliance and reporting of key service performance indicators (KPIs)	31/3/23	Eleanor Dennis	Dawn Auger
C	Review and publication of communication policy	31/3/23	Eleanor Dennis	Dawn Auger
D	Annual report and accounts published on website	1/12/23	Patrick Rowe	Matt Hopson
E	Freedom of information (FOI) requests responded to within statutory deadline	Ongoing	Patrick Rowe	Matt Hopson

Actuarial / Funding

The Fund is responsible for commissioning triennial actuarial valuations of the Pension Fund regarding the funding status and level of employers' contributions necessary to fully fund the Pension Fund. Actuarial services are currently subject to tender and will be awarded starting 1 April 2021 for five years.

Objectives:

1. Monitor the funding level of the Scheme, including a formal actuarial valuation every three years (next valuation as at 31 March 2022);
2. Monitor and reconcile contribution payments to the Scheme by the employers and scheme members;
3. Understand legislative changes which will impact on funding.

	Actions	Timeline	Responsibility	Overseen by
A	Provide employers with IAS19/FRS102 funding statements in line with employer year end.	March 22 July 22 August 22	Patrick Rowe	Matt Hopson
B	Funding level to be reported to Pension Fund Committee quarterly.	Quarterly	Patrick Rowe	Matt Hopson
C	Monitor and reconcile employer contributions remittances with the pension fund bank statement.	Monthly	Alastair Paton	Matt Hopson
D	Member training to cover actuarial funding issues.	Ongoing	Mathew Dawson	Phil Triggs
E	Funding strategy reviewed and updated	March 23	Matt Hopson/Phil Triggs	Pension Fund Committee

Pension Fund Committee

Investment allocation decisions are delegated to the Pension Fund Committee who oversees the management of the Fund's assets. The Pension Fund Committee appoints fund managers and advisors to assist in reviewing the overall strategic asset allocation, ensuring its suitability and the diversification of assets.

Objectives

1. Members should be equipped with the correct training and experience to make investment decisions;
2. Members should be provided with timely information on investment performance against agreed benchmarks;
3. Meetings should be run efficiently to ensure decisions are made clearly and effectively;
4. Suitability and diversification of the overall investment strategy and strategic asset allocation of the pension fund should be ensured, reporting to Council as necessary.

	Actions	Timeline	Responsibility	Overseen by
A	Train and develop all members to enable them to perform their duties effectively.	Ongoing	Mathew Dawson	Phil Triggs
B	Committee papers to be issued to members five working days prior to meeting, and minutes to be circulated in a timely manner.	Quarterly	David Abbot	Rhian Davies
C	Committee meetings should include the investment advisor as appropriate	Ongoing	Patrick Rowe	Matt Hopson
D	Manager monitoring reports to be presented to Pension Fund Committee members.	Quarterly	Patrick Rowe	Matt Hopson
E	Pensions Sub Committee to receive quarterly investment monitoring reports.	Quarterly	Patrick Rowe	Matt Hopson
F	Review and implement asset allocation, rebalancing where necessary.	Quarterly	Phil Triggs	Pension Fund Committee
G	Review, implement and publish the Investment Strategy Statement.	Annually	Phil Triggs	Pension Fund Committee
H	Respond to all government consultations and report to the Pension Fund Committee as necessary.	As appropriate	Phil Triggs	Pension Fund Committee

Pensions Board

Under Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the LGPS Regulations 2013, a Pensions Board must be established. The Pensions Board meets three times a year and assists in the governance and administration of the Fund.

Objectives

1. Ensure the Pensions Board is constituted and functions within the Regulations;
2. Help facilitate the effective operation of the Pensions Board.

	Actions	Timeline	Responsibility	Overseen by
A	Provide Pensions Board members with access to training offered to Pension Fund Committee members.	Ongoing	Mathew Dawson	Phil Triggs
B	Comply with any requests from the Pensions Board with regard to any aspect of the Scheme Manager function.	Ongoing	Phil Triggs	Pension Fund Committee
C	Pass on recommendations made by the Pension Fund Committee to the Pensions Board within a reasonable period of time.	Ongoing	Phil Triggs	Pension Fund Committee

Risk Management

In line with the best practice and the Pension Regulator's (tPR's) Code of Practice, the Pension Fund maintains a risk register to identify and monitor short and long-term risks to the Fund.

Investment assets are managed by external investment managers, with segregated assets held by an independent global custodian.

Objectives

1. Properly record financial transactions and produce an annual report and accounts within six months of the year end.
2. Monitor and report fees against an agreed budget.
3. Assess the risk associated with the management of the Scheme.

	Actions	Timeline	Responsibility	Overseen by
A	Monitor Pension Fund expenses for the year against the agreed forecast.	March 23	Patrick Rowe	Matt Hopson
B	Produce an Annual Statement of Accounts and achieve an unqualified audit.	Sep 22/23	Patrick Rowe	Matt Hopson
C	Ensure ongoing risk assessments of the management of the Fund.	Ongoing	Patrick Rowe	Matt Hopson
D	Review MiFID documentation to ensure the Fund retains its professional investor status.	Ongoing	Patrick Rowe	Matt Hopson
E	Obtain independent internal controls assurance reports for investment managers and fund global custodian.	March 23	Patrick Rowe	Matt Hopson
F	Approve the Risk Register	Quarterly	Phil Triggs	Pensions Board

Further Information

As per the requirements of the Competition Markets Authority (CMA), the Pension Fund must establish aims and objectives for its investment consultant. A set of consultant objectives were drawn up for the investment advisor, Deloitte, and approved by the Pension Fund Committee in November 2019.

In line with best practice, the performance of the investment consultant against the objectives should be reviewed on an annual basis and the objectives updated at least every three years, or when there has been a material change in the investment approach. Annex 1 details these objectives and assessed performance as at January 2022.

Timetable

PENSIONS BOARD	
Meeting Date	Report Deadline
9th Feb 2022	31 st Jan 2022
8th Jun 2022	31 st May 2022

Pension Fund Committee	
Meeting Date	Report Deadline
28th Feb 2022	16 th Feb 2022
28th June 2022	24 th Jun 2022
15th Nov 2022	11 th Nov 2022
28th Feb 2023	17 th Feb 2023