PENSIONS COMMITTEE

Thursday, 10 March 2022 at 6.30 pm Committee Rooms, Hackney Town Hall, Mare Street, London, E8 1EA

The live stream can be viewed here:
https://youtu.be/c5E-nPOPuoU
or
https://you.be/9TOiNIXRZP4

Members of the Committee:
Councillor Robert Chapman (Chair)
Councillor Michael Desmond
Councillor Kam Adams(Vice-Chair)
Councillor Ben Hayhurst
Councillor Polly Billington
Councillor Margaret Gordon
Councillor Nick Sharman
Councillor Patrick Spence
Councillor Lynne Troughton
Co-Optees:
Jonathan Malins-Smith
Henry Colthurst

Mark Carroll
Chief Executive
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Pensions Committee
Thursday, 10 March 2022
Agenda

1 Apologies For Absence

2 Declarations of Interest - Members to declare as appropriate

3 Consideration of The Minutes of The Previous Meeting
There are no minutes for approval

4 Responsible Investment Policy

5 Risk Policy

6 Procurement & Contracts Update

7 Pensions Administration Strategy

8 Business Plan

9 Quarterly Update Report

10 Exclusion of The Press And Public

Proposed resolution:

THAT the press and public be excluded from the proceedings of the Pensions Committee meeting during consideration of Exempt item 11- Cyber Security Policy on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in Schedule 12A, Part 3 to the Local Government Act 1972 as amended.

11 Cyber Security Policy - EXEMPT

12 Any Other Business Which in The Opinion Of The Chair Is Urgent

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Public Attendance

The Town Hall is not presently open to the general public, and there is limited capacity within the meeting rooms. However, the High Court has ruled that where meetings are required to be ‘open to the public’ or ‘held in public’ then members of the public are entitled to have access by way of physical attendance at the meeting. The Council will need to ensure that access by the public is in line with any Covid-19 restrictions that may be in force from time to time and also in line with public health advice.

Those members of the public who wish to observe a meeting are still encouraged to make use of the live-stream facility in the first instance. You can find the link on the agenda front sheet.

Members of the public who would ordinarily attend a meeting to ask a question, make a deputation or present a petition will be able to attend if they wish. They may also let the relevant committee support officer know that they would like the Chair of the meeting to ask the question, make the deputation or present the petition on their behalf (in line with current Constitutional arrangements).

In the case of the Planning Sub-Committee, those wishing to make representations at the meeting should attend in person where possible.

Regardless of why a member of the public wishes to attend a meeting, they will need to advise the relevant committee support officer of their intention in advance of the meeting date. You can find contact details for the committee support officer on the agenda front page. This is to support track and trace. The committee support officer will be able to confirm whether the proposed attendance can be accommodated with the room capacities that exist to ensure that the meeting is covid-secure.

As there will be a maximum capacity in each meeting room, priority will be given to those who are attending to participate in a meeting rather than observe.

Members of the public who are attending a meeting for a specific purpose, rather than general observation, are encouraged to leave the meeting at the end of the item for which they are present. This is particularly important in the case of the Planning Sub-Committee, as it may have a number of items on the agenda involving public representation.

Before attending the meeting

The public, staff and councillors are asked to review the information below as this is important in minimising the risk for everyone.

If you are experiencing covid symptoms, you should follow government guidance. Under no circumstances should you attend a meeting if you are experiencing covid symptoms.

Anyone experiencing symptoms of Coronavirus is eligible to book a swab test to find out if they have the virus. You can register for a test after checking your symptoms through the NHS website. If you do not have access to the internet, or have difficulty with the digital portals, you are able to call the 119 service to book a test.

If you're an essential worker and you are experiencing Coronavirus symptoms, you can apply for priority testing through GOV.UK by following the guidance for essential workers. You can also get tested through this route if you have symptoms of coronavirus and live with an essential worker.

Availability of home testing in the case of people with symptoms is limited, so please use testing centres where you can.

Even if you are not experiencing covid symptoms, you are requested to take an asymptomatic test (lateral flow test) in the 24 hours before attending the meeting.

You can do so by visiting any lateral flow test centre; details of the rapid testing sites in Hackney can be found here. Alternatively, you can obtain home testing kits from pharmacies or order them here.

You must not attend a lateral flow test site if you have Coronavirus symptoms; rather you must book a test appointment at your nearest walk-through or drive-through centre.

Lateral flow tests take around 30 minutes to deliver a result, so please factor the time it will take to administer the test and then wait for the result when deciding when to take the test.

If your lateral flow test returns a positive result then you must follow Government guidance; self-isolate and make arrangements for a PCR test. Under no circumstances should you attend the meeting.

Attending the Town Hall for meetings

To make our buildings Covid-safe, it is very important that you observe the rules and guidance on social distancing, one-way systems, hand washing, and the wearing of masks (unless you are exempt from doing so). You must follow all the signage and measures that have been put in place. They are there to keep you and others safe.

To minimise risk, we ask that Councillors arrive fifteen minutes before the meeting starts and leave the meeting room immediately after the meeting has concluded. The public will be invited into the room five minutes before the meeting starts.

Members of the public will be permitted to enter the building via the front entrance of the Town Hall no earlier than ten minutes before the meeting is scheduled to start. They will be required to sign in and have their temperature checked as they enter the building. Security will direct them to the Chamber or Committee Room as appropriate.

Seats will be allocated, and people must remain in the seat that has been allocated to them.

Refreshments will not be provided, so it is recommended that you bring a bottle of water with you.

RIGHTS OF PRESS AND PUBLIC TO REPORT ON MEETINGS

Where a meeting of the Council and its committees are open to the public, the press and public are welcome to report on meetings of the Council and its committees, through any audio, visual or written methods and may use digital and social media providing they do not disturb the conduct of the meeting and providing that the person reporting or providing the commentary is present at the meeting.

Those wishing to film, photograph or audio record a meeting are asked to notify the Council's Monitoring Officer by noon on the day of the meeting, if possible, or any time prior to the start of the meeting or notify the Chair at the start of the meeting.

The Monitoring Officer, or the Chair of the meeting, may designate a set area from which all recording must take place at a meeting.

The Council will endeavour to provide reasonable space and seating to view, hear and record the meeting. If those intending to record a meeting require any other reasonable facilities, notice should be given to the Monitoring Officer in advance of the meeting and will only be provided if practicable to do so.

The Chair shall have discretion to regulate the behaviour of all those present recording a meeting in the interests of the efficient conduct of the meeting. Anyone acting in a disruptive manner may be required by the Chair to cease recording or may be excluded from the meeting.

Disruptive behaviour may include: moving from any designated recording area; causing excessive noise; intrusive lighting; interrupting the meeting; or filming members of the public who have asked not to be filmed.

All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

ADVICE TO MEMBERS ON DECLARING INTERESTS

Hackney Council's Code of Conduct applies to all Members of the Council, the Mayor and co-opted Members.

This note is intended to provide general guidance for Members on declaring interests. However, you may need to obtain specific advice on whether you have an interest in a particular matter. If you need advice, you can contact:

- Director of Legal and Governance Services
- the Legal Adviser to the committee; or
- Governance Services.

If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

You will have a disclosable pecuniary interest in a matter if it:

i. relates to an interest that you have already registered in Parts A and C of the Register of Pecuniary Interests of you or your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner;

ii. relates to an interest that should be registered in Parts A and C of the Register of Pecuniary Interests of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner, but you have not yet done so; or

iii. affects your well-being or financial position or that of your spouse/civil partner, or anyone living with you as if they were your spouse/civil partner.

If you have a disclosable pecuniary interest in an item on the agenda you must:

i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you (subject to the rules regarding sensitive interests).

ii. You must leave the meeting when the item in which you have an interest is being discussed. You cannot stay in the meeting whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision.

iii. If you have, however, obtained dispensation from the Monitoring Officer or Standards Committee you may remain in the meeting and participate in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a pecuniary interest.

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Do you have any other non-pecuniary interest on any matter on the agenda which is being considered at the meeting?

You will have 'other non-pecuniary interest' in a matter if:

i. It relates to an external body that you have been appointed to as a Member or in another capacity; or

ii. It relates to an organisation or individual which you have actively engaged in supporting.

If you have other non-pecuniary interest in an item on the agenda you must:

i. Declare the existence and nature of the interest (in relation to the relevant agenda item) as soon as it becomes apparent to you.

ii. You may remain in the meeting, participate in any discussion or vote provided that contractual, financial, consent, permission or licence matters are not under consideration relating to the item in which you have an interest.

iii. If you have an interest in a contractual, financial, consent, permission or licence matter under consideration, you must leave the meeting unless you have obtained a dispensation from the Monitoring Officer or Standards Committee. You cannot stay in the meeting whilst discussion of the item takes place and you cannot vote on the matter. In addition, you must not seek to improperly influence the decision. Where members of the public are allowed to make representations, or to give evidence or answer questions about the matter you may, with the permission of the meeting, speak on a matter then leave the meeting. Once you have finished making your representation, you must leave the meeting whilst the matter is being discussed.

iv. If you have been granted dispensation, in accordance with the Council's dispensation procedure you may remain in the meeting. If dispensation has been granted it will stipulate the extent of your involvement, such as whether you can only be present to make representations, provide evidence or whether you are able to fully participate and vote on the matter in which you have a non pecuniary interest.

Further Information

Advice can be obtained from Dawn Carter-McDonald, Director of Legal and Governance Services via email dawn.carter-mcdonald@hackney.gov.uk

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REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
RISK POLICY **Pensions Committee** **10th March 2022**	**Classification** **PUBLIC** **Ward(s) affected** **ALL**	**Enclosures** **Two** **AGENDA ITEM NO. 5**

1. INTRODUCTION

1.1. This report introduces the updated Pension Fund Risk Policy, which details the risk management strategy for the Fund, including:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

1.2. The Policy was last updated in December 2018; this updated version is presented for review by the Committee in line with the Policy's regular triennial review process.

1.3. The report also presents the Q3 2021/22 risk register update for the Committee's review. The register summarises potential significant risks to which the Fund is exposed. It is currently reviewed quarterly by the Committee; however, the updated Risk Policy proposes a shift to a quarterly Risk Dashboard with annual Committee review of the full register.

2. RECOMMENDATIONS

2.1. The Committee is recommended to:

- Approve the updated Risk Policy
- Note the risk register update for 2021/22

3. RELATED DECISIONS

3.1. Pensions Committee 12th December 2018 - Pension Fund Risk Register and Policy

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

4.1. There are no direct financial consequences arising as a result of this report. However, understanding the risks that are present in the Pension Fund and how to manage those risks is key to the overall strategic management of the Fund and the governance role of this Committee.

4.2. The ability to assess the likely financial and reputational impact and if a risk should be categorised as high, medium or low will impact on the decision making process of this Committee. Some risks are clearly difficult to transfer or manage, such as the impact of increased longevity on the liabilities of the Pension Fund; however, the understanding of such risks could impact on other aspects of the decision making process to lower risks elsewhere.

4.3. Not all risks are quantifiable from a financial perspective, but could impact on the reputation of the Fund or of the Council and these also need to be taken into account.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

5.1. The Council as the Administering Authority is responsible for maintaining the Pension Fund under the Local Government Pension Scheme Regulations. The Constitution delegates the Council’s functions relating to local government pensions to the Pensions Committee within its terms of reference.

5.2. The Pensions Committee’s terms of reference set out a broad range of functions relating to the management of the Pension Fund, including the function of acting as quasi trustee of the Pension Fund within the terms of the statutory scheme. The consideration of the risks associated with administering the Pension Fund would appear to properly fall within the Committee’s functions.

6. RISK POLICY

6.1. The Policy sets out the risk management strategy for the Pension Fund, which includes:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

6.2. The Policy sets out the Fund’s risk management philosophy, recognising that risk cannot be removed entirely from the management of the Pension Fund, by the very nature of the Fund itself and the environment in which it operates. It also sets out the requirements set by CIPFA and the Pensions Regulator in relation to risk management and the Fund's risk management process, which involves the identification of risk, analysing risks, controlling risks where appropriate and the monitoring of risk on an ongoing basis.

6.3. Key changes to the Policy include changes to account for the publication of CIPFA's investment pooling guidance and the addition of further detail to the section covering the Fund's risk management process. It also includes changes to job titles and responsibilities to reflect changes within the Financial Services team since the previous review of this policy. The other significant change is a move towards a quarterly Risk Dashboard for Committee review, with the full risk register being reviewed by the Committee annually. Changes since the previous review are highlighted in yellow in the policy document.

7. RISK REGISTER

7.1. The magnitude of risks within the register is assessed along two dimensions:

- Likelihood – the probability that a risk will materialise
- Impact – the consequences if the risk were to materialise

These are scored on a matrix, which indicates overall levels of risk as follows:

- High risk (red) – need for early action / intervention where feasible,
- Medium risk (amber) – action is required in the near future
- Low risk (green) – willing to accept this level of risk or requires action to

improve over the longer term

7.2. For each risk, a target score has been set in addition to showing the current risk score. This is particularly relevant in a pensions environment where an element of risk can be essential in meeting the Fund's objectives, for example, in relation to investing the Fund's assets. The current risk score should therefore always be considered against the target.

7.3. There are currently 4 risks scored as high risk (red); the target risk for all 4 is medium (amber). These 4 key risks are as follows:

- Potential financial/data loss or systems downtime due to cybercrime (governance risk 6)
- Poor membership data resulting in various outcomes including inaccurate benefits and impact on employer contribution rate (administration risk 1)

- The impact of external factors, including regulatory changes such as exit cap, on the administration of the Fund (administration risk 7)
- The impact of the McCloud remedy on the quality and timeliness of the administration of the Fund

Ian Williams
Group Director, Finance and Corporate Resources

Report Originating Officers: Rachel Cowburn 020-8356 2630

Financial considerations: Jackie Moylan 020-8356 3332

Legal comments: Angelie Walker 020-8356 6994

Appendices
Appendix 1 - Draft Pension Fund Risk Policy
Appendix 2 - Risk Register

London Borough of Hackney Pension Fund

Risk Policy

Approval date – 10 March 2022
Version 3

Risk Policy

Contents

Introduction

This is the Risk Policy of the London Borough of Hackney Pension Fund, which is managed and administered by Hackney Council (the Administering Authority). The Risk Policy details the risk management strategy for the London Borough of Hackney Pension Fund (the Fund), including:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

We recognise that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, we can:

- demonstrate best practice in governance
- ensure high quality administration
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities that might arise
- minimise threats.

We adopt best practice risk management, which supports a structured and focused approach to managing risks and ensures risk management is an integral part in the governance of the London Borough of Hackney Pension Fund at a strategic and operational level.

To whom this Policy Applies

This Risk Policy applies to all members of the Pensions Committee and the local Pension Board, including scheme member and employer representatives. It also applies to all members of the Hackney Council Pension Fund Management Team, the Director, Financial Management, and the Group Director, Finance and Corporate Resources as the Chief Finance Officer (Section 151 Officer), (from here on in collectively referred to as the senior officers of the Fund). ~~and the Chief Finance Officer (Section 151 Officer)~~.

All other ~~Less senior~~ officers involved in the daily management of the Pension Fund are also integral to managing risk for the London Borough of Hackney Pension Fund and will be required to have appropriate understanding of risk management relating to their roles, which will be determined and managed by the Head of Financial Services.

Advisers and suppliers to the London Borough of Hackney Pension Fund are also expected to be aware of this Policy, and assist officers, Committee members and Board members as required, in meeting the objectives of this Policy.

Aims and Objectives

We recognise the significance of our role as Administering Authority to the Hackney Pension Fund on behalf of its stakeholders which include:

- around 25,000 current and former members of the Fund, and their dependants
- around 41 employers within the Hackney Council area
- the local taxpayers within those areas.

In relation to understanding and monitoring risk, we aim to:

- integrate risk management into the culture and day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners)
- anticipate and respond positively to change
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

To assist in achieving these objectives in the management of the Fund we will aim to comply with:

- the CIPFA Managing Risk publication
- the managing risk elements in the CIPFA Investment Pooling Governance Principles guidance
- the managing risk and internal controls elements of the Pensions Act 2004
- the Pensions Regulator's Code of Practice for Public Service Pension Schemes (or the expected New Single Code when it is in place).~~as they relate to managing risk.~~

Our Philosophy about Risk Management ~~Philosophy~~

We recognise that it is not possible or even desirable to eliminate all risks.

Accepting and actively managing risk is therefore a key part of our risk management strategy. A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in the light of our risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

In managing risk, we will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained
- adopt a system that will enable us to anticipate and respond positively to change
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided
- make sure that any new areas of activity (new investment strategies, joint-working, framework agreements etc.), are only undertaken if the risks they present are fully understood and taken into account in making decisions.

We also recognise that risk management is not an end in itself; nor will it remove risk from the Fund or us. However, it is a sound management technique that is an essential part of our stewardship of the Fund. The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

CIPFA and The Pensions Regulator's Requirements

CIPFA Managing Risk Publication

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities

CIPFA has published guidance on investment pooling and the number of different risks this introduces for LGPS administering authorities. It also highlights how investment pooling potentially changes the magnitude of existing risks and how administering authorities might respond to them through appropriate internal controls.

The Pension Regulator's Code of Practice

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 related to the requirement to have internal controls in public service pension schemes.

> *"**249B Requirement for internal controls: public service pension schemes***
>
> *(1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed—*
>
> *(a) in accordance with the scheme rules, and (b)*
>
> *in accordance with the requirements of the law.*
>
> *(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.*
>
> *(3) In this section, "enactment" and "internal controls" have the same meanings as in section 249A."*

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which he encourages scheme managers (i.e. administering authorities) to employ a risk based approach to assess the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator's code of practice guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly. The risk assessment should begin by:

- setting the objectives of the scheme
- determining the various functions and activities carried out in the running of the scheme, and
- identifying the main risks associated with those objectives, functions and activities.

The code of practice goes on to say that schemes should consider the likelihood of risks arising and the effect if they do arise ~~when determining the order of priority for managing risks and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider~~ as well as what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. ~~The code of practice includes the following examples as issues which schemes should consider when designing internal controls to manage risks:~~

- ~~how the control is to be implemented and the skills of the person performing the control~~
- ~~the level of reliance that can be placed on information technology solutions where processes are automated~~
- ~~whether a control is capable of preventing future recurrence or merely detecting an event that has already happened~~
- ~~the frequency and timeliness of a control process~~
- ~~how the control will ensure that data are managed securely, and~~
- ~~the process for flagging errors or control failures, and approval and authorisation controls.~~

The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks including significant changes in or affecting the scheme and employers who participate in the scheme. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks
- supporting longer-term strategic aims, for example relating to investments
- identifying success (or otherwise) in achieving agreed objectives, and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

Application to the London Borough of Hackney Pension Fund

We adopt the principles contained in CIPFA's Managing Risk Publication in the LGPS document and the Pension Regulator's code of practice in relation to London Borough of Hackney Pension Fund. This Risk Policy highlights how we will strive to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

The Pension Regulator's Code of Practice for Public Service Pension Schemes is expected to be replaced by a new Single Code in 2022 (where the Pensions Regulator is merging their codes into one interactive code). It is expected to include updated guidance on risk management and internal controls. It is envisaged that we will follow that updated guidance and this Policy will be updated in due course to reflect the updated guidance.

Responsibility

As the Administering Authority for the London Borough of Hackney Pension Fund, we must be satisfied that risks are appropriately managed. For this purpose, the Head of Pensions is the designated individual for ensuring the process outlined below is carried out, subject to the oversight of the Pensions Committee.

However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

The London Borough of Hackney Pension Fund Risk Management Process

Our risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.

Risk identification

Our risk identification process is both a proactive and reactive one, looking forward i.e. horizon scanning for potential risks and looking back, by learning lessons from reviewing how existing controls have manifested into risks to the organisation.

Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises managed by the Pensions Committee
- performance measurement against agreed objectives
- monitoring against the Fund's business plan
- findings of internal and external audit and other adviser reports
- feedback from the local Pension Board, employers and other stakeholders
- informal meetings of senior officers or other staff involved in the management of the Fund
- liaison with other organisations, regional and national associations, professional groups, etc.
- legal determinations including those of the Pensions Ombudsman, the Pensions Regulator and court cases
  - business planning or strategic workshops
- business or service continuity plans developed by us.

Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

New risks can emerge at any time and risk identification should include allocation of sufficient time and resource identifying these, and should therefore be integral to the day to day management of the Fund.

Risk analysis

Once potential risks have been identified, we will analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the effect if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.

5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Insignificant	1	2	3	4	5
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain

Likelihood of risk occurring

We will use criteria for assessing likelihood and impact to help promote consistent risk evaluation across Fund matters.

When considering the risk rating, we will have regard to the existing controls in place and these will be summarised on the risk register. ~~A summary of some of the Fund's key internal controls are also appended to this Risk Policy.~~

The resulting scores are interpreted as follows:

Level of risk	Level of concern	Action required
High	Very concerned	Action is required immediately
Medium	Concerned	Action is required within three months
Green	Content	We are willing to accept this level of risk

Risk control

~~The Head of Pension Fund Investment, in liaison with the Head of Pension Administration where appropriate~~ We will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Risk control actions, often referred to as internal controls, could comprise taking steps to avoid, transfer and/or mitigate risk. Before any such action can be taken, Pensions Committee approval may be required where appropriate officer delegations are not in place. The result of any change to the internal controls could result in any of the following:

- Risk elimination – for example, ceasing an activity or course of action that would give rise to the risk.

- Risk reduction – for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk transfer – for example, transferring the risk to another party either by insurance or through a contractual arrangement.

A key determinant in selecting the action to be taken will be its potential impact on the Fund's objectives in the light of our risk appetite. Equally important is striking a balance between the cost of risk control actions against the possible result of the risk occurring. We recognise that it is not possible to eliminate all risks; accepting and actively managing risk is therefore a key part of our risk management strategy.

The Fund's risk register details:

- all further action in relation to a risk
- the owner for that action.
- the date from which the risk did not meet the target score
- the expected date for being back to the target score
- the next review date and
- the overall owner for the risk.

Where necessary, we will update the Fund's business plan in relation to any agreed action as a result of an identified risk.

Risk monitoring

Risk monitoring is the final part of the risk management cycle and is the responsibility of the Pensions Committee. In monitoring risk management activity, the Committee will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- there are any lessons to learn for the future assessment and management of risks.

Reporting ~~and monitoring of this Policy~~

The Hackney Pensions Committee acts as the scheme manager for the Fund and therefore have a responsibility for ensuring robust risk management arrangements are in place. In addition, Scheme Advisory Board (England and Wales) guidance on the creation and operation of local pension boards in the LGPS suggests that the Pension Board could review the risk register as it relates to the scheme manger function of the authority.

Progress in managing risks will be monitored and recorded on the risk register. ~~A high level risk summary will be provided to the Committee on a quarterly basis.~~ The full underlying risk register will be maintained by officers and brought to the Committee for full review at least annually ~~every 3 years~~ or following a significant change to internal controls or risk management process. The Committee will also be provided with a risk dashboard which includes any changes to the risk ratings.

~~The risk summary will provide the Pensions Committee with updates on an ongoing basis in relation to any new risks or significant changes to risks (for example where a risk's score is deteriorating relative to its target).~~

As a matter of course, the Pension Board will be provided with the same information as is provided to the Pensions Committee and they will be able to provide comment and input to the management of risks.

~~In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Policy on an annual basis taking into consideration any feedback from the local Pension Board.~~

Key risks to the effective delivery of this Policy

The key risks to the delivery of this Policy are outlined below. The Pensions Committee will monitor these and other key risks and consider how to respond to them.

- Risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pensions Committee and/or l Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources being available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified.
- Conflicts of interest or other factors leading to a failure to identify or assess risks appropriately

Costs

All costs related to the operation and implementation of this Risk Policy are met directly by the London Borough of Hackney Pension Fund.

Approval, Review and Consultation

This version of the Risk Policy was approved at the London Borough of Hackney Pensions Committee meeting on 10 March 2022~~12th December 2018~~. It will be formally reviewed and updated at least every three years or sooner if the risk management arrangements or other matters included within it merit reconsideration.

Further Information

If you require further information about anything in or related to this Risk Policy, please contact:

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Further information on the London Borough of Hackney Pension Fund can be found as shown below:

Email: pensions@hackney.gov.uk (Governance)

hackney.pensions@equiniti.com (Administration)

Pension Fund Website: https://hackneypension.co.uk~~http://hackney.xpmemberservices.com~~

Hackney Council Website: www.hackney.gov.uk (including for Pensions Committee minutes and agendas)

~~Appendix: Key Internal Controls~~

	~~**Control Objective**~~	~~**Description of Control Procedures**~~
~~Authorising and processing transactions~~	~~Benefits payable are calculated in accordance with the Regulations and are paid on a timely basis~~	• ~~Fully tested and regularly audited administration system for automated calculations. Checking of calculations and other processes is carr out.~~ • ~~Procedures to ensure appropriate authority in place prior to processing payments.~~
~~Maintaining financial and other records~~	~~Member records are up to date and accurate~~	• ~~Annual and monthly reconciliation of information supplied by employers and administration records. Reconciliation of member movement~~ • ~~Pensioner existence checks carried out every 2 to 3 years~~ • ~~Members provided with annual benefit statements and asked to confirm if any details are incorrect~~
	~~All cashflows and transactions are recorded in the correct period~~	• ~~Accounting journals are automatically created as part of the workflow system.~~ • ~~Regular bank reconciliations and cash flow forecasting are carried out~~ • ~~The administration records and treasury/accounting records are regularly reconciled~~
~~Safeguarding assets~~	~~Member, employer and Fund information is appropriately stored to ensure security and protection from unauthorised access.~~	• ~~Password security in place and enforced~~ • ~~Access to member and Fund data restricted to authorised personnel~~ • ~~Member correspondence scanned and stored in secure systems~~
	~~Cash is safeguarded and payments are suitably authorised and controlled~~	• ~~Separate bank account maintained for the Fund~~ • ~~Access controlled and authentication required. Cash movements recorded daily~~ • ~~Regular bank reconciliations carried out and pensioner payroll reconciled each pay period~~ • ~~Pensioner existence checks are carried out every 2 to 3 years, annually if overseas and all pensioners paid only by BACs.~~
	~~Investment purchases and sales are correctly recorded and valuations are correct~~	• ~~Regular reconciliation of information provided by fund managers and custodian and Fund's records~~ • ~~Assets held separately from LB Hackney by Custodian.~~ • ~~Only authorised individuals, within specified signing limits can instruct / disinvest funds.~~ • ~~All investment/disinvestment instructions are drafted by investment managers and advice taken from Fund's investment advisers prior to authorisation and action~~

	~~**Control Objective**~~	~~**Description of Control Procedures**~~
~~Monitoring compliance~~	~~Contributions are received in accordance with the Regulations and rate and adjustments certificate~~	• ~~Payment dates monitored against expected / due dates and late payments notified~~ • ~~Employer contributions reconciled annually against Rates and Adjustments Certificate~~ • ~~Member contributions regularly reconciled against pay data received~~ • ~~Take up of the 50/50 option monitored and compared to contributions received~~ • ~~Rates and Adjustments Certificate updated as required when exit valuations carried out~~
	~~Outsourced activities are properly managed and monitored~~	• ~~Monthly report provided by third party administrator, including a report on performance against the SLA.~~ • ~~Monthly meetings between third party administrator and Hackney Council officers and quarterly reporting to Pensions Committee.~~ • ~~All suppliers subject to regular review as part of tender and appointment process.~~ • ~~Annual monitoring of suppliers at Pensions Committee.~~
~~Reporting to stakeholders~~	~~Reports to members and employers are accurate, complete and within required timescales~~ ~~Annual reports and accounts are prepared in accordance with regulations and guidance~~ ~~Regulatory reports are made if needed~~	• ~~Detailed planning of annual benefit statement exercise and testing carried out in advance~~ • ~~Timetable agreed for production of annual report and accounts, in consultation with auditors. Analytical reviews carried out regularly durin year.~~ • ~~Policies in place to ensure all staff aware of regulatory requirements relating to whistleblowing, money laundering and bribery~~ • ~~Reports to regulatory authorities such as SAB and DCLG provided in a timely manner.~~
~~Information technology~~	~~Access is restricted to authorised individuals and tightly controlled~~	• ~~Access to Council and Equiniti offices and IT systems restricted to authorised individuals.~~ • ~~Password security protocols in place and enforced~~ • ~~Any changes to user details or access rights require authorisation~~
	~~Appropriate measures are implemented to counter the threat from malicious electronic attach~~	• ~~Antivirus software used and updated regularly and firewalls in place~~ • ~~IT security reviews carried out regularly by external experts~~ • ~~Filters in place to manage email spam and viruses. Protocols in place to block certain emails (size or content)~~
	~~IT processing is authorised appropriately and exceptions identified and resolved in a timely manner~~	• ~~All IT processes documented and monitored~~ • ~~Changes to systems can only be made by authorised staff~~

	~~**Control Objective**~~	~~**Description of Control Procedures**~~
	~~Data transmission is complete, accurate, timely and secure~~	• ~~Secure file transfer protocols available for transmitting data externally~~ • ~~Sensitive date transmitted via encrypted or password protected email~~ • ~~All staff trained on data security protocols~~
	~~Measures are in place to ensure continuity~~	• ~~Data and systems backed up regularly, retained off site and regularly tested for recoverability~~ • ~~Business continuity arrangements in place and regularly tested~~
	~~Physical IT equipment maintained in a controlled environment~~	• ~~IT infrastructure rooms protected against fire, power failure and unauthorised access~~ • ~~Offset data centre has appropriate security measures in place~~ • ~~IT asset register maintained~~ • ~~Laptops and mobile devices encrypted or password protected~~
~~Maintaining and developing systems hardware and software~~	~~Development and implementation of new systems, applications and software or changes to existing systems are authorised, tested and approved~~	• ~~Project controls in place prior to agreeing system update~~ • ~~Test administration system environment used for developing system updates~~ • ~~Appropriate authorisation required before updates are made live after functionality and user acceptance testing~~ •
	~~Data migration or modification tested and reconciled back to data source~~	• ~~Change management procedures in pace for any data migration or modification~~ • ~~Scheme data reconciliations carried out as part of process~~
~~Recovery from processing interruptions~~	~~Data and systems are regularly backed up, retained offsite and regularly tested for recoverability~~	• ~~Servers are replicated to an offsite datacentre or backed up to tapes daily and taken to an offsite data storage facility.~~ • ~~Recoverability testing is undertaken on a regular basis~~
	~~IT hardware and software issues monitored and resolved in a timely manner~~	• ~~Group IT Service Desk facility to log all incidents with prioritisation~~ • ~~Service is monitored against Service Level Agreements~~
~~Appropriate governance~~	~~The Fund is managed with appropriate direction and oversight by the Pensions Committee~~	• ~~Business plan in place and updates provided to each Pensions Committee~~ • ~~All key strategies and policies in place and regularly reviewed by Pensions Committee~~ • ~~Update reports to each Pensions Committee highlighting progress against key objectives~~ • ~~Risk management policy in place and regular updates to Pensions Committee~~ • ~~Local Pension Board in place providing assistance with compliance~~

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Risk Register
All Fund Risk Heat Map and Summary of Governance Risks

Appendix 2

20 February 2022

Risk Register - Governance Risks

Objectives extracted from Governance Policy

G1 All staff, Pensions Committee and Pension Board Members charged with financial administration, decision-making or oversight with regards to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
G2 The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties
G3 All relevant legislation is understood and complied with
G4 The Fund aims to be at the forefront of best practice for LGPS funds
G5 The Fund manages Conflicts of Interest appropriately

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current Impact (see key)	Current Likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Recruitment and Retention - Insufficient experienced staff to meet Fund objectives	Restrictions on local authority salaries and council recruitment freezes make it challenging for the fund to recruit and retain suitably qualified and experienced staff. The introduction of the Government's exit payments cap and internal voluntary redundancy policies also have an impact on staffing.	G1, G3, G4	Moderate	Possible		1 - Salaries benchmarked, supplements paid where appropriate 2 - Policies and procedures in place 3 - Staff able to cover other roles where possible 4 - Increase reliance on advisors in short term where required	Moderate	Unlikely		Current likelihood 1 too high	01/12/2018	Sep 2022	1 - Develop succession planning approach (JM/RC/LP) 2 - Further development of training programme - increase focus on mid level staff (RC/LP) 3 - ensure all vacancies are filled as soon as possible (RC/LP)	Lucy Patchell / Rachel Cowburn	01/03/2023	01/03/2022
2	Knowledge and Skills - insufficient knowledge and skills amongst those charged with Fund Mangement	Failure to provide suitable training and to ensure that all Committee Members are engaged and able to attend with sufficient regularity could result in the Fund making wrong or inappropriate decisions as a result of insufficient knowledge and skills amongst those charged with its management	G1, G3, G4	Moderate	Possible		1 - Improvements being made to both induction and ongoing training 2 - Regular review of training offered and its effectiveness 3 - Knowledge and Skills Policy/training plan in place 4 - Training needs analysis carried out periodically	Moderate	Unlikely		Current likelihood 1 too high	01/12/2018	Sep 2022	1 - Review training programme and requirements (JM/RC) 2 - Ensure timely induction training post May 2022 elections for new(er) Committee members (RC) 3 - Effectiveness questionnaire to gather views on training preferences (RC)	Rachel Cowburn	01/03/2023	01/03/2022
3	Conflicts of Interest - actual conflicts of interest permitted to materialise	Failure to adequately monitor and disclose conflicts of interest results in potential conflicts not being managed	G5	Moderate	Possible		1 - Conflicts of interest policy and register maintained 2 - Standing item requesting disclosure at all Committee/Board meetings 3 - Annual update to declarations required	Insignificant	Unlikely		Current impact 2 too high Current likelihood 1 too high	16/07/2020	Sep 2022	1 - Further training for committee and board members 2 - Broaden register of conflicts 3 - Consider management of advisor conflicts	Rachel Cowburn	01/03/2023	01/03/2022
4	Internal Fraud - financial loss resulting from actions of employee	Pensions team or third party involved with the management of significant financial resources - potential for internal fraud	G4	Moderate	Unlikely		1 - Segregation of duties for key roles 2 - Regular scrutiny from internal audit 3 - Annual external audit of the Pension Fund 4 - Regular review of third parties' internal controls	Moderate	Unlikely						Rachel Cowburn	01/03/2023	01/03/2022
5	Data Protection - failure to adequately protect data results in potential financial or personal impact on members	Non-compliance with the GDPR results in a failure to adequately protect member data. Home working due to Covid-19 has increased the potential risk.	G3, G4	Moderate	Likely		1 - Compliance with the Council's ICT policy 2 - Use of encrypted email and/or TLS links for sensitive data 3 - Use of confidential waste disposal 4 - Use of secure courier to transmit sensitive hard copy files 5 - Appropriate access control measures 6 - Redaction of personal information where required 7 - Tailored training to be provided to Financial Services staff, Pensions Committee and Pension Board Members Contracts with third party suppliers acting as joint data processors must ensure that: 1 - Third parties are GDPR compliant 2 - Secure methods of transfer for sensitive data transmission/storage built into contract 3 - Appropriate risk sharing between the Council and the third party supplier is in place.	Moderate	Unlikely		Current likelihood 2 too high	01/12/2018	Sep 2022	1 - Ensure all pensions team staff fully trained on GDPR and that this is regularly updated. 2 - Roll out employer portal to ensure more user friendly secure data transmission 3 - Consider additional GDPR requirements due to Covid-19/home working situation 4 - Obtain regular third party reassurance on GDPR measures 5 - Ensure other cyber strategy elements are delivered	Lucy Patchell / Rachel Cowburn	01/03/2023	01/03/2022
6	Reliance on external systems - the Fund's assets, systems or data are compromised including financial/data loss or systems downtime	Insufficient security controls and heavy reliance on Host Authority and external systems including Cedar (accounting), HSBCnet (custodian), LloydsLink, and Compendia could result in a) failure to take appropriate action in the event of system failure and b) insufficient protection against cybercrime	G4	Major	Likely		1 - All teams complete a Business Impact Analysis to assess timescales/impact of system failure etc. 2 - The Pension Investments and Pensions Administration Business Continuity Plans detail actions to take in the event of system failure 3 - Assurances of system security from third parties 4 - Internal Council controls and firewalls 5 - Internal training on cybercrime risk	Major	Unlikely		Current likelihood 2 too high	01/12/2018	Mar 2023	1 - Understand Council's aproach to cybercrime prevention 2 - Receive written assurances from all suppliers re: management of cybercrime 3 - Implement pension fund cybercrime strategy requirements	Lucy Patchell / Rachel Cowburn	01/03/2023	01/03/2022
7	Business continuity failure	Systems failure (not related to cybercrime) or other event affects the ability of the Fund or third parties to carry out business	G4	Moderate	Possible		1 - Business continuity plans in place 2 - Ability to homework 3 - Reassurances from third parties on their business continuity measures	Minor	Unlikely		Current impact 1 too high Current likelihood 1 too high	16/07/2020	Sep 2022	1 - Review of business continuity procedures to reflect new ways of working post Covid-19	Rachel Cowburn	01/03/2023	01/03/2022
8	External factors including regulatory changes impact the governance of the Fund	Major changes to the governance of the Fund are required (e.g. changes introduced by TPR and SAB Good Governance review)	G3	Moderate	Likely		1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups	Moderate	Possible		Current likelihood 1 too high	16/07/2020	Mar 2023	1 - Continue to keep abreast of proposed changes and their implications (RC)	Rachel Cowburn / Lucy Patchell	01/03/2023	01/03/2022
9	Incorrect advice/guidance received from third parties	The Fund relies on external advisors in many areas so could be at risk if incorrect or no advice/guidance is provided.	G1 - G4	Moderate	Rare		1 - Retendering exercises to ensure that contracts remain appropriate and that the advisors are appropriately qualified and experienced 2 - Regular meetings with external advisors discussing current pensions landscape	Moderate	Rare						Rachel Cowburn	01/03/2023	01/03/2022

Risk Register - Funding & Investment Risks (includes accounting and audit)

Objectives extracted from Funding Strategy Statement and Investment Strategy Statement:

F1 To ensure the long-term solvency of the Fund, using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
F2 To ensure that employer contribution rates are reasonably stable where appropriate
F3 To minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers)
F4 To reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years
F5 To use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations
I1 Have a strategic asset allocation benchmark for the Fund that has the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?	Date Not Met Target From	Expected Back on Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Asset risk - failure to meet objectives through poor asset performance	Asset risks include the following: Concentration - over allocation to a single asset class Illiquidity - insufficient liquid assets Currency risk – underperformance of asset currency Manager Underperformance	I1	Major	Possible		1 - Investment in a diversified range of asset classes 2 - Regular cash flow monitoring 3 - Currency hedging policy 4 - ESG and climate risk policy in place 5 - Multiple managers & performance monitoring	Major	Possible		☺			1 - Complete planned investment strategy changes and associated transitions (RC) 2 - Strategy Review in 2020 (RC)	Rachel Cowburn	01/03/2023	01/03/2022
2	Employer contributions are insufficient to meet the cost of benefits	If growth rate of liabilities outstrips assets the risk is that contributions being paid will be insufficient	F1 - F5	Moderate	Possible		1 - Asset liability modelling shows low likelihood of not meeting objectives 2 - Assessment of liabilities at the triennial valuation and the roll-forward of liabilities between valuations 3 - Contribution rates assessed by actuary as having a low likelihood of not meeting objectives 4 - Actuary sets evidence-based assumptions using analysis of experience	Moderate	Possible		☺			1 - Ongoing monitoring (RC)	Rachel Cowburn	01/03/2023	01/03/2022
3	Other investment provider risk - loss of value resulting from external providers	Other provider risks include: Transition risk - unexpected costs in relation to the transition of assets Custody risk - losing economic rights to Fund assets Credit default - default of a counterparty	I1	Major	Possible		1 - Regular scrutiny of providers 2 - Monitoring and management (may be delegated to investment managers in certain situations e.g. custody risk in relation to pooled funds). 3 - Seek appropriate advice where necessary (e.g. during a significant transition) 4 - Pensions Committee has the power to replace a provider should serious concerns exist.	Major	Unlikely		😐 Current likelihood 1 too high	01/12/2018	Dec 2022	1 - Transition planning for upcoming transitions (RC) 2 - Ensure custodian continuity (RC)	Rachel Cowburn	01/03/2023	01/03/2022
4	Asset pooling risk - pooling prevents the Fund achieving its objectives	Asset pooling risks include: Transition risks – excessive additional cost through transition to the pooled arrangement. Concentration and capacity risks – excessive concentration of assets amongst relatively few large institutions. Political risks – central Government changes Reputational risks – failure of a pooled arrangement could have significant consequences for the LGPS. Governance risks - potential lack of oversight of pool arrangements Lack of oversight of investment managers	I1	Major	Possible		1 - Monitor development/respond to consultations - Monitor proposed changes, consultations and guidance from Government on the pooling agenda, responding where appropriate to influence outcomes. Amend process where required to ensure compliance. 2 - Relationship Management - Maintain good working relationship to ensure that the Fund is fully aware of developments at the pool level and the pool is aware of and responds to the Fund's strategic requirements. 3 - Transition Planning - Planning for transition considered as part of Investment Strategy development to ensure assets are transitioned efficiently and within the required timeframes. 4 - Pensions Committee Chair and S151 officer members of Shareholder Committee 5 - Oversight and engagement of existing investment managers	Major	Unlikely		😐 Current likelihood 1 too high	01/12/2018	Dec 2022	1 - Maintain relationships with senior LCIV staff (IW/JM/RC) 2 - Ensure LCIV aware of Hackney investment priorities and objectives to understand timing requirements (IW/JM/RC)	Rachel Cowburn	01/03/2023	01/03/2022
5	Responsible Investment Risk - RI factors negatively impact Fund performance	Performance risk - failure of investment managers to achieve desired returns	I1	Moderate	Possible		1 - Monitoring and management of the Fund's exposure to fossil fuel reserves and power generation to assess level of risk. 2 - Inclusion of a policy statement setting out the Fund's approach to climate risk within the Investment Strategy Statement 3 - Active engagement with managers to understand sources of RI risk	Moderate	Unlikely		😐 Current likelihood 1 too high	01/12/2018	Dec 2022	1 - Continue to monitor fossil fuel exposure against target 2 - Liaise with managers and LCIV to develop wider RI risk reporting including voting and engagement 3 - Asset liability modelling carried out with climate scenarios	Rachel Cowburn	01/03/2023	01/03/2022
6	External Factor/Regulatory Risk	The risk that external (e.g. geopolitical) factors or the introduction of new regulation requires major changes to the operation of the Fund (e.g. McCloud, cost cap, Covid-19).	I1, F1	Major	Possible		1 - Asset liability modelling to ensure the Fund's Investment Strategy helps the Fund meets its objectives under a range of economic conditions 2 - Horizon scanning to ensure awareness of potential future risks and prepare 3 - Monitoring and analysis of impact, taking advice from advisors where appropriate 4 - Adding items to business plan when appropriate	Moderate	Possible		😐 Current impact 1 too high	01/12/2018	Dec 2022	1 - Ensure business plan kept up to date	Rachel Cowburn	01/03/2023	01/03/2022
7	Employer Convenant/Affordability risks	Employer Convenant and Affordability risks include: Employer default Employer deficit on termination Rapidly increasing employer contribution rates Ability of employer to pay Substantial deficit or credit on termination	F4, F5	Minor	Likely		1 - Valuation and inter-valuation monitoring of employers near cessation (funding position and contract situation) 2 - Monitoring of payment of contributions 3 - Employer covenant checks with use of bonds/guarantees where necessary 4 - Employer engagement	Minor	Unlikely		😐 Current likelihood 2 too high	31/12/2019	Dec 2022	1 - Start communications with at-risk employers 2 - Robust review process to be developed	Rachel Cowburn	01/03/2023	01/03/2022

Risk Register - Administration & Communication Risks

Objectives extracted from Administration Strategy (03/2017) and Communications Strategy (04/2016):

A1 Deliver an efficient, quality and value for money service to its scheme employers and scheme members
A2 Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner
A3 Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function
A4 Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner
A5 Set out clear roles and responsibilities for the Council and Equiniti and work together to provide a seamless service to Scheme employers and scheme members
C1 Promote the scheme as a valuable benefit and provide sufficient and up to date information so members can make informed decisions about their benefits
C2 Communicate in a plain language style
C3 Ensure the Fund use the most appropriate means of communication, taking into account the different needs of different stakeholders
C4 Look for efficiencies in delivering communications including greater use of technology
C5 Evaluate the effectiveness of communications and shape future communications appropriately

Risk no:	Risk Overview (this will happen)	Risk Description (if this happens)	Strategic objectives at risk (see key)	Current impact (see key)	Current likelihood (see key)	Current Risk Status	Internal controls in place	Target Impact (see key)	Target Likelihood (see key)	Target Risk Status	Meets target?		Date Not Met Target From	Expected Back On Target	Further Action and Owner	Risk Manager	Next review date	Last Updated
1	Poor Membership Data	Poor administration and/or provision of data result in inaccurate data giving rise to financial, reputational risks, actuary unable to set contribution rates, higher contribution rates, member dissatisfaction, inaccurate benefit statements produced, overpayment of benefits etc. Incorrect data submitted for valuation. Inaccurate McCloud reconcilation. Data provided late also impacts on Fund's ability to pay correct benefits and set accurate contribution rates.	A1, A4	Major	Likely		1 - Annual monitoring of membership records, valuation checks, external data validations (done by third party administrator) 2 - Monthly monitoring of contributions to ensure that employers paying across correct contributions along with membership data being supplied (done by third party administrator) 3 - Service Level Agreement with external administrator and monthly monitoring of contract. Monitoring of employers and Pensions Administration Strategy which enables Fund to recoup additional administration costs for sub-standard performance. 4 - Provision of employer support to ensure employers have the knowledge and understanding necessary to provide correct information	Moderate	Possible		😐	Current impact 1 too high Current likelihood 1 too high	01/12/2018	Dec 2022	1 - Liaison with payroll team to prioritise completion of development work on interface (RC) 2 - Roll out employer portal to all employers (LP) 3 - Develop and roll out data improvement plan (LP/RC) 4 - Ensure Equiniti roll out employer strategy in line with contract (LP) 5 - Speak to Equiniti to understand monitoring carried out (see internal controls) (RC)	Lucy Patchell / Rachel Cowburn	01/03/2023	01/03/2022
2	Poor Employer Engagement	Poor employer engagement can lead to incorrect or late data (see above) and/or member dissatisfaction.	A3, C1-C5	Moderate	Likely		1 - Provision of employer support from Pensions Team/Third Party Administrator 2 - Annual Employer Forum 3 - Employer section of website containing guidance 4 - Pensions Administration Strategy setting out expected service standards and allowing for additional employer charges where appropriate	Moderate	Possible		😐	Current likelihood 1 too high	01/12/2018	Mar 2023	1 - Roll out employer portal (LP) 2 - Roll out of employer engagement strategy (LP) 3 - Carry out employer satisfaction surveys (LP) 4 - Continue with roll out of employer section of website (LP)	Lucy Patchell	01/03/2023	01/03/2022
3	Poor Member Engagement	Poor member engagement can lead to members not fully understanding and/or appreciating the benefits available to them, which could lead them to make poor decisions about their benefits.	A1, A4, C1-C3	Moderate	Possible		1 - Provision of annual benefit statements and newsletters 2 - Member website with information about benefits and the Fund	Moderate	Possible		☺				1 - Continue roll out of Member Self Service (LP) 2 - Carry out regular member surveys (LP)	Lucy Patchell	01/03/2023	01/03/2022
4	Pension Overpayments - increased costs through failure to cease pension payments	Pension Overpayments arising as a result of non-notification of death, re-employment, or ceasing education. This has financial and reputational consequences.	A2	Minor	Rare		1 - Management of NFI matches and follow up. NFI exercises to identify checks 2 - Write to pensioners each year over age 80 and overseas seeking confirmation of ongoing pension entitlement (currently on hold due to COVID-19).	Minor	Rare		☺				1 - Existence checks to be carried out (LP)	Lucy Patchell	01/03/2023	01/03/2022
5	Discretionary Policies - insufficiently robust policies expose Fund to higher costs	Regulations allow the Pension Fund and employers certain areas where they are able to exercise discretion. Excessively generous or insufficiently robust policies of the Pension Fund and employers exposed to higher costs and reputational risks.	A2, A3	Minor	Unlikely		1 - Controls – Agreed policies and procedures to control such risks, which are regularly reviewed and approved by Pensions Committee. 2 - Ensuring that employers are aware of the additional costs that could arise from the exercise of their discretions or lack of policy.	Minor	Unlikely		☺					Lucy Patchell	01/03/2023	01/03/2022
6	Poor delivery of administration service	Risk that third party administrator does not deliver in accordance with contractual requirements	A1-A5	Major	Possible		1 - Strict service standards and SLAs in place 2 - Appointment through robust procurement exercise 3 - Expert contract management team in place 4 - Regular monitoring of KPIs 5 - Regular service review meetings 6 - Pensions Administration Strategy sets out expected service levels	Major	Unlikely		😐	Current likelihood 1 too high	01/12/2018	Mar 2023	1 - Ensure a process is in place for early identification and escalation of issues 2 - Ensure Equiniti's proposals to improve quality/service delivery are delivered	Lucy Patchell	01/03/2023	01/03/2022
7	External factors including regulatory changes impact the administration of the Fund	Major changes to the administration of the Fund are required (e.g. changes required as a result of the public sector exit payments cap and national pensions dashboard)	A1-A5	Major	Likely		1 - Advice and guidance from professional advisors 2 - Attendance at regular LGPS national events/groups	Moderate	Possible		😐	Current impact 1 too high Current likelihood 1 too high	16/07/2020	Mar 2023	1. Continue to keep abreast of proposed changes and their implications (LP)	Lucy Patchell	01/03/2023	01/03/2022
8	Regulatory changes resulting from the McCloud case impact the quality/timeliness of administration of the Fund (both BAU and McCloud specific)	Regulatory changes that must be reflected in future benefit calculations and historic benefit calculations must be revisited, resulting in: - large amount of additional administrative work for EQ/Hackney which may result in backlogs etc - data back to 2014 being requested from employers which may be missing/not provided	A1-A5	Major	Almost certain		1 - Programme management - Programme planning for McCloud has already started and will continue until end of project 2 - Employers engaged with and data collection commenced	Minor	Almost certain		😐	Current impact 2 too high	01/03/2021	Sep 2023	1 - Ensure project management for McCloud continues (LP) 2 - Ensure Equiniti have the resources required to undertake review of historic calculations/carry out data processing 3 - Ensure Equiniti have made required software changes to Compendia and have adequately trained administators to correctly apply regulatory changes when made (LP) 4 - Finalise data collection from employers, prioritising Hackney Council	Lucy Patchell	01/03/2023	01/03/2022

Hackney

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
PROCUREMENT & CONTRACTS UPDATE **Pensions Committee** **10th March 2022**	**Classification** **PUBLIC** **Ward(s) affected** **ALL**	**Enclosures** **None** **AGENDA ITEM NO. 6**

1. INTRODUCTION

1.1. Several of the contracts for services within the Pension Fund are due for renewal, including those for actuarial services, investment consultancy (both currently provided by Hymans Robertson), benefits and governance services (currently provided by Aon) and global custody services (currently provided by HSBC).

1.2. This report sets out the current position on each of the contacts and, where relevant, details the requirement for further extensions to complete each tender process within a suitable timeframe which minimises risks to the Fund. The report also details the proposed procurement process for each contract and, where required, requests approval from the Committee to proceed.

2. RECOMMENDATIONS

2.1. The Committee is recommended to:

- Approve the re-procurement of the Actuarial Services Contract (with Hymans Robertson) and Benefits & Governance Consultancy Contract (with Aon) via direct call off under Lot 5 of the National LGPS Framework for Actuarial, Benefits & Governance Consultancy Services.

- Note the intention to put the above contracts out for competitive tender via the Framework in Spring 2023.

- Approve the extension of the Investment Consultancy Contract with Hymans Robertson for an additional 5 months to 30th September 2022.

- Note the current position regarding the Custodian Services Contact.

3. RELATED DECISIONS

3.1. Pensions Committee 23rd November 2021 - Contract Tenders Update

3.2. Pensions Committee 24th June 2020 – Extension of Actuarial Services and Benefits & Governance Consultancy Contracts

3.3. Pensions Committee 15th March 2021 - Extension of Custodian Services Contract

3.4. Pensions Committee 14th January 2021 - Investment Strategy Review

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

4.1. This paper requests that the Committee approve extensions to the Fund's Investment Consultancy Services and Global Custody Services contracts. The impact of these extensions will be to delay the competitive tendering process for the contracts by a period of up to 6 months.

4.2. In the case of the Actuarial Services and Benefits & Governance Consultancy Services contracts, it is necessary to re-let the contracts as soon as possible; however, competitive tender is not in the Fund's interests at this time given the risks associated with a potential change of actuary during a valuation year.

4.3. It is hoped that competitive tender via the well established National LGPS frameworks will deliver competitive fee arrangements from suppliers for each of the contracts; delaying these procurements may therefore result in some delay to fee savings. However, the extensions requested are generally short and unlikely to result in a significant financial impact.

4.4. Where a longer delay to competitive tender (15 months) is requested, the impact will be proportionally greater; however, the risks associated with proceeding immediately to a competitive process in this particular case (re-let of the actuarial services contract during a valuation) are sufficient to justify the delay.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

5.1. The Council's Constitution sets out the terms of reference for the Pensions Committee which includes delegated powers to make arrangements for the appointment of and to appoint suitably qualified Pension Fund administrators, investment managers and custodians and to periodically review those arrangements..

5.2. This paper requests that the Committee approve extensions to 2 of the Fund's contracts that are outside of the extensions permitted in the contracts. These extensions are being requested in line with Regulation 72(1) of the Public Contracts Regulations 2015, which states that:

'Contracts ... may be modified without a new procurement procedure ... in any of the following cases:

(c) where all of the following conditions are fulfilled:

(i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;

(ii) the modification does not alter the overall nature of the contract;

(iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement.

5.3. The extensions requested would appear to meet the 3 requirements. Firstly, the extensions are being requested primarily due to delays to the Fund's normal procurement procedures as a result of the Coronavirus pandemic, which could not have been foreseen. Secondly, the proposals are to extend rather than fundamentally modify the contracts. Thirdly, in each case the requested extension represents less than 1/6th of the overall contract length. Spend across the contracts is generally fairly evenly distributed over each contract's lifespan. The requested increases in contract length are therefore extremely unlikely to breach the 50% threshold.

6. ACTUARIAL SERVICES AND BENEFITS & GOVERNANCE SERVICES

6.1. This report makes a number of recommendations with regards to the Fund's contracts for third party services, including Actuarial Services, Benefits & Governance Consultancy, Investment Consultancy and Global Custody Services. The Fund's usual procurement timetable has been significantly disrupted by the Covid-19 pandemic and it is necessary to further extend the contracts to minimise risks to the Fund and allow sufficient time to proceed with the necessary procurement exercises.

6.2. Firstly, the Pensions Committee is recommended to approve the re-procurement of the Actuarial Services Contract (with Hymans Robertson) and Benefits & Governance Consultancy Contract (with Aon) via direct call off under Lot 5 of the National LGPS Framework for Actuarial, Benefits & Governance Consultancy Services.

6.3. The contracts were originally let under the National LGPS Framework for Actuarial, Benefits and Governance Services for an initial period of four years, with the option to extend by a further 2 years. This option was exercised and the contracts were extended to 31st October 2020. They were then further extended to 30th April 2022, under Regulation 72(1) of the Public Contracts Regulations 2015, due to the impact of the Coronavirus pandemic and the impending renewal of the related National LGPS Framework.

6.4. The new National LGPS Framework is now live; however, competitive tender is not recommended at this time given that the Fund's statutory triennial valuation is due as at 31st March 2022. Delivery of the triennial valuation is one of the key work items for the Fund actuary, requiring actuarial input until the valuation is signed off in March 2023. Competitive tender of the Actuarial Services contract during the valuation process exposes the Fund to the risk of changing actuary mid-valuation, which could affect the Fund's ability to sign off the valuation by the statutory deadline.

6.5. It is therefore recommended that officers should directly call off Lot 5 (Consultancy Services to Support Specialist Projects) of the new National LGPS Framework to re-procure the Fund's actuarial services from the current supplier, Hymans Robertson. A similar process is recommended for the Benefits & Governance Consultancy contract. The contract is let through the same framework as the Actuarial Services contract; keeping the 2 contract dates aligned reduces the workload for officers and Committee members and makes the most efficient use of the framework.

6.6. It is anticipated that a competitive tendering process will commence directly after sign off of the Fund's actuarial valuation, which will take place no later than 31st March 2023. The competitive tender process via the new framework will include a scored interview with the Pensions Committee. It is anticipated that this will take place at an additional meeting of the Committee during Spring/Summer 2023, with contract award taking place at the Committee's June 2023 meeting.

6.7. Delaying the competitive tendering process by 15 months is not expected to have a material financial impact. It is hoped that competitive tender via the new National LGPS framework for Actuarial, Benefits & Governance Consultancy services will deliver competitive fee arrangements from suppliers, but the expected savings over a 14 month period would not be sufficient to balance out the risks of proceeding with a competitive tender mid-valuation.

7. INVESTMENT CONSULTANCY SERVICES

7.1. The Committee is recommended to approve an extension of the Investment Consultancy services contract to 30th September 2022. The contract has previously been extended to 30th April 2022; a short further extension will provide sufficient time to tender the contract via the National LGPS framework for Investment Management Consultancy Services Lot 1 (Investment Consultancy Services).

7.2. As set out in Section 5, the request to extend the contract is compliant with Regulation 72(1) of the Public Contracts Regulations 2015. Agreement to extend the contract under the current terms and conditions has been granted by the council's procurement team and Hymans Robertson.

7.3. A 5 month extension to the existing contract is not expected to have a material financial impact. It is hoped that competitive tender via the National LGPS framework for investment consultancy services will deliver competitive fee arrangements from suppliers, but any expected savings are unlikely to have a significant impact over a 5 month period.

7.4. The tender process will include a scored interview with the Pensions Committee. it is anticipated that this will take place at an additional meeting of the Committee during Spring/Summer 2022, with contract award taking place at the Committee's September 2022 meeting.

8. GLOBAL CUSTODY SERVICES

8.1. The Committee is recommended to approve an extension of the Global Custody services contract to 30th September 2022. The contract was originally let under the National LGPS Framework for Global Custody Services and was previously extended to 31st March 2022.

8.2. As set out in Section 5, the request to extend this contract is outside the original contract terms but compliant with Regulation 72(1) of the Public Contracts Regulations 2015.

8.3. A 6 month extension to the existing contract is not expected to have a material financial impact. It is hoped that competitive tender via the National LGPS framework for investment consultancy services will deliver competitive fee arrangements from suppliers, but any expected savings are unlikely to have a significant impact over a 6 month period.

8.4. The tender process will be completed by officers during Spring/Summer 2022, with a recommendation for contract award to be taken to the September 2022 Pensions Committee meeting.

Ian Williams
Group Director, Finance and Corporate Resources

Report Originating Officers: Rachel Cowburn 020-8356 2630

Financial considerations: Jackie Moylan 020-8356 3332

Legal comments: Angelie Walker 020-8356 6994

Appendices
None

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Hackney

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
PENSIONS ADMINISTRATION STRATEGY **Pensions Committee** **10th March 2022**	**Classification** **PUBLIC** **Ward(s) affected** **ALL**	**Enclosures** **One** **AGENDA ITEM NO. 7**

1. INTRODUCTION

1.1. This report includes the final version of the Fund's Pensions Administration Strategy which has been reviewed, updated and has been out for employer consultation. Generally, unless otherwise specified, the Fund's policy is to review policies every three years (or sooner if required, for example, due to changes in legislation). This Strategy has been updated to reflect the development of the Employer Self Service (ESS) portal for collecting monthly employer data.

2. RECOMMENDATIONS

2.1. The Committee is recommended to:

- Approve the updated Hackney Pensions Administration Strategy as outlined in Appendix 1 for publication.

3. RELATED DECISIONS

- Pensions Committee (January 2022) – to approve the updated Pensions Administration Strategy for employer consultation.
- Pensions Committee (September 2020) – Update of Pensions Administration Strategy.

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

4.1. Ensuring that the Fund has clear policies in place helps maintain proper financial governance of the Fund. Some of the areas within the Fund's policies can impact the financial health of the Fund or change its exposure to certain risk factors. It is recognised that robust administration arrangements can reduce risk which could have financial consequences; for example having a structure that enables timely information provision helps ensure that legal deadlines are met.

4.2. There are no new immediate financial implications arising from this report.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

5.1. The Council has established a Pensions Committee to act as the Scheme Manager of the Pension Fund as well as delegating various functions to the Group Director, Finance and Corporate Resources in accordance with legislation. The Council has also established the Fund's Local Pension Board which is required by legislation.

5.2. The functions of the Pensions Committee are contained within part 3 of the Councils' Constitution. To set the overall strategic objectives for the Fund, to review the Fund's policy and strategy documents on a regular cycle and to keep the Committee's terms of reference under review are parts of this Committee's role.

5.3. Regulation 59 of the LGPS Regulations 2013 allows the Council, as the Administering Authority to the London Borough of Hackney Pension Fund, to publish a Pensions Administration Strategy setting out information relating to how it liaises and communicates with Scheme employers, the performance standards employers must meet, and the circumstances in which the Fund may issue additional administration charges to employers. It also requires the Council to keep the statement under review, to make revisions as appropriate and, where such revisions are made, to publish a revised statement.

6. BACKGROUND TO THE REPORT

6.1. Where a Pensions Administration Strategy is published, it is legally required to include:

- procedures for liaison and communication with Scheme employers
- levels of performance to be achieved by Scheme employers and the Administering Authority
- procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements
- procedures for improving the communication between the Administering Authority and Scheme employers
- circumstances in which the Administering Authority may require a Scheme employer to pay additional costs due to that employer's unsatisfactory performance
- the publication of annual reports covering
    - the extent to which the Administering Authority and its Scheme employers have achieved the performance standards set out in the Strategy
    - anything else in the Strategy that the Administering Authority considers appropriate
- any other matter that the Administering Authority considers appropriate to include in the Strategy.

6.2. The draft Strategy was circulated to all employers and other interested parties, with a deadline of 11 February 2022 for comments. No comments were received. Once approved, the Strategy will be published and circulated to all employers and interested parties, to take effect from 1st April 2022, with performance monitored accordingly.

7. PROPOSED CHANGES TO THE PENSIONS ADMINISTRATION STRATEGY

7.1. The proposed Pensions Administration Strategy is attached as Appendix 1. Many of the original elements of the Strategy remain mainly unchanged. The Policy outlines:

- the Fund's administration aims and objectives
- the regulatory background
- communications and employer training
- performance standards and responsibilities
- how performance and objectives will be monitored
- the policy on the recovery of additional administration costs from employers.

7.2. The key updates made to the Policy include:

- A number of minor wording changes and clarifications
- Clarification of the sections of the Strategy that do and do not apply to Local Authority maintained schools (which are part of Hackney Council for pensions purposes but which may have outsourced payroll providers which are required to provide employee data to the Fund).
- Amendments made to reflect the implementation of the Employer Self Service (ESS) portal, particularly updating the section about the recovery of additional costs to make clear that the failure to use ESS (or to engage with the onboarding process) will result in additional charges.
- Amendments made to include the requirement to provide data required by the Fund to meet its obligations as a result of the McCloud judgement, including an update in the section about the recovery of additional costs to make clear that the failure to supply data (or to make every effort to locate data) will result in additional charges.
- An update to the section on The Pension Regulator's role, about the planned replacement of Code of Practice 14 with the new Single Modular Code in summer 2022.
- An update to the way objectives are measured – where a customer satisfaction survey is used to measure success, the target for positive responses has been amended from 95% to 90% to bring it into line with similar measures in the communications policy.

7.3. The Committee is asked to issue final approval of the updated Pensions Administration Strategy following employer consultation.

Ian Williams
Group Director, Finance and Corporate Resources

Report Originating Officers: Rachel Cowburn 020-8356 2630

Financial considerations: Jackie Moylan 020-8356 3332

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Appendices
Appendix 1 - Draft Pensions Administration Strategy

LONDON BOROUGH OF HACKNEY PENSION FUND

PENSION ADMINISTRATION STRATEGY 2022/25

For the Local Government Pension Scheme (LGPS)

Approval date – March 2022
Review date – March 2025
Version 2

CONTENTS

INTRODUCTION

This is the Administration Strategy Statement of the London Borough of Hackney Pension Fund (the Fund) in relation to the Local Government Pension Scheme (LGPS – theScheme), which is administered by the London Borough of Hackney (LBH) and Equiniti (EQ). Below is a diagram showing the roles and responsibilities of the parties in the administration of the scheme

Local Government Pension Scheme Regulations 2013

PENSION ADMINISTRATION STRATEGY

ADMINISTERING AUTHORITY
London Borough of Hackney

- ✓ Pensions Administration – Equiniti (EQ)
- ✓ Valuations
- ✓ Notification of Regulations
- ✓ Policy Statements
- ✓ Reporting Requirements
- ✓ Employer Meetings
- ✓ Training
- ✓ Information for Scheme members
- ✓ Notification of Additional Fees
- ✓ Reporting breaches of the law to the Pensions Regulator (TPR)

EMPLOYING AUTHORITY

Scheme Employers

- ✓ Changes to Scheme membership
- ✓ Employer Guide
- ✓ Monthly ESS Uploads
- ✓ Pension Contributions
- ✓ Discretions Policies
- ✓ Status of Employing Authority
- ✓ Payment of Invoices
- ✓ Communication with Scheme members
- ✓ Reporting breaches of the law to the Pensions Regulator (TPR)

Aims and Objectives

The aim of this Pension Administration Strategy is to set out the quality and performance standards expected of the Fund and its scheme employers. The Administration Strategy will assist in clarifying the roles and responsibilities of both the Administering Authority and the Employing Authorities, i.e. those employers who participate in the Pension Fund.

In addition, there are approximately 70 local authority schools that operationally are part of the London Borough of Hackney, but use separate payroll providers. Unless specifically mentioned otherwise, all references in this strategy to employers apply to these local authority schools, and they are required to provide information as if they are separate employers. However, local authority schools are not required to maintain their own policies (e.g. discretions).

Effective and efficient administration of the pension fund is beneficial to all stakeholders in the Pension Fund, the Administering Authority, employers and scheme members. The following are some of the benefits to be had from having efficient pension scheme administration; the list is by no means exhaustive and is not in order of importance.

For the Administering Authority, effective administration means:

- It can fulfil its obligations under the regulations for administering the pension scheme
- Lower costs, improved use of resources
- Easier and swifter provision of services to employers and scheme members
- Improved communication between Administering Authority, employers and scheme members
- Improved monitoring of performance
- Clean data enabling faster and more accurate monitoring of the Pension Fund by the Fund actuaries
- Improved decision making in relation to policies and investments

For Employing Authorities, effective administration means:

- Greater understanding of the Pension Fund and its impact upon them as an employer
- Lower costs
- Improved communication
- Employee satisfaction
- Improved decision making for budgeting
- Fulfilling its obligations as an Employing Authority under the LGPS regulations

For Scheme members, efficient administration means:

- Accurate records of their pension benefits
- Earlier issuance of annual benefit statements
- Faster responses to their pension record queries
- Faster access to benefits at retirement
- Improved communications
- Enhanced understanding of the pension scheme and the benefits of being a member

Setting out the expectations of the Administering Authority and Employing Authorities will help to ensure that both parties are aware of their roles and responsibilities in relation to the administration of the pension scheme. Both employer and administrator are dependent on the other for effectual communication and accurate flows of information without which the pension scheme cannot be administered effectively. The scheme members are reliant on both the employer and the administrator to ensure that their pension records are accurate and that they are well informed.

The Pension Administration Strategy is not meant to supersede existing procedures or policies but to complement them. The Admission Agreement sets out some basic requirements of both the Administering Authority and the employer and the Employer Guide sets out in detail how to carry out day to day administration of the LGPS within the employer's site: www.hackneypension.co.uk/scheme-information

The Pensions Administration Strategy has a number of specific objectives, including:

- Deliver an efficient, quality and value for money service to its scheme employers and scheme members
- Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner
- Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function
- Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner
- Set out clear roles and responsibilities for the Council and Equiniti and work together to provide a seamless service to scheme employers and scheme members
- Continuously review and improve the service provided.

Implementation

The Administration Strategy is effective from 1 April 2022.

Regulatory basis

The Scheme is a statutory scheme, established by an Act of Parliament. The following regulations governing the Scheme are shown below:

- Local Government Pension Scheme Regulations 2013 (as amended)
- Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2013 (as amended)

Regulation 59(1) of the Local Government Pension Scheme Regulations 2013 enables a Local Government Pension Scheme Fund to prepare a written statement of the authority's policies ("its pension administration strategy") as one of the tools which can help in delivering a high quality administration service to its scheme members and other interested parties.

In addition, Regulation 70(2) of the 2013 regulations allows a fund to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the fund is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

ADMINISTRATION IN THE LONDON BOROUGH OF HACKNEY

Responsibility

The London Borough of Hackney has delegated responsibility for the management of the Pension Fund to the Pension Committee. The Pension Committee will monitor the implementation of this Administration Strategy on an annual basis.

In addition the Pensions Board will assist and advise the Administering Authority in ensuring compliance with the Regulations and will receive reports on the Administration Strategy and its effectiveness.

Objective

The Fund's objective in relation to administration is to deliver an efficient, quality and value for money service to its scheme employers and scheme members. Operationally the administration of the Fund is partly outsourced to Equiniti and partly carried out by staff of the Administering Authority.

The Administering Authority and Equiniti staff work together to provide a seamless service to scheme employers and scheme members.

Communications

The Fund has published a Communication Strategy Statement, which describes the way the Fund communicates with:-

- scheme members
- members representatives
- prospective members
- scheme employers
- other stakeholders/interested parties

The latest version of the Communication Strategy Statement can be obtained from the Fund website:- www.hackneypension.co.uk

The table below summarises the current methods the Fund uses to communicate:

Method of Communication	Communication material
Website www.hackneypension.co.uk	Information about the Fund, the LGPS, administrative procedures, policies and forms for use
Newsletters	Annual newsletter and additional newsletters issued as may be necessary to highlight new issues and forthcoming events

Employer meetings	Held annually to provide Employers with a forum to address the Fund’s staff and advisers
Pensions helplines:- Equiniti Administering Authority (LB Hackney) Pension Team	 020 3997 6724 020 8356 2521
E-mail addresses: For the Equiniti team: Hackney.pensions@equiniti.com For the Administering Authority team: pensions@hackney.gov.uk	To answer day to day questions about administering the Scheme
Individual Employer meetings	Offered to Employers who need advice about how to carry out the day to day administration of the Scheme
Annual Benefit Statements	Sent to active and deferred scheme members
Individual Scheme member meetings	1-2-1 meetings available with a member of the Pensions team as required
Pension Presentations	Presentations to staff, managers, new employees, etc. on pension related matters

Training and Engagement

The objectives of the Fund have always been to keep stakeholders informed of new developments by sending emails and newsletters, and by providing free training, forums and workshops for Employers when new Regulations are implemented or are under consideration. Additionally free training is offered on an ongoing basis to new scheme employers or relevant new HR/Payroll staff.

It is important that Employers ensure that their staff have the right level of skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes. There is an ongoing need to continuously maintain the quality of member records and the administrative processes by improving the quality of information received from Employers.

The aims of this approach are therefore:-

- To maintain a high standard of customer service for members and Employers

- To ensure that relevant staff within each Employer have sufficient knowledge and skills to effectively discharge administrative processes

- To ensure that Employers are fully aware of the risks involved in poor administration and maintenance of member pension records and if they fail to discharge their discretionary functions

- To provide ongoing training on relevant employer responsibilities

- To support the implementation of new technology within the Fund to enable self-service for the Employer and streamlined administration

To achieve this, the Fund will:-

- Work with Employers' Human Resources, Payroll and other staff to help develop relevant skills and knowledge by providing appropriate assistance, guidance and training

- Organise free workshops and forums for Employers to debate new issues as they emerge

This strategy will ensure that Employers have a common understanding of their obligations under the Local Government Pension Scheme, and that administrative processes are designed to maximise efficiency and effectively manage risk.

The Fund will provide free training for Employers' relevant staff, to build up and maintain a level of professional expertise which will enable Employers to deliver information required by the Fund to efficiently administer the Scheme.

PERFORMANCE STANDARDS

The Scheme prescribes that certain decisions be taken by either the Fund or the scheme employer, in relation to the rights and entitlements of individual scheme members. In order to meet these obligations in a timely and accurate manner, and also to comply with overriding disclosure requirements, the Fund has agreed levels of performance between itself and scheme employers which are set out below:

Overriding legislation

Scheme employers will, as a minimum, comply with overriding legislation, including:

- Local Government Pension Scheme Regulations
- Pensions Acts 2004 & 2011 and associated disclosure legislation
- Public Service Pensions Act 2013 and associated record keeping legislation
- Freedom of Information Act 2000
- Equality Act 2010
- Data Protection Act 2018
- Finance Act 2013
- Relevant Health and Safety legislation
- Any other legislation that may apply at the current time

Internal quality standards

The Fund and scheme employers will ensure that all functions and tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- compliance with all requirements set out in the Employers' Guide (or as communicated by the Pensions Team/Equiniti during the Employer Self Service (ESS) onboarding process)
- all information required by the Fund to be provided in the required format and/or on the appropriate forms referred to in the Employers' Guide which are accessible from the Fund website at www.hackneypension.co.uk
- information to be legible and accurate
- communications to be in a plain language style
- information provided to be checked for accuracy by an appropriately qualified member of staff
- information provided to be authorised by an appropriate officer
- actions are carried out, or information provided, within the timescales set out in this Administration Strategy.

Timeliness

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the Scheme. The Scheme itself sets out a number of requirements for the Fund and scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies. The following sections on responsibilities set out the locally agreed timescales for these requirements.

FUND RESPONSIBILITIES

The London Borough of Hackney is the Administering Authority of the London Borough of Hackney Pension Fund and has delegated powers to the Pensions Committee to oversee the management of the Pension Fund. The role of the Administering Authority is toadminister the Pension Fund and act as a quasi-trustee body for the management of the Pension Fund.

The Pensions Board comprising equal numbers of employer and scheme member representatives will assist the Administering Authority in ensuring compliance with the regulations and in particular as this affects the administration of the Pension Fund and will therefore review the effectiveness of the Fund's Pension Administration Strategy on an annual basis.

This section outlines the key responsibilities of the Fund and the performance standards scheme employers and scheme members should expect. It is focussed on the key activities which scheme employers and scheme members are involved in and should not be viewed as a complete list of all activities. It includes the performance standards that the Administering Authority has agreed with the pension administrators, Equiniti (EQ).

Administering Authority
Fund Administration

pensions@hackney

This section details the functions which relate to the **whole Fund**, rather than individual scheme members' benefits.

Task/Function	Standard
Pension Administration Strategy - PAS	Consult with employers following any significant revisions to the Administration Strategy Publish agreed Strategy within 2 months of being agreed by the Pensions Committee
Member Scheme Guide to the LGPS **Employers' Guide to the LGPS**	Update & publish within 30 working days from any significant revision.
Pension forms	Update & publish within 30 working days from any significant revision.
Scheme Employers' meeting	Annually

Task/Function	Standard
Training sessions for scheme employers.	Upon request from scheme employers, or as required.
Changes to the scheme rules.	Notify employers within 2 months of the change(s) coming into effect.
Employer's unsatisfactory performance.	As soon as a performance issue becomes apparent.
Recovery of additional administration costs - associated with the scheme employer's unsatisfactory performance (including any interest that may be due).	Within 30 working days of scheme employer's failure to improve performance, as agreed.
Annual Benefit Statements to active and deferred members	To be issued no later than 5 months after the end of the Scheme year to which it relates.
Valuation results (including individual employer details).	10 working days from receipt of results from the Fund's actuary (but in any event no later than 31 March following the valuation date).
Cessation valuation exercises – on cessation of admission agreements or a scheme employer ceasing participation in the Fund.	Upon each cessation or occasion where a scheme employer ceases participation on the Fund.
Arrange for calculation of FRS102 (valuations for employers as required)	Issue results within 10 working days from receipt from the Fund's actuary
Admission Agreements for new scheme employers, where required (including the allocation of assets and notification to the Secretary of State).	Within 3 months of employer entry to the scheme

Task/Function	Standard
Governance Policy and Compliance Statement.	Publish within 30 working days of policy being agreed by the Pensions Committee.
Funding Strategy Statement – FSS reviewed at each triennial valuation, following consultation with scheme employers and the Fund's actuary	Revised statement to be published at the same time as the final valuation report is issued.
Pension Fund Annual Report and Accounts – PF R&A (and any report from the auditor)	By 30 September following the year end or following the issue of the auditor's opinion
Communications Strategy Statement.	Publish within 30 working days of policy being agreed by the Pensions Committee
Statement of Investment Principles - SIP	Publish within 30 working days of policy being agreed by the Pensions Committee
Administering Authority Discretions Policies	Publish within 30 working days of policy being agreed by the Pensions Committee
Statutory auto-enrolment communications Agree with integrated bodies (e.g. maintained & VA schools) the arrangements for each 3 year auto-enrolment cycle, and provide written confirmation of those arrangements.	No less than 6 weeks prior to the staging date

SCHEME ADMINISTRATOR RESPONSIBILITIES

Provider - Equiniti

The Fund's third party administrators, Equiniti (EQ), assist with the overall administration of the scheme and to ensure the smooth operation of the administrative function.

Equiniti can be contacted via their helpline number – 020 3997 6724

or by email: – hackney.employers@equiniti.com

As a Fund, there are certain administrative functions that, under the LGPS Regulations, are legal requirements and must be processed within set timeframes. If scheme employers do not provide the requested data correctly, in the right format and within the timescales requested by the administrators, the Fund cannot meet its legal obligations and may be liable to penalty fines imposed by the Pension Regulator (TPR).

The administrators, and the Fund, are therefore reliant on employers providing the data in order to correctly administer the scheme and fulfil its legal duties as listed below:

Process	Legal Requirement
To process new member information e.g. creating a pension account record	Provide information about the scheme within: • 2 months from date of joining where scheme member information has been received or • 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled.
To provide transfer value information	3 months from date of request
To inform members who leave the scheme of their deferred benefit entitlement	As soon as is practicable, and no more than 2 months from date of initial notification (from employer or scheme member)
To notify the amount of retirement benefits and payment of tax free cash sum	1 month from date of retirement if on or after Normal Pension Age 2 months from date of retirement if before Normal Pension Age
To notify dependant(s) of the amount of death benefits	As soon as possible but in any event no more than 2 months from date of becoming aware of the death, or from date of request

Provide annual benefit statements to active and deferred members	31st August in the same calendar year

Service Standards Agreement - SLAs

In order to meet the legal requirements of the LGPS, the Fund has implemented a number of operational Service Standards in relation to the administration services provided by Equiniti: -

- All Service Standards are quoted in working days unless otherwise indicated.

Note – these Service Standards are only achievable with the cooperation of all scheme employers and by providing the correct data & information when requested:

Category	Process	Service Standard
Retirements	Overall case target to later of payment of lump sum and notification of final benefits	95% within 20 days from date of retirement
	Notify members of benefits that may be payable	95% within 5 days
	Notification of final benefits and payment of lump sum (both to be completed in timescale)	95% within 3 days
	First pension payment	98% within 40 days
Death of a Member	Issue letter requesting any information required to verify entitlement to benefits	95% within 1 day
	Notification of benefits due and payment of lump sum death benefit (both to be completed in timescale)	95% within 3 days
	First survivor pension payment(s)	98% within 40 days
New Joiners main scheme & 50/50 scheme	New Joiner - apply for any transfer value details from a previous fund or scheme	95% within 5 days
	New joiner - Issue a notice to member confirming details relating to their admittance.	95% within 5 days

	50/50 scheme - Notify member when 50/50 membership commences or ceases	95% within 10 days
Estimates or Quotes	Estimates or quotations of benefits	95% within 10 days
Transfer In	LGPS and non-LGPS – Request details from previous pension arrangements	95% within 5 days
	LGPS and non-LGPS – Calculate and provide quotation service credit to member	95% within 10 days
	LGPS and non-LGPS – Request payment of transfer	95% within 5 days
	LGPS and non-LGPS – Notify the member of the benefits awarded	95% within 10 days
Transfer Out	LGPS and non-LGPS – Provide transfer value details/information pack to new provider and/or scheme member as appropriate	95% within 10 days
	LGPS and non-LGPS – Pay transfer value	95% within 10 days
	LGPS and non-LGPS – Notify pension provider that payment has been made	95% within 5 days of transfer value is paid
Pension Sharing Orders	Carry out calculation and provide information to scheme member/solicitor	95% within 5 days
	Calculate and notify final pension debit	95% within 5 days
	Calculate and notify final pension credit	95% within 5 days
Retirements	Notify members of benefits that may be payable	95% within 5 days
	Notification of final benefits and payment of lump sum (both to be completed in timescale)	95% within 5 days
	First pension payment	98% within 40 days
Leavers	Write to scheme member with options	95% within 10 days

Leaver Refunds	Calculate and pay refund of contributions	95% within 10 days
	Write to scheme member in advance of payment due date	95% 2 months in advance
Additional Contributions & Benefits	Providing information to members regarding paying or changing additional contributions (including AVCs) on request	95% within 10 days
	Absence Contributions – providing information to members on return from absence	95% within 10 days
	Action a request to pay additional contributions (including AVCs)	95% within 10 days
Annual Benefit Statements	Provide annual benefit statements to active and deferred members	31st August in the same calendar year

SCHEME EMPLOYER RESPONSIBILITIES

This section outlines the responsibilities of all scheme employers in the Fund and the performance standards scheme employers are expected to meet to enable the Fund to deliver an efficient, quality and value for money service.

External Payroll or Administration Providers

Scheme employers must ensure that appropriate record-keeping is maintained and where they outsource their payroll, HR or pension administration functions to a third party, the legal responsibility for the provision of pension data to the Administering Authority or Equiniti still lies with the Scheme employer and not the third party. **Third party provision of these services includes companies such as: Hackney Education, Capita, EPM, Strictly Education etc.**

Any external service providers with responsibility for carrying out any functions relating to the administration of the Local Government Pension Scheme must be made aware ofthe standards that are to be met.

Scheme employers must therefore ensure, as part of any contract entered into with a third party, that the third party has sufficiently robust processes in place to fulfil the statutory duties of the Scheme and the performance levels set out in this Pensions Administration Strategy.

All information must be provided in the format prescribed by the Fund and within the prescribed timescales. Information and guidance is provided in the Employers' Guide which is available from the funds web site www.hackneypension.co.uk

Employer Responsibilities

This section details the functions, **some of which are statutory**, and relate to scheme employers' responsibilities and tasks:

Task/Function	Performance Target
Nominated Representative To receive information from the Fund and to take responsibility for disseminating it within the organisation. Ensure the Fund is kept up to date with any change to the nominated representative.	Notify the Fund **within 30 working days** of employer joining fund, or change to nominated representative.
Employer Discretions Policy Formulate, publish and update (as necessary) in relation to all areas where the employer may exercise a discretion within the LGPS Regulations. A copy of the Policy must be provided to the Fund. This requirement does not apply to Local Authority maintained schools.	Provide a copy to the Fund **within 30 working days** of the policy being agreed *Failure to provide the Fund with a copy of your policies could impact on the release/payment of individuals' benefits.*

<table>
<tr><th>Task/Function</th><th>Performance Target</th></tr>
<tr><td>Enquiries & Data queries
From the Fund</td><td>Respond to the Fund/administrators within 10 working days from receipt of enquiry.</td></tr>
<tr><td>Contributions – Employer & Employee
Paid monthly to the Fund and to provide schedule of payments in the correct format stipulated by the Fund via ESS.</td><td>Cleared funds to be received by/on 19th calendar day of the month following the deduction.

Failure to provide the Fund/Administrators with a schedule of contributions including additional pension payments – added years, ARCs, APCs, and AVCs - by the target date, and/or not in the correct format stipulated by the Fund, could result in additional administration costs being levied against you.</td></tr>
<tr><td colspan="2">IMPORTANT NOTE

Late payment of pension contributions by Scheme employers is a serious offence and the Pensions Regulator or the Pensions Ombudsman has significant powers of sanction.

Scheme managers must report payment failures which are likely to be of material significance to the Pensions Regulator within a reasonable period, in the case of employee contributions; and as soon as reasonably practicable in the case of employer contributions

The Pensions Regulator can impose fines of up to £50,000 for each instance of persistent offence. Recent changes to the Pensions Act have made it easier to prosecute employers for late payment of contributions.

Any fines imposed on the Fund by the Regulator, which is deemed to be the fault of an Employer, will be passed on to that Employer</td></tr>
<tr><td>Changes to employer contribution rates
(as instructed by the Fund)

Note - Employer contributions are expressed as a percentage of pensionable pay, and are payable at such rate(s) as may be advised by London Borough of Hackney Pension Fund following the completion of each triennial actuarial valuation of the pension fund, or otherwise.</td><td>At date specified on the actuarial advice received by the Fund.</td></tr>
</table>

Task/Function	Performance Target
Year end Reports Required by the Fund **in the format stipulated** to your nominated representative in March each year.	Provide to the Administrators **by 30 April** following the year end. This may not be required once onboarded to ESS and this will be confirmed by Equiniti.
Additional Data & Information Requests May be requested by the Fund for the production of the annual benefit statements in each year	Respond to the Fund/administrators within **10 working days** of receipt of the request from the Fund
McCloud data requests May be requested by the Fund for the purposes of recalculating benefits according to the McCloud judgement	Respond to the Fund within the timescales set out within the request
Data Errors Following validation by the Fund, errors may be found in the contribution and/or year end information - corrective action may need to be taken promptly.	Respond fully to the Fund/administrators **within 10 working days** of receipt of the request from the Fund
Auto-enrolment – monthly assessment Ensure that any staff who are not already scheme members are assessed according to their age and earnings.	Assessment to be made according to pay periods (e.g. staff paid monthly should be monitored on a monthly basis)
Auto-enrolment within statutory deadlines Ensure that any staff who are not scheme members and become an Eligible Jobholder and none of the statutory exceptions apply, are enrolled into the LGPS.	With effect from the employee's auto-enrolment date Employers must provide the Fund/Administrators with their **monthly AE reports 1 month** following the month of enrolment
Auto-enrolment communications Where employers are providing their own Automatic Enrolment communications, they must ensure that any staff affected by AE (including new starters) are provided with the necessary AE information within statutory deadlines	Within **6 weeks** of the date they become eligible for automatic enrolment
Auto-enrolment communications – if provided by the Fund Where auto-enrolment (AE) communications are provided by the Fund	Employers must provide the Fund with their monthly AE reports within **5 working days** of your own payroll date

Task/Function	Performance Target
Contracting out services Involving a **TUPE transfer** of staff to another organisation.	Contact the Fund at the very beginning of the tender process so that important pension information can be provided for inclusion in the tender documentation.
Admission Agreements To be put in place for new employers admitted to the Fund whencontracting out a service	Provide to new Employers within **3 months** of joining the scheme
Pension information Information provided by the Fund is to be distributed to scheme members/potential scheme members	Provide to members within **15 working days** of receipt of the information or on the member joining the scheme
Starter form and a Member Scheme Guide Provided to new/prospective scheme members or refer them to the Fund website.	Provide to member within **5 working days** of commencement of employment or change in contractual conditions.
Additional fund payments In relation to early payment of benefits where a strain cost applies	Paid within **30 working days** of receipt of invoice from the Fund.
Additional administration costs Paid to the Fund associated with the poor performance of the scheme employer.	Paid within **30 working days** of receipt of invoice from the Fund.

Scheme Administration - Forms

This section details the **employer responsibilities** and tasks which relate to member benefits from the Scheme. Once fully onboarded to ESS, there may no longer be a requirement to complete some of these forms and Equiniti will confirm new arrangements to you when you are fully onboarded. Until then, forms should be provided as set out below:

Task/Function	Performance Target
Contractual Enrolment To ensure that **all** employees are brought in to the Scheme from their employment start date.	

Starter forms Complete a starter form for each new employee admitted to the pension scheme and ensure that the employee completes their element of the process. **More than one contract of employment** Each contract must have its own starter form as each employment and pension membership must be maintained separately under the Regulations.	Provide Administrators with copy of the **Starter form(s)** within **15 working days** of the employee's employment start date
Employee contribution rate Applied in accordance with the LGPS contribution bandings based on actual pensionable pay – including overtime/bonuses etc.	Immediately upon commencing scheme membership and in line with the employer's policy and as a minimum in each April payroll thereafter.
Main Scheme or 50/50 Scheme contributions To apply the correct employee contribution rate according to actual pensionable pay of the member & in accordance to rates for main scheme or 50/50 To reassess employee contribution rate in line with employer's policy on adjusting employee contribution rates and notify the employee of their change in rate.	Review as per employer's own **Employee Contribution Policy** and effect a change in rate if necessary – i.e. a move from the main section to the 50/50 section of the scheme,or vice-versa
Election to join 50/50 section Member election form completed & signed – move member to 50/50 section & amend employee contributions only **NOTE – Employer continues to pay FULL rate contributions** **OR** **Election to re-join Main section** Member election form completed & signed – move member to main section & amend employee contributions only	Reduce **employee** contributions the month following month of election, or such later date specified by the scheme member. Provide Administrators with copy of **Election to join the 50/50 section form** within **1 month** following month of election Increase **employee** contributions the month following month of election, or such later date specified by the scheme member. Provide Administrators with copy of **Re-join Main Section Election form** within **1 month** following month of election

<table>
<tr><th>Task/Function</th><th>Performance Target</th></tr>
<tr><td>Commencing Additional Pension Contributions - APC
After receipt of the completed & signed form from the member, commence deduction or amend such deductions, as appropriate.</td><td>Month following election to pay contributions or notification received from the Fund

Provide Administrators with copy of the APC agreement form within 1 month of first contribution paid.</td></tr>
<tr><td>Ceasing deduction of :-
Added Years Contracts
Additional Regular Contributions - ARC
Additional Pension Contributions - APC
After receipt of the completed and signed forms from the member</td><td>Immediately following receipt of election form from scheme member

Provide Administrators with copy of cessation form/notification within 1 month of ceased payments</td></tr>
<tr><td>AVC – Additional Voluntary Contributions
Arrange for the deduction of AVCs via your payroll provider and the payment over of contributions to the approved AVC provider(s)</td><td>Commence deduction of AVCs in month of the member’s election – provide Administrators with copy of AVC member form in the month of member’s election

Pay over contributions to the AVC provider(s) on/by the 19th of the month the deduction was made in</td></tr>
<tr><td colspan="2">IMPORTANT NOTE

Monthly AVC deductions should be paid directly to the AVC provider (Prudential) as soon as the payrolls are processed. A schedule must be sent with the payment, giving details of all contributions paid over to Prudential which must reach Prudential by the 19th day of the month following the month they were deducted.

Scheme managers must report payment failures which are likely to be of material significance to the Pensions Regulator within a reasonable period, in the case of employee contributions; and as soon as reasonably practicable in the case of employer contributions

Failure to do so is in breach of legislation and may be reported to the Pensions Regulator. Any fines imposed on the Fund by the Regulator, which is deemed to be the fault of an Employer, will be passed on to that Employer</td></tr>
<tr><td>Opt outs
Member to complete the appropriate form – employer to provide copy of the form to the Fund</td><td>To cease contributions the month following month of election, or such later date specified by the scheme member.

Provide copy of Opt out form to the Administrators within 1 month following month of election to opt out</td></tr>
</table>

Task/Function	Performance Target
Opt outs – within 3 months of start date Refund employee contributions via your own payroll - where the member has opted out of the Scheme within 3 months of joining.	Refund to be made in the month following the month of election to opt out. Refunds are to be included in the monthly contribution data to the Administrators
Contractual changes to conditions of service: • contractual hours • actual pay – including overtime • remuneration changes due to promotion or re-grade • honorariums	Provide copy of **Change of Details** form the Administrators within **20 working days** of change.
Changes in member's personal circumstances: • marital or civil partnership status • change of name • national insurance number	Immediately inform the Administrators following notification by the scheme member of a change in circumstances
Assume Pensionable Pay – APP Periods of reduced pay or nil pay as a result of: • sickness • injury • or relevant child related leave, includes – ordinary maternity, paternity or adoption leave; paid shared parental leave; any additional maternity or adoption leave Employer must apply **Assumed Pensionable Pay (APP)** for pension purposes. The employer contributions must be deducted against the amount of APP and employee contributions against any actual pay they receive.	Employers must notify the Administrators of the date the reduction is effective from for sickness or injury OR the date from which the relevant child related leave began. Provide the appropriate **absence form** to the Administrators within **20 working days** of effective date.

Task/Function	Performance Target
Periods of reduced pay or nil pay as a result of: • unpaid additional maternity, paternity or adoption leave • unpaid shared parental leave taken at the end of the relevant child related leave.	**This is treated as unpaid leave for pension purposes** - Assumed Pensionable Pay (APP) does **NOT** apply. Provide the appropriate **absence form** to the Administrators within **20 working days** of effective date
Periods of reduced pay or nil pay as a result of: • authorised/unauthorised unpaid leave of absence (sabbatical etc) • industrial action	**This is treated as unpaid leave for pension purposes** - Assumed Pensionable Pay (APP) does **NOT** apply. Provide the appropriate **absence form** to the Administrators within **20 working days** of effective date
Leavers – leaving your employment The leaver form must include an accurate assessment of their final pay.	Provide the Administrators with a completed **leaver form** within **15 working days** of month end of leaving. Revised pay details can be submitted to the Administrators on an amended leaver form if they differ from the initial notification
Retiring – normal retirement from your employment The leaver form must including an accurate assessment of their final pay. You must also provide the authorisation form, stating the reason for retirement, signed by the employer as agreement to meet any associated costs with the retirement.	Provide the leaver form to the Administrators within 15 working days **before** the member retires Revised pay details can be submitted to the Administrators on an amended leaver form if they differ from the initial notification
Death of a scheme member OR **Member is suffering from a potentially terminal illness**	Notify the Administrators who will then ensure next of kin details are held and any benefits due are paid in accordance with the members' wishes, if appropriate As soon as practicable, but **within 5 working days** of members death

Task/Function	Performance Target
Ill Health Retirement applications Employer to appoint an independent registered medical practitioner (IRMP) qualified in occupational health medicine, in order to consider all ill health retirement applications	Notify the Administrators **within 1 month** of commencing participation in the scheme, or date of resignation of existing medical adviser
Ill Health Retirement decisions The Employer must determine, based on medical opinion from your IRMP (and assistance from the Administering Authority, if required), whether ill health retirement benefits are to be awarded **and** to determine which tier of benefits are to be awarded e.g. Tier 1, 2 or 3.	To make the decision **within 1 month** of receipt of the IRMP report Provide the Administrators with the **ill health retirement declaration form & completed leaver form** with **5 working days** of the employers final determination and agreed last day of service for the member *Refer to page 39 – ill health retirements & tier 3 awards – if you require any assistance*
Ill Health Retirements – Tier 3 awards Employers must keep a record of all Tier 3 ill health retirements, & undertake a review once the pension has been in payment for 18mths to assess if the former employee is gainfully employed & payments are to cease **and** to arrange subsequent appointments with the IRMP to assess whether an increase in benefits is applicable.	Notify the Administrators within **5 working days** of the review being completed in accordance with the LGPS regulations, by providing all necessary paperwork for the Administrators to either continue or cease payments, or to increase the level of benefits to be paid. *Refer to page 39 – ill health retirements & tier 3 awards – if you require any assistance*

Important Note:
The Fund has begun introducing the use of Employer Self Service (ESS) for you to submit your monthly data to Equiniti, in line with TPRs expectations for schemes to be collecting monthly data. While being onboarded to ESS you will be expected to be using this portal alongside the existing secure portal Sharefile.

ESS will be **mandatory from 1 April 2022**, and someof the above information can, and will be provided on your monthly data submissions through ESS, and as such not all of the administration forms will be used.

MONITORING PERFORMANCE AND COMPLIANCE

Ensuring compliance with the Scheme regulations and this Administration Strategy is the responsibility of the Fund **and** Scheme Employers. We will work closely with all Scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation or in this Administration Strategy.

This section describes the ways in which performance and compliance will be monitored.

The Pension Board, the National Scheme Advisory Board & the Pensions Regulator (TPR)

The Public Service Pensions Act 2013 established the requirement for local Pension Boards in the LGPS with responsibility for assisting the Administering Authority in relation to the following:

- Securing compliance with the scheme regulations
- Ensuring the effective and efficient governance and administration of the scheme
- Securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and
- Such other matters as the LGPS regulations may specify.

As a result the Local Pension Board of the London Borough of Hackney Pension Fund was established from 1 April 2015. A key aim of the Pension Board is to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.

In addition, the Pensions Regulator's remit was extended to include the public sector, and a national Scheme Advisory Board was created. The Administering Authority and scheme employers are expected to fully comply with any guidance produced by the Scheme Advisory Board and the Pensions Regulator. Any recommendations made by any of these entities will be considered by the Administering Authority, and where appropriate duly implemented (following discussions with employers where necessary).

Audit

The Fund is subject to an annual external audit of the accounts and, by extension the processes employed in calculating the figures for the accounts, by KPMG. The key findings of their work are presented to the Pensions Committee in an Annual GovernanceReport and the Fund is set an action plan of recommendations to implement.

In addition the Fund is subject to internal audits by the Council of its processes and internal controls. Any subsequent recommendations made are considered by the Fund and where appropriate duly implemented (following discussions with scheme employers where necessary).

Performance monitoring

The Fund monitors Equiniti's performance against the agreed contract and Service Level Agreements (SLAs). Monthly Service Review Meetings (SRM) are held where work received/completed and SLAs are discussed and Equiniti are asked to explain any variations from the SLAs and Key Performance Indicators (KPIs).

Measuring the Fund against the administration objectives

Objectives	Measurements
Deliver an efficient, quality and value for money service to its scheme employers and scheme members	Service standards achieved in 95% of cases (100% for legal requirements) Customer Satisfaction Surveys with scheme employers and scheme members achieving 90% of scores in positive responses in these areas Positive scheme employer feedback with minimal or no employer complaints Positive scheme member feedback with minimal or no member complaints
Improving the delivery of services, enhanced security and interaction with scheme employers, by greater use of technology and partnership working.	Use of Employer Self Service (ESS) as a default, (100% of employers using the data portal), unless valid reasons not to do so (and have been agreed by the Fund) Positive scheme employer feedback with minimal or no employer complaints No breaches of data security protocols
Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner	Positive results in internal and external audits and other means of oversight/scrutiny. Performance target achieved for collection of contributions by 19th day of the month following the deduction Minimal issues against the Fund identified by Internal Dispute Resolution Procedures and complaints

Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function	Customer Satisfaction Surveys with scheme employers achieving 90% of scores in positive responses in these areas Issues included in formal improvement notices issued to scheme employers resolved in accordance with plan Notify scheme employers of changes to the scheme rules within 2 months of change Offer/organise training sessions for new scheme employers and relevant new staff in scheme employers within 2 weeks of new employer/staff starting Organise training for employers where unsatisfactory performance and escalate within 1 month if not attended training or improvements not evident Employer responsibilities in relation to administration are regularly communicated to employers
Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner	No breaches of data security protocols Annual data checks (including ongoing reconciliations) resulting in few issues that are all resolved within 2 months Data improvement plan in place with ongoing evidence of delivered agreed improvements Positive results in audit and other means of oversight/scrutiny
Set out clear roles and responsibilities for the Fund and Equiniti and work together to provide a seamless service to Scheme employers and scheme members	Monthly monitoring of Equiniti where Fund asks them to explain variations from agreed Service Level Agreement targets The Fund specifies clear service standards with Equiniti
Continuously review and improve the	Achieve continual improvement in member engagement with our online tools

services provided	Monitoring of the performance standards used to inform the service going forward Use feedback from scheme employers on the service to develop plans Fund work with Equiniti on programme of continuous improvement to the service

Key Risks

The key risks to the delivery of this Strategy are outlined below. Fund officers will work with the Pensions Committee and Pension Board in monitoring these and other key risks and consider how to respond to them.

- Significant external factors, such as national change, impacting on workload
- Lack or reduction of skilled resources due to difficulty retaining and recruiting staff members
- Inadequate performance of Equiniti against service standards
- Increase in the number of employing bodies causes strain on day to day delivery
- Incorrect calculation of members' benefits, resulting in inaccurate costs
- Employer's failure to provide accurate and timely information resulting in incomplete and inaccurate records. This leads to incorrect valuation results and incorrect benefit payment
- Failure to administer the scheme in line with regulations. This may relate to delays in enhancement to software or regulation guidance
- Failure to maintain records adequately resulting in inaccurate data
- Unable to deliver an efficient service to pension members due to system unavailability or failure.

Feedback from employers

Employers who wish to provide feedback on the performance of the Fund against the standards in this Administration Strategy should e-mail comments to the following address: pensions@hackney.gov.uk . This will be acknowledged within 5 working days and an investigation of the matter will then be undertaken. Following the investigation a response will be provided to the scheme employer within 15 working days of the initial acknowledgment.

Annual report on the strategy

The Scheme regulations require the Fund to undertake a formal review of performance against the Administration Strategy on an annual basis. This report details the performance of the pension administrators and the Fund's Employers. It is presented to Pensions Committee, Pensions Board and is included within the Pension Fund Annual Report and Accounts.

ROLE OF THE PENSIONS REGULATOR (TPR)

Background

Section 17 and Schedule 4 of the Public Service Pensions Act 2013 extended the role of the Pensions Regulator to include public sector pension schemes including the Local Government Pension Scheme (LGPS) from 1 April 2015. With regard to the LGPS, the Pensions Regulator now has responsibilities in relation to governance and particularly administration.

Schedule 4 of the Public Service Pensions Act 2013 requires the Pensions Regulator to issue a Code of Practice or Codes of Practice in respect of certain specified matters. In response to this requirement, the Pensions Regulator Code of Practice No 14 ***"Governance and administration of public service pension schemes"*** came into effect from 1 April 2015.

This Code of Practice is applicable both to the Pension Fund and the individual Employers within the Fund. In 2022 TPR will replace the majority of its codes, including Code of Practice No 14, with a new Single Modular Code. Once that Code comes into force the relevant sections will apply to the Pension Fund and its scheme employers in place of Code of Practice No 14. Many of the items highlighted below will still apply once the new Code comes into force.

Code of Practice No 14
Governance and Administration of Public Service Pension Schemes

Code of Practice No 14 covers the following:-

Governing your scheme

Knowledge and understanding required by pension board members
Conflicts of interest and representation
Publishing information about schemes

Managing risks

Internal Controls

Administration

Scheme record-keeping
Maintaining contributions
Providing information to members

Resolving issues

Internal dispute resolution
Reporting breaches of the law

It is crucial that all Employers within the London Borough of Hackney Pension Fund are aware of, and comply with, the legal requirements and standards covered in the Code.

Failures by an Employer to fulfil legal requirements and follow the expected standards within the Code may result in that Employer (rather than the Pension Fund) being subject to legal enforcement action by The Pensions Regulator.

Sections that have particular relevance for Employers in the Fund are Administration and Resolving Issues.

Administration

Scheme record-keeping

Key points

- The Scheme should work with employers to ensure they understand what information they're required to provide and when they need to do this.

- The Scheme should work with participating employers to seek to ensure they understand the key events and information they need to provide, and have processes in place to provide timely and accurate data.

- If an employer fails to provide the required information (meaning that they and/or the Scheme Manager may not be complying with legal requirements), the Scheme should consider whether to report the breach to the Pensions Regulator (TPR).

Schemes require participating employers to provide them with timely and accurate data in order for the scheme manager to be able to fulfil their legal obligations. Schemes should seek to ensure that employers understand the main events which require information about members to be passed from the employer to the scheme and/or another employer, such as when an employee:

  - joins or leaves the scheme
  - changes their rate of contributions
  - changes their name, address or salary
  - changes their member status, and
  - transfers employment between scheme employers.

If any Employer fails persistently to act according to the procedures set out in this Pension Administration Strategy, meaning that they and/or the Fund may not be complying with legal requirements, the Fund will assess whether there has been a relevant breach and take action as necessary to report breaches of the law to the Regulator under Section 70 of the Pensions Act 2004.

Maintaining contributions

Reporting payment failures

The Scheme must report payment failures that are likely to be of 'material significance' to the Pensions Regulator (TPR) as soon as possible – usually within 10 working days.

A late payment is likely to be of material significance where it was caused by:

- the employer not being willing or able to pay contributions
- possible dishonesty or misuse of assets or contributions

- fraudulent evasion of the duty to pay contributions

- the employer having inadequate procedures or systems in place to ensure the correct and timely payment of contributions due, for example where there are repetitive and regular payment failures,

- contributions having been outstanding for more than 90 days

If any Employer has 3 repetitive or regular payment failures in any one financial year, the Fund will deem this as being of *'material significance'* and in-line with its legal responsibilities, report this to the Pensions Regulator (TPR), immediately following the third failure. The Employer may then be subject to legal enforcement action by the Pensions Regulator.

Resolving issues

Internal dispute resolution (IDRP)

Where a person with an interest in the scheme isn't satisfied with any matter relating to the scheme, they have the right to ask for that matter to be reviewed.

A person has an interest in the scheme if they:

- are a member or surviving non-dependant beneficiary of a deceased member of the scheme
- are a widow, widower, surviving civil partner or surviving dependant of a deceased member of the scheme
- are a prospective member of the scheme
- have ceased to be a member, beneficiary or prospective member or
- claim to be in one of the categories mentioned above and the dispute relates to whether they are such a person.

The Fund has a clear internal disputes resolution procedure (IDRP) set out for members of the LGPS which can be found on the Pension Fund's website:
www.hackneypension.co.uk

All Scheme employers are required to nominate a Stage 1 Adjudicator to deal with disputes at Stage 1 of the process. Scheme employers are asked to supply the details of their Stage 1 Adjudicator as part of their discretionary policy statement and should advise the Fund immediately of changes made in this regard.

Where a Scheme employer is in dispute with a decision or action taken by the Fund, the Fund will in the first instance attempt to resolve the matter. Should this prove to be unsuccessful, the employer can invoke the IDRP and the adjudicators appointed by the Administering Authority to deal with disputes relating to decisions made by or actions taken by the Fund will review the matter.

POLICY ON THE RECOVERY OF ADDITIONAL ADMINISTRATION COSTS FROM EMPLOYERS

The Scheme regulations provide pension funds with the ability to recover from a scheme employer any additional costs associated with the administration of the Scheme incurred as a result of the unsatisfactory level of performance of that Scheme Employer.

Where a fund wishes to recover any such additional costs they must give written notice stating:

- The reasons in their opinion that the Scheme Employer's unsatisfactory level of performance contributed to the additional cost
- The amount of the additional cost incurred
- The basis on how the additional cost was calculated
- The provisions of the Administration Strategy relevant to the decision to give notice.

Circumstances where costs might be recovered

It is the policy of the Fund to recover additional costs incurred in the administration of the Scheme as a direct result of the unsatisfactory level of performance of any scheme employer (including the Council) or third party service provider. This includes the payment of fees levied against the scheme employer.

The circumstances where such additional costs will be recovered from the scheme employer are:

- failure to use Employer Self Service within the expected timescales set out in this Administration Strategy (or failure to engage with the onboarding process), unless it has been agreed with the Fund that the employer may continue to use manual submission methods

- failure to provide information requested by the Fund (or failure to make all efforts to locate the requested information) in order for it to comply with its requirements under the McCloud judgement

- persistent failure to provide relevant information to the Fund, scheme member or other interested party in accordance with specified performance targets in this Administration Strategy (either as a result of timeliness of delivery or accuracy/quality of information)

- failure to pass relevant information to the scheme member or potential members, either due to poor quality of information or not meeting the agreed timescales outlined in the performance targets in this Administration Strategy

- failure to deduct and pay over correct employee and employer contributions to the Fund within the stated timescales

- instances where the performance of the scheme employer results in fines

- being levied against the Fund by the Pension Regulator (TPR), Pensions Ombudsman or other regulatory body.

For the avoidance of doubt, "accuracy/quality" in this Strategy is defined as when we have received a completed form, or transfer of information, with no gaps in mandatory areas and with no information which is either contradictory or which we need to query.

Approach to be taken by the Fund

The Fund will seek, at the earliest opportunity, to work closely with scheme employers in identifying any areas of unsatisfactory performance, provide the necessary training and put in place appropriate processes to improve the level of service delivery in the future. Consideration for seeking additional administration costs where persistent failure occurs and no improvement is demonstrated by a scheme employer would be seen as a failure and will only be taken once the steps described below are taken to resolve the situation:

1. Write to the scheme employer, setting out area(s) of concern and offer training.

2. If no improvement is seen within one month of the training or no response is received to the initial letter, the scheme employer will be asked to attend a meeting with representatives of the Fund to discuss area(s) of concern and to agree an action plan to address them. Where appropriate, the originating employer will be informed and expected to work with the Fund to resolve the issues.

3. If no improvement is seen within one month or a scheme employer is unwilling to attend a meeting to resolve the issue, the Fund will issue a formal written notice, setting out the area(s) of concern that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed.

4. An invoice will then be issued to the scheme employer clearly setting out the calculations of any loss resulting to the Fund, or additional cost, taking account of time and resources in resolving the specific area(s) of unsatisfactory performance, in accordance with the fee scale set out in this document.

5. An annual report will be presented to the Pensions Committee meeting detailing any fees levied against scheme employers and outstanding payments.

Fees for additional administration

The table below sets out the fees which the Fund will levy on a scheme employer whose performance falls short of the standards set out in this document. Each task is referenced to the Employer Responsibilities section. Charging is a last resort and the approach outlined above will be followed before a fee is levied. Where the table refers to the provision of a form, the fee only applies while the form is still required, so will not be levied once Equiniti have confirmed that forms are no longer required following successful onboarding to ESS. However, a fee may still apply if the ESS upload is not done on time and/or does not include all relevant information.

Employer Responsibility	Additional Administration Charge
Monthly Contributions Payment Late payment of employee and employer contributions to the administrators by the 19th calendar day of month following deduction (must be cleared funds by/on 19th of the month)	£65 plus interest*, calculated on a daily basis until contributions received. **Interest will be charged in accordance with regulation 44 of the LGPS Administration regulations, which states interest should be charged at Bank of England Base Rate plus 1%.*
Employer Self Service Submission Non-provision of the full correct schedule of employee data accompanying the contributions by the 19th calendar day of month following deduction	£65 per occasion
Monthly Contributions Schedule (HK221) where it has been agreed for these to be submitted instead of ESS Non-provision of the correct schedule of payments and/or not in the format stipulated by the Fund, accompanying the contributions by the 19th calendar day of month following deduction	£65 per occasion
NOTE - Any fines imposed on the Fund by the Pensions Regulator, in relation to employer, employee and AVC contributions which is deemed to be the fault of the Employer, will be passed on to that Employer	Re-charge amount to be paid within 30 days of receipt
Change Notifications failure to notify the administrators of any change to a members - working hours - leave of absence with permission (maternity, paternity, career break) or - leave of absence without permission (strike, absent without permission) - within 20 days of the change in circumstance	£65 per change

Employer Responsibility	Additional Administration Charge
Year End Data Failure to provide year end data (where it is required) by 30th April following the year end or the non- provision of year end information or the accuracy/quality of the year end data is poor requiring additional data cleansing *For the avoidance of doubt* ***"accuracy/quality"*** *in this Strategy is defined as when we have received a completed form or transfer of information with no gaps in mandatory areas and with no information which is either contradictory or which we need to query*	Late receipt - initial fee of £300 then a fee of £150 for every month the information remains outstanding Quality/format of data – fee of £150 should data provided not be in the correct format and/or the quality is poor
New Starter(s) Failure to notify the administrators of new starter(s) and the late or non-provision of starter form(s) – within 15 days of employee joining the scheme	Initial fee of £65 per form then a fee of £35 per form for each month the form(s) remains outstanding
Automatic Enrolment (AE) Failure to provide the administrators full details of staff affected by Automatic Enrolment on a monthly basis - within 6 weeks of the date they become eligible for automatic enrolment **NOTE** - Any fines imposed on the Fund by the Pensions Regulator due to failure to provided information for Auto enrolment process, which is deemed to be the fault of the Employer, will be passed on to that Employer	Initial fee of £100 then a fee of £50 for every month the information remains outstanding Re-charge amount to be paid within 30 days of receipt
Leaver(s) Failure to notify the administrators of any leaver(s) and the late or non-provision of leaver form(s) including an accurate assessment of final pay – within 15 days of employee leaving the scheme or employment	Initial fee of £65 per form then a fee of £35 per form for each month the form(s) remains outstanding

Employer Responsibility	Additional Administration Charge
Retirees Failure to notify the administrators when a scheme member is due to retire 15 working days before the retirement date - including an accurate assessment of final pay and authorisation of reason for retirement.	Initial fee of £65 per form then a fee of £35 per form for each month the form(s) remains outstanding
Late payment of pension benefits As a result of the **employers failure** to notify the administrators of a scheme members retirement & not providing the correct paperwork, interest becomes payable on any lump sum paid. The administrators will recharge the total amount of interest paid back to the employer	Calculation will be provided – payment due is as invoiced within 30 days of receipt of invoice

EMPLOYER CONTRIBUTION RATES / ADDITIONAL EMPLOYER ASSISTANCE & ASSOCIATED COSTS

Employers Contribution Rates

Employers' contribution rates are not fixed. Employers are required to pay whatever is necessary to ensure that the portion of the fund relating to their organisation is sufficient to meet its liabilities.

The London Borough of Hackney has an actuarial valuation undertaken every 3 years by the Fund's actuary. The actuary balances the fund's assets and liabilities in respect of each employer, and assesses the appropriate contribution rate for each employer to be applied for the subsequent 3 years.

Additional Employer Assistance & Associated Costs

The cost of running the London Borough of Hackney Pension Fund is charged directly to the Fund, and the actuary takes these costs into account in assessing the employers' contribution rates.

The following tasks will be undertaken by the Administering Authority, but are recharged back to the letting department/directorate or school:-

Function/Task	Description & Associated cost
FRS102 – for company Report & Accounts	Provision of data required for FRS102 calculations to the Actuary, plus any chargeable Actuary time Cost – standard administration charge £100 Plus as invoiced from the Actuary + any chargeable Actuary time as invoiced
Admission Agreements – when contracting out services e.g .cleaning, catering, security provision – involving TUPE of existing staff	Setting up and amendment of admission agreements for Contractors/new Employers admitted to the Fund Cost – standard administration charge of £100 plus as invoiced from the Actuary/Legal + any chargeable Actuary/Legal time as invoiced, if required
Cessation Valuations (upon service contract ending) Interim Valuations (either during or prior to the service contract ceasing)	Provision of data required for interim and/provision of data required for interim and/or cessation valuations Cost – as invoiced from the Actuary + any chargeable Actuary time as invoiced
Academy Conversions – schools converting to Academy status	Any work related to this requiring input from the Administering Authority Cost – as invoiced from the Actuary + any chargeable Actuary time as invoiced

Legal Work & non-standard actuarial work	Any work in relation to this requiring input from the Administering Authority – e.g. contract review on outsourcing, employer policies, TUPE & future pension provision etc. Cost – as invoiced from the Actuary/Legal + any chargeable Actuary/Legal time as invoiced

If an employer wishes the *London Borough of Hackney to carry out work not attributable to pensions administration they will be charged directly for the cost of that work.

The following functions have been designated Employer Functions – this means that they are outside of the normal scope of pension administration responsibilities for the Fund, but the Administering Authority is willing to assist employers with these services.

They will be subject to a charge depending on the level of work required and whether external suppliers have to be engaged such as the Fund's Actuary, Occupational Health, etc.

Function/Task	Description & Associated cost
*Redundancy & Severance calculations (excluding/including pension calculation) *Efficiency Retirements *Flexible Retirements	Information, guidance, calculations and the preparation of associated paperwork for employee signature and payroll instructions Cost – 1 estimate per employee, per rolling 12 month period is provided free of charge. Subsequent requests from the employer due to a change of circumstance (e.g. last day of service, change of earnings) will be charged at £50 per case
Ill health retirements & Tier 3 awards.	Monitor and review tier 3 ill health awards to cessation, liaise with Occupational Health Services, and provide support at the IHRP meetings to determine cessation of benefits or a potential uplift in benefits Cost – as charged by the Occupational Health Service used for each case
Injury payments	Calculation and payment of injury awards Cost – standard administration charge £100 plus any cost as invoiced from the Actuary + any chargeable Actuary time as invoiced

***** the Administering Authority's (LB Hackney) Pensions Team, upon receipt of **accurate information** on the **appropriate estimate request form** in relation to an active member, or employee not in the LGPS, retiring due to age, redundancy, efficiency or flexible retirement, can provide 1 free estimate per member/employee, per 12 month rolling period.

Estimates are normally returned to the requesting employer within 20-30 working days of the receipt of the request – timeframe is dependent on checking employee employment/pension records, complexity of each case and the number of requests received at any one time.

SERVICE AND COMMUNICATION IMPROVEMENT PLANNING

As set out earlier in this Administration Strategy, the Fund's objective in relation to administration is to deliver an efficient, quality and value for money service to its scheme employers and scheme members. This can only be achieved through continuously reviewing and improving the service. Communication between the Fund and scheme employers is key to providing the service and is therefore an important aspect of service improvement planning.

Equiniti and the administering authority's in-house pension team work together on a programme of continuous improvement to the service.

The monitoring of the performance standards set out in this document will inform the programme going forward and feedback from scheme employers on the service and the way in which the Fund communicates is welcomed in developing plans. Feedback should be e-mailed to: pensions@hackney.gov.uk.

The Fund will take responsibility for improving the service and determining the balance between implementing service improvements and the goal of providing a value for money service for the Fund.

Employers will be informed of any changes to the service provision which affect the way they interact with the Fund.

CONSULTATION AND REVIEW PROCESS

In preparing this Administration Strategy the Fund has consulted with all the scheme employers with active contributors in the Fund. The Strategy will be reviewed every 3 years, or more frequently if there are changes to the Scheme regulations or requirements.

All scheme employers will be consulted before any changes are made to this document.

The latest version of this document can be accessed from the Fund website www.hackneypension.co.uk

LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013

The Regulations in relation to the Pension Administration Strategy are contained in the Local Government Pension Scheme Regulations 2013, and are set out below:

Pension administration strategy

59. (1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—

(i) the setting of performance targets,

(ii) the making of agreements about levels of performance and associated matters, or

(iii) such other means as the administering authority considers appropriate;

(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f) the publication by the administering authority of annual reports dealing with—

(i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and

(ii) such other matters arising from its pension administration strategy as it considers appropriate; and

(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

(a) keep its pension administration strategy under review; and

(b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish—

(a) its pension administration strategy; and

(b) where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer

Payment by Scheme employers to administering authorities

69.—(1) Every Scheme employer must pay to the appropriate administering authority on or before such dates falling at intervals of not more than 12 months as the appropriate administering authority may determine—

(a) all amounts received from time to time from employees under regulations 9 to 14 and 16(contributions);

(b) any charge payable under regulation 68 (employer's further payments) of which it has been notified by the administering authority during the interval;

(c) a contribution towards the cost of the administration of the fund; and

(d) any amount specified in a notice given in accordance with regulation 70 (additional costs arising from Scheme employer's level of performance).

(e) all amounts received from time to time from the Ministry of Defence in respect of contributions for a member on reserve forces service leave.

(2) But—

(a) a Scheme employer must pay the amounts mentioned in paragraph (1)(a) within the prescribed period referred to in section 49(8) of the Pensions Act 1995**(41)**; and

(b) paragraph (1)(c) does not apply where the cost of the administration of the fund is paid out of the fund under regulation 4(5) of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2016

(3) Every payment under paragraph (1)(a) must be accompanied by a statement showing—

(a) the total pensionable pay received by members during the period covered by the statement whilst regulations 9 (contributions) applied (including the assumed pensionable pay members were treated as receiving during that period),

(b) the total employee contributions deducted from the pensionable pay referred to in sub-paragraph (a),

(c) the total pensionable pay received by members during the period covered by the statement whilst regulation 10 applied (including the assumed pensionable pay members were treated as receiving during that period),

(d) the total employee contributions deducted from pensionable pay referred to in sub-paragraph (c),

(e) the total employer contributions in respect of the pensionable pay referred to in sub-paragraphs (a) and (c),

(f) the total additional pension contributions paid by members under regulation 16 (additional pension contributions) during the period covered by the statement, and

(g) the total additional pension contributions paid by the employer under regulation 16(additional pension contributions) during the period covered by the statement.

(4) An administering authority may direct that the information mentioned in paragraph (3) shall be given to the authority in such formas it specifies in the direction.

(5) If an amount payable under paragraph (1)(c) or (d) can not be settled by agreement, it must be determined by the Secretary of State.

Additional costs arising from Scheme employer's level of performance

70. (1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating—

(a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);

(b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and

(c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraphs (a) or (b).

Hackney

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
BUSINESS PLAN 2022/23 - 2024/25 **Pensions Committee** **10th March 2022**	**Classification** **PUBLIC** **Ward(s) affected** **ALL**	**Enclosures** **One** **AGENDA ITEM NO. 8**

1. INTRODUCTION

1.1. This report introduces the Pension Fund Business Plan for the period covering 2022/23 to 2024/25. The Business Plan sets out the key tasks the Fund needs to undertake to fulfil its strategic objectives for the next 3 years; it also includes a draft plan of work for the Pensions Committee and communications plan for the current financial year 2022/23.

2. RECOMMENDATIONS

2.1. The Committee is recommended to approve the Business Plan for 2022/23 to 2024/25.

3. RELATED DECISIONS

3.1. Pensions Committee 15th March 2021 – Business Plan 2021/22 to 2023/24

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

4.1. The Pensions Committee acts as scheme manager for the Pension Fund and is responsible for the management of £1.9 billion worth of assets and for ensuring the effective and efficient running of the Fund.

4.2. Having a three-year business plan helps ensure that the Committee is able to plan and understand the financial decisions that it will be faced with over the coming years. The decisions taken by the Committee impact directly on the financial standing of the Fund and can affect its ability to meet its liabilities. Ensuring prudent financial management helps to improve the overall financial position of the Fund, potentially impacting on the contribution rates payable by participating employers.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

5.1. The Council's Constitution gives the Pensions Committee responsibility for various specified functions relating to management of the Council's Pension fund. This includes setting the fund's strategic objectives and developing a medium-term plan to deliver these, and also setting an annual budget for the operation of the Pension Fund. In carrying out those functions the Committee must have regard to the various legislative obligations imposed on the Council as the Fund's Administering

Authority, particularly by the Local Government Pension Scheme Regulations 2013. Those obligations include producing specific documents and complying with statutory deadlines.

5.2. It is sensible against this background, and consistent with good administration and governance, to set out a three-year business plan and schedule the work of the Committee to ensure that the regulatory requirements of the Fund are met in a timely fashion.

6. BACKGROUND TO THE REPORT

6.1. The London Borough of Hackney is the Administering Authority for the Pension Fund; delegated powers under the Council Constitution have been given to the Pensions Committee to oversee its management. This includes monitoring of investments, making decisions on strategic asset allocation, appointing advisors, overseeing pension administration, setting budgets and receiving the annual report and accounts for the Pension Fund.

6.2. The business plan covers all the known key strategic matters for the financial years 2022/23 to 2024/25, the majority of which will be covered by the Committee in some detail. Plans for 2022/23 includes agreeing the Fund’s new Investment Strategy and undertaking the 2022 actuarial valuation and review of the Funding Strategy. It also includes delivering the outcomes of The Pension Regulator’s new single Code of Practice, implementing further on-line employer and scheme member functionality, along with the ongoing work to assess the impact of the McCloud judgement on the Fund and amend member records accordingly. The Committee will also be asked to consider a range of policy documents, most of which require updating on either an annual or triennial basis.

6.3. Also included within the business plan (at Section 6) is a draft communications plan for the new financial year 2022/23. This sets out the main areas to be targeted during the year.

6.4. Clarity over the longer-term strategic items within the business plan becomes more difficult further into the future, but the current business plan sets out the key known variables at this stage. It is recognised that this continues to be a time of considerable change for the LGPS and that developments over the coming months could alter the business plan over the medium term. It is also possible that some activity may be delayed due to work pressures, particularly if there are issues with recruiting to vacant positions within the Pensions Fund Management Team.

Ian Williams
Group Director, Finance and Corporate Resources

Report Originating Officers: Rachel Cowburn 020-8356 2630

Financial considerations: Jackie Moylan 020-8356 3332

Legal comments: Georgia Lazari 020-8356 1369

Appendices
Appendix 1 - Draft Pension Fund Business Plan

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LONDON BOROUGH OF HACKNEY

PENSION FUND

BUSINESS PLAN

2022/23 TO 2024/25

Proposed approval date –
March 2022
Version 1

CONTENTS

1. Introduction

The London Borough of Hackney is the Administering Authority for the Hackney Pension Fund which is part of the Local Government Pension Scheme (LGPS).

The purpose of this document is to set out a business plan for the Hackney Pension Fund for the period 2022/23 to 2024/25 and to outline the Fund's goals and objectives over the longer term. The business plan is formally reviewed and agreed every year. However, throughout the year it is monitored and there may be changes to it.

The purpose of the business plan is to:

- explain the objectives for the management of the Hackney Pension Fund
- document the priorities and improvements to be implemented by the pension service during the next three years to help achieve those objectives
- enable progress and performance to be monitored in relation to those priorities
- provide staff, partners and customers with a clear vision for the next three years.

A budget will be set for expected payments to and from the Hackney Pension Fund during 2022/23 including the resources required to manage the Fund and deliver this business plan. The budget will be separately approved by the Committee.

The business plan also has an impact on the Fund's Communication Plan and the Committee's agenda items. Accordingly, these are also included within this document.

Further Information

If you require further information about anything in or related to this business plan, please contact:

Rachel Cowburn Head of Pensions
E-mail – rachel.cowburn@hackney.gov.uk
Telephone – 020 8356 2630

2. Background to the Hackney Pension Fund

The Hackney Pension Fund is a £1.9bn[1] Local Government Pension Fund which provides death and retirement benefits for local government employees (other than teachers, police and firefighters) in the London Borough of Hackney and employees of other participating employers which provide similar services in the Hackney area.

Total Fund membership is 24,937 with 7,083 active contributors from 41 contributing employers and 10,352 deferred members and 7,402 pensioners and dependents.

Governance and Management of the Fund

The London Borough of Hackney, as the Administering Authority of the Pension Fund, has delegated responsibility for the management of the Hackney Pension Fund to the Pensions Committee.

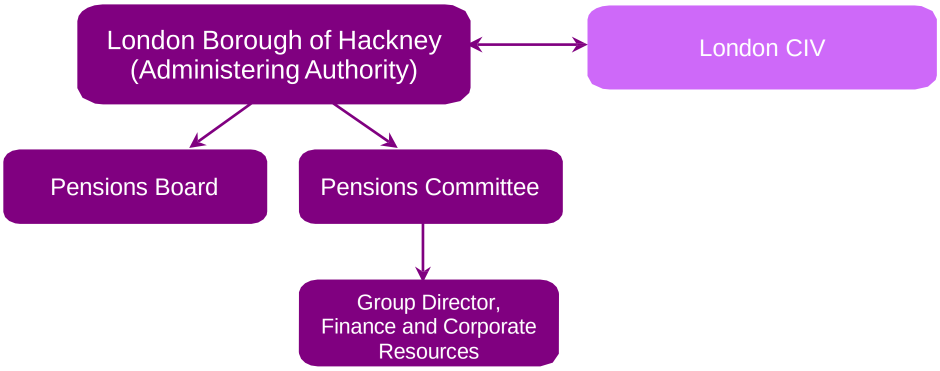
The day to day running of the Fund has been delegated to the Group Director, Finance and Corporate Resources; the Director, Financial Management; and the Financial Services section of the Council. The Financial Services section has responsibility for all aspects of the day to day running of the Fund including administration, investments and accounting. Some of this is carried out by external suppliers or providers including:

- Equiniti – many aspects of the administration and communications of the Hackney Pension Fund are carried out on the Fund's behalf by Equiniti
- London Collective Investment Vehicle (London CIV) - the Fund is a participating scheme in the London CIV which means the London CIV manages some of the Fund's assets on its behalf. The London Borough of Hackney is also a shareholder of the London CIV.

A range of consultants also provide guidance in relation to the management of the Fund.

In line with the Local Government Pension Regulations 2013, the Pensions Board assists the Authority in ensuring compliance with the regulations and helps oversee the work of the Pensions Committee and how the Fund is administered.

The Fund's governance structure is depicted in the chart below.



[1] Information correct as at 31 March 2021

3. Objectives

The primary objectives of the Fund are shown below. They have been agreed by the Pensions Committee as part of the Fund's key strategies and policies, and as such are a key driver in determining what is in the Fund's business plan. The objectives are sub-divided into specific areas of governance, funding, investments, administration and communications.

Governance Objectives

We will:

- aim to act in the best interests of the Fund's members and employers
- have robust governance arrangements in place, to facilitate informed decision making in a transparent manner, supported by appropriate advice, policies and strategies
- ensure that the London Borough of Hackney Pension Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and skills
- act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- understand and monitor risk
- strive to ensure compliance with the appropriate legislation and statutory guidance, and to act in the spirit of other relevant guidelines and best practice guidance
- clearly articulate our objectives and how we intend to achieve those objectives through business planning, and we will continually measure and monitor success
- ensure the confidentiality, integrity and accessibility of the Fund's data, systems and services are protected and preserved.

Funding Objectives

- To ensure the long-term solvency of the Fund, using a prudent long-term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment.
- To ensure that employer contribution rates are reasonably stable where appropriate.
- To minimize the long-term cash contributions which employers need to pay to the Fund, by recognizing the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers).
- To reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years.
- To use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

Investment Objectives

- Optimise the return on investment consistent with a prudent level of risk.
- Ensure that there are sufficient assets to meet the liabilities as they fall due (i.e., focus on cash flow requirements).
- Ensure the suitability of assets in relation to the needs of the Fund (i.e., delivering the required return).
- Ensuring that the Fund is properly managed (and where appropriate being prepared to change).
- Set an appropriate investment strategy for the Fund to allow the Administering Authority to seek to maximise returns and minimise the cost of benefits for an acceptable level of risk. Ensure return seeking assets are in line with funding objectives.
- Invest where appropriate through the London CIV if
  - the London CIV enables access to an appropriate solution that meets the objectives and benchmark set by the Fund and
  - there is a clear financial benefit to the Fund in investing in the solution offered by the London CIV, should a change in provider be necessary.
- Ensure that the Fund continues to invest responsibly taking account of environmental, social and governance issues, whilst adhering to its overarching fiduciary duties. Specifically, to ensure that the following investment beliefs agreed by the Committee in 2020 are incorporated into any decisions going forward:
  - Environmental, social and corporate governance issues can have a material impact on the long-term performance of investments;
  - The UN Sustainable Development Goals highlight investment risks and potential opportunities as well as areas in which asset owners can have a positive impact;
  - Engagement with managers, and through them with investee companies, can have a material impact on progress towards the chosen goals as well as on investment performance; and
  - Responsible investment is relevant to the performance of the entire Fund across asset classes

Administration Objectives

- Deliver an efficient, quality and value for money service to its scheme employers and scheme members.
- Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner.
- Ensure the Fund's employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function.
- Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner.
- Set out clear roles and responsibilities for the Council and Equiniti and work together to provide a seamless service to scheme employers and scheme members.
- Continuously review and improve the service provided.

Communications Objectives

- Promote the scheme as a valuable benefit and provide sufficient and up to date information so members can make informed decisions about their benefits.
- Communicate in a plain language style.
- Ensure the Fund uses the most appropriate means of communication, taking into account the different needs of different stakeholders.
- Look for efficiencies in delivering communications including greater use of technology.
- Evaluate the effectiveness of communications and shape future communications appropriately.

4. The plan for the next three years

Key Challenges and Influences

The last decade saw an unprecedented number of external factors that impacted or could impact the management of the Fund on top of major changes that have been implemented to the Fund in recent years, such as:

- The implementation of the new Local Government Pension Scheme from April 2014.
- Establishing the London CIV and investing assets in it from 2018.
- Procuring the Fund's third-party administration adviser and ensuring an increase in the range and quality of services is provided as part of the new contract.
- Introduction of a carbon reduction target for investments and development of the Fund's responsible investment approach.

These and other areas of recent focus put us in a strong position to meet the challenges ahead. The following are just some of the key areas of focus for the Fund over the next three years:

- Implementing the remedy for the McCloud court case, and any further "cost cap" changes to member benefits and contributions
- Implementing a member on-line self-service facility
- Implementing an employer on-line system, allowing more timely submission of data and in a more automated manner
- Understanding and complying with The Pension Regulator's new Single Code
- Implementing any governance changes as a result of the Scheme Advisory Board Good Governance review
- Understanding any risks and developing controls relating to cybercrime and business continuity
- Carrying out the 31 March 2022 actuarial valuation and reviewing the Funding Strategy as part of this
- Developing and implementing the Fund’s climate change targets
- Becoming a signatory of the Stewardship Code and complying with any new requirements on TCFD
- Agreeing the Fund’s 2022 investment strategy including ongoing transition of assets to London CIV.

These, and other priorities for the next three years, are articulated in more detail in the later sections of this business plan, split into three sections: governance; funding and investments; administration and communications.

Delivering the Business Plan

Monitoring and Reporting

In order to identify whether we are meeting our business plan we will:

- continue to monitor progress of the key priorities and the agreed budgets on an ongoing basis
- provide updates on progress against these key priorities on a quarterly basis to the Pensions Committee, which will be shared with the Pension Board
- as part of these quarterly updates:
  - highlight any areas where we are exceeding or failing to achieve our targets and the reasons why, and identify any changes to the planned priorities as a result of this
  - highlight any significant additional spend or underspend in relation to the agreed budget as it becomes apparent.

Significant risks that may impact delivery of the Business Plan

Overall, the next few years will be challenging for those involved in the governance, management and operation of the Fund. The following are the key known risks which may impact on the delivery of this business plan. A number of these risks are still of greater concern than normal due to the impact of Covid-19 as it is currently somewhat unknown the impact Covid-19 may have in 2022/23 and perhaps longer term.

- Failure of third-party administrator to deliver in accordance with contractual requirements, impacting on the service to the Administering Authority, scheme members and employers. This is exacerbated by the likely increase in work due to the McCloud remedy.
- Insufficient resource and/or lack of skills within the Administering Authority Pensions Team. Again, this could be exacerbated by the likely increase in work due to the McCloud remedy.
- Inability by Hackney Council to access their earlier years' payroll data, impacting on McCloud and other projects.
- Lack of employer engagement which could impact on plans to improve data and the implementation of the Employer Self Service on-line functionality.
- Employers unable to afford employer contributions including due to reduction in strength of employer covenant.
- Failure to meet investment objectives due to market volatility.
- Failure to achieve desired returns in relation to investments made under the umbrella of the Fund's Responsible Investment Policy.
- Inability to pay pension benefits due to market volatility and insufficient illiquid assets.
- Failure by London CIV to deliver services required to achieve asset pooling objectives.
- Breach or loss of data or assets due to a cyber-attack, or business continuity incident affecting systems or ability to work effectively.

Training Plan

The Fund has a Knowledge and Skills Policy setting out the training requirements for and knowledge expected of senior officers, Pensions Committee and Pension Board members. Key areas of training identified for the Committee and Board members for the period covered by this business plan include:

- The Pension Regulator's new Single Modular Code
- The Scheme Advisory Board's work on Good Governance
- Responsible Investing:
  - Climate change
  - Stewardship Code
  - TCFD requirements
- Investing in bonds
- Currency hedging mandates
- Investment Strategy Review
- Actuarial valuation basics, overview of valuation approach, funding strategy review, key themes/hot topics
- Actuarial valuation output – what's produced and how it is used
- The National Pensions Dashboard
- GMP Equalisation
- Pension Scams

In addition, a programme of induction training will be delivered to all new Committee and Board members in line with the Fund's Policy.

5. Business plan key priorities

The following are the expected key priorities for the Hackney Pension Fund for the period 2022/23 to 2024/25 so that the objectives of the Fund are achieved. This excludes ongoing business as usual items that take place annually or more frequently. Further explanations of these key priorities are included in the appendix to this business plan.

Many of the timescales are estimated due to reliance on external bodies, such as Government. As a result, these timescales may change. These are shown with an asterisk (*).

Key Action/Task	2022/23 Period				2023/24	2024/25	Expected Committee Agenda
	Q1	Q2	Q3	Q4			
Governance							
G1. Review appointments of Pensions Committee co-opted members and Local Pension Board members	✓		✓	✓	✓	✓	June 2023 initially
G2. Induction training and training needs analysis for Pensions Committee, board and senior officers (based on CIPFA competencies)			✓			✓	Dec 2022 and Dec 2024
G3. Review of cybercrime risk to Fund	✓	✓	✓				June 2022 and ongoing
G4. Review of Breaches procedure	✓						June 2022
G5 Governance review and implementation of actions	✓						June 2022
G6. Review against new TPR single code	✓*	✓*	✓*	✓*			Sept/Dec 2022
G7. Review of Conflicts of interest policy			✓				December 2022
G8. Inclusion and Diversity			✓	✓	✓		December 2022/March 2023
G9. Review of Governance Policy and Compliance Statement						✓	December 2024
G10. Review of Knowledge and Skills Policy						✓	December 2024
G11. Review of Risk Management policy						✓	March 2025
G12. Implement changes from Scheme Advisory Board good governance review	✓*	✓*	✓*	✓*	✓*		To be confirmed
Investments and Funding							
F1. Investment Strategy implementation			✓	✓			September and December 2022
F2. 2022 Investment Strategy review and	✓	✓	✓	✓	✓		June,

Key Action/Task	2022/23 Period Q1	Q2	Q3	Q4	2023/24	2024/25	Expected Committee Agenda
implementation							September and December 2022
F3. Responsible Investing – Agreeing Climate Change targets and implementation plan	✓	✓					June and September 2022
F4. Responsible Investing – Stewardship Code		✓					September 2022
F5. Responsible Investing – Develop Voting Policy		✓	✓	✓			September 2022
F6. Review requirements for cost transparency collation/reporting	✓	✓	✓	✓			No decisions required
F7. 2022 actuarial valuation and review of funding strategy	✓	✓	✓	✓			June, September, December 2022 & March 2023
F8. GAD Section 13 valuation results/engagement						✓	To be confirmed
F9. Other expected national changes including responsible investment, asset pooling guidance and TFCD		✓*	✓*	✓*	✓*	✓*	To be confirmed
Administration and Communications							
A1. Relaunch Member Self-service online functionality	✓	✓	✓	✓			No decisions required
A2. Work with Hackney Council/Hackney Education to develop pensions interface/extract (for employer self-service)	✓	✓					No decisions required
A3. Implement employer self-service on-line functionality to all employers including updating employer guide	✓	✓					No decisions required
A4. Review of Third-Party Administrator processes and responsibilities	✓	✓					September 2022
A5. Review of Third-party administrator service delivery to ensure quality improvement is in place	✓	✓					No decisions required
A6. Preparation of Member Data for Valuation	✓	✓					No decision required
A7. Implement McCloud/Sargeant remedy (extension of underpin test)	✓*	✓*	✓*	✓*	✓*		To be confirmed
A8. Carry out member address tracing and verification exercise	✓	✓					No decisions required
A9. Review of employers' processes and responsibilities					✓	✓	To be confirmed

Key Action/Task	2022/23 Period Q1	Q2	Q3	Q4	2023/24	2024/25	Expected Committee Agenda
A10. Update data improvement plan/procedures following improvements in employer engagement			✓				December 2022
A11. Implement trivial commutation/small pots payments					✓		To be confirmed
A12. Carry our frozen refund clearing exercise					✓		December 2023
A13. Implement changes required for national pensions dashboard(s)	✓*	✓*	✓*	✓*	✓*	✓*	To be confirmed
A14. Introduce high earners communication strategy		✓					September 2022
A15. Review under/overpayment policy					✓		December 2023
A16. Review Communications Strategy						✓	June 2024
A17. Review Admin Authority Discretion Policy and Employing Authority Discretions Policy						✓	June 2024
A18. Review Voluntary Scheme Pays policy						✓	June 2024
A19. Review Administration Strategy						✓	March 2025
A20. Implement employer engagement strategy	✓	✓					No decisions required
A21. Other expected legislation changes including exit cap (£95k) and fair deal	✓*	✓*	✓*	✓*	✓*	✓*	To be confirmed
Supplier and contractor reviews and tenders							
Custodian tender	✓						June 2022
Actuarial consultant tenders					✓		June 2023
Benefits and governance consultant tenders					✓		June 2023
Investment consultant tender		✓	✓				September 2022
AVC fund review		✓					June 2022
Third party administrator review and/or tender	✓						June 2022
Legal services		✓	✓				September 2022
Banking services tender (as part of Council's procurement)							To be confirmed

6. Draft Communications Plan 2022/23

The aim of the Fund's communications strategy is to make sure that all stakeholders are engaged with and kept informed of developments within the Pension Fund. We want to ensure transparency and an effective communication process will help to maintain the efficient running of the s cheme. An outline communications plan for 2022/23 is set out below

Type of Communication	Scheme Member	Prospective Scheme Members	Employers	Press & FOI Requests	Central Government & the Pensions Regulator
Annual Benefit Statements	July-August				
Newsletters	Annually and as required				
Individual Member Self-Service (on-line portal)	Implementation				
Notice of Pensions Increase (PI)	March (pensioners only)				
Website	As required	As required	As required		
Posters	As required		As required		
Scheme Guides	As required	Upon entry to the scheme	Upon entry to the scheme and as required		
Scheme legislation updates/changes	As required		As required		
Induction Sessions	Weekly	Weekly	As required		
Pre-Retirement Seminars	Quarterly		Quarterly		
Employer Forum			February-March		
Employer training workshops			As required		
Pensions Administration Strategy			–Triennial - December 2024 is next review date		
Communications Strategy	Triennial – March 2024 is next review date		Triennial – March 2024 is next review date		
Report & Accounts	Annual Newsletter		November		October
Funding Strategy Statement			September to March (triennial)		
Investment Strategy Statement			June to September (usually triennial)		
Ad-Hoc Queries	Within set timescales	Within set timescales	Within set timescales	Within set timescales	Within set timescales

Type of Communication	Scheme Member	Prospective Scheme Members	Employers	Press & FOI Requests	Central Government & the Pensions Regulator
Pension Committee	April - March	April - March	April - March	April - March	
Pension Board	April - March	April - March	April- March		As Required
McCloud communications	To be confirmed		As required		
Cost management changes	As required		As required		

7. Appendix A – Explanation of business plan key tasks and actions

Further information relating to key priorities

It is expected that work scheduled for 2022/23 will be carried out within the existing resource/budget unless indicated otherwise. Work scheduled for 2023/24 and 2024/25 will be included in the relevant budgets for those years. Many of the timescales are estimated due to reliance on external bodies, such as Government. As a result, these agenda items may be move to a later committee date. These are shown with an asterisk (*****).

Governance key priorities

G1. Review appointment of Pensions Committee co-opted members and Local Pension Board members						
2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓		✓	✓	✓	✓	June 2023 initially

The employer and scheme member representatives on the Pensions Committee and Local Pension Board are regularly reviewed. There are some vacancies and some appointments that are subject to review as follows:

- Board – appointment of vacant employer representative role and review of both scheme member representatives (4-year term) in Q1 of 2022/23
- Board – consider review of other employer representative (3-year anniversary March 2023) in Q3/4 2022/23
- Committee – consider review of scheme member and employer representatives (4-year anniversary September 2023) – Q1/2 of 2023/24

G2. Induction training and training needs analysis for Pensions Committee, Board and key officers						
2022/23 Period				2023/24	2024/25	Expected Committee Agenda
		✓			✓	December 2022 and December 2024

As per the Knowledge and Skills policy a training needs analysis for the main roles of Pensions Committee members, Pension Board members and Senior Officers should be carried out at least once every two years. This is based on the competencies within the CIPFA Knowledge and Skills framework for LGPS Committee Members and Technical Knowledge and Skills framework for Pension Boards. Given the recent changes to the Committee members, and potential further changes following the May London elections, it is sensible to first focus on delivering induction training to all new members, before carrying out the training needs analysis. It is hoped to issue the analysis during the summertime with the results being presented to the September 2022 Pensions Committee meeting.

G3. Review of cybercrime risk to Fund

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓	✓				June 2022 and ongoing

Cyber risk is considered a key risk to the Fund, as it is to most organisations today. In line with The Pensions Regulator's requirements, work will be carried out to better understand how that risk is being managed in relation to the Fund's member data, assets and other procedures. The Fund officers have already been carrying out some investigations into the cyber resilience of Equiniti and Hackney Council. A report outlining the results of this work, presenting a proposed cyber-strategy for the Fund and including a proposed programme of further work was presented to the March 2022 Pensions Committee meeting which will then be carried out during 2022/23.

G4. Review of Breaches Procedure

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓						June 2022

As part of good governance and to meet overriding requirements relating to the management of breaches of the law, the Fund has a Breaches Procedure which details how breaches of the law are managed, taking into account the Pensions Regulators guidance. We understand that the procedure is now subject to review and so will be considered at the June 2022 Pensions Committee meeting.

G5. Governance review and implementation of actions

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓						June 2022

The Fund has not had a review of its governance arrangements for some time and therefore Aon will be carrying this out during quarter four of 2021/22, which is likely to continue to quarter 1 of 2022/23. The rest of this will be reported to the June 2022 Pensions Committee and any ongoing plan of work will be developed at that point. As part of this work, they are also considering the format of reports being presented to the Committee as well as whether the Fund's business continuity arrangements are still relevant.

G6. Review against new TPR Single Code

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓*	✓*	✓*	✓*			Assuming June or September and December 2022

The Pensions Regulator (TPR) consulted on a new Single Code of Practice during Spring 2021. This new Code will merge the existing 15 codes the Regulator has in place. The first iteration of the new Code will include Code of Practice No.14 (the relevant Code for Public Service Pension Schemes) as part of the merger of 10 of the 15 codes that are currently in place. This could result in changes to the requirements placed on Public Service Pension Schemes, including the LGPS. Work will be undertaken to review whether the Fund complies with the requirements within the new Code. After the initial review, ongoing compliance checks will be carried out on a regular basis. The new single code is not expected to be laid before parliament in June/July 2022 and is likely to come into force in October 2022.

G7. Review of Conflicts of Interest policy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
		✓				December 2022

As part of good governance and the Pension Regulator's expectations, the Fund has a published Conflicts of Interest policy. This details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Fund whether directly or in an advisory capacity. The strategy must be reviewed at least every three years and it was last reviewed in December 2019.

G8. Inclusion and diversity

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
		✓	✓	✓		December 2022 or March 2023 initially

Inclusion and diversity is being considered by most employers but it equally should have a bearing on the management of pension schemes. The Pensions Regulator has highlighted their intention to figure more on inclusion and diversity in their regulatory materials going forward. It is planned to consider inclusion and diversity in the context of the management of the Hackney Pension Fund during the year, which may involve consideration of this in relation to decision making, recruitment to positions, and in its communications. This is likely to continue into 2023/24.

G9. Review of Governance Policy and Compliance Statement

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
					✓	December 2024

The Fund is required to have a Governance Policy and Compliance Statement setting out information relating to how the Administering Authority delegates its functions under the regulations and whether it complies with guidance given by the Secretary of State for Levelling Up, Housing and Communities. The strategy must be reviewed at least every three years and it was last reviewed in December 2021.

G10. Review of Knowledge and Skills Policy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
					✓	December 2024

As party of good governance and the Pension Regulator's expectations, the Fund has a published Knowledge and Skills Policy which outlines the knowledge and skills strategy for members of the Pensions Committee and Pensions Board, and senior officers responsible for the management of the Fund. The strategy must be reviewed at least every three years and it was last reviewed in December 2021.

G11. Review of Risk Management Policy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
					✓	March 2025

As part of good governance, the Fund has a published Risk Management Policy. This was recommended for approval by the Pensions Committee in March 2022. The strategy must be reviewed at least every three years.

G12. Implement changes from Scheme Advisory Board Good Governance review

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓*	✓*	✓*	✓*	✓*		To be confirmed

The national LGPS Scheme Advisory Board (SAB) carried out a project to help and assist with the successful management of potential conflict of interests arising between a pension fund and its parent local authority. It was originally investigating options for change regarding the separation of LGPS pension funds and their host authorities.

The review has now evolved to focus on the elements of good governance, rather than the structure of the organisation. A number of recommendations have been made including ensuring appropriate conflicts of interest management, knowledge and skills and having a designated LGPS lead officer in each administering authority. The SAB has now made a number of formal recommendations to DLUHC, including the request for DLUHC to issue statutory guidance relating to the areas of best practice identified by the project. SAB will also be undertaking a number of surveys to take forward some of the work and is expected to issue guidance in due course. The actual timescales are estimated and may be delayed due to other national priorities.

Funding and Investments key priorities

F1. Investment Strategy implementation

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
		✓	✓			September and December 2022

The first phase of the implementation of the existing Investment Strategy is largely complete. Phase two is mainly focussed on the transition of the Fund’s bond portfolio which is expected to happen during the period spanning October 2022 to March 2023. This requires ongoing engagement with the London CIV to ensure the appropriate portfolio(s)s are made available for the Fund.

F2. 2022 Investment Strategy review and implementation

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓	✓	✓	✓		June, September and December 2022

This relates to the triennial review of the Fund's Investment Strategy which will be carried out in tandem with the 31 March 2022 Actuarial Valuation to ensure alignment with the review of the Funding Strategy. The initial work on the new strategy is expected to be presented at the June 2022 Pensions Committee with the final strategy expected to be put to the December 2022 Committee for approval. The implementation plan will then need to be developed following its agreement, but this is expected to continue into 2023/24.

F3. Responsible Investing – Agreeing Climate Change targets and implementation plan

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓					June and September 2022

The Fund intends to adopt a range of specific targets and timescales to ensure that they meet their overall net-zero objective. These are expected to be considered and approved at the June 2022 Pension Committee meeting, and more detail on how these will be implemented will be considered at the September 2022 meeting.

F4. Responsible Investing – Stewardship Code

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
	✓					September 2022

The Financial Reporting Council (FRC) first published the UK Stewardship Code in 2010 and revised it in 2012. In October 2019 the FRC issued an updated and increasingly demanding version, the UK Stewardship Code 2020. The Code sets out a number of areas of good practice to which the FRC believes institutional investors should aspire. ISS guidance given by the Secretary of State states that LGPS administering authorities should become signatories to the Code, and state how they implement the principles on a "comply or explain" basis.

The Fund is committed to becoming a signatory to the Stewardship Code, albeit there will be a high reliance on the London CIV on achieving this. It is proposed to establish a working group which will play a key role in feeding into how the Fund achieves the standards required, including implementing regular manager monitoring. The Fund expect to submit their Stewardship Code application in October, and it will therefore be subject to the Committee's approval in September.

F5. Responsible Investing - Develop Voting Policy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
	✓	✓	✓			September 2022

The London CIV is developing its voting and stewardship approach including how it intends to exercise its voting rights at annual general meetings, general meetings, courts and classes of companies it invests in. This will be captured within a London CIV Voting Policy and a draft of this is expected to be available in the summer of 2022. The Fund will be working with the London CIV to ensure that the Fund's beliefs are allowed for in the London CIV's approach.

F6. Review requirements for cost transparency collation/reporting

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓	✓	✓			No decisions required

A Code of Transparency covering investment management fees and costs was developed and approved by SAB and launched in May 2017. In 2018, the Financial Conduct Authority (FCA) launched the Institutional Disclosure Working Group (IDWG) as part of the remedies package and noted the success of the LGPS Code. The FCA wanted to see more consistent and standardised disclosure of costs and charges for institutional investors. It thought that a standardised disclosure template should provide institutional investors with a clearer understanding of the costs and charges for a given fund or mandate. This should allow investors to compare charges between providers and give them a clear expectation of the disclosure they can expect. These templates have been adopted for the LGPS Code. In order to streamline the process and make it more widely available, SAB procured an online facility from Byhiras which allows:

- accepts and stores template data from fund managers
- Checks the timeliness of data submission and report late returns
- Ensures that template data is signed off by managers as 'fair, clear and not misleading'
- Provides a check against the MiFID II total cost amount submitted separately by managers to their LGPS clients.

Hackney Fund will be transitioning to the new system during 2022/23.

F7. 2022 actuarial valuation and review of funding strategy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓	✓	✓			June, September, December 2022 & March 2023

A formal actuarial valuation of the Fund detailing the solvency position and other financial metrics must be carried out as at 31 March 2022. It is a legal requirement of the LGPS Regulations. It determines the contribution rates payable by the employers to fund the cost of benefits and make good any existing shortfalls as set out in the separate Funding Strategy Statement. This is considered in conjunction with the strength of covenant for each employer participating in the Fund. The majority of the work will be carried out during 2022/23 but initial discussions on the proposed funding strategy have already commenced in 2021/22.

The key stages of the valuation process are as follows:

- June 2022 – planned data submission
- September 2022 – whole fund results and draft Funding Strategy Statement brought to Pensions Committee
- December 2022 – employer specific funding strategies brought to Pensions Committee
- March 2023 – final valuation report and approval of the Funding Strategy Statement by Pensions Committee.

See also action A6

F8. GAD Section 13 valuation results/engagement

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
					✓	To be confirmed

Section 13 of the Public Service Pensions Act requires the Government Actuary to report on compliance, consistency, solvency and long-term cost efficiency in respect of the actuarial valuation of the LGPS as a whole. This is based on the individual actuarial valuations and data provided by each LGPS fund and their actuary. These reviews consider key metrics to identify potential issues in relation to compliance, consistency, solvency and long-term cost efficiency and a short report is provided to each LGPS fund and made publicly available which will highlight any concerns.

The next review will be carried out following the 31 March 2022 actuarial valuation. We estimate that the Section 13 results are likely to be available around two to three years after the valuation date (so for 31 March 2019, the results were published in December 2021).

F9. Other expected national changes including asset pooling guidance, TCFD and levelling-up infrastructure investment

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
	✓*	✓*	✓*	✓*	✓*	To be confirmed

It is expected that the following three areas will be incorporated in one consultation from DLUHC in the summer of 2022. The actual implementation of the requirements is unclear but is expected to involve work during 2022/23.

Asset pooling guidance

MHCLG (now DLUHC) undertook an informal consultation on new asset pooling guidance during early 2019. DLUHC has since confirmed its intention to carry out a formal consultation in due course.

Task Force for Climate-related Financial Disclosures (TCFD) consultation

From 1 October 2021 the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 introduced new requirements relating to reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. These aim to improve both the quality of governance and the level of action by trustees in identifying, assessing and managing climate risk. Those regulations do not apply to the LGPS but DLUHC intends to consult on the implementation of TCFD-aligned disclosures within the LGPS.

Levelling Up whitepaper

On 2 February 2022 DLUHC published a Levelling Up white paper which includes references to LGPS funds having plans for up to 5% of assets to be allocated to projects which support local areas. We understand that in this context local refers to UK rather than local to a particular fund and that there will be no mandation beyond the requirement to have a plan. Further details will emerge over the period up to the expected summer consultation.

Administration and Communications key priorities

A1. Relaunch member self-service online functionality

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓	✓	✓			No decisions required

The Fund has been working with Equiniti toward launching a portal which gives scheme members access to their own pension record so they can view the data held, amend some elements of personal data, and produce estimates of the benefits payable in various scenarios. The launch of this has been delayed due to COVID-19 but it is intended to be rolled out during 2022-23. The roll-out of member self-service is also dependent on the roll-out of employer self-service (see A2 and A3).

A2. Work with Hackney Council/Hackney Education to develop pensions interface/extract (for employer self-service)

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓					No decisions required

The Fund has been working with Equiniti and Hackney Council Payroll/Hackney Education to develop an interface extract file with appropriate information relating to LGPS members on the Council's iTrent payroll system. This extract will be regularly provided via Equiniti's on-line employer self-service facility to ensure the Council Payroll and Hackney Education teams' pension records are up to date and will introduce increased efficiencies as well as less reliance on the Hackney Pensions Team. It is hoped to go live with the interface early in 2022/23, albeit this is hoped to include the year end file for 2021/22. As part of the interface going live an exercise will be undertaken to review employer processes and forms, as per A9.

A3. Implement employer self-service on-line functionality to all employers including updating employer guide

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓					No decisions required

The Fund has been working with Equiniti with a view to launching new on-line functionality for all employers participating in the Fund. This will require all employers to upload pension information on a monthly basis to Equiniti's on-line employer self-service facility to ensure the Fund's pension records are up to date. As well as improving the integrity of the Fund's data, this will introduce increased efficiencies for all parties. The launch of this has been delayed due to COVID-19 but some testing is underway, and it is hoped that this will go live for all employers during 2022-23 (albeit Hackney Council/Hackney Education payrolls will be given priority as per A2).

As part of the employer self-service being rolled out, the existing employer guide will also be updated to reflect the new requirement to provide data via this portal and a review will be undertaken of employer processes and forms, see A9.

A4. Review of third-party administrator processes and responsibilities

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓					September 2022

The Fund plans to carry out a review of the procedures carried out by Equiniti, the Fund's Third-Party Administrator, to check accuracy of calculations and that procedures meet legal and best practice requirements, as well as being in line with the service specification that was put in place for Equiniti's new contract. This will include a review of the communications provided by Equiniti to the Fund's scheme members and employers. It was planned to carry this out during 2021/22 but has been delayed due to COVID-19 and other business priorities. It will also specifically involve an element looking at robustness of procedures in relation to legislation which came into force in November 2021 regarding pension scams.

A5. Review of third-party administrator service delivery to ensure quality improvement is in place

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓					No decisions required

There is overlap here with A4. Equiniti are currently developing a proposal for the Fund to introduce a number of changes that will help them meet the service standards expected as part of their contract with the Fund. This will mostly be focused on the use of the software to make efficiencies (including a potential move to Equiniti's updated Compendia platform) and reviewing where work is undertaken within their organisation, allowing them to build on current service standards.

A6. Preparation of Member Data for Valuation

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓					No decisions required

The triennial actuarial valuation as at 31 March 2022 requires the third-party administration team to provide data to the actuary. This involves an additional year end cleansing exercise post 31 March 2022 to ensure the data is of sufficient quality for the valuation and to then rectify any anomalies discovered during the valuation process. An interim/test valuation was completed during 2021/22 where some initial data validation has been completed already, which highlighted an area to investigate.

It is hoped that data can be submitted to the Fund actuary by early July with any data cleansing being investigated and responded to by 31 July 2022.

A7. Implement McCloud/Sargeant remedy (extension of underpin test)

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓*	✓*	✓*	✓*	✓*		To be confirmed

Court of Appeal judgements (McCloud and Sargeant) in 2018 highlighted that the introduction of transitional provisions in the CARE schemes for Firefighters and Judges in April 2015 gave rise to unlawful age discrimination. This impacts on other public service pension schemes including the LGPS (where the new CARE scheme from April 2014 included a statutory underpin for older members). Remedies are being worked through by Government to remove the inequality in the schemes, which will result in changes to scheme benefits some of which will be retrospective. A consultation on the Local Government Pension Scheme remedy took place in July 2020 and since then work has commenced to identify and update the records of the affected members so their benefits can be amended once regulations are laid. This is a major exercise to gather updated employment information from employers dating back to 2012. This work has been allowed for in the 2022/23 budget, but it is possible that additional resource and budget may be required depending on the final outcome of the consultation and the final regulations.

A8. Carry out member address tracing and verification exercise

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
✓	✓					No decisions required

The Fund has a number of members where no current address is held due to them moving address and not updating the Fund; this mainly relates to members who have left active employment and have deferred benefits, or a frozen refund held in the Fund. Not only does this create problems when notifying members of their benefits and making payment of these benefits, but addresses are one of the common data items that The Pensions Regulator expects pension schemes to hold and missing addresses therefore impacts the Fund's reportable "data score".

Equiniti has recently commenced carried out an address tracing and verification exercise on the entire deferred member population. This was to help to trace those members which the Fund currently holds no current address for, but also to verify that the addresses that are held are still up to date, which is essential for data protection purposes. Some 2,400 verification letters were sent and over half of cases were identified. Equiniti will continue working through the remaining cases during the beginning of 2022/23 to verify addresses for as many as possible.

A9. Review of employers' processes and responsibilities

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
				✓	✓	To be confirmed

The Fund has previously carried out an independent 'audit' of the participating employers, measuring the quality of data provided as well as the timeliness of data and other matters such as the submission of forms when required. This will be carried out again once the employer self-service portal is up and running (see action A3 above).

A10. Update data improvement plan/procedures following improvements in employer engagement

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
		✓				December 2022

The Fund has a data improvement plan in place which identifies key areas where the quality of data has been causing problems or delays in administration. Following the implementation of the employer on-line self-service functionality (see actions A2 and A3 above) much more analytical information will be available relating to the performance of individual employers and areas where data is missing or incorrect. As a result, a fundamental review of the data improvement plan will be carried out.

A11. Implement trivial commutation/small pots options

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
				✓		To be confirmed

Trivial commutation is where a member who is entitled to a small pension can elect to give up the entirety of that pension and instead receive their benefit as a single lump sum payment. A project will be carried out to identify any pensioners and dependants who may be eligible for trivial commutation and to offer it to them. This will reduce the administrative burden on the Fund paying a large number of very small pensions over a number of years as well as providing greater clarity from a funding perspective. The government has a limit for members to trivially commute their pension in relation to a single pension (£10,000 value – called a "small pot") and total benefits (£30,000 – called "trivial commutation"). As well as reducing the number of pensioner payments that require ongoing payment this could also reduce the fund's liabilities. It may also be welcomed by a number of pensioners who would prefer a one-off lump sum payment rather than ongoing smaller payments of little value.

A12. Carry out frozen refund clearing exercise

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
				✓		December 2023

Members who left the scheme without meeting the 'vesting period' (the minimum period to qualify for benefits – this was two years before 1 April 2004, three months between 1 April 2004 and 31 March 2014, and reverted to two years from 1 April 2014 - were only entitled to a refund of their own contributions. Since 1 April 2014 the regulations have required that this must be paid within five years of the member leaving the scheme, but before that date there was no such requirement, and many members did not claim their refunds in case they re-joined the scheme in the future and could then count that service. This has meant that the Fund has built up a number of "frozen refunds" i.e., refunds that have not yet been claimed. It is planned to carry out a bulk review of these cases and pay as many as possible. This will help the Fund meet legal requirements that all benefits must be paid before the member's 75th birthday, assist with data cleansing in preparation for the national pensions dashboard and provide more certainty around that element of the Fund's liabilities.

A13. Implement changes required for national pensions dashboard(s)

2022/23 Period				2023/24	2024/25	Expected Committee Agenda

✓*	✓*	✓*	✓*	✓*	✓*	To be confirmed

Pension dashboards are a Government initiative first announced in the Budget 2016. The idea behind the dashboards is to allow all pension savers in the UK access to view the values of all of their pension pots, including the state pension, through one central platform. A consultation was undertaken by Government in early 2019 which sought views on the potential phasing of the introduction of pension dashboards as well as how the architecture, funding and governance arrangements would work. The legislative requirements for schemes (including public sector schemes) to participate in the dashboards are currently being consulted on, including the proposal that all public sector pension schemes should be onboarded in April 2024. This will be a fundamental project which is likely to have additional costs due to the development and testing of systems and processes.

A14. Introduce pensions tax communication strategy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
	✓					September 2022

The Fund plans to introduce a Pensions Tax Communications Strategy setting out the information that will be provided to members, when and how it will be provided to manage members' expectations. This will be considered during early 2022/23 and brought to Committee for approval.

A15. Review under/overpayment policy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
				✓		December 2023

The Fund has published an under/overpayment policy setting out how it will deal with cases where members are under or overpaid their benefits. This policy should be reviewed at least every three years and as it was originally approved in January 2021, the next planned review is January 2024.

A16. Review communications Strategy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
					✓	June 2024

The Fund is required to have a Communications Strategy setting out how it communicates with the various stakeholders of the Fund and future plans to improve those communications. The strategy must be reviewed at least every three years and it was last reviewed in June 2021. Upon the next review consideration to be given to inclusion and diversity

A17. Review Administering Authority and Employing Authority discretion policies

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
					✓	June 2024 (note the employing authority discretions policy requires approval of the Corporate Committee)

The Local Government Pension Scheme regulations provide the administering authority and scheme employers with a number of areas of discretion in how the Fund is managed, and some of these require a policy to be published. We consider it good practice to publish a statement of policy covering all discretionary areas. The Fund's administering authority discretionary policy was last reviewed in June 2021 and should be reviewed at least every three years. The London Borough of Hackney employing authority policy was last reviewed in September 2021. The next planned review for both policies is June 2024 but note the employing authority policy will be approved by the Corporate Committee.

A18. Review Voluntary Scheme Pays policy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
					✓	June 2024

The Fund has a responsibility to ensure that pension taxation matters are dealt with according to relevant regulations and that members are given appropriate information. The Fund has previously published a Voluntary Scheme Pays policy which provides some flexibility in how tax charges relating to pension growth can be paid by a deduction to the scheme member's pension. This policy should be reviewed at least every three years, it was originally approved in June 2021 and therefore the next planned review is June 2024.

A19. Review Administration Strategy

2022/23 Period				2023/24	2024/25	Expected Committee Agenda
					✓	March 2025

The Pensions Administration Strategy (PAS) sets out the relationship between the Fund, the third-party administrators, and the participating employers. It sets out each party's roles and responsibilities, and what is expected of them under the Regulations. It also sets out the expected timescales in which a party must take action (for example, when an employer must notify the third-party administrators that a member has left the scheme). The PAS must be reviewed at least every three years. It was last reviewed in March 2022 and so will be due for its next review in March 2025.

A20. Implementation of employer engagement strategy

	2022/23	Period		2023/24	2024/25	Expected Committee Agenda
✓	✓					No decisions required

The Fund has recently worked with the third-party administrator, Equiniti, to formulate an employer engagement strategy to support employers with their responsibilities. Further work is required by the Fund continuing to work in collaboration with Equiniti to gain assurances that the actions within the strategy are in place to support and educate employers. The full implementation will rely on items A3 and A5.

A21. Other expected legislation changes including exit payment cap (£95k) and fair deal

	2021/22	Period		2023/24	2024/25	Expected Committee Agenda
✓*	✓*	✓*	✓*	✓*	✓*	To be confirmed

£95k Exit Cap and Wider Reforms

Changes took place in 2020 that put a cap on the total of exit payments for public sector employers, such as redundancy payments, for members leaving the scheme. This included pension fund strain costs within the calculation of the £95k cap. In February 2021 the regulations were revoked, and HMT has confirmed it will bring forward proposals to tackle unjustified exit payments in the near future. DLUHC will also be carrying out a separate consultation on the impact on the LGPS.

DLUHC also consulted on wider reform provisions in 2020 that could materially impact the type and amount of benefits paid to employees on early termination; if implemented, these impact on both payments made by employers as well as benefits paid from LGPS funds.

Goodwin

In 2020 the Government settled a legal challenge relating to the Teachers' Pension Scheme from a male survivor of a female member, complaining that he was due to receive lower benefits than a survivor of a same-sex marriage/partnership would receive. It has been accepted that this decision will also affect other public sector schemes and we await guidance from DLUHC on the required changes to the Local Government Pension Scheme regulations.

GMP equalisation

A court case in 2018 determined that it is necessary to revisit pension benefits for scheme members who accrued a GMP to ensure equal treatment between men and women. In the LGPS this has been dealt with by applying full indexation to the pensions of all those whose State Pension Age is after 5 April 2016 regardless of whether there is a GMP element to it. However, the Fund is likely to have to revisit transfers-out over a number of years to ensure the correct amount was paid in respect of the GMP element but further guidance from DLUHC is awaited.

Cost Management

Public Sector Pension Schemes (including the LGPS) were designed to ensure sustainability for 25 years. The design included a cost management mechanism and at the 2016 valuations the lower threshold within that mechanism (i.e., the cost floor) was deemed to be breached which suggested member benefits would need to increase or their contributions reduce. Following the McCloud judgement, Government announced that any additional McCloud costs would fall to be deemed “member costs” within the cost management mechanism and it is not now expected that any changes to member benefits or contributions will be required on account of the 2016 exercise. The LGPs Scheme Advisory Board (SAB) has confirmed that no changes will be needed by virtue of its separate mechanism which applies to the LGPS in England and Wales in addition to the HMT mechanism which applies across all of the public service pension schemes. It should be noted however that the Trades Unions have applied for a Judicial Review of the decision to allocate McCloud costs to members as part of the 2016 cost management process. It is not yet known if the Judicial Review will go ahead, nor what the outcome will be if it does, but until the issue is resolved we cannot say with certainty that no changes will be required following the 2016 process.

In relation to the 2020 cost management process, on 24 June 2021 the Chief Secretary to the Treasury published a Written Ministerial Statement announcing publication of a consultation on proposed reforms to the cost control mechanism for Public Service Pension Schemes following the publication of the Government Actuary's review of the mechanism. On 4 October 2021 HM Treasury released their response to the consultation confirming that there will be changes to the mechanism from the 2020 scheme valuation. In light of this, the LGPS SAB is also reviewing its cost management process for England and Wales. It is not yet known if any changes flowing from the 2020 cost management process will be required. The widening of the corridor in the HMT process is intended to reduce the likelihood that changes will be required, but the LGPS SAB process was originally intended to be far more sensitive to changes in cost.

From an administrative perspective, should there be changes to member benefits and/or contributions as a result of the 2016 or 2020 cost management process, this could have a significant impact on administration processes and systems as well as requiring a robust communication exercise with employers and scheme members.

Fair deal

In May 2016 DLUHC initially proposed that the New Fair Deal be extended to the LGPS. This would mean that any staff being outsourced would remain in the LGPS and their 'new' employer would gain admission body status, without the option of being able to offer a pension scheme that is broadly comparable to LGPS.

On 10 January 2019 a consultation document was published by DLUHC around the topic of Fair Deal – Strengthening Pension Protection. The consultation confirmed the 2016 proposal of service providers offering LGPS membership to individuals who have been compulsorily transferred from an LGPS employer, even if the contract is outsourced a second time (and removal of the option of a broadly comparable scheme). Within the 2019 consultation, there were also proposals about automatically transferring LGPS assets and liabilities when scheme employers are involved in a merger or takeover. This consultation closed on 4 April 2019. Final regulations are still to be made.

Increase in Normal Minimum Pension Age

On 11 February 2021 HMT launched a consultation on implementing the increase in the normal minimum pension age from 55 to 57 in April 2028. The proposed change is designed to maintain a 10-year gap between minimum retirement age and state pension age as confirmed as part of Government's policy back in 2014. The proposals form part of the Finance Bill 2021-22 which is currently going through Parliament. Protections to retain the normal minimum pension age lower than age 57 are proposed for those:

- in a pension arrangement on or before 3 November 2021 and
- who are, or become, members of a scheme whose rules as at 11 February 2021 gave them an unqualified right to take their benefits between 55 and 57.

The proposals will require changes to the LGPS Regulations and (at the time of writing) the Bill is not yet an Act, noting that the proposals for protection have already been amended subsequent to the Government's original policy paper issued in July 2021. In the meantime, the Fund's administrators need to keep a note of any protected pension ages to which new members may be entitled, which will generally be due to existing scheme membership or a transfer-in from another pension arrangement.

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Hackney

REPORT OF THE GROUP DIRECTOR, FINANCE & CORPORATE RESOURCES		
Quarterly Update Report **Pensions Committee** **10 March 2022**	**Classification** **Public** **Ward(s) affected** **ALL**	**Enclosures** **Three** **9**

1. INTRODUCTION

1.1 This report is an update on key quarterly performance measures, including an update on the funding position, investment performance, responsible investment, administration performance and reporting of breaches. It provides the Committee with information on the position of the Fund between November and December 2021. The report also provides an update on the implementation of the investment strategy approved at previous meetings.

2. RECOMMENDATIONS

2.1 The Pensions Committee is recommended to note the report.

3. RELATED DECISIONS

- Pensions Committee (Urgency Delegation March 2020) – 2019 Final Valuation Report and Funding Strategy Statement
- Pensions Committee 23rd November 2021 –Investment Strategy Statement
- Pensions Committee January 2022 –Pension Administration Strategy (PAS)

4. COMMENTS OF THE GROUP DIRECTOR OF FINANCE & CORPORATE RESOURCES

4.1 The Pensions Committee has delegated responsibility for management of the Pension Fund. Quarterly monitoring of key aspects of the management of the Pension Fund is good practice and assists the Committee in making informed decisions.

4.2 Monitoring the performance of the Fund's investment managers is essential to ensure that managers are achieving performance against set benchmarks and targets. Performance of the Fund's assets will continue to have a significant influence on the valuation of the scheme's assets going forward. The investment performance of the Fund is a key factor in the actuarial valuation process and therefore directly impacts on the contributions that the Council is required to make into the Pension Scheme.

4.3 Reporting on administration is included within the quarterly update for the Committee as best practice. Monitoring of key administration targets and ensuring that the administration functions are carried out effectively will help to minimise costs and ensure that the Fund is achieving value for money.

4.4 Whilst there are no direct impacts from the information contained in this report, quarterly monitoring of key aspects of the Pension Fund helps to provide assurance to the Committee of the overall financial performance of the Fund and enables the Committee to make informed decisions about the management of the Fund.

5. COMMENTS OF THE DIRECTOR OF LEGAL AND GOVERNANCE

5.1 The Pensions Committee's Terms of References sets out its responsibility for management of the Pension Fund. The Committee has delegated responsibility:

- To make arrangements for the triennial actuarial valuation, monitor liabilities and to undertake any asset/liability and other relevant studies as required.
- To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles (Investment Strategy Statement).
- To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against budget.
- To act as Scheme Manager for the Pension Fund

5.2 Given these responsibilities, it is appropriate for the Committee to consider a regular quarterly update covering funding and investment matters, budget monitoring and scheme administration and governance.

6. FUNDING UPDATE

6.1 An update on the funding level of the Fund as at 31 December will be provided at the meeting pending completion of associated analysis required at the time of writing this report.

7. INVESTMENT UPDATE

7.1 Appendix 1 to this report provides a manager performance update from the Fund's Investment consultants, Hymans Robertson. The report includes an analysis of the last quarter, 1 year and 3 year performance against benchmark and target, as well as Hymans Robertson's current ratings for each manager. The report shows that the Fund produced positive absolute returns over the quarter of 4.2%, slightly underperforming its benchmark. As set out in the January Quarterly Update Report to the Committee, the Fund fully disinvested from the Invesco Diversified Growth Fund and reinvested this in the LCIV Diversified Growth Fund, as per the agreed investment strategy. The LCIV Renewable Infrastructure Fund also began to drawdown from the Fund's commitment. Over the last 12 months, the Fund outperformed the benchmark by 1%, producing overall returns of 12.9%. Over the last 3 years, returns of 12.2% were achieved out-performimg benchmark by 1.2%.

8. INVESTMENT STRATEGY IMPLEMENTATION UPDATE

8.1 Following the Committee's approval of its refreshed investment strategy, Officers agreed to provide a quarterly update on its actual implementation.

8.2 In January's update report it was reported that the following had been achieved:

- Due diligence has been completed on the LCIV private debt and renewable infrastructure funds and suitability notes issued by our investment advisers.
- Subscription documentation has been completed for the LCIV private debt and renewable infrastructure funds and initial capital calls have now been made and funded.
- Due diligence has also been completed on the LCIV Paris Aligned Global Alpha Fund, Emerging Market Equity Fund and Diversified Growth Fund with suitability notes to be issued shortly (now received).
- Liaison with Hymans and LCIV regarding approved transitions into Paris Aligned Global Alpha Fund, Emerging Market Equity Fund and the Diversified Growth Funds, along with the receipt of transition advice in order to ensure they are undertaken is the most cost effective manner.
- The BlackRock UK Equity Fund mandate had been fully redeemed along with part redemption of the BlackRock World Equity Fund mandates in order to transition funds to the LCIV Paris Aligned Global Alpha Fund. In addition, the RBC Emerging Market mandate was fully redeemed in order to finance transition over to the LCIV Emerging Market Fund.

8.3 The transition from GMO Diversified Growth Fund (DGF) mandate to the LCIV DGF mandate, along with the full redemption of the Invesco DGF mandate took place during the last quarter.

9. RESPONSIBLE INVESTMENT UPDATE

9.1 The Pensions Committee has looked to increase the level of engagement with the underlying companies in which it invests. This includes taking a more proactive role in encouraging managers to take into consideration the voting recommendations of the Local Authority Pension Fund Forum (LAPFF). This section of the quarterly report therefore provides the Committee with an update on the work of the LAPFF. In addition the update will include key topical issues concerning environmental and social governance issues in order to provide scope for discussion on these key issues.

9.2 The LAPFF Quarterly Engagement report is attached at Appendix 2 to this report, setting out LAPFF's engagement activity over the Quarter in relation to environmental, social and governance issues. As the Committee will recognise, the Fund no longer retains any segregated mandates and therefore has no direct holdings in the companies referenced. It does, however, retain exposure via its pooled passive funds to a large number of the companies LAPFF engages with.

9.3 As can be seen from the LAPFF Quarterly Update Report, much of the engagement with companies has continued to focus on human rights, social and climate change issues. LAPFF continue to issue voting alerts in respect of both climate change issues and wider social/human rights issues.

9.4 Officers have continued to work with advisors in the development of the RI work and in particular have produced a more detailed workplan in respect of the related work required during 2022 in respect of both the Fund's carbon targets and wider RI policies. A separate paper is included on the agenda for this meeting in respect of the recommended RI Policy and refreshed climate change targets. In addition, Trucost have completed the analysis of the Fund's current position against the carbon reduction target and the results of thai are reported to Committee elsewhere on the agenda.

10. PENSION ADMINISTRATION

10.1 Pension Administration Management Performance

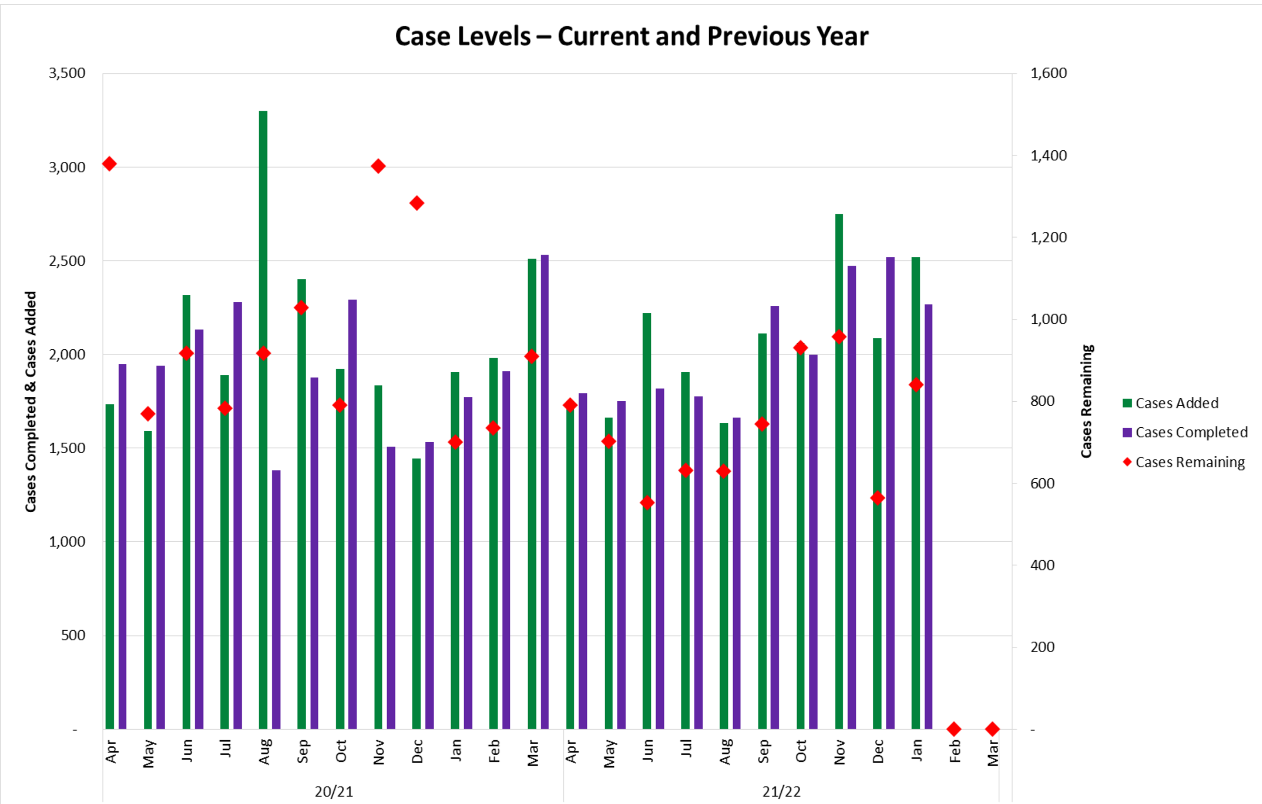
The following sections provide information on the numbers of cases being received and processed by Equiniti, as well as their performance against the Fund's service level agreement standards (SLAs).

Case Levels

The graphs below show historical cases levels received and processed by Equiniti dating back to April 2019. For each month, the graph shows:

- "cases added" - the number cases received by Equiniti during the month ("cases added") and
- "cases completed" - the number of cases completed by Equiniti during the month ("cases completed")
- "cases remaining" - the numbers of cases that are outstanding and therefore waiting to be processed by Equiniti at the end of each month ("cases remaining")

For December 2021 to January 2022, the number of cases received has decreased from November but the number of cases completed by Equiniti has stayed at a high level after the substantial increase that occurred in the previous quarter. The impact of this is that the cases still to be processed ("cases remaining") are lower than the previous quarter.



SLA and KPI monitoring

The contract with Equiniti includes a large number of service level agreement standards (SLAs). The most significant of these for the Fund are categorised as being key performance indicators (KPIs) and these are monitored closely. The KPIs include target timescales for processes such as:

- providing new members with information about the scheme
- notifying retiring members of the amount of retirement benefits and paying them their tax free cash lump sum
- informing members who leave the scheme before retirement of their deferred benefit entitlement.

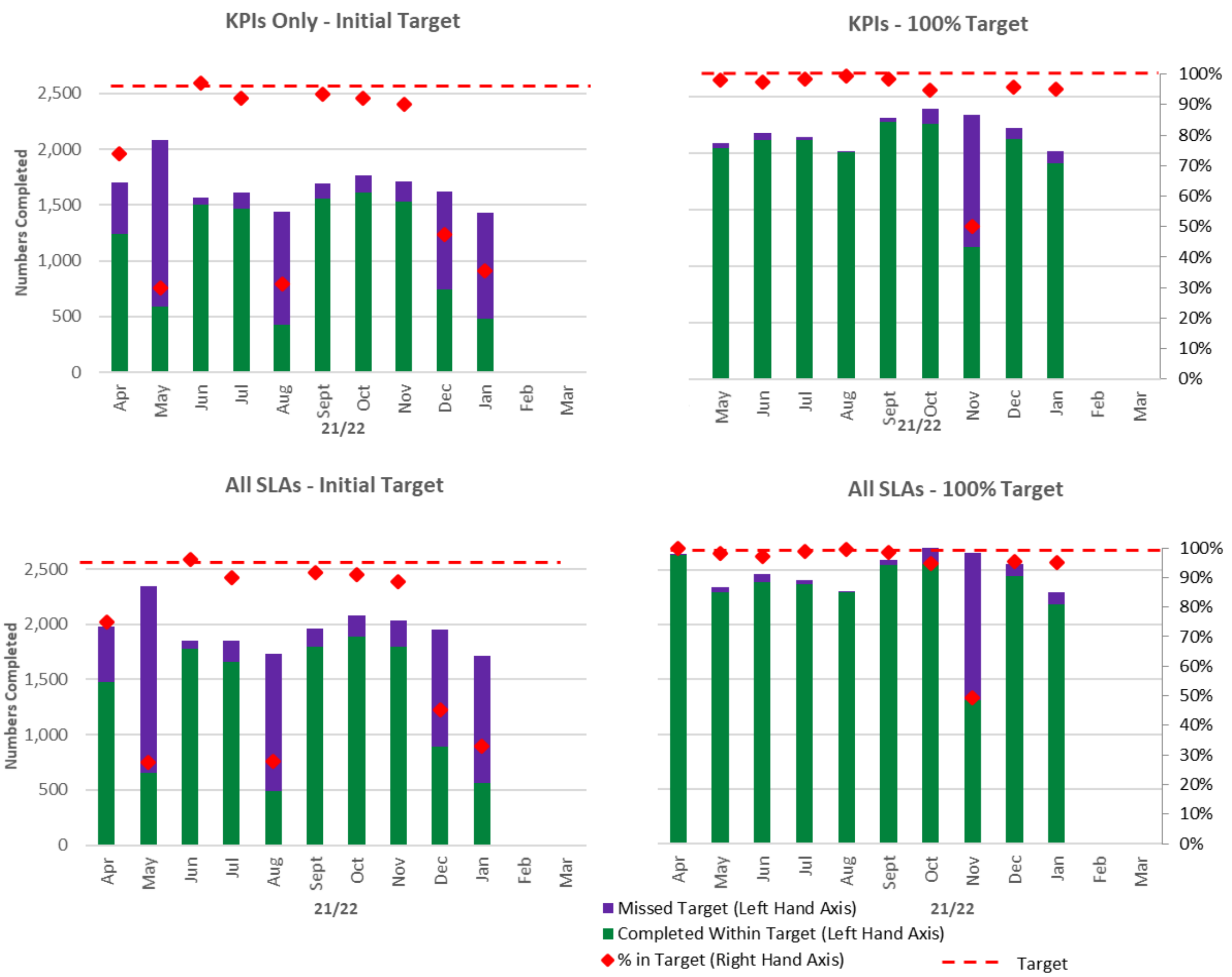
For most SLAs there are two targets:

- an initial target – this is the initial timescale within which the majority of cases must be processed (typically 95% is the target to be processed by the initial target period)
- the 100% target – this is a later timescale by which it is expected that 100% of cases will be processed by.

The following graphs show Equiniti's performance against the various targets since April 2021. Each graph illustrates the numbers of cases completed within the target (green) and the number outstanding (purple), as well as the percentage of cases completed within the target (red diamond which relates to the right hand axis). The four graphs are as follows:

- KPIs Only – Initial Target: this shows the performance against **only** the key performance indicators based on the initial target where it is expected that (in the main) 95% of cases will be processed.
- KPIs Only – 100% Target: this shows the performance against **only** the key performance indicators based on the 100% target where it is expected that all cases will be processed.
- All SLAs – Initial Target: this shows the performance against **all** service level agreement standards based on the initial target where it is expected that (in the main) 95% of cases will be processed.
- All SLAs – 100% Target: this shows the performance against **all** service level agreement standards based on the 100% target where it is expected that all cases will be processed.

For the period December 2021 to January 2022, Equiniti have performed very close to 100% target in all measures but there has been a decrease in the number of cases completed within the initial KPI target. A key element of this may be due to Equiniti focussing on tacking historic cases caused by the significant increases in cases that were received during the previous quarter (as illustrated in the graphs above).



10.2 New Starters and Opt-Outs

	Total Active Membership at end of Quarter	Total Opt Outs for Quarter
Q3 2021/22	7,019	73
Q3 2020/21	6,953	103

The figures are inline with usual trends.

10.3 **Ill Health Pension Benefits**

The release of ill health benefits fall into two main categories, being those for deferred and active members. The administering authority team at Hackney process all requests for the release of deferred members' benefits. Deferred members' ill health benefits are released for life, are based on the benefits accrued to the date of leaving employment, (with the addition of pension increases whilst deferred), but they are not enhanced by the previous employer.

The team also assist the Council's HR team with the process for requests to release an active members' benefits on the grounds of ill health retirement.

Active members' ill health pensions are released on one of three tiers:

- Tier 1 - the pension benefits are fully enhanced to the member's normal retirement date – paid for life, no review
- Tier 2 – the pension benefits are enhanced by 25% - paid for life, no review
- Tier 3 - the pension benefits accrued to date of leaving employment - paid for a maximum of 3 years and a review undertaken when pension has been in payment for 18months.

The applications received have been similar in volume compared to the same period in the previous year:

DEFERRED MEMBER'S ILL HEALTH RETIREMENT					
	CASES RECEIVED	SUCCESSFUL	UNSUCCESSFUL	ONGOING	WITHDRAWN
Q3 2021/22	1	0	1	2	0
Q3 2020/21	0	0	0	0	0

ACTIVE MEMBER'S ILL HEALTH RETIREMENT CASES					
	CASES RECEIVED	BENEFITS RELEASED ON TIER 1	BENEFITS RELEASED ON TIER 2	BENEFITS RELEASED ON TIER 3	UNSUCCESSFUL
Q3 2021/22	1	1	0	0	0
Q3 2020/21	2	2	0	0	0

10.4 **Internal Disputes Resolution Procedure (IDRP)**

This is the procedure used by the Fund for dealing with appeals from members both active and deferred. The majority of the appeals are in regard to either disputes around scheme membership or the non-release of ill health benefits. The process is in two stages:-

- Stage 1 IDRP's are reviewed and determinations made either by the Pensions Manager or by a senior technical specialist at the Fund's pension administrators, Equiniti.

- Stage 2 IDRP's are determined by the Group Director, Finance & Corporate Resources taking external specialist technical advice from the Fund's benefits consultants.

Stage 1 – Two applications were submitted in this quarter against the administering authority. One was in relation to a refund dispute, which was not upheld. The second was in relation to a Cash Equivalent Transfer Value (CETV) dispute and at the date of writing the report investigations are still ongoing.

Stage 2 – No applications were received in this quarter.

10.5 **Other work undertaken in Q3 2021/22**

Third Party Administration Implementation update

As previously reported, the major outstanding point of delivery under the new contract specification is in relation to employer interfaces and member online services. These were delayed due to the onset of the COVID-19 outbreak in the UK in late March 2020 which unfortunately halted the planned rollout and training programme. However, the first phase of the employer online portal work is in progress. The inhouse Hackney pension team has worked closely with the project delivery manager from Equiniti and have agreed a detailed specification proposal. Employer training for the portal was held and follow-up work is now in progress with the employers. At the time of writing, it is anticipated that the council, the largest employer, will move into the "live" environment imminently and several other smaller employers are now ready to fully onboard into live.

Address Tracing and Verification Exercise

As referred to in previous reports Equiniti have carried out an address tracing and verification exercise on the entire deferred member population. This was in order to help to trace those members which the Fund currently holds no current address for, but also to verify that the addresses that are held are still up to date, which is essential for data protection purposes.

Some 2,400 verification letters were sent - these are those in the deferred population that were flagged as living at a different address to that which was currently held on the administration system, or where no current address was held on the system. The overall response rate has been 49%.

This leaves some 1,200 addresses which require a chaser verification letter. The Fund is working with Equiniti to issue these.

Equiniti also identified some 500 addresses that have not generated a result from the electronic tracing nor from a further manual trace. This group had no last known address held on compendia and therefore can prove very difficult to trace. Following a deep dive on the backing documents held on members' records, last known addresses were found. An additional electronic trace was performed which found address matches for over half. A manual trace was then performed on the remaining 200 and 142 of these still show a nil result.

McCloud Programme Update

Programme background

Regulatory changes are required to rectify the age discrimination identified in the transitional protections put in place across the public sector in moving from final salary to career average revalued earnings (CARE) benefits schemes in 2014 and 2015. The key features of the proposed remedy for the LGPS include levelling up benefits for the younger members who suffered discrimination using a form of final salary underpin. Final regulations are now expected to be effective from 1 April 2023 (see Regulatory Update Report) and will relate to an underpin period from 1 April 2014 to 31 March 2022.

In order to prepare the Hackney Pension Fund for the expected regulatory changes the administering authority has set up a Programme to ensure smooth and timely implementation of the changes in the regulations.

Update

The Public Service Pension and Judicial Offices Bill was considered by the Public Bill Committee on 27 January and some amendments were made concerning the LGPS. This is the Bill which, when enacted, will enable the Department of Levelling up, Housing and Communities (DLUHC) to make the regulations needed to implement the McCloud remedy within the LGPS.

DLUHC's consultation response following the 2020 consultation on LGPS Regulations is expected before the Summer Recess, along with a first set of LGPS regulations which will set the end date for the remedy period (expected to be 31 March 2022 assuming the Bill becomes an Act by that date). A second set of LGPS regulations will be issued later this year containing details of how the underpin will operate. Final regulations are still not expected to be in force before 1 April 2023 and may be delayed until 1 October 2023 in line with the expected timeframe for the unfunded schemes.

The amendments to the Bill include:

1. changes to the qualification criteria meaning that more members are now in scope
2. a requirement for multiple periods of service to be aggregated to qualify for McCloud
3. provisions for teachers to be offered membership of the LGPS in respect of 'excess teacher service'

With regards to the first amendment, the London Borough of Hackney Pension Fund have been collecting data for the category of members now in scope and so there is no impact on the work currently underway.

The amendments relating to the second and third points will be discussed at upcoming workstream meetings and appropriate actions agreed and implemented.

Workstreams are progressing with regular meetings being attended by key Hackney pensions officers and representatives from Equiniti and Aon. Good progress is being made in relation to the Data, Communications, Finance and Governance Workstreams. The Ongoing Administration and Systems and Benefits Rectification workstreams are still slightly behind where we would want them to be at this stage of the project. However, regular meetings for the Ongoing Administration and Systems and Benefits Rectification workstreams should be in place in the next few weeks.

The Programme update is as follows:

- Within the Data Workstream, nearly all employers have now submitted their data and the reconciliation of this data is almost complete. Officers have also met with Equiniti regarding the data reconciliation and queries arising from this. For the small number of employers who have not yet submitted data and those employers where there are data queries, a deadline of 31 March 2022 has been given in order that this doesn't adversely affect or delay progress in other workstreams. For employers where data discrepancies are being found and cannot be confirmed (such as Hackney Council where the original data was lost in the cyber-attack) and for those employers who don't submit their data by 31 March 2022 deadline, a data acceptance principles document has been drafted by the project team and will be approved by the Programme Management Group in the next couple of weeks.

- The Communications, Finance and Governance workstreams' actions are now up to date, and meetings will continue to ensure future planning of programme deliverables. There may be some further actions to consider once the regulatory changes are confirmed by DLUHC.

- Planning work is still required for the Ongoing Administration and Benefit Rectification workstreams to ensure that all programme deliverables are achieved as set out in the Programme Charter. A workstream lead from Equiniti has now been determined for each workstream and draft plans and key milestones are being worked on by Equiniti. These are due to be shared with the project team very shortly. Also, Equiniti have recently appointed a new Client Relationship Director who has overall responsibility for the programmes deliverables and will provide support to the programme when required

- For the Specialist Cases workstream, an initial workshop was held last year, and it has been agreed within the project team to put this workstream on hold until after the final regulations have been published, with the expectation of guidance for certain types of cases.

- Risks for all workstreams continue to be actively managed within the programme and these are reviewed regularly by the Programme Management Group (PMG). There are no new key risks identified by the PMG since the last update.

Whilst the overall project is running slightly behind the original schedule, principally due to the slower than expected progress with the Ongoing Administration and Benefit Rectification workstreams, this needs to be considered in the context of the regulatory timetable. It is expected that these workstreams will be able to make good progress on receipt of the high-level plans from Equiniti which are expected imminently. We do however need to maintain our momentum as part of our ongoing programme management to ensure that all key deliverables are met. A further update will be provided at the next meeting.

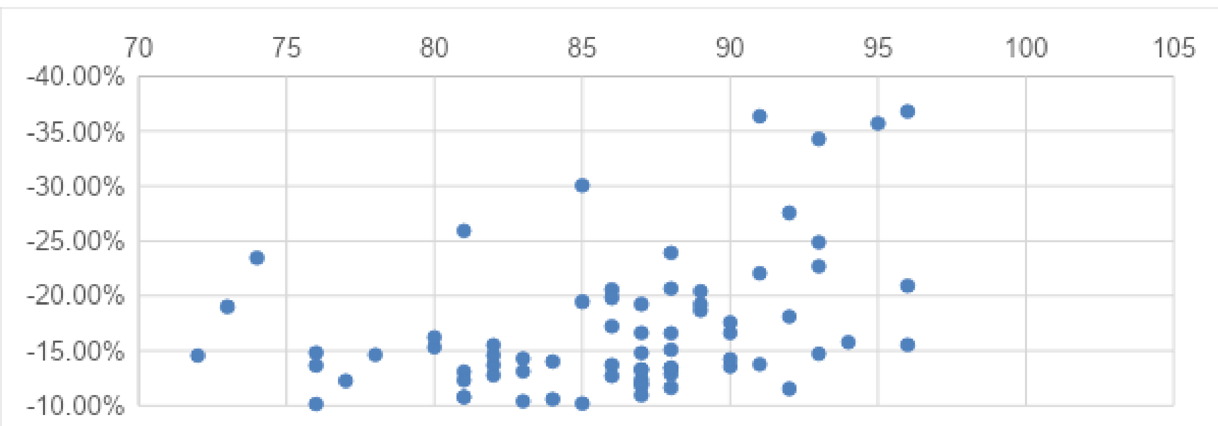
Guaranteed Minimum Pension (GMP) Reconciliation

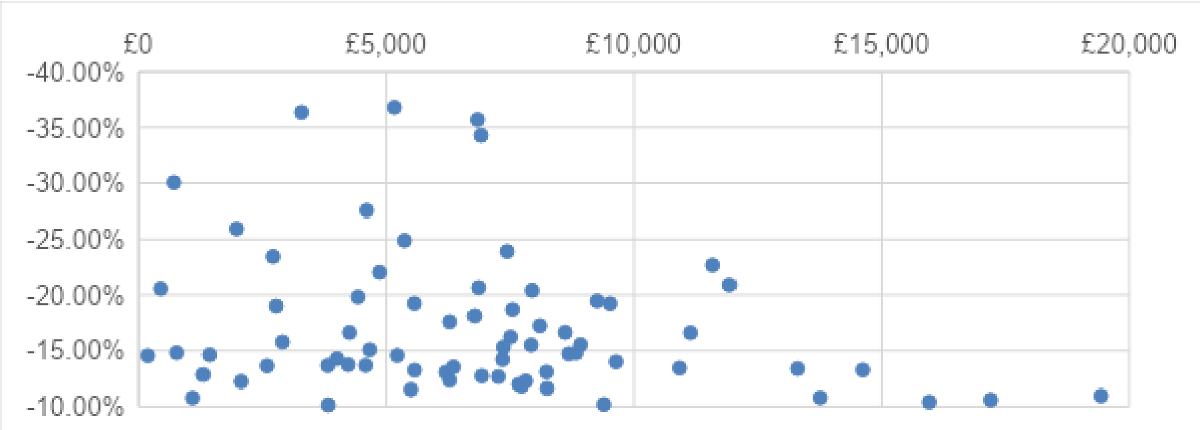
At the meeting on 23rd November 2021, the Committee was provided with an update on the number of members affected by the GMP reconciliation exercise and some data analysis was provided. As you will recall, underpaid pensioners had their pensions corrected (and the arrears paid) in the October pensioner payroll, and overpaid pensioners had their pensions decreased from the November pensioner payroll.

The Fund confirms that the figures provided in November are final, as Equiniti have confirmed that the one month additional interest was immaterial and so there is no change to the figures previously provided. The table and graphs have been included again here for completeness.

Item	Number
Underpayment cases	71
Overpayment cases	414
Arrears for underpayment cases to 31 October 2021	£61,362
Interest due on arrears as at 30 September 2021	£7,778
Write off on overpayment cases to 30 November 2021	£1,837,470
Change in pensioner payroll (increases)	£6,418
Change in pensioner payroll (reductions)	-£175,913
Net change to pensioner payroll	-£169,495

The first scatter chart below shows the spread of these members based on the percentage reduction and the members' current age. The chart indicates that the members with the highest percentage reduction are among the oldest members affected, which is to be expected given that these pensions are likely to have been in payment for the longest period. The second scatter chart shows the spread of the same 71 members based on the percentage reduction and the amount of pension the members were in receipt of prior to the reduction. This chart indicates that the members with the highest percentage reductions are in receipt of relatively small pensions.





As previously reported to the committee the above figures do not contain the figures in relation to those member groups which were descoped from the main reconciliation process. The first group are members who became entitled to their GMP before reaching their State Pension Age and therefore required more complex calculations and checks. The second group is 240 survivor pensioners, who were also identified as requiring additional investigations and checks. A more detailed scope of the issues and the actions which need to be taken has now been received by the Fund and, at the date of writing, is in the process of being reviewed. It is anticipated that a verbal update will be given at the meeting regarding this.

11. REPORTING BREACHES

11.1 There have been no reportable breaches in the last quarter.

Ian Williams
Group Director, Finance & Corporate Resources

Appendices:
Appendix 1 – Investment Performance Report (Hymans Robertson – Investment Consultant)
Appendix 2 – LAPFF Quarterly Engagement Report
Appendix 3 - Funding Level Update (TO FOLLOW)

Report Originating Officers: Michael Honeysett 020-8356 3332
Financial considerations: Jackie Moylan, 020.8356 3032
Comments of the Director of Legal &Governance: Georgia Lazari 020-8356 1369

London Borough of Hackney Pension Fund

Q4 2021 Investment Monitoring Report

Andrew Johnston, Partner
Iain Campbell, Investment Consultant
Rahul Sudan, Investment Analyst

HYMANS ROBERTSON

Executive Summary

The objective of this page is to set out some key metrics on the Fund.

The Fund generated positive returns over the quarter with an absolute return of 4.2%, slightly underperforming its benchmark.

Growth assets performed well over the quarter as strong corporate profits and economic resilience offset worries over the new Omicron variant

In bond markets, government bonds outperformed corporate bonds. Markets were impacted over Q4 by persistent, elevated inflation, hawkish central bank policy shifts and the emergence of the Omicron Covid-19 variant.

UK headline CPI inflation rose to 5.1% year-on-year in November although most forecasters expect the inflationary spike to prove temporary, and pressures to ease in 2022.

Definitions

Growth

Growth assets are designed to provide return in the form of capital growth. They may include investments in company shares, alternative investments and property. Growth assets tend to carry higher levels of risk compared to other assets yet have the potential to deliver higher returns over the long-term.

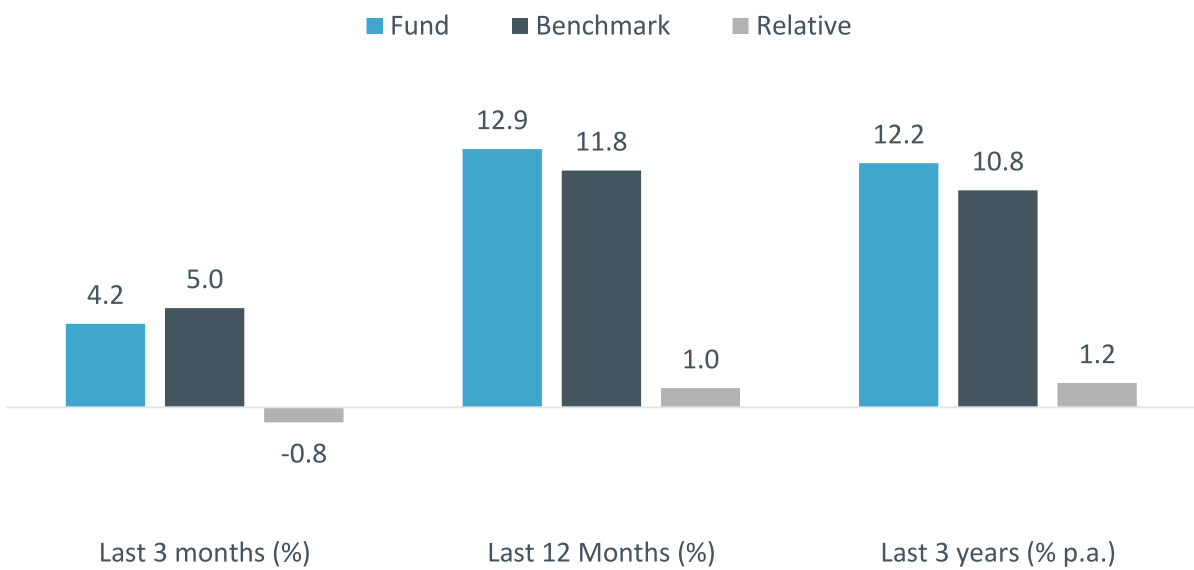
Income

Income producing assets are investments which produce recurring revenue. They may include investments in interest paying bonds, property leases and dividend paying stocks. The income generated may be fixed or variable.

Protection

Protection assets aim to secure your investment and typically take less risk compared to other asset types. As a result the growth generated tends to be lower over the long term. Protection assets may include investment grade fixed income and cash. Derivative strategies may also be used to hedge unexpected investment losses.

Performance



Growth, Income & Protection Allocation

Growth, Income & Protection	Actual	Benchmark	Relative
Growth	63.8%	58.0%	5.8%
Income	16.5%	21.2%	-4.6%
Protection	19.7%	20.8%	-1.1%

This section sets out the Fund's high level asset valuation and strategic allocation.

This page includes;

- Start and end quarter mandate valuations.
- Asset allocation breakdown relative to benchmark for rebalancing purposes.
- Asset allocation breakdown pie chart.

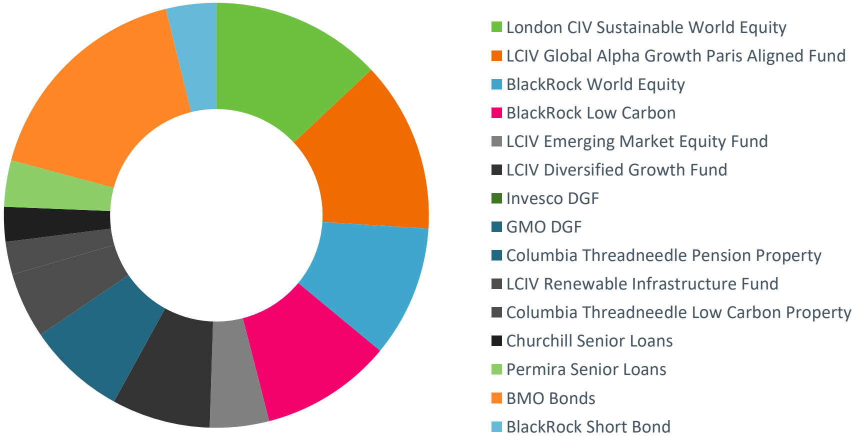
Towards the end of the quarter the Fund accelerated its planned disinvestment from the Invesco GTR mandate following a downgrade in the mandate's overall rating. The proceed were invested in the LCIV Diversified Growth Fund.

Over the reporting period the LCIV Renewable Infrastructure mandate began drawing investment capital from the Fund. Further capital call will be made in the future to meet the Fund's long term asset allocation to the mandate.

Asset allocation

Mandate	Active/Passive	Valuation (£m) Q3 2021	Valuation (£m) Q4 2021	Actual Proportion	Benchmark	Relative
London CIV Sustainable World Equity	Active	324.7	346.1	17.5%	13.0%	4.5%
LCIV Global Alpha Growth Paris Aligned Fund	Active	246.1	245.6	12.4%	13.0%	-0.6%
BlackRock World Equity	Passive	214.8	188.7	9.6%	10.0%	-0.4%
BlackRock Low Carbon	Passive	232.1	248.0	12.6%	10.0%	2.6%
LCIV Emerging Market Equity Fund	Active	85.0	81.4	4.1%	4.5%	-0.4%
LCIV Diversified Growth Fund	Active	0.0	149.8	7.6%	7.5%	0.1%
Invesco DGF	Active	67.3	0.0	0.0%	0.0%	0.0%
GMO DGF	Active	102.8	0.0	0.0%	0.0%	0.0%
Total Growth		**1,272.8**	**1,259.6**	**63.8%**	**58.0%**	**5.8%**
LCIV Renewable Infrastructure Fund	Active	0.0	23.2	1.2%	5.0%	-3.8%
Columbia Threadneedle Pension Property	Active	144.8	156.5	7.9%	7.5%	0.4%
Columbia Threadneedle Low Carbon Property	Active	25.3	25.0	1.3%	2.5%	-1.2%
Churchill Senior Loans	Active	56.5	52.2	2.6%	2.6%	0.0%
Permira Senior Loans	Active	64.0	69.8	3.5%	3.5%	0.0%
Total Income		**290.5**	**326.6**	**16.5%**	**21.2%**	**-4.6%**
BMO Bonds	Active	268.5	274.2	13.9%	17.0%	-3.1%
BlackRock Short Bond	Passive	50.0	114.5	5.8%	3.8%	2.0%
Total Protection		**318.5**	**388.8**	**19.7%**	**20.8%**	**-1.1%**
Total Scheme		**1,881.9**	**1,975.0**	**100%**	**100%**	**0%**

Asset class exposures



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- This section shows the Fund's performance at the underlying manager level.
- The table shows a summary of the full Fund's performance over different time periods.

Comments
- The estimated Churchill returns are below its strategic benchmark and target over a 12-month period.
- The mandate is USD denominated and so exposed to currency risk, and has been impacted by the weakening of USD to GBP over recent quarters. This has reduced the GBP return numbers shown in the table.
- Performance of USD to GBP as at 31 December 2021 has been as follows:
  - 3m: +0.45%
  - 6m: -1.95%
  - 12m: -0.91%

Performance relative to benchmark & target

	Last 3 months (%)					Last 12 months (%)					Last 3 years (% p.a.)				
	Fund	B'mark	Relative	Target	Relative	Fund	B'mark	Relative	Target	Relative	Fund	B'mark	Relative	Target	Relative
Growth															
London CIV Sustainable World Equity	6.6	7.8	-1.2	8.3	-1.6	19.3	23.6	-3.4	25.6	-5.0	23.6	19.4	3.5	-	-
LCIV Global Alpha Growth Paris Aligned Fund	-0.2	6.2	-6.0	6.7	-6.4	n/a	n/a	n/a	0.0	n/a	n/a	n/a	n/a	-	-
LCIV Emerging Market Equity Fund	-4.4	-1.1	-3.3	-1.1	-3.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-
BlackRock World Equity	7.9	7.9	0.1	7.9	0.1	24.3	23.9	0.4	23.9	0.4	20.4	20.2	0.2	-	-
BlackRock Low Carbon	6.8	6.7	0.1	6.7	0.1	23.5	23.1	0.3	23.1	0.3	20.4	20.1	0.3	-	-
LCIV Diversified Growth Fund**	4.7	0.9	3.8	0.9	3.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-
Invesco DGF*	-0.3	0.0	-0.3	1.3	-1.5	-0.6	-0.9	0.3	4.1	-4.5	0.7	0.1	0.6	5.1	-4.2
Income															
Columbia Threadneedle Pension Property	9.1	7.5	1.5	7.8	1.3	21.4	19.2	1.9	20.2	1.0	6.5	6.2	0.2	7.2	-0.7
Columbia Threadneedle Low Carbon Property	1.1	8.1	-6.5	8.4	-6.7	4.0	12.1	-7.3	13.1	-8.1	2.2	-0.3	2.5	0.7	1.5
Churchill Senior Loans	0.8	1.7	-0.9	1.6	-0.7	7.2	4.8	2.2	6.3	0.9	n/a	n/a	-	-	-
Permira Senior Loans	0.0	1.0	-1.0	1.8	-1.7	5.5	4.1	1.3	7.0	-1.4	n/a	n/a	-	-	-
Protection															
BMO Bonds	2.1	2.5	-0.3	2.7	-0.6	-1.9	-2.0	0.1	-1.0	-1.0	5.7	4.9	0.7	5.9	-0.2
BlackRock Short Bond	0.0	0.0	0.0	0.0	0.0	0.2	-0.1	0.2	0.9	-0.7	n/a	-	-	-	-
Total	4.2	5.0	-0.8			12.9	11.8	1.0			12.2	10.8	1.2		

*Please note: *The Invesco DGF mandate was fully divested over the reporting period. The returns quoted for the Invesco mandate have been approximated as at the 13 December 2021 (the date of disinvestment). **The proceeds form Invesco were switched to the LCIV DGF therefore the performance provided is as at inception to end of quarter.*

Source: Fund performance provided by Investment Managers and is net of fees except for the BlackRock, BMO and the Low Carbon Property funds which are gross of fees. Benchmark performance provided by Investment Managers and DataStream.

- *The London Collective Investment Vehicle and BMO Funds have targets above that of their benchmarks. The table above shows both the Fund vs Benchmark and the Fund vs Target Return.*
- *Churchill and Permira have not provided performance figures for their Fund as the funds are still relatively new. The performance figures shown are estimated by Hymans Robertson based on the fund NAV and adjusted for capital contributions and distributions made. We will report on actual performance once these funds have sufficient track records. Please also note that we have reported these mandates against the Fund's agreed Cash +4% strategic benchmark for it allocation to private debt. The absolute target performance set by Churchill and Permira are 5.5%-7% and 6%-8% respectively and we have reported against the mid target range for each.*

Long term returns are calculated by rolling up historic quarterly returns and include the contribution of all current and historical mandates over the period. These include returns from funds held over the period which are no longer held by the Fund.

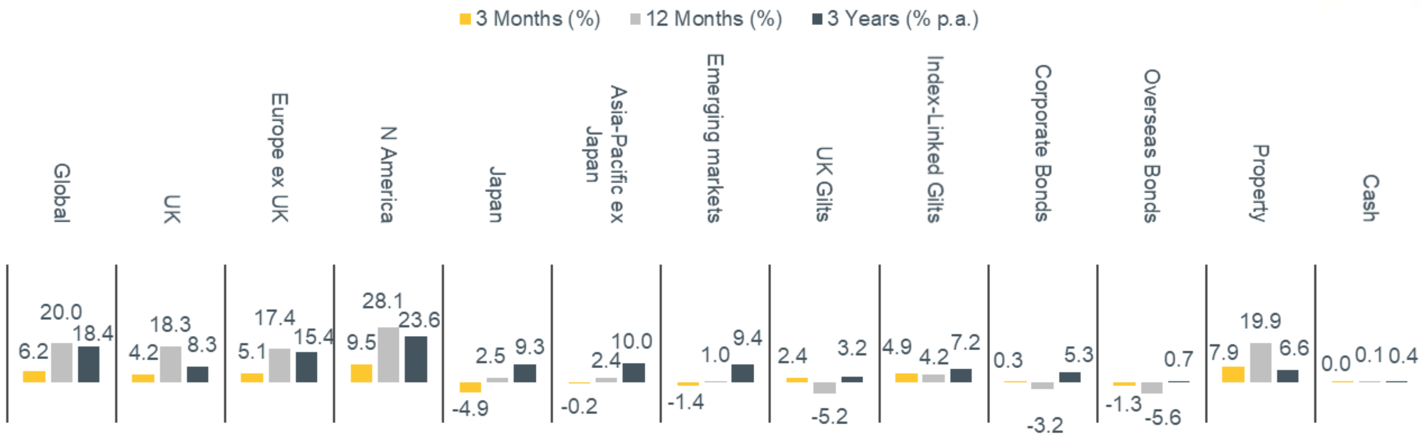
Economic momentum has slowed as rising COVID cases have led to a modest re-imposition of restrictions and increasing social distancing. This is expected to weigh on growth in Q4 2021 and Q1 2022, but we still anticipate above-trend growth in 2022.

There are signs that the strain on supply chains is easing, though the overall rate of price increases remains high. UK headline CPI inflation rose to 5.1% year-on-year in November whilst the equivalent US and eurozone measures rose to 6.8% and 4.9% respectively. In response, the Federal Open Markets Committee (FOMC) announced plans to accelerate the tapering of asset purchases, with the median FOMC member forecasting three rate hikes next year. The Bank of England raised rates to 0.25% p.a., with further rate hikes expected in 2022.

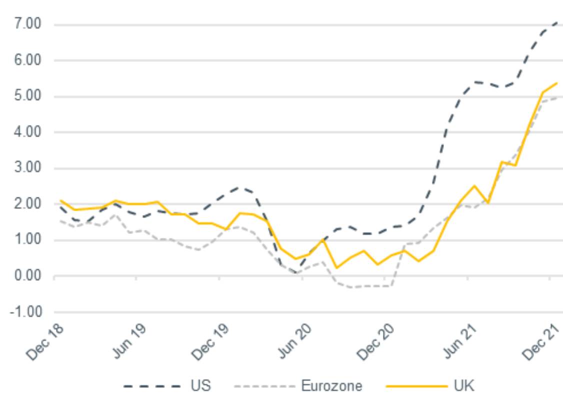
Trade-weighted sterling rose 1.7% through the quarter as markets adjusted for the earlier than expected rate rises. The US dollar rose 0.6% in trade-weighted terms, perhaps reflecting both safe haven appeal and slightly more hawkish messaging from the Federal Reserve.

US and UK bond yield curves flattened with short-term yields rising to reflect expectations of further interest rate hikes. Long-term yields remained largely unchanged. UK 10-year implied inflation, as measured by the difference between conventional and inflation-linked bonds of the same maturity, ended the quarter a little higher at 3.9% p.a. whilst longer term implied inflation fell. US 10-year implied inflation rose 0.2% p.a. to 2.6% p.a

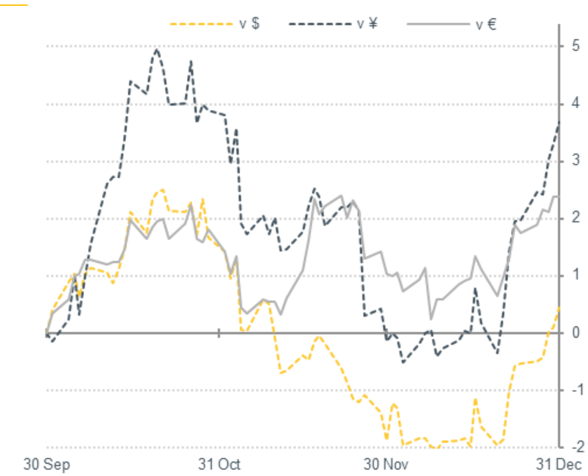
Historic returns for world markets [1]



Annual CPI Inflation (% p.a.)



Sterling trend chart (% change)



Source: DataStream. [1] Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, JP Morgan GBI Overseas Bonds, MSCI UK Monthly Property; UK Interbank 7 Day.

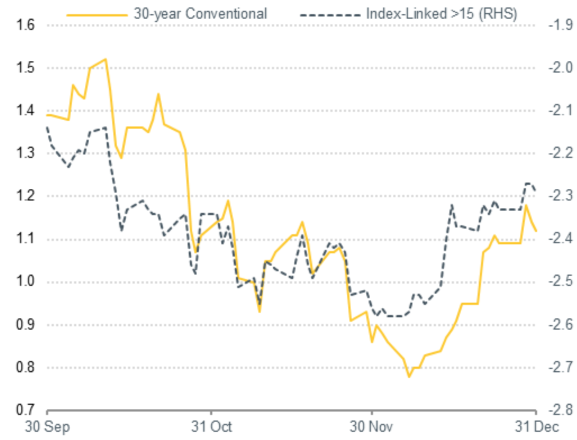
Global investment-grade spreads increased by 0.1% p.a. to 1.0% p.a., whilst speculative-grade spreads ended the quarter broadly in line with end-September levels at 3.7% p.a

Despite falling in November over Omicron variant concerns, global equities produced a total return of 7.0% in Q4, propelled higher by strong earnings growth. Sterling strength weighed on returns to unhedged UK investors delivering a 6.2% return in sterling terms. All sectors produced positive returns except telecoms, on an absolute basis. Outside telecoms, energy and financials were the main underperformers, weighed on by demand expectations and flatter yield curves, respectively. Technology was the notable outperformer, bolstered by strong earnings releases and the prospect of further lockdowns spurring demand for tech.

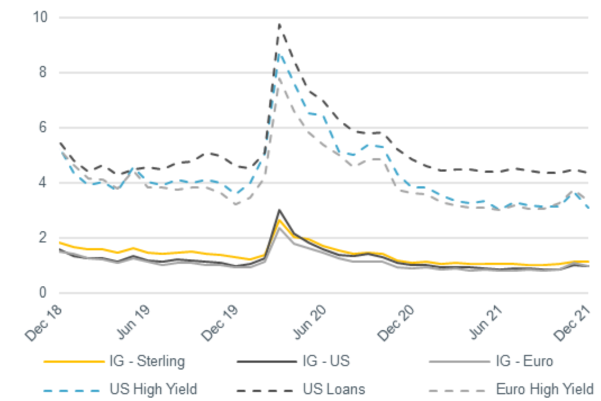
North America posted double digit returns on the back of tech outperformance. Japan, which reintroduced strict border restrictions shortly after the Omicron variant was made public, is at the bottom of the regional performance rankings over the quarter. Asian and emerging markets also continued their underperformance versus developed markets.

UK Monthly Property capital value index rose 13.9% over the 12 months to end December due to a buoyant industrial sector, where capital values have risen 32.5%. Retail capital values have risen by 6.9% over 12 months. There has been a flattening of the declines experienced in the office sector, delivering marginally positive capital growth of 0.1% over 2021. Total return on the index, including income, was 19.9% in the 12 months to end December.

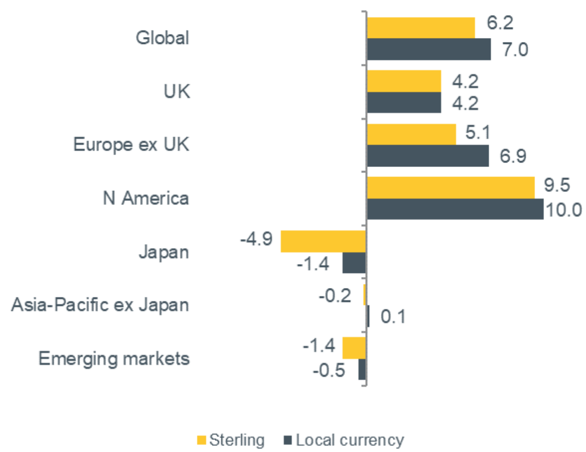
Gilt yields chart (% p.a.)



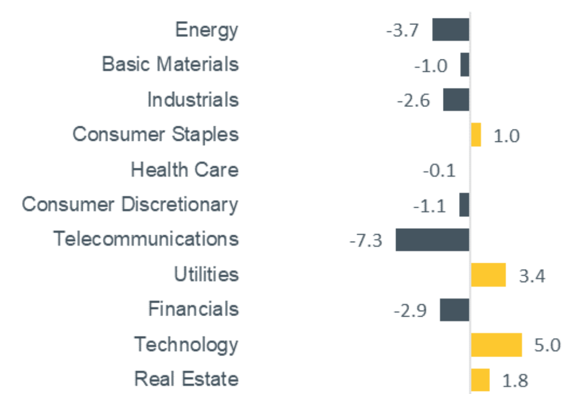
Investment and speculative grade credit spreads (% p.a.)



Regional equity returns [1]



Global equity sector returns (%) [2]



Source: DataStream, Barings, ICE [1] FTSE All World Indices. Commentary compares regional equity returns in local currency. [2] Returns shown in Sterling terms and relative to FTSE All World. FTSE indices migrated to a new ICB structure in Q1 2021.

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Risk warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

Geometric v arithmetic performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + Fund\ Performance)}{(1 + Benchmark\ Performance)} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$Fund\ Performance - Benchmark\ Performance$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

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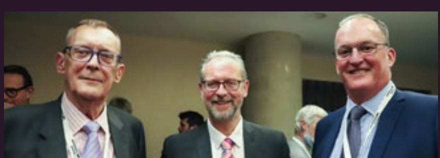
Quarterly Engagement Report

October-December 2021

Local Authority Pension Fund Forum

Rio Tinto, BHP, Anglo American, Roche, National Grid, LAPFF Conference

LAPFF CONFERENCE 2021



"We heard many fantastic presentations on a wide range of topics at the LAPFF Annual Conference this year. What struck me was the systemic nature of many of these problems. Systemic problems take a long time to fix, but LAPFF is in it for the long haul."

Cllr Doug McMurdo:

LAPFF held its 2021 conference in Bournemouth from 8–10 December. There was an opportunity to attend both in-person and online this year in light of Covid developments. Maintaining the in-person presence whilst allowing for a hybrid experience of speakers dialling in and attendees watching online allowed the whole event to run smoothly and provided a good experience.

The conference provided for a wide variety of interesting speakers and events. Across the three days, invited speakers presented on issues from COP26 to accountancy, a just transition to Covid. It was a privilege to introduce guest speakers from Brazil who described the harrowing impacts of the tailings dams collapses on their lives and communities. Broadcaster David Olusoga provided a gripping account of the untold stories of black British history.

HUMAN RIGHTS

Mining and Human Rights Report

Objective: Over the last couple of years, LAPFF has engaged intensively with mining companies on their human rights practices. The engagement has focused on the participation of affected stakeholders in mining company activities and decision-making. Based on these engagements with mining companies and affected stakeholders, LAPFF aimed to produce a report on its views regarding mining companies and human rights.

Achieved: LAPFF engaged business and human rights expert, Professor Robert McCorquodale, to lead on drafting the report. As sections of the report were drafted, they went to the LAPFF Executive and Business meetings for approval.

Although the reports were written from an investor perspective, they have been presented through a human rights lens. As such, the first report covered the basics of the international human rights law framework. The second report followed with an explanation of how this framework applies to the mining sector, with examples of how human rights can be violated by mining companies and case studies based on human rights-related litigation in the mining sector. The third report presented LAPFF's views on engagements with top holdings – Anglo American, BHP, Glencore, Rio Tinto, and Vale – including how LAPFF understands these companies to be engaging with affected stakeholders.

In Progress: The last two reports will go to the first LAPFF Executive and Business meetings in January 2022. The fourth report sets out examples of where LAPFF believes that the five companies mentioned have not met their human rights responsibilities. The fifth report contains a conclusion and recommendations for LAPFF members and other investors, for companies, and for public officials.

These five reports have also been consolidated into a single draft report that LAPFF has circulated for comment to the five companies addressed and to affected communities whose accounts have been included in the report. After comments have been received, they will be assessed and integrated as appropriate before the report is released publicly.

MINING

Vale's tailings dam in Brumadinho

MINING COMPANY ESG UPDATES

Objective: LAPFF engages with mining companies on all environmental, social, and governance (ESG) areas, not just human rights. Therefore, LAPFF participated in ESG updates from Vale, Rio Tinto and Anglo American, both to ensure it had updated information for the mining and human rights paper and to track updates on areas such as climate planning and health and safety.

Achieved: All companies covered climate and human rights as primary topics of discussion. Industry-wide, there continues to be work to align with the global standard on tailings dam safety and make mining safer and more sustainable generally. The companies also discussed their climate plans, particularly in anticipation of greater interest in the 'say on climate' votes, an initiative for which LAPFF has provided significant support.

LAPFF was particularly keen to hear Anglo American's discussion around the company's decision to divest from the Cerrejon joint venture. Both Anglo American and BHP have now indicated that they are withdrawing from this thermal coal project, leaving Glencore as the sole owner.

The withdrawal raises significant questions about how companies can best pull out of coal without leaving these assets in the hands of other companies or entities that might choose to continue operating the assets rather than winding them down. To this end, LAPFF also participated in a Climate Action 100+ (CA100+) collaborative call with Anglo American. The discussion covered the company's commitment to carbon neutrality in its operations and initiatives to reduce emissions through its value chain.

Vale continued to refer to cultural and operational changes stemming from its Brumadinho tailings dam collapse. However, the company representatives again failed to address the Mariana tailings dam collapse outside of Vale's relationship to the Renova Foundation, the joint venture between BHP and Vale established to undertake compensation and reparations in relation to Mariana, and a general reference to Samarco operations re-starting. It was explained that the company's upstream tailings dams will not be de-characterised until 2035 at the earliest, although company officials stressed that safety measures would be taken at these dams in the meantime.

In Progress: LAPFF is continuing to engage with mining companies on all aspects of their ESG work, in particular climate and human rights. There will likely be focus on specific aspects of company operations, such as joint ventures, and on say on climate votes. Affected community engagements have also pointed to concerns about just transition considerations, so this area will also likely feature more prominently in LAPFF's work, especially because it was felt that the companies did not speak to this issue adequately.

BHP

Objective: Never having met BHP CEO, Mike Henry, LAPFF Chair Cllr Doug McMurdo wanted a meeting to discuss BHP's imminent unification process and the on-going human rights concerns related to the Samarco tailings dam collapse in Brazil and the joint venture Resolution Copper project with Rio Tinto in Arizona.

Achieved: LAPFF detected some progress in relation to BHP's approach to community engagement. Prior to BHP's 2021 AGM, LAPFF had not heard any company representatives refer to the need for free, prior and informed consent (FPIC) in relation to any of BHP's projects. However, BHP Chair, Ken Mackenzie, and Mr Henry have been clear since the October 2021 AGM that they expect FPIC to be met

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in relation to their Resolution Copper project before that project can proceed. LAPFF also shared its experience of engaging with Brazilian communities affected by the Samarco tailings dam collapse and found Mr Henry receptive to this feedback.

LAPFF also issued a voting alert opposing BHP's climate plan, which was put to a vote this year in line with the 'say on climate' initiative. While LAPFF was pleased to see BHP put its plan to a vote, LAPFF's view is that the plan had significant shortcomings. For example, there was a fear that the company could rely too heavily on unproven technologies such as carbon capture and storage (CCS) in the plan. The plan also appeared to contradict BHP's assertion that the company will benefit from a very quick transition to a green economy. The plan could have moved the company much further much more quickly but did not.

In Progress: LAPFF will continue to engage with BHP in relation to both Resolution Copper and Samarco. Cllr McMurdo also asked BHP if it would put annual say on climate resolutions to a vote. Although BHP has committed to say on climate votes every three years, LAPFF will continue to engage with BHP on its climate developments more frequently.

Renova Silent in Wake of Engagement Request

Objective: Communities in Brazil affected by the Mariana and Brumadinho tailings dam failures have long said that one of the big obstacles to obtaining appropriate reparations and compensation is the Renova Foundation. Renova is a foundation established by BHP, Vale, and Brazilian authorities solely to provide reparations and compensations to victims of the dam collapse at Mariana. Therefore, Cllr McMurdo has had a couple of meetings with Renova CEO, Andre de Freitas, to discuss this issue, and he sought another meeting.

Achieved: To date, Mr de Freitas has been very responsive and willing to discuss Renova's progress and challenges. However, there appear to have been only three houses built in the last year (up to 10 from seven houses) and Mr de Freitas has not yet responded to LAPFF's latest request to meet.

In Progress: Although many affected community members are keen for Renova to be disbanded and replaced with a more effective entity, LAPFF will continue to engage with the organisation to push for faster progress.

ArcelorMittal

Objective: To provide an updated assessment of ArcelorMittal's progress against the second iteration of the Climate Action 100+ benchmark and flag up areas that the company could improve in terms of metrics and disclosure.

Achieved: A formal letter was sent from LAPFF and other lead investors in the CA100+ initiative, setting out the approach to the 2022 and 2023 proxy season moving towards the 2023/24 reporting cycle deadline for target companies to have achieved alignment to the goals of the initiative. A reply from the chair, Lakshmi Mittal, confirmed that they are collaborating with the Science Based Target Initiative (SBTI) on a new Paris aligned methodology for the steel sector working towards a net-zero by 2050 target. The only indicator not met was a 2025 carbon emissions target, as much of the 2030 group target will be weighted towards the second half of the decade.

In Progress: A meeting in December sought for publication of a more granular report on lobbying with a trade association overview as well as information on the shareholder consultation for a transition plan to be put to the 2022 AGM.

BP

Objective: To discuss detailed aspects of the company's energy transition plan and if a 'Say on Climate' is planned for the 2022 AGM.

Achieved: Company representatives provided more background to the company's plan which includes a reduction of production of 40% over 10 years and a goal of 50GW of renewable generating capacity by 2050. BP already operates the UK's largest public network of EV charging points and plans to install more in existing petrol stations. The company has installed some of the first charging stations in India and is working with large fleets in China. On a 'say on climate' resolution, this is being considered for 2022. It was noted they had achieved at least 'partial' scoring on all elements of the CA100+ benchmark.

In Progress: A further meeting with the LAPFF chair is planned for early 2022.

Standard Chartered

Objective: A meeting was held with Standard Chartered chair, José Viñals, to determine how the bank is progressing working with clients to reduce carbon emissions and and align with the bank's net zero by 2050 policy. Member concerns had been relayed to the chair about the bank's funding of Adaro, a major coal supplier which Standard Chartered's own analysis shows its activities to be aligned with an increase of 5-6°C in global warming.

Achieved: The company issued a roadmap for its progress to net zero in October which included 2030 targets to reduce financed emissions for thermal coal mining and oil and gas power, as well as plans to mobilise US$300 billion in green and transition finance by 2030. There was further engagement in November, which confirmed an absolute target for coal, and that no investments would support any project expanding capacity.

In Progress: We have remained in touch with NGO contacts who have considered filing a resolution to the 2022 AGM asking for commitments not yet evident in the company's current transition plans. The company confirmed it will put a Say on Climate/Transition plan to the vote at the 2022 AGM.

Lyondell Basell

Objective: As part of collaborative engagement with CA100+ investors, a meeting was held with company representatives to discuss analysis of progress against the second iteration of the CA100+ benchmark. The aim was to identify if any short-term actions were possible to improve the score and what further commitments could be provided.

Achieved: company representatives confirmed that any further updates would not be until the publication of the sustainability report in April 2022. In

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the first iteration of the benchmark, six indicators were not met and four were only 'partially' met. Encouragement was given for more disclosure in relation to lobbying activities.

In Progress: Topics of Paris Aligned accounting and audit disclosure and a related 'underpin' for remuneration were raised, with further discussions in 2022 proposed.

National Grid

Objective: Correspondence was sent on behalf of the CA100+ initiative with an updated assessment of progress against the second CA100+ benchmark. The letter identified short-term priority actions to improve the benchmark score and a commitment for fully aligned disclosure with the benchmark by the end of 2023.

Achieved: The company gave further detail of net zero alignment with International Energy Agency's (IEA) 2035 date for all relevant electricity emissions, noting the assumption of a zero-carbon power grid by 2035.

In Progress: A meeting in December covered disclosure on lobbying activities and further discussion on Paris Aligned accounting and audit disclosure.

Barratt Developments

Objective: The property sector is a major contributor to carbon emissions. A large chunk of these emissions come from buildings when in use but building materials and the building process itself generate greenhouse gas. As a result, the sector is facing higher environmental standards from government. It also means that housebuilding is a sector which LAPFF wants to continue to engage, especially the largest housebuilders such as Barratt Developments.

Achieved: Cllr Doug McMurdo secured a meeting with the chair of Barratt Developments. LAPFF gained assurances about plans Barratts are making towards achieving net zero for homes and for their operations. The engagement discussed how they were going to meet the government's future homes standard and work being undertaken with their supply chain. The discussion also covered achieving the transition to net zero in a just way as well as the company's exposure to concerns around leasehold contracts.

In Progress: LAPFF will continue to engage with Barratts and other housebuilders to ensure targets they have set are being met.

Pharmaceutical Company Engagements

Objective: LAPFF wrote to five pharmaceutical companies for engagement meetings to discuss whether Covid has forced them to change their business models or business strategies. While the companies were generally receptive, only Roche came back to offer a meeting.

Achieved: In addition to meeting Roche, LAPFF was able to meet with Johnson & Johnson through a collaborative investor discussion. It is clear that the companies have treated Covid as a test of their existing business models and strategies. At this point, there appear to have been more operational changes, such as how staff work together online and determining the right balance of working from home and working from offices, than there have been business model or strategy changes. There might be further developments to consider in respect of business model and strategy before companies can decide whether they are well-placed with their existing structures or whether they need to make adjustments in the longer-term.

In Progress: LAPFF will write again in the new year to the companies that have not yet granted meetings. Timing is critical as all of the companies are contributing in one way or another to the pandemic response, so company representatives might be more or less available depending on when Covid waves hit and when certain drugs are released in response.

Chipotle

Objective: LAPFF has been in dialogue with Chipotle since 2019 regarding the company's approach to water stewardship and managing the water stress within its value chain. When the dialogue was first initiated the company was committed to the shared objective of mitigating water related risks and committed to measuring water usage as well as any water sources significantly affected by water withdrawal moving forwards. As of 2021, Chipotle is yet to conduct a water risk assessment for its full value chain.

Achieved: In response to the lack of progress, LAPFF worked with the Greater Manchester Pension Fund to file a resolution to request that Chipotle provide an assessment to identify, in light of the growing pressures on water supply quality and quantity posed by climate change, its total water risk exposure, and policies and practices to reduce this risk and prepare for water supply uncertainties associated with climate change.

In Progress: LAPFF maintains dialogue with Chipotle and on this issue and will continue to work constructively with the company to ensure it is taking the necessary steps to manage water risk effectively.

COMPANY ENGAGEMENT

COLLABORATIVE ENGAGEMENTS

COLLABORATIVE INVESTOR MEETINGS

Say on Climate

In October, the LAPFF chair, together with TCI Fund Management and Sarasin and Partners, wrote to the FTSE All-share to ask that boards set out their strategy to manage the transition to a net zero emissions business and to provide annual provision for shareholders to vote on such plans. The letter was not sent to investment trusts and those companies that had already made a commitment to an annual vote for shareholders.

As at end December, 64 responses had been received, from brief acknowledgements of receipt, to lengthy iterations of strategies for transition. A good number of companies noted it would be subject to discussion by the board, and other companies in engagement meetings have noted they will be reviewing the proposition.

The Asia Collaborative Engagement Platform for Energy Transition

Collaborative engagement, working with Asia Research and Engagement (ARE) and the Asia Transition Platform, has continued with some of Asia's largest listed financial institutions and buyers and producers of fossil fuels. During the quarter, LAPFF executive members Cllr Caron and Sian Kunert engaged with Sumitomo Mitsui Financial Group (SMFG) and Mizuho respectively. At Mizuho, bank representatives were asked for more details on sustainability experience and expertise of board members, as well as an insight into a time-line for the phase out of coal power financing. At SMFG, discussions also covered mechanisms to ensure sustainability experience on the Board as well as target setting and referencing the International Energy Agency Net Zero scenario.

Collaborative letters on Paris-aligned accounts

Following-up on correspondence with companies in November 2020, LAPFF has joined in further communications with companies, led by Sarasin & Partners and in conjunction with other investors to share feedback on climate-related financial disclosures in the most recent set of company financial accounts. Correspondence aimed to encourage the companies to address outstanding concerns in audited accounts issued in 2022. Copies were also provided to the lead audit partner to emphasise the expectation that they alert shareholders where the accounts are not consistent with a 1.5°C outcome.

Powering Past Coal Alliance

As a partner to the Powering Past Coal Alliance, LAPFF supported a statement made on 4 November, which was the COP26 'Energy Day'. This statement, signed by countries, regions, corporates and investors supported the shared vision of accelerating a transition away from unabated coal power generation. It recognised the imperative to urgently scale-up the deployment of clean power to accelerate the energy transition as well as promoting the idea that this transition should be 'just and inclusive'.

Major investors demand ambitious methane regulations in the U.S.

Through its membership of CERES, LAPFF joined a group of international investors calling for action to cut methane emissions in the US. Methane is a potent greenhouse gas, twenty five times more powerful than carbon dioxide in its heating impact. More than half of global methane emissions stem from human activities in three sectors: fossil fuels (35 per cent of human-caused emissions) waste (20 per cent) and agriculture (40 per cent).

The Institutional Investors Group on Climate Change (IIGCC)

LAPFF continues to participate in regular calls with IIGCC and its investor members, receiving and providing updates on EU constituents of the CA100+ initiative. Results of the CA100+ benchmarking process are being discussed with companies with the review period culminating at the end of December. Sector meetings are helpful in providing peer best practice examples as 'pointers' for other companies in the sector.

Investor Alliance on Human Rights

The Investor Alliance on Human Rights (IAHR) circulated an investor letter calling for the UK and the EU to implement mandatory human rights and environmental due diligence (mHREDD). It followed with another letter asking that stakeholder engagement be placed at the heart of this legislation. LAPFF signed onto both letters.

Conflict Minerals Investor Letter

Stewart Investors initiated a collaborative investor letter on conflict minerals in semi-conductor supply chains requesting that a number of companies improve labour and environmental standards through their supply chain practices. A total of 160 investors with collective assets under management of US$6.59 trillion signed onto the letter. The letter went to 29 companies in the semi-conductor supply chain, and investors are waiting for a more complete set of responses before deciding if and how to take the engagement forward.

Investors for Opioid and Pharmaceutical Accountability (IOPA)

LAPFF has continued to support IOPA, which continually engages with US pharmaceutical companies and retail pharmacies, encouraging better levels of corporate governance. IOPA has been looking at its potential campaigns for 2022 and LAPFF will aim to engage and support where it can.

POLICY ENGAGEMENT

APPG Just Transition Inquiry

The LAPFF-supported All-Party Parliamentary Group (APPG) for local authority pension funds' report into a just transition was successfully launched this quarter. The APPG had undertaken an inquiry during 2021 examining the role investors can play, with the support of government, in ensuring the transition to net zero considers the social implications

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for employees, consumers, communities and supply chains. The APPG, chaired by Clive Betts MP, heard evidence from LAPFF members, investors, companies, trade unions and from the Climate Change Committee.

The inquiry found that just transition presented investors with financial risks. The consensus view from the inquiry was that if the transition to net zero is seen as unfair and unjust there would be public resistance and a lack of co-operation. As such, failing to consider the uneven impact of climate action on people and places risks support for decarbonising the economy. That in turn would create economy wide and company specific risks for investors.

The final report covered actions investors can take individually and collectively, including having a commitment on the issue in policy documents, understanding the risks and opportunities through quantitative metrics and qualitative evidence from affected stakeholders, importance of setting expectations and engaging companies on them, how capital allocation can help mitigate the risks and maximise the opportunities, and how funds can report impact. The report also set out what governments could do to support investors, such as having a clear and comprehensive just transition commitment, requiring greater company disclosure, identifying and supporting investment opportunities, and establishing a just transition commission.

The launch of the report included presentations from the pensions minister, Guy Opperman MP, Rachel McEwen from SSE and LAPFF chair, Cllr Doug McMurdo. The report was well received gaining media coverage and with SSE publicly supporting the report. A copy of the report can be found on the LAPFF website.

City of London's Taskforce on Socio Economic Diversity

LAPFF Vice Chair, John Gray, was appointed to the Taskforce's Advisory Board this year and in this quarter, attended an in person event to discuss a number of issues that both the advisory board and working groups are looking to overcome. Questions of whether mandatory reporting by government or regulators were asked, and what role sector bodies can play. The role of membership bodies seeking to progress change in this area were discussed as well as what members of the taskforce believed would convince senior leadership to improve socio-economic diversity. LAPFF's work on diversity will continue in 2022 and will incorporate aspects of socio-economic diversity alongside other aspects.

COLLABORATIVE COMMUNITY MEETINGS

Brazilian community members

It has now been over six years since the Samarco tailings dam collapse in Mariana, Brazil. LAPFF issued a press release on 5 November to remember the anniversary of the tragedy. As the anniversary fell during COP 26, the press release focused on the need for a just transition to a zero carbon economy. The press release followed a webinar with a representative of the affected communities and a meeting with the Brazilian prosecutor working on this case.

Subsequently, Cllr McMurdo met with four members of the affected Mariana communities to discuss their current situation. Unfortunately, little progress has been made in respect of either housing or other reparations. The community members continued to express despair about their respective situations and the slow progress being made by the Renova Foundation.

One representative of the Mariana communities and one representative from Brumadinho also presented at the LAPFF Conference. It was notable that both representatives were clear about not being anti-mining; the communities just want mining to be sustainable and respectful of their human rights. The need for a just transition by the mining industry was also raised during this conference session.

Arizona community members

Cllr McMurdo also met with Roger Featherstone (pictured below) of the Arizona Mining Reform Coalition. Roger has met consistently with LAPFF over the

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last few years and has raised concerns not only about the cultural heritage impacts of the BHP-Rio Tinto Resolution Copper project but also about the water impacts. LAPFF heard again that there has been no real assessment of the projects impact on water resources by the companies, but the impact could be huge. Roger also raised the question of whether a new mine is needed to access the copper reserves in the area. He noted that BHP has shut down a number of mines in the area before the reserves had been depleted, and in particular the San Manuel mine.

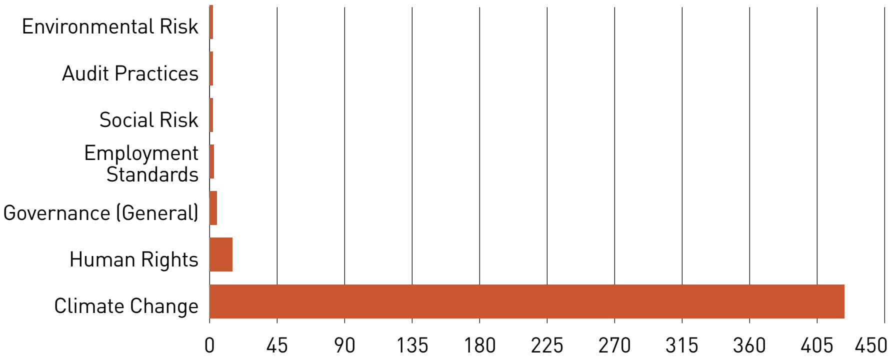
Resolution Copper: Water and Financial Materiality

On the back of the conversation with Roger Featherstone, LAPFF held a webinar with Roger and Henry C Munoz, a retired BHP miner in the area. Both Roger and Henry spoke about the anticipated impacts of Resolution Copper on the water and ecosystem of the surrounding areas. This webinar is available for viewing by LAPFF members on the member section of the LAPFF website.

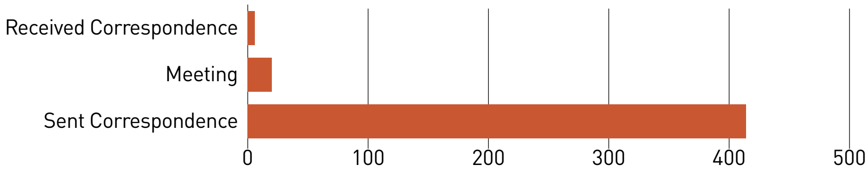
ENGAGEMENT DATA

During the quarter, there was correspondence with the FTSE all-share (excluding investment trusts) pressing for an annual 'Say on Climate' vote

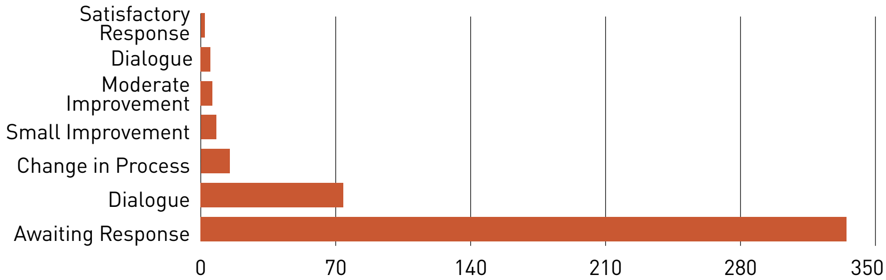
ENGAGEMENT TOPICS



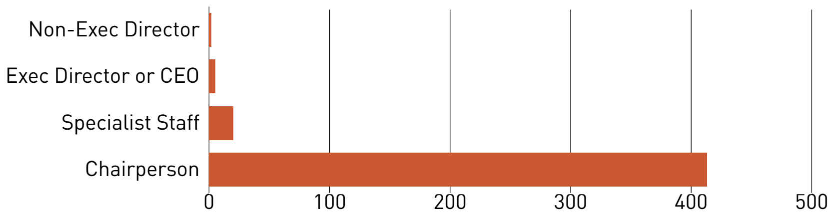
ACTIVITY



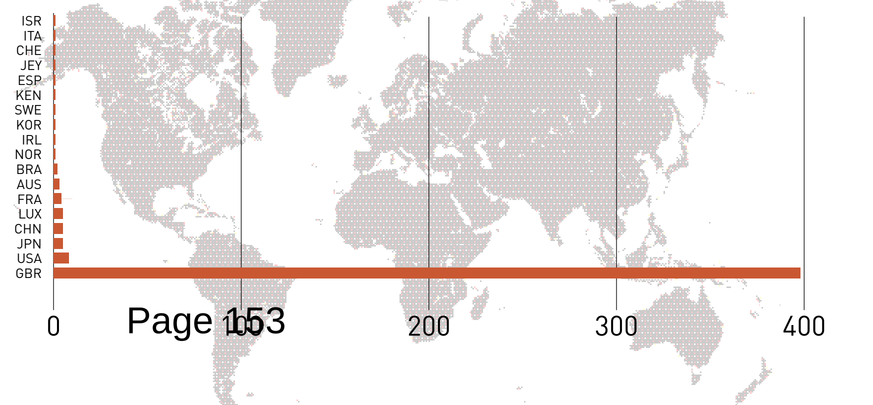
MEETING ENGAGEMENT OUTCOMES



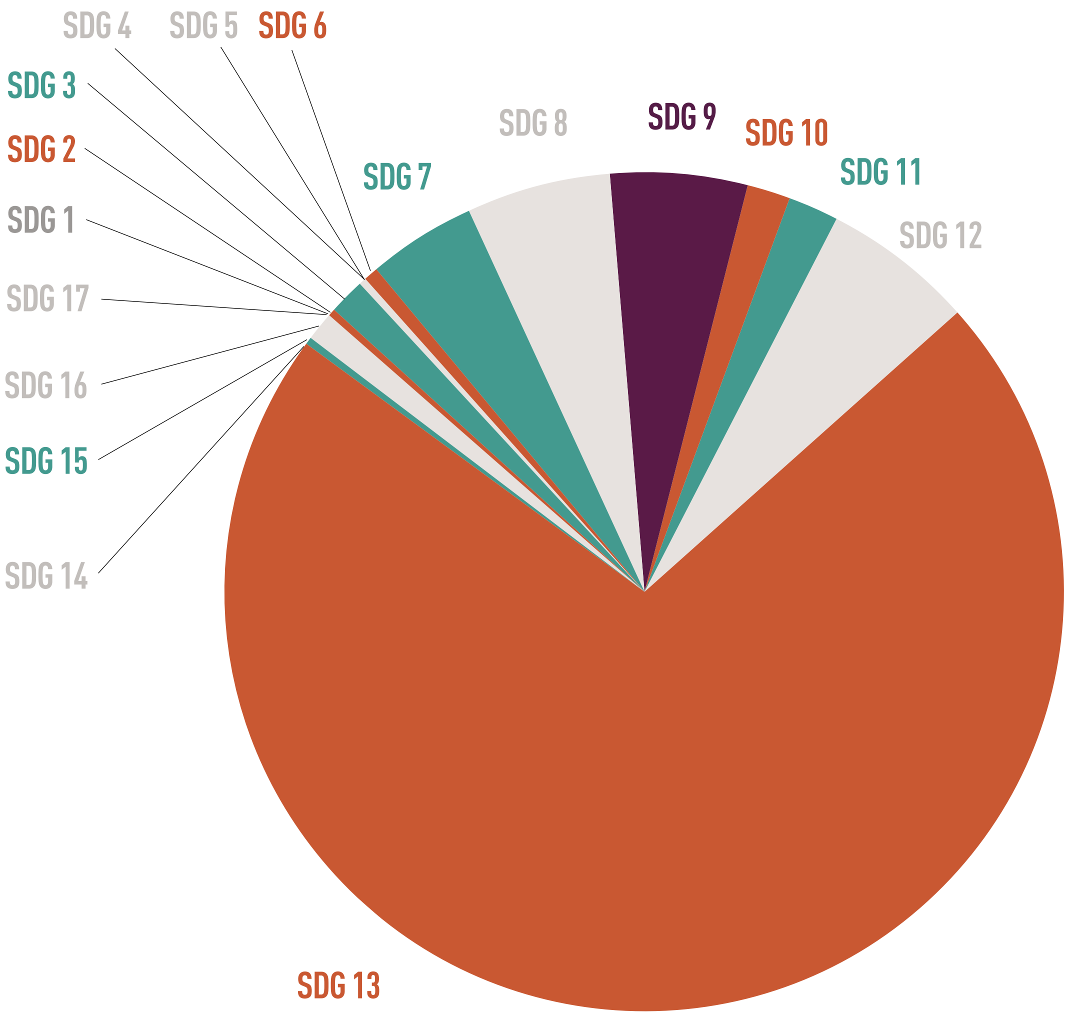
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	1
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	9
SDG 4: Quality Education	2
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	26
SDG 8: Decent Work and Economic Growth	33
SDG 9: Industry, Innovation, and Infrastructure	31
SDG 10: Reduced Inequalities	10
SDG 11: Sustainable Cities and Communities	12
SDG12: Responsible Production and Consumption	34
SDG 13: Climate Action	425
SDG 14: Life Below Water	0
SDG 15: Life on Land	2
SDG 16: Peace, Justice, and Strong Institutions	6
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

MEDIA COVERAGE

CLIMATE

European pension players turn to Asia to drive climate 'breakthroughs'
https://www.ipe.com/news/european-pension-players-turn-to-asia-to-drive-climate-breakthroughs/10055439.article

Allow a vote on your climate plan, local govt pensions tell UK companies
https://www.reuters.com/business/environment/allow-vote-your-climate-plan-local-govt-pensions-tell-uk-companies-2021-10-07/

https://timesofindia.indiatimes.com/world/uk/allow-a-vote-on-your-climate-plan-local-govt-pensions-tell-uk-companies/articleshow/86838700.cms

https://www.todayonline.com/world/allow-vote-your-climate-plan-local-govt-pensions-tell-uk-companies

London CIV launches passive equity Paris-aligned fund
https://www.pensions-expert.com/Investment/London-CIV-launches-passive-equity-Paris-aligned-fund

https://www.room151.co.uk/blogs/lgps-cop26-the-expected-the-needed-and-the-opportunities/

BHP VOTE

BHP faces knife-edge vote on climate change plan
https://www.ft.com/content/c7c1c225-9178-4fd5-8db1-4a86450d8f3d

Mood lukewarm on BHP climate change plan ahead of AGM
https://www.nasdaq.com/articles/mood-lukewarm-on-bhp-climate-change-plan-ahead-of-agm-2021-10-14

BHP's London investors endorse climate change plan
https://www.reuters.com/business/environment/mood-lukewarm-bhp-climate-change-plan-ahead-agm-2021-10-14/

BHP gets Australian shareholder support for climate plan
https://www.reuters.com/article/bhp-group-au-agm-idCNL1N2S20EQ

JUST TRANSITION

MPs urge pension schemes to cushion economic effects of UK's net zero plan
https://www.theguardian.com/environment/2021/oct/20/mps-urge-pension-schemes-cushion-economic-effects-uk-net-zero-plan

LGPS must consider net-zero impact to avoid social downturn, MPs say
https://www.pensions-expert.com/Investment/LGPS-must-consider-net-zero-impact-to-avoid-social-downturn-MPs-say?ct=true

ISRAEL-PALESTINE

LGPS urged to divest from 'Israeli settlement economy'
https://www.pensions-expert.com/DB-Derisking/LGPS-urged-to-divest-from-Israeli-settlement-economy

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Bromley Pension Fund
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members
Border to Coast Pensions Partnership
Brunel Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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