



# Committee Report

<b>Decision Maker:</b>	<b>PENSION FUND COMMITTEE</b>
<b>Date:</b>	<b>29 June 2023</b>
<b>Classification:</b>	<b>General Release (Appendix 3: exempt)</b>
<b>Title:</b>	<b>Pension Fund Business Plan and 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 2023/24 Pension Fund Business Plan, attached as Appendix 1, which presents the strategic medium-term objectives and a budget forecast for 2023/24.
- 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 2023/24 (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  - Approve that Appendix 3 to this report is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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 2023/24, 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 2023/24 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 slightly higher during 2023/24, as a result of an increase in the administration fee relating to increased Hampshire (HPS) staffing costs and an increase in Westminster membership data. There is also expected to be an increase in project costs relating to the McCloud project and guaranteed minimum pension (GMP) rectification.
- 3.4 Governance and oversight expenses are expected to be slightly higher than previous years. This is as a result of an increase in the Finance employee recharge and investment advisory costs following the asset allocation review in light of the triennial valuation.
- 3.5 Investment management costs are expected to increase further during 2023/24. 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 when there has been a material change in the investment approach. Appendix 2 details these objectives and assessed performance as at April 2023.

**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 2023/24

Appendix 2: Investment Consultant Performance Review

Appendix 3: Detailed budget forecast for 2023/24 (exempt)