



City of Westminster

# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>11 March 2021</b>
<b>Classification:</b>	<b>Public</b>
<b>Title:</b>	<b>Pension Fund Business Plan &amp; Investment Consultant Performance Review</b>
<b>Wards Affected:</b>	<b>None</b>
<b>Policy Context:</b>	<b>Effective control over Council Activities</b>
<b>Financial Summary:</b>	<b>There are no immediate financial implications arising from this report.</b>
<b>Report of:</b>	<b>Phil Triggs</b> <i>Tri-Borough Director of Treasury and Pensions</i> <a href="mailto:ptriggs@westminster.gov.uk">ptriggs@westminster.gov.uk</a> <b>020 7641 4136</b>

## 1 Executive Summary

- 1.1 The purpose of this report is to present the 2021/22 Pension Fund Business Plan, attached as Appendix 1, which presents the strategic medium-term objectives and a budget forecast for 2021/22.
- 1.2 Attached in Appendix 2 is the annual performance review of the investment consultant against the agreed Investment Consultant Aims and Objectives, as approved at the Pension Fund Committee at its meeting on 23 October 2019.

## 2 Recommendation

- 2.1 The Pension Fund Committee is requested to:
  - Comment on and approve the attached business plan and budget for 2021/22 (Appendix 1).

### 3 Background

- 3.1 The Myners Report to HM Treasury, compiled by Lord Myners and published in March 2001, recommended that local authority pension funds should approve an annual business plan in respect of the objectives required for the next one to three years.
- 3.2 This is the first City of Westminster Pension Fund business plan presented to the Pension Fund Committee and sets out the medium-term objectives and a financial forecast for 2021/22. It is attached at Appendix 1.
- 3.3 The Fund's business plan objectives cover the following areas:
  - Administration
  - Communication
  - Actuarial/Funding
  - Pension Fund Committee Members
  - Financial and Risk Management
  - Investment
  - Local Pension Board
- 3.4 The forecast budget for 2021/22 details the Fund's expenses by administration, oversight and governance, and investment management. It is estimated that the Fund's administration expenditure fees will be significantly higher in 2020/21, due to the increase in the Surrey County Council annual charge and the cost of the five-year Aquila Heywood's Altair licence fee.
- 3.5 There will also be significant upfront administration costs during 2021/22 in relation to the pension administration transition from Surrey County Council to Hampshire County Council. In addition, the Fund will be changing software providers from Heywood to Civica and this will form part of the Hampshire County Council annual contract fee.
- 3.5 Governance and oversight expenses are expected to be broadly in line with previous years. However, the employee recharge is expected to increase. This is as a result of a review of the Tri-Borough Section 113 Agreement, which took place during 2020/21.
- 3.6 Investment management costs are expected to increase during 2020/21 and in 2021/22. This is due to increased transaction cost disclosure as a result of the LGPS Cost Transparency Code, an increase in asset market values and the transition of investments to more complex asset classes.
- 3.7 An outturn report will be presented to the Committee to update members on progress, present the Pension Fund business plan outcomes and an outturn expenditure summary.

- 3.8 In line with best practice, the performance of the Fund’s 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. Appendix 2 details these objectives and assessed performance as at November 2020.

**If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:**

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**BACKGROUND PAPERS:** None

**APPENDICES:**

Appendix 1: Business Plan including budget forecast for 2021/22  
Appendix 2: Investment Consultant Performance Review  
Appendix 3: Detailed budget forecast for 2021/22 (Exempt)