

London Borough of Hammersmith and Fulham Fund

Pension Fund Business Plan 2024/25

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.

2024/25 Forecast Expenditure

	Company Name (If Applicable)	2022/23	2023/24	2024/25
		Actual	Estimate*	Estimate
		£000	£000	£'000
Administration				
Contract Fees		448	468	511
Other costs		2	5	5
		450	473	516
Governance and oversight				
Employees		553	423	444
Investment advisory services	Isio	96	117	146
Governance and compliance		85	160	160
External audit	Grant Thornton	45	87	104
Actuarial fees	Hymans Robertson	40	95	95
		819	882	949
Investment Management				
Management, Performance and Transaction fees				
	Legal & General	367	386	405
	LCIV Absolute Return	2,736	2,545	2,672
	Standard Life Property	219	241	253
	Oak Hill Advisors	481	499	524
	Partners Group	939	751	601
	Aviva	149	130	136
	LCIV Global Bond Fund	171	-	-
	Abrdn MSPC	172	129	136
	Morgan Stanley	860	883	927
	Man Group	301	373	392
	Alpha Real Capital	69	201	211
	Darwin Alternatives	331	208	219
	Quinbrook		495	679
	Allspring Global Investments		710	851
	LCIV Buy and Maintain Short		116	139
	LCIV Buy and Maintain Long		116	139
	Northern Trust	112	123	136
	LCIV	105	110	115
		7,014	8,016	8,535
Total		8,283	9,371	10,001

* 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 is currently undertaken by the Local Pension Partnership Administration and has been in effect from 28 January 2022.

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. Consistent monitoring of the performance of the LPPA team.

	Actions	Timeline	Responsibility
A	Annual review and publication of the Pensions Administration strategy	31/3/24	Eleanor Dennis Sukvinder Kalsi
B	Compliance and reporting of key service performance indicators (KPIs)	31/3/24	Eleanor Dennis, Sukvinder Kalsi
C	Review and publication of communication policy	31/3/24	Eleanor Dennis, Sukvinder Kalsi
D	Annual report and accounts published on website	1/12/2024	Siân Cogley Mat Dawson
E	Freedom of information (FOI) requests responded to within statutory deadline	Ongoing	Eleanor Dennis, Siân Cogley Mat Dawson

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 provided by Hymans Robertson LLP and will next be subject to tender from 1 April 2026.

Objectives:

1. Monitor the funding level of the Scheme, including a formal actuarial valuation every three years (next valuation as at 31 March 2025);
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 24 July 24 August 24	Siân Cogley	Mat Dawson
B	Funding level to be reported to Pension Fund Committee quarterly.	Quarterly	Siân Cogley	Mat Dawson
C	Monitor and reconcile employer contributions remittances with the pension fund bank statement.	Monthly	Alastair Paton	Mat Dawson
D	Member training to cover actuarial funding issues.	Ongoing	Patrick Rowe	Phil Triggs
E	Funding strategy reviewed and updated	March 25	Mat Dawson /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	Patrick Rowe	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	Amrita White	David Abbot
C	Committee meetings should include the investment advisor as appropriate	Ongoing	Siân Cogley	Mat Dawson
D	Manager monitoring reports to be presented to Pension Fund Committee members.	Quarterly	Siân Cogley	Mat Dawson
E	Pension Fund Committee to receive quarterly investment monitoring reports.	Quarterly	Siân Cogley	Mat Dawson
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 twice 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	Patrick Rowe	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	Eleanor Dennis 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 24	Siân Cogley	Mat Dawson
B	Produce an Annual Statement of Accounts and achieve an unqualified audit.	September 24	Siân Cogley	Mat Dawson
C	Ensure ongoing risk assessments of the management of the Fund.	Ongoing	Siân Cogley	Mat Dawson
D	Review MiFID documentation to ensure the Fund retains its professional investor status.	Ongoing	Siân Cogley	Mat Dawson
E	Obtain independent internal controls assurance reports for investment managers and fund global custodian.	March 24	Siân Cogley	Mat Dawson
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 (now Isio), and approved by the Pension Fund Committee in February 2022.

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 2024.

Timetable

PENSIONS BOARD	
Meeting Date	Report Deadline
6 th Feb 2024	26 th Jan 2024
5 th Jun 2024	27 th May 2024
12 th Feb 2025	3 rd Feb 2025

Pension Fund Committee	
Meeting Date	Report Deadline
20 th Feb 2024	5 th Feb 2024
11 th June 2024	30 th May 2024
10 th Sep 2024	29 th Aug 2024
26 th Nov 2024	14 th Nov 2024
5 th Mar 2025	21 st Feb 2025