

## **Appendix 1**

### **City of Westminster Pension Fund**

#### **Business Plan Outturn for 2021/22**

The Myners Report to HM Treasury, 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.

At the Pension Fund Committee meeting on the 11 March 2021, the Committee approved a business plan for 2021/22, identifying the key issues affecting the Pension Fund over the medium term and a timetable of activities needed to help achieve the strategic objectives. The business plan listed the investment process and pension administration tasks to be carried out during 2021/22, and the target date when these should be achieved.

This report sets out the outturn results of the Pension Fund business plan, setting out each individual action required and the commentary where necessary of the outcome results of the year's work of the Pension Fund investment and administration staff. Alongside this, the Pension Fund costs for the three years to 2021/22 are set out in the following tables.

**Table 1: 2019/20 - 2021/22 Actual Pension Fund Costs**

	Company Name (If Applicable)	2019/20	2020/21	2021/22
		£000	£000	£000
<b>Administration</b>				
Employees	Admin Employee Recharge	352	308	359
Supplies and services				
	Legal Costs	74	23	13
	Administrator	183	333	531
	Pension Project Costs	-	-	617
	Various Admin*	141	317	97
		<b>750</b>	<b>981</b>	<b>1,617</b>
<b>Governance and oversight</b>				
Employees	Finance Employee Recharge	183	237	228
Training		2	-	1
Investment advisory services		78	91	101
Governance and compliance	Various**	71	43	39
External audit		16	25	29
Actuarial fees		72	32	12
		<b>422</b>	<b>428</b>	<b>410</b>
<b>Investment Management</b>				
Management, Performance and Transaction fees		5,631	8,624	11,234
Custody fees		31	54	48
		<b>5,662</b>	<b>8,678</b>	<b>11,282</b>
<b>Total</b>		<b>6,834</b>	<b>10,087</b>	<b>13,309</b>

\*Includes Aquila Heywood's Altair software maintenance/licence fees up to 2020/21 (5-year licence fee paid during 2020/21), scheme member tracing and bank charges

\*\*Includes subscription fees/other services, i.e., CIPFA Pensions Network, LGA, Pensions Lifetime and Savings Association, Pensions and Investment Research Consultants

**Table 2: 2019/20 - 2021/22 Investment Management Costs**

	2019/20			2020/21			2021/22		
	Total MV	Fees	% of MV	Total MV	Fees	%	Total MV	Fees	%
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Management fees		4,778	0.36%		6,211	0.36%		7,688	0.41%
Transaction fees		768	0.06%		2,368	0.14%		3,546	0.19%
Performance fees		85	0.01%		45	0.00%		-	0.00%
	<b>1,319,740</b>	<b>5,631</b>	<b>0.43%</b>	<b>1,747,353</b>	<b>8,624</b>	<b>0.50%</b>	<b>1,858,363</b>	<b>11,234</b>	<b>0.60%</b>

**Administration and Communication**

The Pension Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with secondary legislation.

The administration of the Fund was undertaken by Surrey County Council since 2015. It was decided to terminate the S101 agreement with effect from November 2021, with services transferred to Hampshire Pension Services (HPS) December 2021.

<b>Administration</b>			
Objective(s)			
- to ensure scheme is run in accordance with the rules; in accordance with agreed service standards; and in compliance with regulations			
- to deal with and rectify any errors and complaints in a timely way			
<b>Action</b>	<b>Description</b>	<b>Outcome</b>	<b>Comments</b>
1	Pension Fund Committee to receive pension administration key performance indicators (KPIs) report on a quarterly basis.	Achieved	These are reported quarterly at Committee meetings.
2	Pension Fund Committee to receive the Pension Fund Annual Report.	Achieved	This was approved by the Pension Fund Committee on 24 June 2021.
3	Ensure that any complaints against action or inaction by pension staff are dealt with in a timely manner.	Ongoing	This is an ongoing process, and officers ensure any complaints are dealt with in a timely manner.

4	Review the content of the Pension Fund website to ensure it is relevant and kept up to date.	Achieved	A review of the Pension Fund administration website was undertaken during the year to ensure it remains fit for purpose. Alongside this, the Finance team ensures the Pension Fund finance webpage remains up-to-date.
5	Discuss/meet with Surrey CC/HPS and report to the Pension Fund Committee.	Achieved	The People Services team meet with the Hampshire Pension Services administration team on a monthly basis. The Finance team meet with Hampshire on a semi-annual basis.
6	Transition of the pension administration contract from Surrey CC to HPS.	Achieved	The Pension Administration transition took place successfully during November 2021.
7	Mortality screening to identify deceased individuals.	Ongoing	This is an ongoing process, which takes place on a monthly basis via HPS for UK based pensioners. Annual exercises take place for overseas based pensioners. Additionally, the fund takes part in the bi-annual National Fraud Initiative (NFI) exercise.

<b>Communication</b>			
Objective(s) - to convey the security of the Scheme - to ensure members understand and appreciate the value of their benefits			
<b>Action</b>	<b>Description</b>	<b>Outcome</b>	<b>Comments</b>
1	Ensure communication material complies with current legislation and effectively communicates the benefits of the scheme to members and employers. Ensure communication material is amended to comply with the requirements of the new regulations/legislation.	Ongoing	This is an ongoing process, which takes place as appropriate when changes are introduced.
2	Communication on a timely basis of material scheme changes to Pension Fund Committee, employer bodies and members.	N/A	There were no material scheme changes during the year.
3	Prepare Pension Fund Annual General Meeting and receive feedback from employers.	Not Achieved	The Westminster City Council Pension Fund AGM has not taken place since 2019 due to the COVID-19 outbreak.
4	Communicate actuarial valuation to all employers.	N/A	To take place once the 2022 valuation has been undertaken by the actuary.
5	Provide employers with actuarial accounting briefing note.	Achieved	Provided to employers following their respective year ends.

### **Actuarial /Funding:**

The Fund is responsible for commissioning triennial actuarial valuations of the Pension Fund regarding the funding status and level of employers' contributions necessary to fully fund the Pension Fund. During the 2021/22 financial year the Pension Fund changed actuaries from Barnett Waddingham to Hymans Robertson. Therefore the next valuation, as at 31 March 2022, will be undertaken by Hymans Robertson.

<b>Actuarial/Funding</b>			
Objective(s) - to monitor the funding level of the Scheme including formal valuation every three years - to monitor and reconcile contribution payments to the Scheme by the employers and scheme members - to understand legislative changes which will impact on funding			
<b>Action</b>	<b>Description</b>	<b>Outcome</b>	<b>Comments</b>
1	Provide employers with IAS19/FRS102 funding statements when requested.	Achieved	Provided to employers following their respective year ends.
2	Report the funding level of the Fund to the Pension Fund Committee every quarter.	Achieved	These are reported quarterly at Committee meetings.
3	Monitor and reconcile employer contributions remittances with the bank statement.	Achieved	This reconciliation has taken place on a monthly basis.
4	Member training covering actuarial funding issues.	Achieved	During the year, the actuary provided valuation training to both Committee and Board members.
5	New employers admitted into the fund, including bonds, admission agreements and initial funding level.	N/A	There were no new employers admitted to the Fund during the year.

## Pension Fund Committee

Investment allocation decisions are delegated to the Pension Fund Committee who oversees the management of the Fund's assets. The Committee appoints fund managers and advisors to assist in reviewing the overall strategic asset allocation, ensuring its suitability and the diversification of assets.

<b>Pension Fund Committee Members</b>			
Objective(s) - to train and develop all members to enable them to perform duties effectively - to meet quarterly and to include investment advisor and independent advisors as required - to run meetings efficiently and to ensure decisions are made clearly and effectively			
<b>Action</b>	<b>Description</b>	<b>Outcome</b>	<b>Comments</b>
1	Review Pension Fund Committee member training requirements and implement training plan as appropriate.	Achieved	Two half-day training sessions were provided to Committee and Pension Board members during 2021/22.
2	Ensure that meeting papers are issued at least seven days prior to meeting.	Achieved	Officers have ensured Committee papers are sent to clerks at least seven days prior to meetings during 2021/22.
3	Ensure that governance process remains in line with revised Myners/CIPFA principles to ensure 100% compliance.	Achieved	All processes remain up to date.
4	Ensure that Committee is kept fully up to date with the DLUHC asset pooling guidance.	N/A	Still awaiting updated pooling guidance.

### Financial & Risk Management/ Investment

In line with the best practice and the Pension Regulator's Code of Practice, the Pension Fund maintains a risk register to identify and monitor short-term and long-term risks to the Fund.

Investment assets are managed by external investment managers, with segregated assets held by an independent global custodian.

<b>Financial &amp; Risk Management</b>			
Objective(s) - to properly record financial transactions to and from the Scheme and produce annual report and accounts within six months of year end - monitor investment adviser fees against budget - assess the risk associated with the management of the Scheme			
<b>Action</b>	<b>Description</b>	<b>Outcome</b>	<b>Comments</b>
1	Monitor Pension Fund expenses for the year against budgeted.	Achieved	Reported to Committee following the end of each financial year.
2	Produce Annual Statement of Accounts and achieve an unqualified audit.	Achieved	The audited 2020/21 accounts were published on the Council website prior to the statutory deadline, with an unqualified opinion.
3	Produce Pension Fund Annual Report.	Achieved	The 2020/21 Pension Fund Annual Report published on the Council website prior to the statutory deadline.
4	Ensure ongoing risk assessments of the management of the Fund.	Achieved	Risk registers reported quarterly at Committee meetings.
5	Review of the MiFID documents to ensure the Fund retains professional status.	Achieved	Last review undertaken during May 2021, with next review to take place during 2022.



<b>Investment</b>			
Objective(s) - periodically review investment strategy and benchmarks - monitor performance against benchmarks - maintain contact with pool and investment managers			
<b>Action</b>	<b>Description</b>	<b>Outcome</b>	<b>Comments</b>
1	Annual consideration of CIPFA/Myners principles.	Achieved	Reviewed as part of the Investment Strategy Statement.
2	Discuss/meet with London CIV and report to Pension Fund Committee.	Achieved	Officers have attended monthly update meetings with the London CIV.
3	Pension Fund Committee to receive quarterly investment monitoring reports.	Achieved	These are reported quarterly at Committee meetings.
4	Respond to all government consultations and report to the Pension Fund Committee as necessary.	Achieved	During the year, the Fund responded to a consultation on the Pensions Regulator Single Code.
5	Continue to implement pooling as per DLUHC pooling guidance.	N/A	Still awaiting updated pooling guidance.

## **Local Pension Board**

Under Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the LGPS Regulations 2013, a Local Pension Board must be established and maintained. The Pension Board meets four times a year and assists in the governance and administration of the Fund.

<b>Local Pension Board</b>			
Objective(s) - to ensure the Local Pension Board is constituted and functions within the regulations - to help facilitate the effective operation of the Local Pension Board			
<b>Action</b>	<b>Description</b>	<b>Outcome</b>	<b>Comments</b>
1	Reasonably comply with any requests from the Local Pension Board with regard to any aspect of the Scheme Manager function.	Achieved	During the year officers undertook work at the request of the Pension Board, this included a value for money analysis and review of the pensions administration website.
2	Give due consideration to recommendations made to the Pension Fund Committee from the Local Pension Board and respond to the Local Pension Board within a reasonable period of time.	Achieved	See above.
3	Provide Local Pension Board members access to training offered to Pension Fund Committee members.	Achieved	Two half-day training sessions were provided to Committee and Pension Board members during 2021/22.
4	Invite members of the Local Pension Board to attend Pension Fund Committee meetings.	Achieved	The Pension Fund Committee clerk invited the Pension Board to the Committee meeting on 10 March 2022.