

# **LONDON BOROUGH OF LEWISHAM PENSION FUND**

## **Draft Business Plan 2024-25**

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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 to be undertaken by the Committee during 2024/25 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 2024-25.
- 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.
- 1.4 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 1<sup>st</sup> 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**

The Funding Strategy Statement ("FSS") was approved in February 2023. The FSS 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 updated ISS was approved by PIC in June 2023

#### **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 2024-25

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

##### Work programme for 2024/25

Milestone	Date
Review and Evaluation of the Business Plan	September 2024
Administration Strategy	November 2024
Data Improvement Plan	November 2024
Engagement Policy	September/November 2024
Draft Pension Fund Accounts presented	November 2024
Approval of the Pension Fund Annual Report	November 2024
Actuarial and advisory procurement contract	Sept – Nov 2024
Review performance of fund managers	Quarterly Performance Report presented at each meeting
Review Net Zero Pathway Report	September 2024
Review Climate Risk Report	September 2024
Training sessions for members	Meet the Manager each meeting and other training to be confirmed

##### List of All Policies and Reports

Policies and Reports	Provided by	Approval required by:	Date Approved	Timetable for review	Review every
Acceptance of the triennial valuation report produced by the Fund Actuary	Actuaries	Officers	January 2023	January 2026	3 years
Funding Strategy Statement*	Pension Advisors	PIC	March 2023	March 2026	3 years
Investment Strategy Statement*	Officers	PIC	June 2023	March 2026	3 years
Communications Strategy*	Officers	PIC	November 2022	November 2025	3 years
Engagement Policy	Pension advisors and Officers	PIC		September/November 2024	3 years
Pension Administration Strategy*	Officers	PIC		November 2024	3 years
Annual Business Plan*	Officers	PIC	June 2023	September 2024	1 years
Annual Report and Statement of Accounts (by 1 December)*	Pension advisors and Officers	PIC	November 2023	November 2024	1 Year

Governance compliance statement*	Officers	PIC	November 2023	November 2024	1 year
Pathway to Net Zero Policy	Pension advisors and Officers	PIC	September 2023	September 2024	1 Year
Review the appointment of Additional Voluntary Contribution providers.	Officers	Officers	June 2021	September 2026	5 years
Review the appointment of investment managers, consultants and the custodian.	Officers	Officers		September 2024	10 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:

<b>Induction</b>	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.
<b>Pension Investment Committee papers</b>	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.
<b>Annual meetings with Fund Managers</b>	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.
<b>A range of seminars and conferences</b>	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.
<b>Quarterly economic updates</b>	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 the Pension Investment Committee meetings or as separate meetings, 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 2024/25 programme will be based on the requirements from members and a list of training and events can be seen in Appendix A.

5.5 In addition to any formal training 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 members 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:

<u>At each meeting</u>	To receive a general business update from officers to cover items of interest that have occurred since the last meeting.
	To review investment performance
<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 review 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 - Suggested Training and Events

Date	Time	Event	Organiser	Location	Cost & additional information	Web site
02/10/2024	All day	Defined Benefit Summit 2024	Professional Pensions	Yorkshire	Free	<a href="https://event.professionalpensions.com/definedbenefitsummit/en/page/home">https://event.professionalpensions.com/definedbenefitsummit/en/page/home</a>
09/10/2024	All day	Sustainable Investment and climate change issues conference	SPS Conferences	London	Free	<a href="https://www.spsconferences.com/conference-details-october-9-2024">https://www.spsconferences.com/conference-details-october-9-2024</a>
15-17/10/2024	All day	PLSA Annual Conference	PLSA	Liverpool	Free	<a href="#">Annual Conference   PLSA</a>
22/10/2024	All day	SPS Local Authority Pension Funds' ESG & Current Issues	SPS Conferences	Royal College of Surgeons, London	Free	<a href="https://www.spsconferences.com/conference-details-october-22-2024">https://www.spsconferences.com/conference-details-october-22-2024</a>
12/02/2025	All day	SPS Alternative and Real Asset Investments Conference	SPS Conferences	London	Free	<a href="https://www.spsconferences.com/conference-details-february-12-2025">https://www.spsconferences.com/conference-details-february-12-2025</a>

