

# London Borough of Hillingdon Pension Fund



HILLINGDON  
LONDON

## Business Plan & Budget 2023/24



## Introduction

The Local Government Pension Scheme is one of the largest pension schemes in the UK and its members are employees working in local government and other employers who qualify to join the scheme. Although it is the scheme is nation-wide (England and Wales), it is administered locally. The London Borough of Hillingdon is responsible for managing the scheme. Members of the London Borough of Hillingdon Pension Fund include people who work for (or have worked for) Hillingdon Council, and a range of other organisations, such as schools, academies, colleges and private companies providing services to public bodies.

The London Borough of Hillingdon Pension Fund has over 100 participating employers with approximately 30,000 members and assets valued at approximately £1.2 billion.

This business plan sets out the priorities for the Fund's services for the current financial year and has been agreed by the Pensions Committee of the London Borough of Hillingdon. One of the key objectives of this plan is to ensure both the Committee and officers are satisfied with the resource and budget allocated to deliver the LGPS service.

The plan takes into account the risks facing the Fund, performance of the Fund and anticipated regulatory changes and sets out the Key Performance Indicators (KPIs) which will be used to monitor progress against the business plan.

This is the first such business plan for the Fund and it was agreed by the Pensions Committee on **26 September 2023**. In future, the business plan and budget will be reviewed, updated and agreed by the Pension Committee concurrently and before the start of each financial year.

Progress against the business plan, including actual spend, will be monitored by the Pension Committee on a regular basis and published in the Fund's annual report and accounts. Performance measures to assess progress will be developed.

## Our Vision for the London Borough of Hillingdon Pension Fund

We aim to:

- provide an excellent service for our members and our employers;
- take a prudent long-term view for funding the pension to secure long-term solvency, with sufficient funds to pay benefits to members and their dependants;
- Have effective and efficient decision-making for the fund to ensure a quality service, working effectively with partner organisations including the London Common Investment Vehicle (CIV) our investment pooling company.

## **External Factors**

**Good Governance** The outcomes of this review is anticipated to see a higher level of reporting from LGPS Funds, with greater oversight on outcomes. With an increased focus on good governance, we expect to see an increased expectation on the role of the Local Pensions Board having been highlighted in the Good Governance review as being inconsistently used across the LGPS.

**Investment Pooling** Over the summer of 2023, the UK government consulted on the future of LGPS investment including accelerated pooling, increased investment in private equity, investment in 'levelling-up' assets and enhanced reporting of investment information.

**Knowledge and Skills** (Decision-Making Bodies and Officers) Contained within the current Code of Practice from The Pensions Regulator (TPR) is a requirement on the Local Pensions Board to undertake training and to develop their knowledge of the LGPS. It is expected the TPR standards for Local Pensions Boards will be adopted as a minimum by the LGPS in due course. The Fund already has in place a detailed Trustee Training Policy which it will seek to build on.

## Objectives

To achieve the Fund's goals, the following objectives must be met:

- Governance
  - o Update the Fund's Training Policy and develop a training plan to support members of the Pensions Committee to develop pensions knowledge
  - o Strengthen oversight of London CIV, the Fund's investment pool
  - o Finalise the Fund's accounts for 2022/23
  - o Develop stakeholder communications
  - o Develop internal team and procedures to reduce the risk of over reliance on specific individuals.
- Member experience
  - o Address the backlog of data queries
  - o Monitor service provided by our third party administrator including implementation of scheme changes (McCloud judgement)
  - o Assess and monitor preparedness for further changes.
- Investment
  - o Review the Fund's investment strategy following the completion of the 2022 actuarial valuation and implement any changes
  - o Engage with London CIV on development of new products
  - o Review our approach to investment monitoring including developing climate reporting
  - o Assess and respond to feedback from the 2023 Stewardship Code submission
  - o Review integration of Local Authority Pension Fund Forum (LAPFF) efforts and intelligence into the Fund's responsible investment efforts.
- Service providers
  - o Review Custody contract (July 2024 renewal)
- Benchmarking
  - o Regular review of benchmarking of services including investment costs.
- Budgeting
  - o Further analysis to show fund manager fee breakdown including LCIV fixed and management fees.

These objectives will be progressed during the remainder of 23/24 and, in most cases, will progress into 2024/25.

## **Budget for 2023/24**

The 2023/24 budget was approved by Committee in June 2023 and currently has capacity to incorporate the items listed above. However as projects progress further, analysis may be required to update forecast spending.

The budget has been updated to split staffing costs between 'Administration' and 'Governance' with CSV and Democratic Services also being moved into 'Governance'.

LCIV fixed costs are included within 'Investment'.

As noted above, further analysis will take place to show individual fund manager fees.