

**LONDON BOROUGH OF LEWISHAM
PENSION FUND**

BUSINESS PLAN 2023-24

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1. INTRODUCTION

1.1 This is the Business Plan for the London Borough of Lewisham Pension Fund (the 'Fund'). Lewisham Council is an Administering Authority under Local Government Pension Scheme (LGPS) Regulations and as such has delegated authority for this to the Pensions Investment Committee.

1.2 The Business Plan sets out the work undertaken by the Committee during 2023/24 and the plan of work for the forthcoming three years. The Business Plan is reviewed and updated annually.

1.2 This Business Plan (BP) provides an overview of the Fund's key objectives for 2023-24.

The key high level objectives of the fund are summarised as:

- Optimise Fund returns consistent with a prudent level of risk
- Ensure that there are sufficient resources available to meet the investment Fund's liabilities, and
- Ensure the suitability of assets in relation to the needs of the Fund.

1.3 A bespoke training and development program for this administration will be added to the BP after agreement by Members at the September Committee meeting.

1.4 The governance of the Fund is the responsibility of the Executive Director of Corporate Resources for the London Borough of Lewisham and the London Borough of Lewisham Pension Fund Investment Committee. The day to day management of the Fund is delegated to Officers with specific responsibility delegated to the Director of Finance. They are supported in this role by the Head of Strategic Finance, Planning and Commercial, the Treasury and Investment Manager and the Head of Payroll and Pensions.

1.5 The Pensions Investment Committee (PIC) aims to ensure the maximising of investment returns over the long term within an acceptable level of risk. Performance is monitored by asset performance being compared with their strategic benchmarks. This includes reviewing the Fund Managers' quarterly performance reports and discussing their strategy and performance with the Fund Managers.

2. CODE OF PRACTICE

2.1 The London Borough of Lewisham adopts the key recommendations of the Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

2.2 Lewisham recognises that effective financial administration, scheme governance and decision-making can only be achieved where those involved have the requisite knowledge and skills.

2.3 Accordingly Lewisham will ensure that it has adequate resources, formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making.

2.4 These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Pensions Finance Knowledge and Skills Frameworks.

2.5 Lewisham will report annually on how these policies have been put into practice throughout the financial year.

2.6 Lewisham has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Executive Director of Corporate Resources, who will act in accordance with the organisation's policy statement, and, where they are a CIPFA member, with CIPFA Standards of Professional Practice.

3. KEY DOCUMENTS TO BE CONSIDERED BY THE PENSION INVESTMENT COMMITTEE

3.1 There are a number of key policy and strategy documents which the Local Government Pension Scheme (LGPS) Regulations require to be kept under regular review. These are listed below:

3.2 Annual Report

This report sets out the Pension Fund activities for the previous financial year. The Council is required to publish the report by December of each year to accompany an audited financial statement. Within the Annual Report are the following documents: Statement of Investment Principles, Funding Strategy Statement, Governance Compliance Statement, Communications Policy and Pension Fund accounts.

3.3 Funding Strategy Statement

This sets down the strategy for prudently meeting the Fund's future pension liabilities over the longer term, including the maintenance, as far as possible, of stable levels of employer contributions. It also identifies the key risks and controls facing the Fund and includes details of employer contribution rates following the Fund's triennial valuation.

3.4 Investment Strategy Statement

For many years Local Government Pension Funds were required to maintain a Statement of Investment Principles ("SoIP"). New Local Government Pension Scheme ("LGPS") Investment Regulations became effective on 1 November 2016. These Regulations remove many of the investment restrictions that were formerly in place for the LGPS and, in effect, allow individual Funds considerable discretion about where and how to invest.

The Regulations also introduced a requirement for administering authorities to formulate, publish and maintain an Investment Strategy Statement ("ISS") which replaced the Statement of Investment Principles. The redrafted ISS will replace the ISS dated June 2022.

3.5 Communications Policy

This details how the Fund provides information and publicity about the Pension scheme to its existing members and their employers and methods of promoting the Pension scheme to prospective members and their employers. It also identifies the format, frequency and method of distributing such information or publicity.

3.6 Governance Compliance Statement

This is a written statement setting out the administering authority's compliance with good practice governance principles. These principles are grouped within eight categories and are listed within the statement. The Fund's compliance against each of these principles is also detailed, including evidence of compliance and, if appropriate, reasons if there is not full compliance.

4. MAJOR MILESTONES FOR THE PENSION FUND IN 2023-24

4.1 The PIC will review and revise the Business Plan annually at its June meeting.

Milestone	Date
Review and Evaluation of the Business Plan	PIC June 2023
Investment Strategy Statement (including Responsible Investment Beliefs Statement) published June 2023	PIC 2023
Actuarial and advisory procurement contract	Sept - Nov
Draft Pension Fund Accounts presented	PIC September
Approval of the audited Pension Fund annual accounts and annual report	PIC November
Knowledge and Skills audit completed	July 2023
Review performance of fund managers	Quarterly Performance Report presented at each meetings
Training sessions for members	As per training plan following Knowledge and Skills Audit – July 2023

List of Policies and Reports

Policies and Reports	Provided by	Approval required by:	Timetable	Review every
Acceptance of the triennial valuation report produced by the Fund Actuary	Actuaries	Officers	January 2023	3 years
Funding Strategy Statement*	Pension Advisors	PIC	March 2023	3 years
Investment Strategy Statement*	Officers	PIC	June 2023	3 years
Communications Strategy*	Officers	PIC	November 2022	3 years
Pension Administration Strategy*	Officers	PIC	November 2022	3 years
Annual Business Plan*	Officers	PIC	June 2023	1 years
Annual Report and Statement of Accounts (by 1 December)*	Pension advisors and Officers	PIC	November 2022	1 Year
Governance compliance statement*	Officers	PIC	November 2022	1 years
Review the appointment of Additional Voluntary Contribution providers.	Officers	Officers	June 2023	5 years
Review the appointment of investment managers, consultants and the custodian.	Officers	Officers	June 2023	5 years

*Required by the Pension regulator

5. KNOWLEDGE, DEVELOPMENT AND TRAINING

5.1 Following completion and analysis of the Knowledge and Skills returns (Appendix A) by Committee Members a bespoke training programme will be developed for the Committee to agree at its September meeting.

5.2 A. General training and annual events will be provided and are outlined below:

Induction	On joining the Pension Fund Committee all new members will receive a briefing on the responsibilities of the Committee and an introduction to the major policy and other documents setting out the Fund's management arrangements and investment strategy.
Pension Investment Committee papers	This consists of key policy documents such as the statement of investment principles, the funding strategy statement, the communication strategy, risk management and also refers to the main regulations affecting the administration of the fund.
Annual meetings with Fund Managers	Each fund manager is scheduled to attend PIC. These meetings are specific to each fund manager and have a bespoke agenda to ensure additional information on the asset class managed is provided to Committee Members as well as covering areas of performance and governance.
A range of seminars and conferences	This will be available to Members, including specific training for new Committee Members provided by the Local Government Employers. An example of the sort of seminars/ conferences that are available during the year is attached as Appendix B.
Quarterly economic updates	This is arranged for Committee Members throughout the year through the Fund's Investment advisor Hymans Robertson.

5.3 B. Core Technical Requirements:

There are six areas of knowledge and skills relating to the LGPS, which CIPFA has identified as being the core technical requirements for those involved in decision-making. They are:

1. legislative and governance context;
2. accounting and auditing standards;
3. procurement of financial services and relationship management;
4. investment performance and risk management;
5. financial markets and knowledge of investment products; and
6. actuarial methods, standards and practices.

The major matters covered under each of the six areas are set out in Appendix A.

5.4 C. Training programme

Training is provided in separate meetings, and can take place before each Investment Committee meeting, with attendance restricted to Committee members, Pension's Board, other Council members and Trades Union representatives. A log is maintained of members' attendance at training meetings.

The proposed 2023/24 programme will be based on an assessment of training needs, and will be identified from the self assessment form in Appendix A.

The London Borough of Lewisham Pension Fund has a suggested three year rolling training and development plan that is to be approved by the PIC. This ensures that Trustees and Officers responsible for the Fund continue to refresh and develop their knowledge and skills to allow them to discharge their responsibilities and meet the requirements of The Chartered Institute of Public Finance and Accountancy (CIPFA) knowledge and skills framework.

5.5 In addition to these formal sessions, those charged with the governance of the Fund also seeks to keep up to date with the latest developments LGPS and the wider Pensions industry through briefings and attendance at appropriate seminars and conferences. The Fund will only attend sessions that directly impact upon the London Borough of Lewisham Pension Fund in that they:

- Will provide information on the latest developments within the LGPS;
- Provide the Fund with opportunities to develop knowledge of key developments and best practice within other LGPS Funds;
- Provide the Fund with an opportunity to research new asset classes within the investment universe; or
- Are specific client conferences run by the Funds existing Fund managers or external advisors.

6. MONITORING PERFORMANCE FOR THE FUND MANAGERS

6.1 The monitoring of the returns on the Fund Investments are undertaken by Northern Trust who provide monthly, quarterly, annual, and three-yearly investment returns. A report on the latest quarterly investment performance of the Fund Managers against their agreed benchmarks is presented by our adviser Hymans Robertson at each PIC meeting.

6.2 The Committee, investment advisors and officers have the opportunity to discuss performance with the Fund Managers and any other related investment issues that may arise. In times where performance is poor the Committee will request that the Fund Manager sets out their strategy for improving performance and meeting agreed targets.

7. ADMINISTRATIVE TARGETS FOR THE COMMITTEE MEMBERS

7.1 Administrative targets:

- Members to attend at least 75% of Pension Committee meetings each year.
- Draft committee minutes to be issued within seven weeks of a meeting
- Committee papers to be sent out at least five working days before a meeting.
- To regularly review and agree changes to strategy/policy documents. All strategy/policy documents will be considered by Committee at least every three years, even if no changes are recommended.

8. PENSION FUND COMMITTEE MEETINGS TIMETABLE

8.1 Work programme

The committee's work programme for the coming year will be as follows:

<i>At each meeting</i>	To receive a general business update from officers to cover items of interest that have occurred since the last meeting.
	To review investment performance
	To consider the Executive Director of Resource's report in respect of Corporate Governance issues

<u>Half-yearly</u>	To consider the Director of Finance report in respect of Risk Register
<u>As required</u>	To receive a list of training and events
	To approve the Pension Fund's Annual Report.
	To perform a training audit of the Committee's training requirements
	To review any changes to investment regulations
	To consider matters relating to investments
	To review the appointment of advisers/managers
<u>Direct from LAPFF</u>	To receive the minutes and updates from the Local Authorities Pension Fund Forum (LAPFF)

APPENDIX A - SKILLS AND KNOWLEDGE AUDIT:

Every public sector organisation should secure adequate resources and appropriate training, having assessed the professional competence of both those involved in pension scheme financial management and those with a policy, management and/or oversight role.

Are you financially Qualified?	Yes/No
If yes, please state the qualification	
Have you served on a Pensions Committee before?	Yes/No
If yes, please provide dates	From: _____ To: _____

M	Minimal level of understanding
I	Intermediate level of understanding
A	Advanced level of understanding

Core technical areas	Areas of knowledge	Level of Understanding: M,I,A
Legislative and governance framework	General pensions framework	
	Scheme-specific legislation for LGPS	
	Pensions regulators and advisors	
	Constitutional framework for Fund committees within administering authorities	
	Pension scheme governance	
Accounting and auditing standards	Accounts and Audit regulations	
	Role of internal and external audit	
Procurement of financial services and relationship management	Procurement requirements of UK and EU legislation	
	Supplier risk management	
Investment performance and risk management	Monitoring of investment performance	
	Performance of advisors	
	Performance of the Fund committee	
	Performance of support services	
Financial markets and investment products	Investment strategy	
	Financial markets	
	Regulatory requirements regarding investment products	
Actuarial methods, standards and practices	Valuations, funding strategy and inter-valuation monitoring	
	Ill-health and early retirement	
	Admitted bodies	
	Outsourcing and bulk transfers	

Please list any other relevant topics that are of interest to you	
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Appendix B

Suggested Training and Events

Date	Time	Event	Organiser	Location	Cost & additional information	Web site
Anytime		The Pension regulator's Toolkit	The Pension Regulator	Online	Free	https://trusteetoolkit.thepensionsregulator.gov.uk/
06/06/2023 – 08/06/2023	All day	PLSA Investment Conference 2023	PLSA	EICC, Edinburgh	Free to attend: registration via website - accommodation not included	https://www.plsa.co.uk/Events/Conferences/Invest
14/06/2023 – 15/06/2023	All day	Sustainable Investment Festival 2023	Professional Pensions	London (Venue TBC)	Free to attend: registration via website	https://sustainableinvestmentfestival.co.uk/sif2023/e
26/06/2023 – 28/06/2023	All day	Local Authority Conference 2023	PLSA	De Vere Cotswold Waterpark, Gloucestershire	£495	https://www.plsa.co.uk/Events/Conferences/Local-Authority-Conference
04/07/2023 – 06/07/2023	All day	Annual Conference and Exhibition	LGA	Bournemouth International Centre	£560	https://lgaevents.local.gov.uk/lga/frontend/reg/thome.csp?pageID=540419&eventID=1563
04/09/2023 – 05/09/2023	All day	London CIV Annual Conference	London CIV	TBC	Free	www.londonciv.org.uk