

London Borough of Hillingdon Pension Fund



HILLINGDON
LONDON

Business Plan & Budget 2024/25

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 more than 30,000 members and assets valued at approximately £1.3 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 plan was agreed by the Pensions Committee on 5 June 2024.

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;
- Be a responsible investor in line with the published policy;
- 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 outcome 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. The Fund already has in place a detailed Training Policy and has developed a Training Plan which will be implemented throughout 2024/25.

Objectives

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

- Governance
 - o Support members of the Pensions Committee and Board to develop pensions knowledge
 - o Engagement with and oversight of London CIV, the Fund's investment pool
 - o Work with external auditors to accelerate the audit of the Fund's accounts for 23/24 ahead of the government proposed deadline
 - o Undertake a gap analysis and imbed improvements where required against the new General Code of Practice
 - o Work with Hillingdon Council and other Fund employers to Improve the provision of pension information from payroll providers.
 - 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/GMP)
 - o Assess and monitor preparedness for Pension Dashboard implementation.
- Investment
 - o Implement the revised investment strategy target allocation.
 - o Invest in the new LCIV Global Equity Value proposition
 - o Transition UBS 'Fund of Funds' property mandate to LCIV
 - o Engage with London CIV on development of new products
 - o Introduce dashboard style investment monitoring reporting
 - 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.

These objectives will be progressed during the remainder of 24/25 and, in most cases, will progress into 2025/26.

Budget for 2024/25

The 2024/25 budget was approved by Committee in June 2024 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 CSC and Democratic Services within 'Governance'.

LCIV fixed costs are included within Investment.