

## Pensions CIV Sectoral Joint Committee

Item no: 9

### **Business Plan and MTFS Implementation and Progress Reporting**

**Report by:** Hugh Grover      **Job title:** Chief Executive

**Date:** 12 April 2017

**Contact Officer:**

**Telephone:** 020 7934 9942      **Email:** [hugh.grover@londonciv.org.uk](mailto:hugh.grover@londonciv.org.uk)

---

**Summary:** This report sets out Annual Budget and MTFS progress reporting framework to provide transparent and robust reporting of delivery against the Company's 2017-21 Business Plan and MTFS.

---

**Recommendations:** The committee is recommended to note and discuss the reporting framework set out below.

---



## Background

1. The Company's 2017-21 Business Plan and MTFS (the "Business Plan"), approved by the Board and Shareholders in January 2017, included a number of objectives, key performance indicator ("KPI") targets and deliverables for FY 2017/18. In order to provide ongoing transparency to the Joint Committee on the implementation status and delivery of the FY 2017/18 commitments and longer term deliverables outlined in the 2017-21 Plan, the following reporting framework has been developed and will be put into place from 1 April.

## 2017/18 Objectives and KPIs

2. The Business Plan included the below 2017/18 Objectives and KPI targets which will need to be monitored and reported to the Joint Committee on a quarterly basis from a current performance and forward looking planning perspective.

---

### LCIV 2017/18 Objectives

#### Investments and Investment Oversight

- Complete launch of identified and agreed commonality funds
- Launch Global Equity and Fixed Income fund strategies as prioritised in collaboration with LLAs and supported by a business case and transparent benefits
- Deliver quarterly investment oversight dashboard monitoring mandate drift and performance and taking proactive action where required

#### Client Service

- Complete assessment of LLA needs based on triennial valuation results
- Agree client reporting and service model and implement including SLA
- Establish robust and transparent benefits reporting by LLA

#### Finance and Business Operations

- Manage costs in line with approved budget
- Finalise target operating model and complete implementation of core systems
- Deliver staff recruitment plan
- Meet LCIV Board and stakeholder MI and reporting requirements and timetables

#### Governance, Risk and Compliance

- Maintain compliance with FCA regulation including third parties
  - Unqualified annual audit report
  - Satisfactory Depositary reviews (no red/critical issues)
  - Maintain Enterprise Risk register and manage business in accordance with risk appetite statement and agreed tolerances
-

### LCIV 2017/18 KPIs

- AUM: At or above £6.3 Bn
- Income: Management fee income in line with budget
- Expenses: Expense spend in line with budget
- Clients: Deliver products and services from which all 32 LLAs pension funds can benefit and have agreed and signed SLSs in place
- Staff: 13 staff on-boarded
- Governance: No significant audit or compliance issues

### Reporting Proposal: Summary Dashboard

- The reporting framework will include a quarterly summary KPI dashboard and high level commentary to be provided in the CEOs update report and further detailed reporting for key areas in standalone reports. The quarterly reporting will include the current quarter and forward looking quarter status to ensure transparency on both progress made and forward looking milestones and delivery status. A draft template for Q1 2017 is shown below.

### DRAFT Q1 2017 KPI Reporting Template

Q1 2017 Quarterly KPI Update						
	Forecast	Actual	Variance	Q1 Comment	Forward Quarter Status	Supporting Report
Funds opened						Fund Development Update
AUM (£Bn)						Fund Development Update
Management Fee (£,000)						Finance Report
Service Fee and DFC (£,000)						Finance Report
Operating costs (£,000)						Finance Report
Staff on-boarded						Finance Report
Material audit points						Finance Report
Material compliance points						Finance Report
LLAs receiving benefits						Client Report
Agreed and signed SLA						Client Report

## **Reporting Proposal: Supporting Reports**

4. The KPI status will be supported by more detailed reporting either in separate stand-alone reports or as part of the standing Committee reports. Given the critical importance of fund launches, finance, and client engagement in the delivery of the 2017/18 plans, there will be more detailed reporting on each of these items as shown below.

**Fund Launch Progress Report.** The fund launch progress report will be separate from the CIO's Investment report and will provide a detailed status update on current and forward looking fund launch timelines, milestones, and RAG status, and will identify potential issues which would impact any of the three fund launch components that impact the KPIs and LCIVs financial performance including:

- i. the timing of the fund launch;
- ii. the estimated AUM of the fund launch; and
- iii. the number of LLA's invested and receiving benefits.

**Client Report.** The client report will provide an update on the current LLA investment status, LLA engagement on existing and planned fund launches, and any key issues relating to wider LLA engagement. In addition, the client report will provide an update on the below 2017/18 Objectives:

- i. assessment of LLA needs based on triennial valuation results;
- ii. client reporting and service model implementation; and
- iii. benefits reporting

**Financial Report.** The financial report will provide a summary P&L, cashflow, and balance sheet indicating any variances in the quarter and any issues/concerns which may impact the budget in the forward looking quarter.

## **Recommendations**

5. The Committee is recommended to review, discuss and comment on the reporting framework.

## **Financial Implications**

6. There are no financial implications.

## **Legal Implications**

7. There are no legal implications.

## **Equalities Implications**

8. There are no equalities implications.