

LONDON BOROUGH OF HACKNEY
PENSION FUND
BUSINESS PLAN
2023/24 TO 2025/26



Proposed approval date –
March 2023
Version 1

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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 2023/24 to 2025/26 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 2023/24 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:

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2. Background to the Hackney Pension Fund

The Hackney Pension Fund is a £1.8bn¹ 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 was 25,525 as at 31 March 2022 with 7,278 active contributors from 40 contributing employers and 10,457 deferred members and 7,790 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.

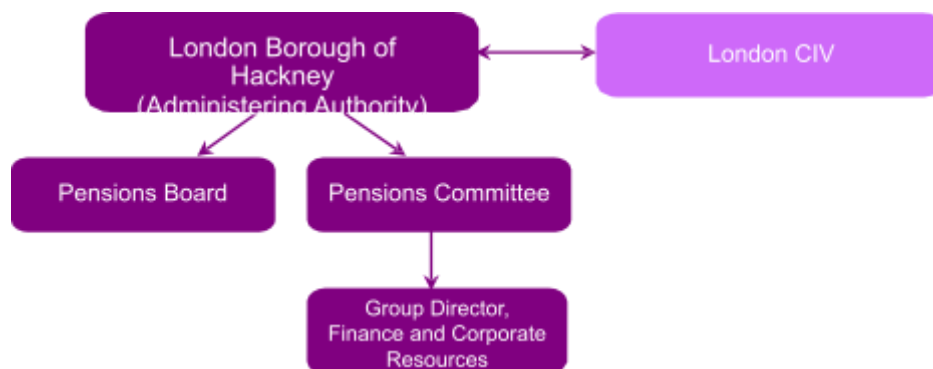
The day to day running of the Fund has been delegated to the Group Director, Finance and Corporate Resources; the Director, Financial Management; and the Financial Services section of the Council. The Financial Services section has responsibility for all aspects of the day to day running of the Fund 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 2022

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

We will:

- Take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- Use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- Where appropriate, ensure stable employer contribution rates
- Reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- Use reasonable measures to reduce the risk of an employer defaulting on its pension

obligations.

Investment Objectives

We will:

- Set an appropriate investment strategy so as to:
 - Achieve an expected return in excess of the return required by the Fund's triennial valuation and Funding Strategy Statement.
 - Achieve a VaR 95 of < 13.5%. Value-at-Risk 95% (VaR 95) is a risk metric which measures the minimum expected decrease in assets in a downside scenario that has a 5% chance of occurring. This metric allows the Fund to quantify a potential downside scenario with respect to the impact on the assets. 13.5% is intended as a soft limit to assist the Fund in setting an appropriate risk budget.
 - Ensure expected liability outflows are broadly covered by asset income. This is measured by the proportion of assets in income distributing mandates and the proportion of cash outflows expected to be matched over the next 5 years.
- Aim to achieve net zero emissions by 2040 and set appropriate interim targets to assist in achieving this.
- Increase local or "levelling up" investments to 5% over time
- Aim to implement asset allocation decisions via the London CIV (the Fund's asset pool) where appropriate and will monitor the proportion of Fund assets invested via the pool accordingly.
- Monitor the funding level through the triennial valuation and ongoing monitoring processes
- 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 are incorporated into the Committee's decision-making:
 - 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

We Will

- 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.
- Introduction of a carbon reduction target for investments and development of the Fund's responsible investment approach.
- The Fund's third-party administration contract was renewed from 1 January 2023 and the Fund will be carrying out an exercise over the next two years to help support longer term decision making in relation to the third-party administration provider.

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
- Continuing to embed the 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
- Migrating to an updated version of the current software system
- Further development of controls relating to cybercrime and business continuity
- Carrying out the 31 March 2025 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 2023 investment strategy including ongoing transition of assets to London CIV where appropriate.

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.

- 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
- Investment Strategy Review and implementation
- 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 2023/24 to 2025/26 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	2023/24 Period				2024/ 25	2025/ 26	Expected Committee Agenda
	Q1	Q2	Q3	Q4			
Governance							
G1. Review appointments of Pensions Committee co-opted members and Local Pension Board members	✓		✓	✓			March 2024
G2. Induction training and training needs analysis for Pensions Committee, board and key officers	✓	✓			✓		March 2025
G3. Review of Cyber Strategy					✓		March 2025
G4. Review of cybercrime risk to Fund	✓	✓	✓	✓	✓	✓	June 2023 and ongoing
G5. Review of Breaches procedure						✓	June 2025
G6. Governance review and implementation of actions			✓	✓	✓		March 2024
G7. Review against new TPR single code	✓*	✓*	✓*	✓*	✓*		June/Sept 2023
G8. Review of Conflicts of interest policy					✓		December 2025
G9. Diversity and Inclusion			✓	✓	✓		December 2023
G10. Review of Governance Policy and Compliance Statement					✓		December 2024
G11. Review of Knowledge and Skills Policy					✓		December 2024
G12. Review of Risk Management policy					✓		March 2025
G13. Implement changes from Scheme Advisory Board good governance review	✓*	✓*	✓*	✓*	✓*		To be confirmed
G14. Recruitment, retention and succession planning	✓	✓	✓	✓	✓		No decisions required

Investments and Funding							
F1. Investment Strategy Review - Strategic Asset Allocation	✓						April/May 2023
F2. Investment Strategy Review - Implementation	✓	✓	✓	✓	✓		June 2023 and ongoing
F3. Responsible Investing – Climate Targets	✓	✓					April/May and June 2023
F4. Responsible Investing – Stewardship Code	✓	✓					September 2023
F5. 2025 actuarial valuation and review of funding strategy					✓	✓	June, September, December 2025; March 2026
F6. GAD Section 13 valuation results/engagement						✓	To be confirmed
F7. Outsourcing of small employers	✓	✓					September 2023
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	✓	✓					June 2023
A5. Implementation of new administration contract and considerations of future options	✓	✓	✓	✓	✓	✓	December 2023
A6. Implementation of updated version of third-party administrator software		✓	✓				No decisions required
A7. Preparation of Member Data for Valuation					✓	✓	No decision required
A8. Implement McCloud/Sargeant remedy (extension of underpin test)	✓*	✓*	✓*	✓*	✓*		To be confirmed
A9. Review of employers' processes and responsibilities					✓	✓	To be confirmed
A10. Update data improvement plan/procedures following improvements in employer engagement	✓	✓	✓				December 2023
A11. Implement trivial commutation/small pots options						✓	To be confirmed

A12. Carry out frozen refund clearing exercise			✓	✓	✓		March 2024
A13. Implement changes required for national pensions dashboard(s)	✓*	✓*	✓*	✓*	✓*	✓*	To be confirmed
A14. Introduce pensions tax communication strategy		✓					September 2023
A15. Review under/overpayment policy			✓				December 2023
A16. Review Communications Strategy					✓		June 2024
A17. Review Administering Authority and Employing Authority discretions policies					✓		June 2024
A18. Review Voluntary Scheme Pays policy					✓		June 2024
A19. Review Administration Strategy					✓		March 2025
A20. Review of implementation of employer engagement strategy	✓	✓	✓	✓			No decisions required
A21. Finalisation of GMP Reconciliation Project	✓	✓	✓	✓			No decisions required
A22. Other expected national legislation changes	✓*	✓*	✓*	✓*	✓*	✓*	To be confirmed
Supplier and Contractor Reviews and Tenders							
Custodian tender							March 2029
Actuarial consultant tender	✓						June 2023
Benefits and governance consultant tenders	✓						June 2023
Investment consultant tender						✓	September 2026
AVC fund review					✓		June 2024
Third party administrator review and/or tender						✓	December 2025
Legal services		✓	✓				September 2023
Banking services tender (as part of Council's procurement)							To be confirmed

6. Draft Communications Plan 2023/24

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 scheme. An outline communications plan for 2023/24 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 - March 2025 is next review date		
Communications Strategy	Triennial – June 2024 is next review date		Triennial – June 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
Pension Committee	April - March	April - March	April - March	April - March	

Type of Communication	Scheme Member	Prospective Scheme Members	Employers	Press & FOI Requests	Central Government & the Pensions Regulator
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 2023/24 will be carried out within the existing resource/budget unless indicated otherwise. Work scheduled for 2024/25 and 2025/26 will be included in the relevant budgets for those years. Many of the timescales are estimated due to reliance on external bodies, such as Central Government. As a result, these agenda items may 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

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
✓		✓	✓		March 2024

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 two vacant employer representative roles in Q1 2023/24
- Board – appointment of two vacant member representative roles in Q1 2023/24
- Committee – consider review of scheme member and employer representatives (four-year anniversary March 2024) – Q3 of 2023/24

G2. Induction training and training needs analysis for Pensions Committee, Board and key officers

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
✓	✓		✓		March 2025

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. The most recent training needs analysis was carried out in March 2023 (for Committee members only). 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. The next training needs analysis for Committee and Board will be undertaken in Q4 2024/25. Due to the recent changes in Board membership full induction training will be carried out in Q1/Q2 2023/24.

G3. Review of Cyber Strategy

2023/24 Period						2024/25	2025/26	Expected Committee Agenda
						✓		March 2025
<p>Cyber risk is considered a key risk to the Fund; the Fund therefore has a Cyber Strategy to help manage this. This is due to be reviewed every three years and the next review is due in March 2025.</p>								

G4. Review of cybercrime risk to Fund

2023/24 Period						2024/25	2025/26	Expected Committee Agenda
✓	✓	✓	✓	✓	✓	✓	✓	June 2023 and ongoing
<p>Cyber risk is considered a key risk to the Fund. In line with The Pensions Regulator's requirements, is being carried out to better understand how that risk is being managed in relation to the Fund's member data, assets and other procedures. A Fund specific Incident Response Plan will be developed to provide a set of guidelines for the effective management of a cyber related incident, followed by a testing schedule. Fund officers will also carry out investigations into the cyber resilience of its suppliers, with initial priorities being the London CIV as the Fund's asset pool, Northern Trust as its custodian and Hymans Robertson as the fund actuary. Further work will also be undertaken to implement a set of cyber hygiene guidelines, and the Fund will continue to ensure that new Board and Committee members receive training on cyber security.</p>								

G5. Review of Breaches Procedure

2023/24 Period						2024/25	2025/26	Expected Committee Agenda
							✓	June 2025
<p>As part of good governance and to meet 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 Regulator's guidance. This is reviewed every three years with the next review being due in June 2025.</p>								

G6. Governance review and implementation of actions

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
	✓	✓	✓		March 2024

A review of the Fund's governance arrangements is planned for Q3 and Q4 of 2023/24. The review should follow the training needs analysis outlined in G2; the first step of the review will be to undertake an effectiveness survey. The results of this will be reported to the March 2024 Pensions Committee and any ongoing plan of work will be developed at that point. As part of this work, it has been agreed to trial a change in the format of reports being presented to the Committee beginning in June 2023.

G7. Review against new TPR Single Code

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
✓*	✓*	✓*	✓*	✓*	June/September and December 2023

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 expected to come into force in spring 2023.

G8. Review of Conflicts of Interest policy

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
				✓	December 2025

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 was last reviewed in November 2022.

G9. Diversity and Inclusion

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
		✓	✓	✓		December 2023
<p>Diversity and inclusion should have a bearing on the management of pension schemes. The Pensions Regulator has in place an action plan to support governing bodies to improve their diversity and inclusion practices – this comprises a Diversity and Inclusion Industry Working Group (IWG) which provides four established workstreams. The Fund will therefore consider the objectives of TPR's diversity and inclusion guidance in the context of the management of the Fund during the year in relation to decision making, recruitment exercises and communications. In particular this will be considered as part of the next review of the Communications Strategy in June 2024.</p>						

G10. Review of Governance Policy and Compliance Statement

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
				✓		December 2024
<p>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 is due for review in December 2024</p>						

G11. Review of Knowledge and Skills Policy

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
				✓		December 2024
<p>As part 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 is due for review in December 2024.</p>						

G12. Review of Risk Management Policy

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
				✓		March 2025
<p>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.</p>						

G13. Implement changes from Scheme Advisory Board Good Governance review

2023/24 Period					2024/25	2025/26	Expected Committee Agenda
✓*	✓*	✓*	✓*	✓*			To be confirmed
<p>The national LGPS Scheme Advisory Board (SAB) carried out a project to 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.</p> <p>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 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. A consultation on this is expected later in 2023 but the actual timescales are estimated and may be delayed due to other national priorities.</p>							

G14. Recruitment, retention and succession planning

2023/24 Period					2024/25	2025/26	Expected Committee Agenda
✓	✓	✓	✓	✓			No decisions required
<p>The Fund plans to advertise and appoint to two new roles during 2023/24 to ensure we have sufficient resources to deliver the projects outlined in the Business Plan. One role will focus on Governance and Projects and the other on Responsible Investment. In 2024/25 further work will be undertaken on succession planning to ensure the Fund is well equipped to deal with future challenge and change.</p>							

Funding and Investment key priorities

F1. Investment Strategy Review - Strategic Asset Allocation

2023/24 Period					2024/25	2025/26	Expected Committee Agenda
✓							April/May 2023
<p>The Committee is due to consider the Fund's Strategic Asset Allocation during Q1 2023/24, with a decision on high level allocation priorities due in April/May 2023. The decision will build on the work completed on the Fund's investment beliefs and climate targets during 2022/23.</p>							

F2. Investment Strategy Review - Implementation

2023/24 Period		2024/25	2025/26	Expected Committee Agenda
✓	✓	✓	✓	June 2023 and ongoing

The Committee is due to make an initial decision on the implementation of new mandates at the June 2023 Committee meeting. This will be followed by further work during 2023/24 and beyond to finalise details of the mandates to be used and the approach to transition. It is likely that this work will take place in stages across a number of meetings.

F3. Responsible Investing – Climate targets

2023/24 Period		2024/25	2025/26	Expected Committee Agenda
✓	✓			April and June 2023

The Fund intends to adopt a range of specific targets and timescales to help it meet its ambition of achieving net zero by 2040. These are expected to be considered and approved at the March 2023 Pension Committee meeting, and more detail on how these will be implemented will be considered via the Investment Strategy Review in early 2023/24

F4. Responsible Investing – Stewardship Code

2023/24 Period		2024/25	2025/26	Expected Committee Agenda
✓	✓			September 2023

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 and aims to submit a Stewardship Code application in October. It will therefore be subject to the Committee’s approval in September 2023

F5. 2025 actuarial valuation and review of funding strategy

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
				✓	✓	June, September, December 2025 & March 2026

A formal actuarial valuation of the Fund detailing the solvency position and other financial metrics must be carried out as at 31 March 2025. 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 2025/26 but initial discussions on the proposed funding strategy will commence in 2024/25.

The key stages of the valuation process are as follows:

- June 2025 – planned data submission
- September 2025 – whole fund results and draft Funding Strategy Statement brought to Pensions Committee
- December 2025 – employer specific funding strategies brought to Pensions Committee
- March 2026 – final valuation report and approval of the Funding Strategy Statement by Pensions Committee.

F6. GAD Section 13 valuation results/engagement

2023/24 Period				2024/25	2025/26	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.

F7. Approach to small employers

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
✓	✓					September 2023

The Fund will consider implementation of a formal policy to streamline how small contractors participate in the LGPS. Specifically, various forms of pass-through will be considered with a view to a default approach being presented to awarding authorities. The Fund's objective is to ensure that contractors pay for the cost of LGPS participation, whilst ensuring that this is commensurate with the resources and costs incurred by the Fund to enable participation of small employers.

Administration and Communications key priorities

A1. Relaunch member self-service online functionality

2023/24 Period		2024/25	2025/26	Expected Committee Agenda
	✓	✓	✓	No decisions required

The launch of member self service (to allow members to access their own pension record online) has been delayed due to a planned upgrade to a new version of the existing software in Q3 of 2023/24. It is intended to roll out the portal during Q4 2023/24 and into 2024/25. 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)

2023/24 Period		2024/25	2025/26	Expected Committee Agenda
✓	✓			No decisions required

The Fund has worked 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 is 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. The Hackney Pensions Team, Equiniti and Hackney Council/Hackney Education are continuing work on minor outstanding issues.

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

2023/24 Period		2024/25	2025/26	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 to improve data integrity and increase efficiency. This will require all employers to upload pension information on a monthly basis to Equiniti's on-line employer self-service facility.. Some employers have gone live but full launch is delayed due to the Fund migrating to a new version of the software in Q3 of 2023/24. It is hoped that this will go live for all employers during the second half of 2023-24 and into 2024/25. This work will include a review of the Employer Guide and employer processes and forms.

A4. Review of third-party administrator processes and responsibilities

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
✓	✓					June 2023

The Fund has commenced 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. This also included a review of the communications provided by Equiniti to the Fund's scheme members and employers. It is expected that a report on the review's key findings will be shared at the June 2023 Committee meeting.

A5. Implementation of new administration contract

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
✓	✓	✓	✓	✓		December 2023

The Fund has recently entered a new third party administration contract with Equiniti which expires on 31 December 2025. Work will continue through 2023/24 to implement the new contract terms (including a software upgrade). The Fund will also need to consider the future provision of administration services and software in advance of the contract end date; this work will need to take place by 2024/25.

A6. Implementation of updated version of third-party administrator software

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
		✓	✓			No decisions required.

As part of the new contract the Fund will move to Equiniti's updated Compendia platform, Compendia Touch, which is expected to happen in Q3 of 2023/24. A full implementation and migration plan still needs to be scoped by Equiniti and Hackney officers will be working closely with Equiniti on this in the lead up to the migration date. The revised software should bring efficiencies and allow Equiniti to build on current service standards including the introduction of member and employer portals (see A1 and A3).

A7. Preparation of Member Data for Valuation

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
				✓	✓	No decisions required.

The triennial actuarial valuation as at 31 March 2025 requires the third-party administration team to provide data to the actuary. This involves a cleansing exercise post 31 March 2025 to ensure the data is of sufficient quality for the valuation and to rectify any anomalies discovered. An interim/test valuation will be completed during 2024/25 to highlight any data anomalies to be investigated and resolved ahead of the actual valuation.

A8. Implement McCloud/Sargeant remedy (extension of underpin test)

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
✓*	✓*	✓*	✓*	✓*	No decisions required.

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. Remedies are being worked through by Government, 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 ongoing exercise to gather updated employment information from employers dating back to 2012. This work has been allowed for in the 2023/24 budget, but additional resource and budget may be required depending on the final outcome. A response to the 2020 consultation is expected in the first half of 2023 and there is due to be a further consultation on draft regulations in Spring 2023.

A9. Review of employers' processes and responsibilities

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
			✓	✓	To be confirmed

The Fund has previously carried out an independent review 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

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
✓	✓	✓			December 2023

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. Data cleansing will also be carried out prior to the migration to Compendia Touch.

A11. Implement trivial commutation/small pots options

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
				✓	To be confirmed

Trivial commutation is where a member who is entitled to a small pension (<£30k total benefits - trivial commutation; <£10k single pension - small pot) 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 and potentially reducing the Fund's liabilities.

A12. Carry out frozen refund clearing exercise

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
	✓	✓	✓		March 2024

Members who left the scheme without meeting the 'vesting period' (the minimum period to qualify for benefits – 2 years before 1 April 2004, 3 months between 1 April 2004 and 31 March 2014, and 2 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. 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. The Fund hopes to carry out this exercise ahead of the staging date for the dashboards in September 2024.

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

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
✓*	✓*	✓*	✓*	✓*	To be confirmed

Pension dashboards are a government initiative 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. Final dashboard regulations were laid in December 2022 and the onboarding date for all public sector pension schemes is September 2024. A key decision that the Fund will need to make in the coming months is in relation to their Integrated Service Provider (ISP). An ISP is a type of intermediary which will allow schemes to connect to the dashboard's digital architecture without having to build their own interfaces. There are initially expected to be approximately ten ISPs including a number of LGPS administration software providers such as Equiniti. The Fund will explore the options for its ISP during 2023/24. The project is likely to incur additional costs due to the development and testing of systems and processes.

A14. Introduce pensions tax communication strategy

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
	✓					September 2023

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. It is expected that one communication method will be the development of online videos to support members with managing their annual allowance requirements. This has been delayed due to the McCloud remedy but this will be considered during 2023/24 and brought to Committee for approval.

A15. Review under/overpayment policy

2023/24 Period			2024/25	2025/26	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 December 2023.

A16. Review Communications Strategy

2023/24 Period				2024/25	2025/26	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. Diversity and inclusion will be considered as part of the next strategy review (as outlined in G9). The strategy must be reviewed at least every three years and it was last reviewed in June 2021.

A17. Review Administering Authority and Employing Authority discretion policies

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
				✓		June 2024 (Employing Authority Policy to be approved at 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. It is 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 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

2023/24 Period				2024/25	2025/26	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

2023/24 Period				2024/25	2025/26	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. Review of implementation of employer engagement strategy

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
✓	✓	✓	✓			No decisions required

The Fund previously worked with the third-party administrator, Equiniti, to formulate an employer engagement strategy to support employers with their responsibilities. As a result of the new contract with Equiniti the implementation of the employer engagement strategy will be reviewed in 2023/24, including the consideration of the resourcing needed and the risks involved.

A21. Finalisation of GMP Reconciliation Project

2023/24 Period				2024/25	2025/26	Expected Committee Agenda
✓	✓	✓	✓			No decisions required

The Fund previously worked with the third-party administrator, Equiniti, to carry out a project to reconcile the Fund's GMP records with those held by HMRC. The majority of that work was completed but there remains a small group of members where further work is needed. The Fund will work with Equiniti during 2023/24 to ensure that these members' records are fully reconciled and amended where appropriate (which may include the payment of pension arrears).

A22. Other expected national legislation changes

2023/24 Period			2024/25	2025/26	Expected Committee Agenda
✓*	✓*	✓*	✓*	✓*	To be confirmed

A number of national legislation changes affecting the LGPS are expected to come into force over the period 2023-26. These will be highlighted to the Committee as and when required. The expected changes include:

- CARE revaluation date change
- Harper Trust Vs Brazel Supreme Court Judgement
- £95k exit cap and wider reforms
- The Goodwin ruling
- Elmes v Essex
- Death grants
- GMP equalisation
- Cost Management
- Fair Deal
- Increase in minimum retirement age