

Tri-borough Pension Funds Business Plan 2014-15

This plan sets out the planned activities for the year 2014-15 for the Pension Funds of London Borough of Hammersmith and Fulham, Royal Borough of Kensington and Chelsea and City of Westminster.

1. Summary of the Funds

| | Value of assets (31 Mar 2014) | Funding Level at last valuation (31 Mar 2014) | Total membership (31 Mar 2014) |
|------------------------|----------------------------------|---|--------------------------------------|
| Hammersmith and Fulham | £762.8m | 86% | 14,211 |
| Kensington and Chelsea | £695.7m | 100% | 9,747 |
| Westminster | £965.6m | 81% | 14,794 |

2. Tri-borough wide planned activities for 2014-15

| Ref | Activity | Description | Target date |
|-----|---|---|---|
| T1 | LGPS Consultation response | DCLG published a consultation about the structure of the LGPS in May 2014, in particular concerning common investment vehicles and active versus passive management of investments | Response due 11 th July 2014 |
| T2 | Implementation of governance regulations | Following on from the Public Sector Pensions Act 2013, draft regulations concerning LGPS governance are expected in June 2014 with final regulations to follow in September for implementation by 31 March 2015 | 31 st March 2015 |
| T3 | Admission bodies policy development | Developing a clear policy in this area will assist with the management of potential risks from admission bodies | 30 th September 2014 |
| T4 | Input to London Common Investment Vehicle | London Councils are leading the development of a Common Investment Vehicle for London boroughs. Further input is likely to be required leading up to first investments in February 2015 | Throughout 2014/15 |
| T5 | Review of quarterly reporting | In tandem with the governance regulations, a review of the quarterly reports provided to each committee will be carried out. | 31 st March 2015 |

3. Hammersmith and Fulham planned activities for 2014-15

In addition to the above activities across tri-borough funds, the following specific activities are planned for 2014-15.

| Ref | Activity | Description | Target date |
|-----|----------------------------|---|---|
| HF1 | Custodian tender | A bi-borough tender process for custodian services has been underway with Westminster, with a recommendation to be made to committee in June/July 2014. Implementation of the contract to follow. | June 2014 decision October 2014 implementation |
| HF2 | Actuarial contract | The contract comes to an end in July 2014. An option to extend to Kensington and Chelsea's end date of 31 st August 2015 is to be made in June 2014. | June 2014 decision |
| HF3 | Investment Strategy Review | Following the valuation in 2013, a review of investment strategy is timely to ensure the strategy continues to be fit for purpose. | Throughout 2014-15 |

4. Kensington and Chelsea planned activities for 2014-15

In addition to the above activities across tri-borough funds, the following specific activities are planned for 2014-15.

| Ref | Activity | Description | Target date |
|-----|--|--|-------------|
| KC1 | De-risking strategy consideration | Following the valuation in 2013, a review of strategy to reflect the improving funding level is timely. | Autumn 2014 |
| KC2 | Bi-borough reporting arrangements with Baillie Gifford | Following Westminster's decision to appoint Baillie Gifford on the same mandate as RBKC's it will make sense for them to report to both Committees at the same time. | Autumn 2014 |

5. Westminster planned activities for 2014-15

In addition to the above activities across tri-borough funds, the following specific activities are planned for 2014-15.

| Ref | Activity | Description | Target date |
|-----|--------------------------------|--|---|
| W1 | Custodian tender | A bi-borough tender process for custodian services has been underway with Hammersmith and Fulham, with a recommendation to be made to committee in June/July 2014. Implementation of the contract to follow. | June 2014 decision October 2014 implementation |
| W2 | Review of fixed income mandate | The contract with the current fixed income manager is coming to an end, so it is timely to review the mandate. | Autumn |
| W3 | Satellite equity manager | Following an earlier review of the Fund's equity strategy, this is the final part of the implementation. | Autumn |

6. Budget and Resources

This section summarises the resources available to the three Funds to undertake the planned activities.

a) Officers and Advisers

The tri-borough funds are supported by an officer team and various other advisers detailed in the table below:

| | Hammersmith and Fulham | Kensington and Chelsea | Westminster |
|--------------------|---|-------------------------------------|----------------------------------|
| Officers | Jonathan Hunt: Tri-borough Director of Treasury & Pensions Pension Fund Officers: Alex Robertson, Nicola Webb and Nikki Parsons | | |
| Investment adviser | Alistair Sutherland: Deloitte | Andrew Elliott: Hymans Robertson | Alistair Sutherland: Deloitte |
| Actuary | Graeme Muir: Barnett Waddingham | | |
| Legal advisers | Eversheds LLP | | |
| Custodian | Northern Trust * | | BNY Mellon * |
| Fund Managers: | | | |
| Equities | | Baillie Gifford | |
| | Majedie | | Majedie |
| | MFS | Longview | |
| | | Legal & General | |
| Absolute Return | Barings | | |
| | Ruffer | Pyrford | |
| Fixed Income | Legal & General | | Insight |
| | Goldman Sachs | | |
| Private Equity | Invesco | Adams Street | |
| | Unigestion | | |
| Property | | CBRE | Hermes |
| | | Kames | Standard Life |

*Under procurement process at present.