

Pensions Action Plan

Since the Pensions shared service was established, there have been several important developments to improve the effectiveness of the team and deliver some of the synergies expected from a shared service offering.

These include increased collaboration and more efficient use of resources, improved levels of skills and competencies and greater resilience in delivering the services.

This plan seeks to build further on the work done to date and identified actions to be taken to put the Tri-Borough Pensions Service as a leader amongst its peers.

The actions in this plan are split into 3 key areas;

Operational improvements which will streamline existing working practices and work towards a consistent set of outputs to be delivered by the team,

Assurance improvements which highlight ways of demonstrating the Funds are being managed effectively and within the regulatory framework, and

Financial proposals which will ensure the costs of delivering the scheme administration are understood and minimised.

The objectives of the improvements were identified as follows:

1. Operational (*doing things better*):
 - a. To ensure Pension Committees and Local Pension Boards are fully supported;
 - b. To better understand, manage and monitor the risks of the Funds;
 - c. To support an improvement in the quality of communications with Employers and scheme members.
2. Assurance (*doing things right*):
 - a. To ensure the most effective governance arrangements are in place;
 - b. To improve the level of controls assurance and reporting frameworks;
 - c. To ensure the Scheme is efficiently managed and complies with relevant regulations.
3. Financial (*being cost efficient*):
 - a. To fully understand the Funds' current and expected financial position;
 - b. To optimise the procurement of services utilised by the Funds;
 - c. To minimise the cost of administering the Funds locally;
 - d. To improve the quality and transparency of financial reporting.

Governance

Action	Link to Objectives	Purpose	Completion Date	Hammersmith and Fulham	Kensington and Chelsea	Westminster
Embed ISS and FSS Statements	1c 2a 2c	To ensure the Regulatory requirements of the Public Service Pensions Act 2013 are met in terms of embedding and scrutinizing the working of the new Investment Strategy and Funding Strategy Statements	June 2018	To be reviewed in 12 months when new ISS and FSS beds in	To be reviewed in 12 months when new ISS and FSS beds in	To be reviewed in 12 months when new ISS and FSS beds in
Update Risk Registers to reflect Financial and Member Risks	1a 1b	Update Risk registers so that risks reflect financial and member metrics to ensure decision makers are regularly aware of the risks involved and can establish mitigation as necessary.	September 2017	Risk register now reflects impact on members and budget and will be kept under review	outstanding	Risk register now reflects impact on members and budget and will be kept under review
Knowledge & Skills Training programme	1a 2a 2c	To ensure Local Pension Boards/Pension Committees and Officers meet regulatory requirements to have the necessary knowledge and skills and to support individuals to achieve this requirements through training needs analysis and a bespoke training programme.	December 2017	Self assessment to be conducted in October 2017 to determine training needs. This is required for the MiFID II 'opt up'	Self assessment to be conducted in October 2017 to determine training needs. This is required for the MiFID II 'opt up'	Self assessment to be conducted in October 2017 to determine training needs. This is required for the MiFID II 'opt up'

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Agree 'Pensions Administration' SLA between HR and Finance	1a 2a 2b	To clarify the internal roles and responsibilities involved in operating the Pension Fund in terms of regulatory requirements and key functions to ensure the quality and continuity of service is provided to employees, employers and other stakeholders.	September 2017	Outstanding	Outstanding	Outstanding
Update Contracts Register	2a 2c	Ensure all contractual arrangements are documented in one place and on-going procurement requirements are known and planned for.	September 2017	Contracts are monitored by officers through the Capital Resourcing database.	Contracts are monitored by officers through the Capital Resourcing database.	Contracts are monitored by officers through the Capital Resourcing database.

Scheme Administration

Action	Link to Objectives	Purpose	Completion Date	Hammersmith and Fulham	Kensington and Chelsea	Westminster
Long Term Cash Flow forecast (given negative cash flow positions)	1a 3a 3d	<ol style="list-style-type: none"> 1. Identify monthly cash flows for each fund for next 3 years 2. Highlight key drivers of cash flows and major risk areas 3. Establish monitoring and updating procedures 4. Provide regular updates to Pension Committees 5. Agree policy of actions to address shortfalls 	September 2017	<p>Cash flow monitoring is presented at PF Committee as a standing item including a 3 year forecast. A monthly report also goes to the EMT. Areas of concern are identified for the short and medium term.</p> <p>A draw-down policy will be developed to support negative cash flow.</p>	<p>Cash flow monitoring outstanding</p> <p>A draw-down policy will be developed to support negative cash flow.</p>	<p>Cash flow monitoring is presented at PF Committee as a standing item including a 3 year forecast. A monthly report also goes to the EMT. Areas of concern are identified for the short and medium term.</p> <p>A draw-down policy will be developed to support negative cash flow.</p>

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Resolve issues on the end to end Starters Leavers Changes process	1b 1c 2b 3a 3c 3d	<ol style="list-style-type: none"> 1. Document and Agree end to end process and ownership at each stage. 2. Agree monitoring and review process 3. Provide regular updates to Pension Committees 	October 2017	To be updated for next Committee	To be updated for next Committee	To be updated for next Committee
Admission Agreement Process	1a 1b 1c 2c	<ol style="list-style-type: none"> 1. Prepare standardised approach to the process of instigating an Admission Agreement 2. Agree the approach with HR and Pension Committees 3. Communicate approach internally and to all Employing Bodies 4. Provide regular updates to Pension Committees 	December 2017	To be updated for next Committee	To be updated for next Committee	To be updated for next Committee

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Forge Closer relationship with London CIV	1b 1c	<ol style="list-style-type: none"> 1. Ensure that 3B requirements are fully articulated and understood 2. Ensure 3B have a voice on all the main working groups to shape requirements and outcomes 	July 2017	<p>There is Officer and Member level representation on key working groups in the CIV.</p> <p>There are spaces on working groups to be filled</p>	<p>There is Officer and Member level representation on key working groups in the CIV.</p> <p>There are spaces on working groups to be filled</p>	<p>There is Officer and Member level representation on key working groups in the CIV.</p> <p>There are spaces on working groups to be filled</p>
Improve Fund Websites	1c 3c	<ol style="list-style-type: none"> 1. Update template webpage for new key areas 2. Work with IT to deliver user friendly interface subject to VFM including link to employee portal at Surrey 3. Ensure awareness of website to employers and employees 	December 2017	To be updated for next Committee	To be updated for next Committee	To be updated for next Committee

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Ensure Funds Reconcile to Financial System within financial year	1b 1c 2b 3a 3c 3d	1. Ensure that financial system reflects custodian records as submitted on a quarterly basis. 2. Ensure all reconciliations (other than above) signed off on a monthly basis	June 2017			To be updated for next meeting due to closure of accounts sign off and the rollover of balances
Create Key Controls Matrix	2b	1. Establish matrix of all financial controls 2. Agree monitoring and reporting procedures	June 2017	Outstanding	Outstanding	Outstanding

Funding & Investments

Action	Link to Objectives	Purpose	Completion Date	Hammersmith and Fulham	Kensington and Chelsea	Westminster
Investment Strategy Reviews	1a 1b 2c	To ensure each Fund's investment strategy is optimal. The Funds are currently considering the appropriateness of their strategies in light of the triennial revaluation, cash flow forecasts and rebalancing policies and further work may be required depending on the expected consultation on asset pooling. Existing Manager's underperformance or new developments in the markets may trigger a further review.	September 2017 As required	Strategy has been updated following the triennial valuation. This is subject to quarterly and monthly monitoring by the Investment Advisor and Officers	Strategy has been updated following the triennial valuation. This is subject to quarterly and monthly monitoring by the Investment Advisor and Officers	Strategy has been updated following the triennial valuation. This is subject to quarterly and monthly monitoring by the Investment Advisor and Officers

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Improve Fund Manager Monitoring Arrangements	1a 2a	<ol style="list-style-type: none"> 1. To maximise the benefits from engagement with Fund Managers by establishing a structured meeting schedule and standard format involving Officers and Members. 2. Work with the CIV to ensure that monitoring arrangements for Funds that are transferred are to the same level 	September 2017	Awaiting information	Awaiting information	Fund manager meeting days will be scheduled over December to January.
Investment Adviser Contract	1a 3b	To ensure each Fund secures the best possible advice and value for money in relation to its investment adviser arrangements.	2017	To be updated for December 2017	New Adviser Contract to commence 1 October following procurement process	To be updated for December 2017
Actuarial Services Contract	2c 3b	To ensure each Fund secures the best value for money in relation to its actuarial arrangements.	2017	To be updated for December 2017	To be updated for December 2017	To be updated for December 2017

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Review Fund Manager Fees	3a 3c 3d	<ol style="list-style-type: none"> 1. Given the national focus on Investment Management Costs ensure fee data is accurate and comparable using appropriate benchmarking services and demonstrates good value to the Funds. 2. Only transfer items to the London CIV if Fee reductions (ensuring performance is maintained at same level) 	2017	To be updated for December 2017	To be updated for December 2017	To be updated for December 2017