



City of Westminster

Committee Report

Decision Maker:	PENSION FUND COMMITTEE
Date:	10 March 2022
Classification:	General Release (Appendix 3 is exempt)
Title:	Pension Fund Business Plan & Investment Consultant Performance Review
Wards Affected:	None
Policy Context:	Effective control over Council Activities
Financial Summary:	There are no immediate financial implications arising from this report.
Report of:	Phil Triggs <i>Tri-Borough Director of Treasury and Pensions</i> ptriggs@westminster.gov.uk 020 7641 4136

1 Executive Summary

- 1.1 The purpose of this report is to present the 2022/23 Pension Fund Business Plan, attached as Appendix 1, which presents the strategic medium-term objectives and a budget forecast for 2022/23.
- 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 2022/23 (Appendix 1).
 - Approve that Appendix 3 to this report is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

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. This plan sets out the medium-term objectives and a financial forecast for 2022/23, as attached at Appendix 1.
- 3.2 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
- 3.3 The forecast budget for 2022/23 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 lower in 2022/23, following the pension administration transition to Hampshire County Council during 2021/22. It should be noted that the fee for the administration software provider, Civica, will form part of the Hampshire County Council annual contract fee.
- 3.4 Governance and oversight expenses are expected to be broadly in line with previous years. However, it is anticipated that, going forward, the finance employee recharge will decrease. This is as a result of the London Borough of Bexley joining the Tri-Borough Treasury and Pensions services, alongside Hammersmith and Fulham and Kensington and Chelsea. Please note this has not yet been reflected in the budgeted figures as the formal agreement is still to be approved.
- 3.5 Investment management costs are expected to increase further during 2022/23. 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, which attract a higher management fee.
- 3.6 An outturn report will be presented to the Committee to update members on progress, the Pension Fund business plan outcomes and an outturn expenditure summary.

- 3.7 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 February 2022.

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 2022/23

Appendix 2: Investment Consultant Performance Review

Appendix 3: Detailed budget forecast for 2022/23 (Exempt)