

## Statement of Accounts 2022/23

### Fund Account

2021/22 £'000		Notes	2022/23 £'000
	<b>Dealings with members, employers and others directly involved in the Scheme</b>		
(76,104)	Contributions	7	(82,406)
<u>(5,026)</u>	Transfers in from other pension funds	8	<u>(8,631)</u>
(81,130)			(91,037)
62,658	Benefits	9	64,711
<u>8,414</u>	Payments to and on account of leavers	10	<u>10,866</u>
71,072			75,577
<b>(10,058)</b>	<b>Net (additions)/withdrawals from dealings with members</b>		<b>(15,460)</b>
<b>15,174</b>	<b>Management Expenses</b>	11	<b>13,976</b>
	<b>Returns on investments</b>		
(19,252)	Investment income	12	(21,933)
(86,404)	(Profit) and losses on disposal of investments and changes in the market value of investments	13c	116,534
<u>4</u>	Taxes on Income		<u>1</u>
<b>(105,652)</b>	<b>Net returns on investments</b>		<b>94,602</b>
<b>(100,536)</b>	<b>Net (increase)/decrease in the Fund during the year</b>		<b>93,118</b>
1,863,976	Opening net assets of the Scheme		1,964,512
<b>1,964,512</b>	<b>Closing net assets of the Scheme</b>		<b>1,871,394</b>

## Net Assets Statement

2021/22			2022/23
£'000		Notes	£'000
1,933,215	Investment Assets	13a	1,826,183
150	Long-Term Investment	13a	150
4,880	Cash Deposits	13a	18,112
<b>1,938,245</b>			<b>1,844,445</b>
<b>(332)</b>	Investment Liabilities	13a	<b>(788)</b>
<b>1,937,913</b>	<b>Net Value of Investment Assets</b>	13a	<b>1,843,657</b>
226	Long-term debtors	20a	489
30,170	Current Assets	20	30,698
(3,797)	Current Liabilities	21	(3,450)
<b>26,599</b>			<b>27,737</b>
<b>1,964,512</b>	<b>Net Assets of the Fund available to fund benefits at the period end</b>		<b>1,871,394</b>

Note: the fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 19.

## NOTES TO THE ACCOUNTS

### 1. DESCRIPTION OF THE FUND

The Hackney Pension Fund ('the Fund') is part of the Local Government Pension Scheme and is administered by the London Borough of Hackney.

The following description of the Fund is a summary only. For more detail, reference should be made to the Hackney Pension Fund Annual Report 2022/23, the Pension Fund website <https://hackneypension.co.uk> and the underlying statutory powers underpinning the Scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

#### a) General

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended).
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).
- The Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016.

It is a contributory defined benefit pension scheme administered by the London Borough of Hackney ("the Council") to provide pensions and other benefits for pensionable employees of the London Borough of Hackney and for the employees of admitted and scheduled bodies eligible to participate in the Fund. Teachers, police officers and firefighters are not included as they come within other national pension schemes.

The London Borough of Hackney has delegated responsibility for the management of the Pension Fund to the Pensions Committee with the Group Director of Finance and Corporate Resources being given delegated authority for the day to day operations of the Fund.

#### b) Membership

All local government employees (except casual employees, teachers and those eligible to be members of the NHS Pension Scheme) are automatically entered into the Scheme. However membership of the LGPS is voluntary and employees are free to choose whether to opt out, remain in the Scheme or make their own personal arrangements outside the Scheme.

Organisations participating in the Hackney Pension Fund include:

- Scheduled bodies, which include the local authority and similar aligned bodies whose staff are automatically entitled to be members of the Fund. It also includes Academy and Free School non-teaching staff.
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

As at 31st March 2023 there are 37 active employer organisations within the Fund, including the London Borough of Hackney.

London Borough of Hackney Pension Fund	31 March 2023	31 March 2022
<b>Number of Employers with active members</b>	37	39
<b>Number of Employees in scheme</b>		
Council	7,099	6,686
Scheduled bodies	718	537
Admitted bodies	42	55
<b>Total</b>	<b>7,859</b>	<b>7,278</b>
<b>Number of pensioners</b>		
Council	7,441	7,125
Scheduled bodies	70	61
Admitted bodies	14	11
Ceased Employers	617	593
<b>Total</b>	<b>8,142</b>	<b>7,790</b>
<b>Deferred members</b>		
Council	8,566	8,671
Scheduled bodies	888	813
Admitted bodies	21	27
Ceased Employers	909	946
<b>Total</b>	<b>10,384</b>	<b>10,457</b>
<b>Grand Total</b>	<b>26,385</b>	<b>25,525</b>

### c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023.

Employee contributions are matched by employers' contributions which are set based on the triennial actuarial funding valuations. The last valuation was at 31 March 2022 with the next valuation due to take place at 31 March 2025. Current employer contribution rates were set from the 31st March 2019 valuation and can be found in the Rates and Adjustments Certificate in the Hackney Pension Fund Annual Report and Accounts 2022/23 or within the Actuarial valuation on the Pension Fund Website:- <https://hackneypension.co.uk>

Prior to 1 April 2014, pension benefits under LGPS were based on final pensionable pay and length of service.

April 2014, saw the implementation of LGPS 2014, a new Career Average Revalued Earnings (CARE) Scheme, based on a 1/49<sup>th</sup> accrual rate with retirement ages now linked to an individual member's state pension age. On average, contribution rates for employees have remained at 6.5%, however the contribution bands have widened and are now 5.5% to 12.5% at the top end. The new Scheme has also introduced the option for flexibility over contributions, i.e. a lower contribution for lower benefits, referred to as the 50/50 Scheme. It has not been possible to quantify the impact of these changes, although they have been designed to bring the future service costs of the Scheme down.

Details of the schemes are summarised below:

	<b>Service pre 1 April 2008</b>	<b>Service post 31 March 2008</b>	<b>Service post 31 March 2014</b>
<b>Pension</b>	Each year worked is worth 1/80 x final pensionable salary.	Each year worked is worth 1/60 x final pensionable salary.	Each year worked is worth 1/49 Career Average Revalued Earnings Salary
	Automatic lump sum of 3 x pensionable salary.	No automatic lump sum.	No automatic lump sum.
<b>Lump Sum</b>	In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

There are a range of other benefits provided under the Scheme including early retirement, disability pensions and death benefits. For more details please refer to the scheme guides which can be found at <https://hackneypension.co.uk/>.

Benefits are index-linked in order to keep pace with inflation. In June 2010, the government announced that the method of indexation would change from the Retail Prices Index to the Consumer Prices Index. This change took effect from 1 April 2011.

## 2. BASIS OF PREPARATION

The Statement of Accounts summarises the Fund's transactions for the 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code)*, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going concern basis.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS 19) basis, is disclosed in Note 19 of these accounts.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Fund Account – Revenue recognition

#### a) Contributions income

Normal contributions, both from members and employers, are accounted for on an accruals basis. Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay. Employer contributions are set at the percentage rate recommended by the Fund Actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the Fund actuary or on receipt if earlier than the due date.

#### b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

### **c) Investment income**

#### *i) Interest income*

Interest income is recognised in the Fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

#### *ii) Dividend income*

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting year is disclosed in the Net Assets Statement as a current financial asset.

#### *iii) Distributions from pooled funds*

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting year is disclosed in the Net Assets Statement as a current financial asset.

#### *iv) Movement in the net market value of investments*

- Changes in the net market value of investments are recognised as unrealised profits/losses during the year.
- Realised profit/losses are recognised upon the sale of investments during the year.

### **Fund Account – Expense items**

### **d) Benefits payable**

Pensions and lump-sum benefits payable include those known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

### **e) Taxation**

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrevocable tax is accounted for as a fund expense as it arises. All income and expenditure in the Statement of Accounts is net of VAT, where recoverable.

### **f) Management expenses**

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance: *Accounting for Local Government Pension Scheme Management Expenses (2016)*.

#### *i) Administrative expenses*

All administrative expenses are accounted for on an accruals basis. Relevant staff costs and associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

ii) *Oversight and governance costs*

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund. The cost of obtaining investment advice from external consultants is included in oversight and governance charges.

iii) *Investment management expenses*

All investment management expenses are accounted for on an accruals basis.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or decrease as the value of these investments change.

Where an investment manager's invoice has not been received by the balance sheet date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2022/23, there were no fees based on such estimates (2021/22 no fees estimated).

A similar procedure is used for custodian fees, and in 2022/23 £4k of fees were estimated for the last quarter of the year (2021/22: no fees estimated).

The Fund requests that non-invoiced investment management fees (plus other associated costs such as transaction costs) are disclosed via the Cost Transparency Initiative template. Where cost information is not readily available for the year ending 31<sup>st</sup> March 2023 (e.g. for pooled funds using different accounting dates), an estimate will be made using the most recent information available.

## **Net Assets Statement**

### **g) Financial assets**

Financial assets are included in the Net Assets Statement on a fair value basis (with the exception of cash and debtors, which has been measured on an amortised cost basis), as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the Fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).



The Fund has contributed £150k of Regulatory Capital to the London Collective Investment Vehicle (LCIV), required from each member of the pool. The investment is carried at cost as:

- the shares held in the LCIV do not constitute a joint venture or group arrangements due to lack of control
- the investment is not repayable on demand and does not meet FVOCI requirements and
- These shares are being held as a long-term investment with currently no intention to trade
- the fund is of the view that fair value at 31st March 2023 cannot reliably be measured.

#### **h) Foreign currency transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

#### **i) Derivatives**

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes.

Derivative contract assets are measured at fair value through bid prices and liabilities at fair value through offer prices. Changes in the fair value of derivative contracts are included in any change in the market value.

The future value of forward currency contracts is based on market forward exchange rates at the year-end date and determined as the gain or loss that would arise if the outstanding contract were matched at the year-end with an equal and opposite contract.

#### **j) Cash and cash equivalents**

Cash comprises cash-in-hand and deposits payable on demand and includes amounts held by the Fund's external managers.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash that are subject to minimal risk of changes in value.

#### **k) Financial liabilities**

The Fund recognises financial liabilities at fair value (with the exception of creditors measured on an amortised cost basis), as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in fair value of the liability are recognised by the Fund.

### **l) Actuarial present value of promised retirement benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS19 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note only (Note 19).

### **m) Additional Voluntary Contributions (AVCs)**

The Hackney Pension Fund provides an Additional Voluntary Contributions (AVC) Scheme for its members, the assets of which are invested separately from those of the pension fund. The Fund has appointed Prudential as its AVC approved provider. AVCs are paid by members to the AVC provider and are used specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 22).

### **n) Contingent assets and contingent liabilities**

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by future events.

A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events.

Contingent liabilities can also arise when it is not possible at the Balance Sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes (Note 25).

## **4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

It has not been necessary to make any material critical judgements in applying the accounting policies in 2022-23.

## **5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

## Pension Fund Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on investments. The Fund Actuary, Hymans Robertson, provides expert advice about the assumptions to be applied.

The pension fund liability shown in Note 19 is calculated on an IAS19 basis, with economic assumptions updated annually. It is therefore subject to a significant risk of material adjustment in forthcoming financial years. The effect of changes to individual assumptions can be measured, as set out in the table below:

Change in assumptions at 31 March 2023	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in 'real discount rate'	2%	33
0.1% p.a. increase in the 'salary increase rate'	0%	2
0.1% increase in the 'pension increase rate (CPI)'	2%	32
1 year increase in member life expectancy	4%	78

- To quantify the impact of a change in the financial assumptions used, the Fund actuary has calculated and compared the value of scheme liabilities as at 31 March 2023 on varying bases. The approach taken is consistent with that adopted for IAS19.
- Please note that the above figures have been derived based on the membership profile of the Employer as at the date of the most recent actuarial valuation.

## Unquoted Investment Assets

The Fund's unquoted investments (such as private debt) are not regularly traded and are valued using techniques that require significant judgement in determining appropriate assumptions. The valuation of these investments therefore involves a degree of uncertainty. Additionally, the Fund relies on obtaining investor reports and financial statements from the relevant fund managers; the difficulties inherent in valuing these investments means that pricing information may not be available in a timely fashion.

Within the financial statements, these assets are held at fair value in accordance with the requirements of the Code and IFRS 13. They are classified at Level 3 i.e. assets where at least one input that could have a significant effect on the instrument's valuation is not based on observable data. More detail on the basis of valuation and key sensitivities for these assets can be found in Note 16.

## 6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2023 and up to the date when these accounts were authorised, which require any adjustments to these accounts.

## 7. CONTRIBUTIONS RECEIVABLE

<b>By Category</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Employers' Contributions split by:		
Normal Funding	(42,466)	(39,163)
Deficit Funding	(24,115)	(22,289)
Members' Contributions	(15,825)	(14,652)
<b>Total</b>	<b>(82,406)</b>	<b>(76,104)</b>

  

<b>By Employer</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
London Borough of Hackney	(79,950)	(71,633)
Scheduled Bodies	(2,041)	(4,133)
Admitted Bodies	(415)	(338)
<b>Total</b>	<b>(82,406)</b>	<b>(76,104)</b>

## 8. TRANSFERS IN FROM OTHER PENSION FUNDS

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Individual Transfers	(8,631)	(5,026)
<b>Total</b>	<b>(8,631)</b>	<b>(5,026)</b>

## 9. BENEFITS PAYABLE

By Category	2022/23	2021/22
	£'000	£'000
Pensions	53,869	51,261
Commutation and Lump Sum Retirement Benefits	8,913	9,220
Lump Sum Death Benefits	1,929	2,177
<b>Total</b>	<b>64,711</b>	<b>62,658</b>

By Employer	2022/23	2021/22
London Borough of Hackney	60,112	58,211
Scheduled Bodies	2,993	2,919
Admitted Bodies	1,606	1,528
<b>Total</b>	<b>64,711</b>	<b>62,658</b>

## 10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2022/23	2021/22
	£'000	£'000
Refunds to Members leaving service	145	160
Group Transfers	-	-
Individual Transfers	10,721	8,157
Employer Exit Credits	-	97
<b>Total</b>	<b>10,866</b>	<b>8,414</b>

## 11. MANAGEMENT EXPENSES

	2022/23	2021/22
	£'000	£'000
Administrative Costs	1,179	785
Investment Management Expenses*	11,272	13,020
Oversight and Governance Costs	1,525	1,369
<b>Total</b>	<b>13,976</b>	<b>15,174</b>

The investment management expenses disclosed above include non-invoiced management, transaction and other costs paid/payable to the Fund's investment managers of £9,850k (£11,057k in 21/22). The disclosure of the non-invoiced costs is made to the Fund via the Cost Transparency Initiative Template. The introduction of the template is helping to ensure more accurate fee disclosures by managers, with greater detail provided with regards to transaction costs. Audit Fees of £25k (£16k in 21/22) were incurred and are included in Oversight and Governance Costs in the above table, given the increased scope in audit work, further fees are to be agreed on audit completion.

## 11.A INVESTMENT MANAGEMENT EXPENSES

2022/23	Management Fees	Transaction Costs	Custody Fees	Performance Fees	Total
Asset Class	£'000	£'000	£'000	£'000	£'000
Bonds	363	107	-	-	470
Equities	-	-	-	-	-
Pooled Investments	3,284	1,827	146	-	5,257
Pooled Property Investments	2,726	623	-	113	3,462
Private Debt	1,988	1	15	-	2,004
Infrastructure	39	-	4	-	43
Cash	-	-	-	-	-
Custodian	-	-	36	-	36
<b>Total</b>	<b>8,400</b>	<b>2,558</b>	<b>201</b>	<b>113</b>	<b>11,272</b>

2021/22	Management Fees	Transaction Costs	Custody Fees	Performance Fees	Total
Asset Class	£'000	£'000	£'000	£'000	£'000
Bonds	433	51	-	-	484
Equities	-	-	-	-	-
Pooled Investments	4,556	2,856	132	-	7,544
Pooled Property Investments	2,599	584	-	20	3,203
Private Debt	1,678	4	21	-	1,703
Infrastructure	39	-	4	-	43
Cash	-	-	12	-	12
Custodian	-	-	31	-	31
<b>Total</b>	<b>9,305</b>	<b>3,495</b>	<b>200</b>	<b>20</b>	<b>13,020</b>

**12. INVESTMENT INCOME**

	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Fixed Interest Securities	(4,002)	(3,736)
Equity Dividends	(6,916)	(6,712)
Index Linked Securities	(244)	(183)
Pooled Investment Income	(9,459)	(7,424)
Interest on Cash Deposits	(224)	(26)
Other Income	(1,088)	(1,171)
<b>Total</b>	<b>(21,933)</b>	<b>(19,252)</b>

**13. INVESTMENTS**

The Fund's investments are held in a wide range of assets to ensure diversification, and to optimise returns whilst having regard to the management of risk. The movement in asset classes over the year is largely a reflection of the relative performance of those assets.

**a. Analysis of Investments**

A breakdown of investments held by the Fund's external managers across the various asset classes is below:

Investment type	Market value 31 March 2023 £'000	Market value 31 March 2022 £'000
<b>Investment Assets:</b>		
<b>Fixed Interest Securities</b>	<b>153,404</b>	<b>187,045</b>
<b>Index Linked Securities</b>	<b>51,256</b>	<b>50,951</b>
<b>Equities</b>	<b>150</b>	<b>150</b>
	Long-Term Investment	
<b>Pooled Investments</b>		
	Corporate Fixed Interest	109,947
	Diversified Growth Funds	140,709
	Property	187,783
	Emerging Markets Equity - Active	76,415
	Global Equity - Active	528,491
	Global & UK Equity - Passive	422,056
	Private Debt	202,600
	Infrastructure	24,900
	<u>1,618,948</u>	<u>1,692,901</u>
<b>Derivative Contracts</b>		
	Forward Currency	24
	Futures	448
	<u>152</u>	<u>472</u>
<b>Other Investment Assets</b>		
	Cash Deposits	4,880
	Other Investment Balances	1,846
	<u>20,535</u>	<u>6,726</u>
<b>Total Investment Assets</b>	<b>1,844,445</b>	<b>1,938,245</b>
<b>Investment Liabilities:</b>		
<b>Derivative Contracts</b>		
	Forward Currency	(151)
	Futures	(181)
	<u>(508)</u>	<u>(332)</u>
<b>Other Investment Liabilities</b>	<b>(280)</b>	<b>-</b>
<b>Total Investment Liabilities</b>	<b>(788)</b>	<b>(332)</b>
<b>Net Investment Assets</b>	<b>1,843,657</b>	<b>1,937,913</b>



**b. Investments analysed by fund managers**

As at 31 March 2023 the Fund's investments are managed by nine investment managers within the London CIV and five investment managers outside of the London CIV according to defined benchmarks which are set out in the Investment Strategy Statement (ISS). The following is a breakdown of the investments between the Investment Managers.

Fund Manager	Value £'000 2022/23	% of investme nt assets 2022/23	Value £'000 2021/22	% of investme nt assets 2021/22
<b>Investments managed by London CIV:</b>				
BlackRock (Global & UK Equity Index)	351,381	19.1%	422,086	21.8%
LCIV/RBC (Global Active Equity)	292,417	15.9%	316,647	16.3%
LCIV/JP Morgan (Global Emerging Markets)	75,477	4.1%	76,415	3.9%
LCIV/Baillie Gifford (Global Multi Asset)	128,813	7.0%	140,709	7.3%
LCIV/Baillie Gifford (Global Equities)	200,473	10.9%	211,844	10.9%
LCIV/Churchill & Pemberton (Private Debt)	125,391	6.8%	73,242	3.8%
LCIV/BlackRock, Quinbrook, Stonepeak & Foresight (Infrastructure)	40,267	2.2%	24,900	1.3%
	<b>1,214,219</b>	<b>65.9%</b>	<b>1,265,843</b>	<b>65.3%</b>
<b>Investments managed outside of London CIV:</b>				
Threadneedle (Fixed Interest)	204,660	11.1%	254,430	13.1%
Threadneedle (Property)	159,485	8.7%	187,783	9.7%
BlackRock (Ultra Short Bond Fund)	100,131	5.4%	93,513	4.8%
Churchill (Private Debt)	61,779	3.4%	58,428	3.0%
Permira (Private Debt)	83,363	4.5%	70,930	3.7%
Other investments (including MMFs & Derivatives)	20,020	1.1%	6,986	0.4%
	<b>629,438</b>	<b>34.1%</b>	<b>672,070</b>	<b>34.7%</b>
<b>Total</b>	<b>1,843,657</b>	<b>100%</b>	<b>1,937,913</b>	<b>100%</b>

**c. Reconciliation of movements in investments and derivatives**

For each asset class, the opening position is reconciled with the closing position as set out in the tables below.

Investment type	Market Value 31/03/2022 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Change in Market Value during the year £'000	Market Value 31/03/2023 £'000
<b>Fixed Interest Securities</b>	187,045	76,319	(84,662)	(25,298)	153,404
<b>Index Linked Securities</b>	50,951	24,766	(5,104)	(19,357)	51,256
<b>Equities</b>	150	-	-	-	150
<b>Pooled Investment Vehicles</b>	1,692,901	133,067	(123,448)	(83,572)	1,618,948
<b>Derivative Contracts</b>					
Forward Currency Contracts	(127)	3,971	(3,035)	(792)	17
Futures	267	5,577	(8,821)	2,604	(373)
	<b>1,931,187</b>	<b>243,700</b>	<b>(225,070)</b>	<b>(126,415)</b>	<b>1,823,402</b>
<b>Other Investment balances:</b>					
Cash Deposits	4,880				18,112
Receivable for Sales	-				463
Investment Income due	1,846				1,960
Payable for Purchases	-				(280)

**Net Investment Assets 1,937,913 (126,415) 1,843,657**

The decrease in market value of £126,415k is £9,881k more than the change in market value on the Fund Account of £116,534k, as the above movement includes indirect manager fees.

Investment type	Market Value 31/03/2021 £'000	Purchases during the year and derivative payments £'000	Sales during the year and derivative receipts £'000	Change in Market Value during the year £'000	Market Value 31/03/2022 £'000
<b>Fixed Interest Securities</b>	184,247	63,128	(48,323)	(12,007)	187,045
<b>Index Linked Securities</b>	53,706	-	(5,179)	2,424	50,951
<b>Equities</b>	150	-	-	-	150
<b>Pooled Investment Vehicles</b>	1,593,600	815,507	(801,094)	84,888	1,692,901
<b>Derivative Contracts</b>					
Forward Currency Contracts	60	2,137	(2,270)	(54)	(127)
Futures	2	3,329	(3,104)	40	267
	<b>1,831,765</b>	<b>884,101</b>	<b>(859,970)</b>	<b>75,291</b>	<b>1,931,187</b>
<b>Other Investment balances:</b>					
Cash Deposits	10,606				4,880
Receivable for Sales	-				-
Investment Income due	1,879				1,846
Payable for Purchases	-				-

**Net Investment Assets 1,844,250 75,291 1,937,913**

The increase in market value of £75,291k is £11,113k less than the change in market value on the Fund Account of £86,404k, as the above movement includes indirect manager fees.

Derivative payments and receipts correspond to the sterling equivalent amount of forward foreign exchange and futures contracts settled during the year. Further disclosure regarding derivative contracts can be found in Note 14.

**d. Investments exceeding 5% of net assets**

The following investments represent more than 5% of the net assets of the fund:

Security	Market Value 31 March 2023 £'000	% of total fund	Market Value 31 March 2022 £'000	% of total fund
LCIV 'RBC' Sustainable Equity Fund	292,417	15.6%	316,647	16.1%
BlackRock ACS World Low Carbon Equity Fund	231,637	12.4%	241,530	12.3%
LCIV Global Alpha Growth Paris-Aligned Fund	200,473	10.7%	211,844	10.8%
BlackRock Aquila Life MSCI World Equity Fund	119,745	6.4%	180,556	9.2%
Threadneedle Property Fund (TPEN)	142,136	7.6%	163,091	8.3%
LCIV 'Baillie Gifford' Diversified Growth Fund	128,813	6.9%	140,709	7.2%
LCIV Private Debt Fund	125,391	6.7%	73,242	3.7%
BlackRock Institutional Cash Series Ultra Short Bond Fund	100,131	5.4%	93,513	4.8%

**e. Stock Lending**

The Fund did not undertake any direct stock lending activity during the year, but acknowledges that within pooled investments fund managers may participate in this activity.

**14. ANALYSIS OF DERIVATIVES**

**Objectives and policies for holding derivatives**

The Fund may hold derivatives for risk management purposes, or to facilitate efficient portfolio management. The use of derivatives is managed in line with the investment management agreements agreed between the Fund and its investment managers. The Fund does not hold derivatives for speculative purposes.

**Forward currency contracts**

To maintain appropriate diversification and take advantage of overseas investment income, a proportion (maximum 30%) of the Fund's bond portfolio can be held in overseas bonds. Within the portfolio, the Fund permits a maximum allowance to non-sterling currencies of 5%. The Fund's bond manager (BMO) therefore makes use of forward currency contracts to hedge non-sterling exposure, but is not permitted to create currency positions through derivatives alone.

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Forward foreign exchange contracts are disclosed in the accounts at fair value which is the gain or loss that would arise from closing out the contract at the balance sheet date by entering into an equal and opposite contract at that date. A breakdown of forward contracts held by the Fund as at 31 March 2023 is given below.

**Open forward currency contracts**

Settlement	Currency Bought	Local Value	Currency Sold	Local Value	Fair Value
		£'000		£'000	£'000
<b>Assets</b>					
One to six months	GBP	1,476	USD	(1,820)	6
	GBP	4,298	EUR	(4,883)	3
	GBP	4,298	EUR	(4,883)	3
	GBP	1,476	USD	(1,820)	5
<b>Total Assets</b>					<b>17</b>
<b>Liabilities</b>					
One to six months					-
<b>Total Liabilities</b>					<b>(0)</b>
<b>Net Forward Contracts</b>					<b>17</b>
<b>2022/23</b>					
Settlement	Currency Bought	Local Value	Currency Sold	Local Value	Fair Value
		£'000		£'000	£'000
<b>Assets</b>					
One to six months	GBP	3,086	USD	(4,047)	12
	GBP	3,087	USD	(4,047)	12
<b>Total Assets</b>					<b>24</b>
<b>Liabilities</b>					
One to six months	GBP	7,380	EUR	(8,813)	(76)
	GBP	7,379	EUR	(8,813)	(75)
<b>Total Liabilities</b>					<b>(151)</b>
<b>Net Forward Contracts</b>					<b>(127)</b>
<b>2021/22</b>					

## Futures

The Fund's bond manager, Threadneedle, is permitted to use bond futures for both risk management purposes and to facilitate efficient portfolio management. Specifically, the mandate permits Threadneedle to use bond futures to make adjustments to the portfolio yield curve, with the restriction that total portfolio duration may not be negative in the following maturity buckets: 0-5yrs, 5-10yrs, 10-15yrs, 15-20yrs, 20+yrs.

The Outstanding futures contracts are as shown below. The economic exposure represents the notional asset value purchased under futures contracts and is therefore subject to market movements.

Investment Type	Expires	Economic Exposure	Market value 31-Mar-23	Economic Exposure	Market value 31-Mar-22
		£'000	£'000	£'000	£'000
<b>Assets</b>					
UK Bonds	Under one year	12,609	116	-	-
Overseas Bonds	Under one year	(3,820)	19	(13,972)	448
<b>Total Assets</b>			<b>135</b>		<b>448</b>
<b>Liabilities</b>					
UK Bonds	Under one year	-	-	(4,001)	(23)
Overseas Bonds	Under one year	(17,479)	(508)	434	(158)
<b>Total Liabilities</b>			<b>(508)</b>		<b>(181)</b>
<b>Net Futures</b>			<b>(373)</b>		<b>267</b>

## 15. FINANCIAL INSTRUMENTS

### a. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category.

Investment type	Designated as Fair Value through Profit & Loss	2022/2023 Financial Assets at amortised costs	Financial Liabilities at amortised costs	Designated as Fair Value through Profit & Loss	2021/2022 Financial Assets at amortised costs	Financial Liabilities at amortised costs
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Financial Assets</b>						
Fixed Interest Securities	153,404	-	-	187,045	-	-
Index Linked Securities	51,256	-	-	50,951	-	-
Equities	150	-	-	150	-	-
Pooled Investments	1,459,463	-	-	1,505,118	-	-
Pooled Property funds	159,485	-	-	187,783	-	-
Derivative Contracts	152	-	-	472	-	-
Cash	-	31,228	-	-	22,880	-
Other Investment Balances	11,259	-	-	4,968	-	-
Debtors	-	9,254	-	-	9,296	-
	<u>1,835,169</u>	<u>40,482</u>	<u>-</u>	<u>1,936,487</u>	<u>32,176</u>	<u>-</u>
<b>Financial Liabilities</b>						
Derivative Contracts	(508)	-	-	(332)	-	-
Other Investment Balances	(299)	-	-	(22)	-	-
Creditors	-	-	(3,450)	-	-	(3,797)
	<u>(807)</u>	<u>-</u>	<u>(3,450)</u>	<u>(354)</u>	<u>-</u>	<u>(3,797)</u>
<b>Total</b>	<b>1,834,362</b>	<b>40,482</b>	<b>(3,450)</b>	<b>1,936,133</b>	<b>32,176</b>	<b>(3,797)</b>
<b>Grand Total</b>		<b>1,871,394</b>			<b>1,964,512</b>	

## b. Net gains and losses on financial instruments

The majority of the financial assets and liabilities are classed at fair value. The following table summarises the net gains and losses as profit or losses associated with, the disposal of and changes in, the market value of investments and recognised within the Pension Fund account as 'Returns on Investments'.

	31 March 2023	31 March 2022
	£'000	£'000
Fair Value through Profit and Loss	(126,639)	75,265
Financial Assets measured at amortised cost	224	26
Financial Liabilities measured at amortised cost	-	-
<b>Total</b>	<b>(126,415)</b>	<b>75,291</b>

The decrease in market value of £126,415k is £9,881k more than the change in market value on the Fund Account of £116,534k, as the above movement includes indirect manager fees.

## c. Fair Value of financial instruments and liabilities

The following table summarises the carrying values of the financial assets and financial liabilities by class of instrument compared with their fair values. The fair value may differ from the carrying value where an investment is in an asset that is not traded such as a local authority company, however in most instances the carrying value will equate to the fair value.

	31 March 2023		31 March 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
Fair Value through Profit and Loss	1,835,169	1,835,169	1,936,487	1,936,487
Financial Assets measured at amortised cost	40,482	40,482	32,176	32,176
<b>Total Financial Assets</b>	<b>1,875,651</b>	<b>1,875,651</b>	<b>1,968,663</b>	<b>1,968,663</b>
<b>Financial Liabilities</b>				
Fair Value through Profit and Loss	(807)	(807)	(354)	(354)
Financial Liabilities measured at amortised cost	(3,450)	(3,450)	(3,797)	(3,797)
<b>Total Financial Liabilities</b>	<b>(4,257)</b>	<b>(4,257)</b>	<b>(4,151)</b>	<b>(4,151)</b>
<b>Grand Total</b>	<b>1,871,394</b>	<b>1,871,394</b>	<b>1,964,512</b>	<b>1,964,512</b>

## 16. FAIR VALUE OF FINANCIAL INSTRUMENTS

### Valuation of Financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

#### Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts. Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

#### Level 2

Financial instruments at Level 2 are those where quoted market investments are not available; for example, where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

#### Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable data. Such instruments would include unquoted debt investments (such as private debt) and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

### Basis of Valuation

All investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. The exceptions are the £150k of Regulatory Capital to the London Collective Investment Vehicle (LCIV), required from each member of the pool and the current year initial investments in LCIV Private Debt Fund and LCIV Renewable Infrastructure Fund, which have all been carried at cost (shown in Note 16). There has been no change in the valuation techniques used during the year.



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The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Description of Asset	Level	Basis of Valuation	Observable and Unobservable Inputs	Key Sensitivities Affecting Valuations
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Futures (Derivatives)	Level 1	Published exchange price at the year-end	Not required	Not required
Amounts receivable from investment sales	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Investment debtors and creditors	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Fixed Interest Securities	Level 2	Market Value based on current yields		Not required
Index Linked Securities	Level 2	Market Value based on current yields		Not required
Pooled investments – Equity funds	Level 2	Published bid market price at end of the accounting period	NAV per share	Not required
Pooled investments – Ultra short bonds	Level 2	Published bid market price at end of the accounting period	NAV per share	Not required
Pooled investments – Diversified growth funds	Level 2	Published bid market price at end of the accounting period	NAV per share	Not required
Forward Foreign Exchange (Derivatives)	Level 2	Market forward exchange rates at the year-end	Exchange rate risk	Not required
Pooled investments – Property funds	Level 2	Closing single price at end of the accounting period	NAV per share –	Not required
Pooled investments – Private debt funds	Level 3	Most recent valuations updated for cashflow transactions and foreign exchange movements to the end of the accounting period	Cashflow transactions, i.e. distributions or capital calls, foreign exchange movements. Audited financial statements for underlying assets	Material events between the date of the financial statements provided and the pension fund's own reporting date; differences between audited and unaudited accounts
Pooled investments - Infrastructure fund	Level 3	Most recent valuations updated for cashflow transactions.	Cashflow transactions, i.e. distributions or capital calls. Audited financial statements for underlying assets	Material events between the date of the financial statements provided and the pension fund's own reporting date; differences between audited and unaudited accounts

	Quoted market price	Using observable inputs	With significant unobservable inputs
Values at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000
<b>Financial Assets</b>			
Fair Value through Profit and Loss	136,794	1,387,425	310,950
Financial Assets measured at amortised cost	40,482	-	-
<b>Total Financial Assets</b>	<b>177,276</b>	<b>1,387,425</b>	<b>310,950</b>
<b>Financial Liabilities</b>			
Fair Value through Profit and Loss	(807)	-	-
Financial Liabilities measured at amortised cost	-	(3,450)	-
<b>Total Financial Liabilities</b>	<b>(807)</b>	<b>(3,450)</b>	<b>-</b>
<b>Net Financial Assets</b>	<b>176,469</b>	<b>1,383,975</b>	<b>310,950</b>

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Values at 31 March 2023</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial Assets</b>				
<b>Fair Value through profit and loss</b>				
Fixed Interest Securities	74,144	79,260	-	153,404
Index Linked Securities	51,256	-	-	51,256
Long-Term Investment Equities	-	-	150	150
Pooled Investment Vehicles	-	1,148,663	310,800	1,459,463
Pooled Property Funds	-	159,485	-	159,485
Derivative Contracts	135	17	-	152
Other Investment Balances	11,259	-	-	11,259
<b>Total Financial Assets at FVTPL</b>	<b>136,794</b>	<b>1,387,425</b>	<b>310,950</b>	<b>1,835,169</b>
<b>Financial Liabilities</b>				
<b>Fair Value through profit and loss</b>				
Derivative Contracts	(508)	-	-	(508)
Other Investment Balances	(299)	-	-	(299)
<b>Total Financial Liabilities at FVTPL</b>	<b>(807)</b>	<b>-</b>	<b>-</b>	<b>(807)</b>
<b>Net Financial Assets at FVTPL</b>	<b>135,987</b>	<b>1,387,425</b>	<b>310,950</b>	<b>1,834,362</b>

	Quoted market price	Using observable inputs	With significant unobservable inputs
Values at 31 March 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000
<b>Financial Assets</b>			
Fair Value through Profit and Loss	5,416	1,515,638	415,433
Financial Assets measured at amortised cost	32,176	-	-
<b>Total Financial Assets</b>	<b>37,592</b>	<b>1,515,638</b>	<b>415,433</b>
<b>Financial Liabilities</b>			
Fair Value through Profit and Loss	(203)	(151)	-
Financial Liabilities measured at amortised cost	-	(3,797)	-
<b>Total Financial Liabilities</b>	<b>(203)</b>	<b>(3,948)</b>	<b>-</b>
<b>Net Financial Assets</b>	<b>37,389</b>	<b>1,511,690</b>	<b>415,433</b>

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Values at 31 March 2022</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial Assets</b>				
<b>Fair Value through profit and loss</b>				
Fixed Interest Securities	-	187,045	-	187,045
Index Linked Securities	-	50,951	-	50,951
Equities	-	-	150	150
Pooled Investment Vehicles	-	1,277,618	227,500	1,505,118
Pooled Property Funds	-	-	187,783	187,783
Derivative Contracts	448	24	-	472
Other Investment Balances	4,968	-	-	4,968
<b>Total Financial Assets at FVTPL</b>	<b>5,416</b>	<b>1,515,638</b>	<b>415,433</b>	<b>1,936,487</b>
<b>Financial Liabilities</b>				
<b>Fair Value through profit and loss</b>				
Derivative Contracts	(181)	(151)	-	(332)
Other Investment Balances	(22)	-	-	(22)
<b>Total Financial Liabilities at FVTPL</b>	<b>(203)</b>	<b>(151)</b>	<b>-</b>	<b>(354)</b>
<b>Net Financial Assets at FVTPL</b>	<b>5,213</b>	<b>1,515,487</b>	<b>415,433</b>	<b>1,936,133</b>

## Reconciliation of Fair Value Measurement and Transfers Within Level 3

2022/23	Opening Balance	Transfers into Lvl 3	Transfers Out of Lvl 3	Purchases	Sales	Unrealised Gains/Losses	Realised Gains/Losses	Closing Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity - LCIV	150	-	-	-	-	-	-	150
Pooled Investments - Private Debt	202,600	-	-	67,418	(15,146)	15,661	-	270,533
Pooled Investments - Property Funds (*1)	187,783	-	(187,783)	-	-	-	-	-
Pooled Investments - Infrastructure	24,900	-	-	10,754	(4,989)	9,602	-	40,267
<b>Total</b>	<b>415,433</b>	<b>-</b>	<b>(187,783)</b>	<b>78,172</b>	<b>(20,135)</b>	<b>25,263</b>	<b>-</b>	<b>310,950</b>

\*1 Transferred from level 3 to level 2 during 2022-23 due to the increased reliability in the valuation of the property market data following the uncertainty in property related transactions that arose as a result of the Covid-19 pandemic. The underlying property asset valuations are based on the standard CBRE valuation methodology; these assets were held at level 2 prior to 2019/20.

2021/22	Opening Balance	Transfers into Lvl 3	Transfers Out of Lvl 3	Purchases	Sales	Unrealised Gains/Losses	Realised Gains/Losses	Closing Balance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity - LCIV	150	-	-	-	-	-	-	150
Pooled Investments - Private Debt	101,263	-	-	131,659	(32,624)	2,302	-	202,600
Pooled Investments - Property Funds	155,736	-	-	-	-	-	32,047	187,783
Pooled Investments - Infrastructure	-	-	-	28,772	(3,872)	-	-	24,900
<b>Total</b>	<b>257,149</b>	<b>-</b>	<b>-</b>	<b>160,431</b>	<b>(36,496)</b>	<b>2,302</b>	<b>32,047</b>	<b>415,433</b>

During 2021/22 the Fund began to make capital investments toward its commitment in pooled renewable infrastructure.

The LCIV Private Debt and LCIV Renewable Infrastructure Funds have been valued as Level 3 Investments which are initially recognised at cost and subsequently measured at fair value. There is a time lag on receiving valuations for these funds after each quarter of the year.

The following assets have been carried at cost:

Values at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000
Investment in London CIV Ltd			150
<b>Investments held at cost</b>	<b>0</b>	<b>0</b>	<b>150</b>

Unquoted equities in the London CIV asset pool are valued at cost, i.e. transaction price. The inputs available to the Fund to calculate fair value are limited, and the fund considers that the original transaction price represents an appropriate estimate of fair value. A fair value cannot be otherwise established for these assets as at 31 March 2023 as the reliability of any observable or unobservable inputs used to calculate fair value cannot be assessed with certainty.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13.

### Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023 and 31 March 2022.

2022/23	Potential Variation in Fair Value £'000	Value at 31 March 2021 £'000	Potential Value on Increase £'000	Potential Value on Decrease £'000
Equity	+/- 16.5%	150	175	125
Private Debt	+/- 8.9%	270,533	294,610	246,456
Infrastructure	+/- 14.2%	40,267	45,985	34,549
<b>Total</b>		<b>310,950</b>	<b>340,770</b>	<b>281,130</b>

2021/22	Potential Variation in Fair Value £'000	Value at 31 March 2021 £'000	Potential Value on Increase £'000	Potential Value on Decrease £'000
Equity	+/- 19.9%	150	180	120
Private Debt	+/- 9.0%	202,600	220,834	184,366
Property	+/- 15.0%	187,783	215,950	159,616
Infrastructure	+/- 14.6%	24,900	28,535	21,265
<b>Total</b>		<b>415,433</b>	<b>465,499</b>	<b>365,367</b>

## 17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Risk and Risk Management

The management of risk is a key objective of the Fund and is part of the ongoing decision making process for the Pensions Committee. Risk management policies, such as the Risk Register for the Pension Fund, identify and analyse the risks faced by the Council's pensions operations. Measures to control and manage risks are also included within the risk register. Policies and the Risk Register are reviewed by Pensions Committee and also by Officers on a frequent basis.

The main investment objective of the Fund is to optimise return whilst managing market risk exposure within an acceptable tolerance, to ensure member benefits are met as they fall due. This is achieved by investing assets across a diversified portfolio. The Fund also manages its liquidity risk to ensure there is sufficient liquidity to meet forecasted cash flows.

The Fund's activities expose it to a variety of financial risks, including:

- **Investment risk** - the possibility that the Fund will not receive the expected returns.
- **Counterparty and credit risk** - the possibility that other parties might fail to pay amounts due to the Fund.
- **Liquidity risk** - the possibility that the Fund might not have liquid funds available to meet its commitments to make payments as they fall due.
- **Market risk** - the possibility that financial loss might arise as a result of market movements. This is split into the following subsections:
  - **Other Price risk** - the risk that the value of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
  - **Interest Rate risk** - the risk that future cash flows will fluctuate because of changes in market interest rates.
  - **Currency risk** - the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

### Investment risk

To achieve its statutory obligations to pay pensions, the Fund invests its assets, including employer and employee contributions, in a way that allows it to meet its liabilities as they fall due for payment. It does this by investing in an appropriate portfolio of assets, which is monitored on an ongoing basis to ensure it remains appropriate.

## Counterparty risk

In deciding to effect any transaction for the Fund, steps are taken to ensure that the respective counterparty is suitable and reliable, that the transaction is in line with the Fund's strategy and that the terms and circumstances of the transaction are the best available in the relevant market at the time. Comprehensive due diligence processes are in place to ensure that any potential counterparty is authorised and regulated, competent to deal in investments of the type and size contemplated and has appropriate administration arrangements with regard to independent auditors, robust administration and accounting, relevant legal structure and experienced staff.

## Credit risk

The Fund's credit risk is largely associated with its Fixed Income investments. This risk stems from third parties potentially failing to meet interest payments or failing to return the Fund's principal at the end of the investment period. There is also credit/counterparty risk associated with property investments and derivative instruments, albeit these are typically used to hedge certain risks, such as foreign currency exposures rather than to generate additional return.

The Pension Fund reviews its exposure to credit and counterparty risk through its external Investment Managers by reviewing the Managers' annual internal control reports. This ensures that Managers exercise reasonable care and due diligence in their activities for the Pension Fund, such as in the selection and use of brokers, clearing houses, counterparties and other appointees with whom transactions on behalf of the Fund take place.

A counterparty rating is one measure of credit risk. The carrying amounts of investment assets best represent the maximum credit risk exposure at the Net Asset Statement date.

Some of the assets of the Fund are held by the Fund's custodian, HSBC Global Services. Bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. Cash not forming part of the investment assets is held in the Fund's current accounts with Lloyds Bank.

The Pensions Committee and senior officers monitor this risk by keeping under review the credit rating and financial positions of the custodian and banks the Fund uses.

Any excess cash from the Fund's bank accounts is invested in accordance with the Pension Fund's Treasury Management Strategy, prepared in accordance with the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice. The Treasury Management Strategy sets out the criteria for investing and selecting investment counterparties and details the approach to managing risk for the Fund's exposure. In addition, excess cash held with the custodian is swept into a liquidity fund to provide further diversification.

The Fund's holdings under the arrangements described above were held with the following:

Summary	Rating (Fitch)	Balance at 31 March 2023 £'000	Balance at 31 March 2022 £'000
<b>Cash (Current Assets)</b>			
Lloyds Bank Plc	A+	21,933	21,099
<b>Cash Deposits (Investment Assets)</b>			
<i>Cash held outside fund managers and custodian</i>			
Money Market Funds (Various)	AAA	8,817	3,100
<b>Cash held by fund managers and custodian</b>			
Cash	AA-	9,295	1,780
Call Accounts (Various)	AA- to A	-	-
<b>Total</b>		<b>40,045</b>	<b>25,979</b>

### Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due, particularly pension payments to its members. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. The appropriate strategic level of cash balances to be held forms part of the Fund's investment strategy and the Fund carries out cash flow planning in respect of contributions, benefit payments, investment income and capital calls/distributions on an ongoing basis.

The Fund's investments are substantially made up of listed securities which are considered readily realisable as they are listed on major security exchanges. The Fund's key exposure to illiquid assets is via its private debt mandate, currently valued at £270,533K (£202,600k in 2021/22) and its infrastructure mandate currently valued at £40,267K (£24,900K in 2021/22). Whilst the Fund has no direct property exposure, it is invested in a single-priced, open-ended property fund. Whilst this fund offers daily liquidity, the illiquid nature of the underlying assets exposes the Fund to a degree of liquidity risk

The Fund maintains investments in cash and cash equivalents outside of the investment assets held by the custodian that are highly liquid and can be used for payables and expenses such as pension payments, transfers out, etc. The Fund's cash position is monitored on a daily basis by both the pension administrator and the pensions team.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, foreign exchange risk and other price risk. The Fund holds a variety of investments which expose it to market risk and details of the Fund's investment portfolio are set out in Note 13.

The Fund manages exposure to market risk in the following main areas:

- Regularly reviewing the pension fund investment strategy.
- Regular monitoring of asset allocation and investment performance.
- A policy of security and manager diversification.



**a) Other price risk**

The Fund is exposed to other market risks, such as equity price risks, which arise from investments held by the Fund of which the future price is uncertain. The Fund aims to reduce the exposure to this price risk by ensuring appropriate levels of diversification in its asset allocation. The asset allocation is monitored on an ongoing basis to ensure it remains in line with the limits specified in the Fund's investment strategy.

The table below indicates a measure of sensitivity of the returns of each major asset class in which the Fund is invested, based on the 1-year standard deviation of returns within the respective asset classes.

<b>Asset class</b>	<b>1 year expected volatility (%)</b>	<b>% of Fund</b>
Active Sustainable Global Equities	15.7	26.6
Passive Global Equities	16.5	6.5
Passive Sustainable Global Equities	15.7	12.5
Active Emerging Market Equities	20.7	4.1
Diversified Growth Fund	9.7	7.0
Renewable Infrastructure	14.2	2.4
Property	11.9	9.2
Senior Loans	12.6	7.9
Private Debt	8.9	6.8
Active Global Corporate and Government Bonds	9.6	11.6
Short Bond	10.1	5.4
<b>Total fund volatility</b>	<b>13.4</b>	<b>100.0</b>

The table below shows the potential impact of volatility on the Fund's asset value. The calculations assume that all other factors and assumptions remain unchanged.

<b>31 March 2023</b>		<b>Percentage change</b>	<b>Value on Increase</b>	<b>Value on Decrease</b>
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
Net Investment Assets	1,843,657	13.4	2,090,707	1,596,607
	<b>1,843,657</b>	<b>13.4</b>	<b>2,090,707</b>	<b>1,596,607</b>

  

<b>31 March 2022</b>		<b>Percentage change</b>	<b>Value on Increase</b>	<b>Value on Decrease</b>
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
Net Investment Assets	1,937,913	12.1	2,172,400	1,703,426
	<b>1,937,913</b>	<b>12.1</b>	<b>2,172,400</b>	<b>1,703,426</b>

**b) Interest Rate Risk**

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmark. Investment Managers will also manage interest rate risk in line with policies and procedures put in place in the Investment Manager Agreements. Pension Fund cash held by the Administering Authority is invested in accordance with the Pension Fund's Treasury Management Strategy as agreed by the Pensions Committee.

The Fund's direct exposure to interest rate movement as at 31 March 2023 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

<b>Asset Type</b>	<b>Balance at 31 March 2023 £'000</b>	<b>Balance at 31 March 2022 £'000</b>
Cash Deposits	18,112	4,880
Cash Balances	21,933	21,099
Fixed Interest Securities	253,535	296,992
<b>Total</b>	<b>293,580</b>	<b>322,971</b>

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The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100 basis points (bps) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effects in the year on the net assets available to pay benefits of a +/- 100 bps change in interest rates:-

Asset Type	Carrying amount as at 31 March 2023 £'000	Change in year in the net assets available to pay benefits	
		+100 bps	-100 bps £'000
Cash & Cash Equivalents	18,112	181	(181)
Cash Balances	21,933	219	(219)
Fixed Interest Securities*	253,535	(18,255)	18,255
<b>Total</b>	<b>293,580</b>	<b>(17,855)</b>	<b>17,855</b>

Asset Type	Carrying amount as at 31 March 2022 £'000	Change in year in the net assets available to pay benefits	
		+100 bps	-100 bps £'000
Cash & Cash Equivalents	4,880	49	(49)
Cash Balances	21,099	211	(211)
Fixed Interest Securities*	296,992	(26,432)	26,432
<b>Total</b>	<b>322,971</b>	<b>(26,172)</b>	<b>26,172</b>

\* Note that an increase in the interest rates results in a decrease in the value of the bond portfolio and vice versa. Unlike for cash and its equivalents the change is due both to the impact of the duration of the bonds and the inverse relationship between bond prices and interest rates.

**c) Currency Risk**

The Pension Fund may invest in financial instruments and transact in denominated currencies other than its functional currency (GBP). As a result the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse impact on the portion of the Fund's assets or liabilities denominated in currencies other than sterling.

Investment Managers will manage foreign exchange risk by the means of passive hedging and enter into forward currency contracts to protect assets which have exposure to currencies other than sterling (further details are in Note 14).

The following table summarises the Fund's fair value exposure to assets denominated in currencies other than pound sterling as at 31 March 2023 and as at the previous period end:

<b>Currency Exposure – asset type</b>	<b>Asset Value as at 31 March 2023</b>	<b>Asset Value as at 31 March 2022</b>
	<b>£'000</b>	<b>£'000</b>
Fixed Interest Securities	11,377	22,215
Pooled Investment Vehicle	61,779	58,428
Cash and Deposits	757	543
<b>Total</b>	<b>73,913</b>	<b>81,186</b>

Following analysis of historical data in consultation with the Fund's investment consultant, the estimated volatility for individual currency was assessed and used for the following sensitivity analysis.

<b>31 March 2023</b>		<b>Potential Change v GBP</b>	<b>Value on increase</b>	<b>Value on decrease</b>
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
Currency Exposure	73,913	9.5	80,935	66,891
<b>Total change in assets</b>			<b>7,022</b>	<b>(7,022)</b>

<b>31 March 2022</b>		<b>Potential Change v GBP</b>	<b>Value on increase</b>	<b>Value on decrease</b>
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>£'000</b>
Currency Exposure	81,186	9.5	88,899	73,473
<b>Total change in assets</b>			<b>7,713</b>	<b>(7,713)</b>

This analysis assumes that all other variables, in particular interest rates, remain constant and that these changes occur immediately. In practice any changes will occur over time.

## 18. FUNDING ARRANGEMENTS

The actuarial valuation of the Pension Fund is carried out every three years, in line with the Local Government Pension Scheme Regulations 2013. The purpose is to set employer contribution rates for the forthcoming triennial period. This is carried out by an independent actuary appointed by the Fund and the last valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025. The contribution rates for 2022/23 were set at the valuation that took place as at 31 March 2019.

The contribution rates are set at a level sufficient to meet the cost of future benefits accruing and to eliminate, over a period of time, the deficit arising from past service. The valuation is carried out in accordance with the Fund's Funding Strategy Statement (FSS) a copy of which can be found on the Pension Fund website <https://hackneypension.co.uk/> and a copy is also included in the Pension Fund Annual Report and Accounts.

The objectives of the Fund's funding policy include the following:

- 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 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);
- 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; and
- 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.

The 2019 valuation was based on a market value of the Fund's assets as at 31 March 2019, which amounted to £1,575 million and revealed a pension deficit of £131 million, representing a funding level of 92% of the pension liability.

The 2022 valuation was based on a market value of the Fund's assets as at 31 March 2022, which amounted to £1,965 million and revealed a pension surplus of £104 million, representing a funding level of 106% of the pension liability.

The valuation takes account of the amount of current and future pension liabilities of the Fund, the expected contributions received by the Fund and the expected rate of investment returns held by the Fund. Other factors which influence the valuation and are taken into account by the actuary include anticipated pay, pension inflation, and mortality rates. The whole fund primary contribution rates applying from 1 April 2020 until 31 March 2022 and based on the 2019 valuation report and from 1 April 2023 until 31 March 2025 and based on the 2022 valuation report are as follows:

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Year	Employer Contribution rate	Year	Employer Contribution rate
2023/24	20.4%	2020/21	18.7%
2024/25	20.4%	2021/22	18.7%
2025/26	20.4%	2022/23	18.7%

The rates payable by the London Borough of Hackney and other participating scheduled and admission bodies vary from the contribution rate for the Fund as a whole according to the employer's individual circumstances.

The Fund's actuary, Hymans Robertson, has calculated the contribution rate using an asset-liability model. This model relies on Hymans Robertson's proprietary economic model, the Economic Scenario Service (ESS). The ESS reflects the uncertainty associated with future levels of inflation and asset returns and the interactions and correlations between different asset classes and wider economic variables.

The minimum required contributions (both primary and secondary) payable by each employer are set out in the Rates and Adjustments Certificate. Each employer must pay the percentage rate or monetary amount specified in the certificate, whilst the frequency of payment is prescribed by the Local Government Pension Scheme Regulations 2013.

The 2019 valuation report assumptions which informed the contributions payable from 1 April 2020 - 31 March 2023 were:

### *Financial Assumptions based on 2019 Valuation Report*

Assumption	Rate	Explanation
Investment return (discount rate)	3.85%	Based on 25-Year bond returns extrapolated to reflect the duration of the Fund's liabilities
Inflation	2.3% (CPI)	
Salary increases*	2.6%	0.3% pa over CPI
Pension increases	In line with CPI	Assumed to be 0.9% less than RPI

\*plus an allowance for promotional pay increases.

The 2022 valuation report assumptions which informed the contributions payable from 1 April 2023 - 31 March 2026 were:

### *Financial Assumptions based on 2022 Valuation Report*

Assumption	Rate
Investment return (discount rate)	4.3%
Inflation	2.7% (CPI)
Salary increases*	3.2%
Pension increases	CPI

*Mortality Assumptions*

Future life expectancy based on the actuary's fund-specific mortality review was:

		31 March 2023	31 March 2022
<b>Mortality assumptions at age 65</b>		<b>Years</b>	<b>Years</b>
Current pensioners	Males	21.5	21.2
	Females	24.2	23.4
Future pensioners (assumed current age 45)	Males	22.8	22.4
	Females	25.8	25.1

*Commutation Assumption*

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

**19. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS**

In addition to the triennial funding valuation, the Fund's actuary also undertakes an accounting valuation of the Fund's liabilities on an IAS 19 basis every year. This uses membership data from the funding valuation with economic assumptions adjusted for the current financial year. This valuation is used for statutory accounting purposes and uses different assumptions from the triennial funding valuation, (see Note 18), which is used to determine the contribution rates payable by employers.

The actuarial present value of promised retirement benefits at the accounting date 31st March 2023, calculated in line with IAS 19 assumptions, is estimated to be £2,008 million (£2,661 million in 2021/22).

<b>Present Value of Promised Retirement Benefits</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Active members	622	877
Deferred members	508	755
Pensioners	878	1,029
<b>Total</b>	<b>2,008</b>	<b>2,661</b>

The promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022.

The Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

## Assumptions

### Financial Assumptions

The financial assumptions used for the IAS19 valuation as at 31 March 2023 have been revised from the 2022 valuation report as set out in the table below:

Assumption	31 March 2023	31 March 2022
Pension increase rate assumption	3.00%	3.20%
Salary increase rate	3.50%	3.70%
Discount rate	4.75%	2.70%

### Demographic Assumptions

The longevity assumptions used for the IAS19 valuation as at 31 March 2023 are set out in the below table:

	Males	Females
Current Pensioners	21.2 years	24.0 years
Future pensioners (assumed current age 45)	22.4 years	25.6 years

### Sensitivity Analysis

Change in assumption at 31 March 2023	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a increase in the Pension Increase Rate (CPI)	2%	32
0.1% p.a. increase in the Salary Increase Rate	0%	2
0.1% p.a. decrease in the Discount Rate	2%	33
1 year increase in member life expectancy	4%	78

## 20. CURRENT ASSETS

The following is an analysis of the **non-investment** debtor and cash balances carried on the Net Asset Statement.

	31 March 2023	31 March 2022
	£'000	£'000
Short-Term Debtors:		
Contributions due	6,666	7,222
Sundry debtors	1,940	1,767
Cash Balances	21,933	21,099
VAT	159	82
<b>Total</b>	<b>30,698</b>	<b>30,170</b>



## 20a. LONG TERM DEBTORS

The lifetime allowance (LTA) is the overall limit on tax free pension funds a member can accrue during their lifetime. Where a member exceeds the LTA a tax charge is incurred.

The annual allowance (AA) is the overall limit on tax free pension funds a member can accrue during the year. Where a member exceeds the AA a tax charge is incurred.

Members can elect to pay the charge themselves or have the fund pay on their behalf to be recovered through reduced benefits. The following figure represents the balance of amounts paid over to HMRC for those members who have exceeded the life-time or annual-allowance pension tax free allowance less repayments recovered through a reduction of member benefits on retirement.

	31 March 2023	31 March 2022
	£'000	£'000
Long-Term Debtors:		
Reimbursement of LTA / AA	489	226
<b>Total</b>	<b>489</b>	<b>226</b>

## 21. CURRENT LIABILITIES

The following is an analysis of the non-investment creditors balance carried on the Net Asset Statement.

Creditors	31 March 2023	31 March 2022
	£'000	£'000
Short-Term Creditors:		
Benefits Payable	(796)	(1,670)
Sundry Creditors	(2,654)	(2,127)
<b>Total</b>	<b>(3,450)</b>	<b>(3,797)</b>

## 22. ADDITIONAL VOLUNTARY CONTRIBUTIONS

The Fund provides an AVC scheme for its contributors, the assets of which are invested separately from the Fund, in accordance with regulation 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. The scheme provider is Prudential, where the sums saved are used to secure additional benefits on a money purchase basis for those contributors electing to pay additional voluntary contributions.

The total value of sums invested in the AVC funds as at 31 March 2023 was £4.733 million (£5.030 million as at 31 March 2022). Contributions received into the AVC facility during the year amounted to £0.266 million (£0.197 million in 2021/22). The efficiency and effectiveness of the provider is monitored on a periodic basis to assess performance.

## **23. RELATED PARTY TRANSACTIONS**

### **London Borough of Hackney**

The Fund is administered by the London Borough of Hackney. The Council is also the single largest employer of members of the pension fund and contributed £63.62 million to the Fund in 2022/23 (2021/22: £58.46 million). Consequently there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £0.44 million in 2022/23 (£0.42 million in 2021/22) in relation to administration of the Fund and was consequently reimbursed by the Fund for these expenses. Part of the Pension Fund cash holdings are invested on the money markets by the treasury management operations of the London Borough of Hackney in line with the Treasury Management Strategy.

### **London Collective Investment Vehicle**

The London CIV is a collective investment vehicle established by London Councils on behalf of the London Boroughs and the City of London Corporation. It consists of an ACS (Authorised Contractual Scheme) Operator, which is a limited company (London LGPS CIV Limited) wholly owned by the 32 participating authorities, and the ACS fund itself. The Pension Fund is a minority shareholder in London LGPS CIV Limited, and shares valued at £150k at 31 March 2023 are included as long-term investments in the Fund's net asset statement.

The Fund incurred costs of £110k in 2022/23 (£110k in 2021/22) in relation to charges from London LGPS CIV Limited.

The Fund incurred costs of £149k in 2022/23 (£151k in 2021/22) in relation to the custody and management of investments held and managed within the London CIV.

## Governance

The following Pensions Committee Members were deferred members of the Local Government Pension Scheme (LGPS) during the year; Cllr Michael Desmond (Vice-Chair until May 2022), Cllr Margaret Gordon, Cllr Ben Hayhurst.

The following Pensions Committee Members were pensioner members of the Local Government Pension Scheme (LGPS) during the year; Cllr Robert Chapman (Chair until May 2022, Vice-Chair thereafter)

Jonathan Malins-Smith, Scheme Member Representative, is also a deferred member of the Pension Scheme

## 24. KEY MANAGEMENT PERSONNEL

Several employees of the London Borough of Hackney hold key positions in the financial management of the Fund. As at 31 March 2023 these employees included:

Group Director of Finance and Corporate Resources, Director of Financial Management, Head of Pensions, Pensions Manager and Group Accountant

All of these employees were also members of the pension scheme. The financial value of their relationship with the Fund (in accordance with IAS 24) is set out below:

	31 March 2023	31 March 2022
	£'000	£'000
Short term benefits	258	238
Long term/post-retirement benefits	48	44
<b>Total</b>	<b>306</b>	<b>282</b>

The disclosures required by Regulation 7(2)-(4) of the Accounts and Audit (England) Regulations can be found in the main accounts of the London Borough of Hackney.

## 25. CONTINGENT ASSETS, CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments (investments) at 31 March 2023 were £142,296k (31 March 2022: £203,586k). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private debt parts of the portfolio and pooled renewables infrastructure fund. The amounts 'called' by these funds are irregular in both size and timing over a period of between one and three years from the date of each original commitment.

Outstanding Capital Commitment	31 March 2023	31 March 2022
	£'000	£'000
Pooled Private Debt Funds	82,960	138,486
Pooled Renewables Infrastructure Fund	59,336	65,100
<b>Total</b>	<b>142,296</b>	<b>203,586</b>

## 26. IMPAIRMENT LOSSES

During 2022/23 there were £0k impairment losses to recognise (2021/22: £0k) for non-recovery of pension overpayments. Investment-related losses related to the Covid-19 pandemic and the impact of the Ukraine-Russia conflict are accounted for through the change in market value of investments.