

Pensions Board

Agenda

Wednesday 12 February 2025

7.00 pm

145 King Street (Ground Floor), Hammersmith, W6 9XY

MEMBERSHIP

Employer Representatives
Councillor Ashok Patel (Chair) Councillor Nikos Souslous
Scheme Member Representatives
Neil Newton Bruce Mackay Patsy Ishamel Andy Sharpe

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Date Issued: 04 February 2025

Pensions Board Agenda

12 February 2025

<u>Item</u>	<u>Pages</u>
1. APOLOGIES FOR ABSENCE	
2. DECLARATIONS OF INTEREST	
<p>If a Councillor has a disclosable pecuniary interest in a particular item, whether or not it is entered in the Authority's register of interests, or any other significant interest which they consider should be declared in the public interest, they should declare the existence and, unless it is a sensitive interest as defined in the Member Code of Conduct, the nature of the interest at the commencement of the consideration of that item or as soon as it becomes apparent.</p> <p>At meetings where members of the public are allowed to be in attendance and speak, any Councillor with a disclosable pecuniary interest or other significant interest may also make representations, give evidence or answer questions about the matter. The Councillor must then withdraw immediately from the meeting before the matter is discussed and any vote taken.</p> <p>Where Members of the public are not allowed to be in attendance and speak, then the Councillor with a disclosable pecuniary interest should withdraw from the meeting whilst the matter is under consideration. Councillors who have declared other significant interests should also withdraw from the meeting if they consider their continued participation in the matter would not be reasonable in the circumstances and may give rise to a perception of a conflict of interest.</p> <p>Councillors are not obliged to withdraw from the meeting where a dispensation to that effect has been obtained from the Standards Committee.</p>	
3. MINUTES OF THE PREVIOUS MEETING	4 - 8
<p>To agree the minutes of the meeting held on 12th November 2024 as an accurate record.</p>	
4. MINUTES OF THE PREVIOUS PENSIONS FUND COMMITTEE	9 - 18
<p><i>This item includes appendices that contain exempt information. Discussion of the appendices will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.</i></p> <p>To note the minutes of the Pension Fund Committee meetings held on 26th November 2024.</p>	

5. KEY PERFORMANCE INDICATORS 19 - 36

This paper sets out a summary of the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Pension Fund. The Key Performance Indicators (KPIs) for the period September - December 2024, i.e. quarter 3 (Q3), are shown in Appendix 1.

6. PENSIONS ADMINISTRATION UPDATE 37 - 41

The Hammersmith & Fulham Pension Fund (HFPP) delegates its administration duties to Local Pension Partnership Administration (LPPA). This paper provides a summary of activity in key areas of pension administration for the HFPP.

7. PENSION FUND QUARTERLY UPDATE Q3 2024 42 - 97

This item includes appendices that contain exempt information. Discussion of the appendices will require passing the proposed resolution at the end of the agenda to exclude members of the public and press.

This paper provides the Pensions Board with a summary of the Pension Fund's overall performance for the quarter ended 30 September 2024, cashflow update and forecast, and assessment of risks and actions taken to mitigate these.

8. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

Local Government Act 1972 – Access To Information Proposed resolution:

The Committee is invited to resolve, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Agenda Item 3

London Borough of Hammersmith & Fulham

Pensions Board Minutes



Tuesday 12 November 2024

PRESENT

Committee members: Councillors Ashok Patel (Chair) and Nikos Souslous

Co-opted members: Andy Sharpe, William O'Connell and Patsy Ishmael

Officers: Eleanor Dennis (Head of Pensions), David Hughes (Director of Audit, Fraud, Risk and Insurance), Patrick Rowe (Strategic Finance Manager) and Sian Cogley (Pension Fund Manager)

1. APPOINTMENT OF CHAIR AND VICE CHAIR

RESOLVED:

The Pensions Board, appointed Councillor Ashok Patel as Chair and Councillor Nikos Souslous as Vice-Chair for the 2024-24 municipal year.

2. APOLOGIES FOR ABSENCE

There were no apologies for absence.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the Pensions board agreed the open and exempt minutes of meeting held on 27th February 2024.

5. MINUTES OF THE PREVIOUS PENSION FUND COMMITTEE

RESOLVED

That the Pension Board noted the open and exempt minutes of Pension Fund Committee meetings held on 23rd July and 10th September 2024.

6. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) introduced the report which provided a summary of the performance of the local pension partnership administration (LPPA) for Q2 covering the period July to September 2024. The overall quarterly KPI performance in Q2 97.7%, 97.5% in Q1, improvements from 97.2% in Q4 a small increase from 96.9% in Q3. Performance above target was achieved in 100% of all case types in Q2.

Councillor Nikos Souslous commended Eleanor Dennis and her team for achieving this improvement in the KPI's, noting how encouraging it was to see such consistently high performance in these metrics.

The Chair echoed Councillor Nikos Souslous's remarks and requested additional clarification on the performance metrics related to deaths and refunds compared to the previous year. He also enquired whether there was potential for further improvement in these areas. In response Eleanor Dennis explained that since the council began its partnership with LPPA, such high level of above target performance across all case types had not been achieved before. She noted that while there was no specific factor driving these consistent results, performance had improved due to a strong commitment to service enhancement and effective feedback and collaboration between LPPA and herself . She added that the Head of Pensions would continue to work closely with LPPA to sustain this high level of performance and pursue further improvements.

David Hughes (Director of Audit, Fraud, Risk and Insurance), noted that it was very encouraging to see at the recent Pension Fund Committee, LPPA discuss some of the proactive measures they planned to implement for payment related processes to ensure they remained on track with the SLA. LPPA reported that additional resources would be allocated to more complex cases, and they highlighted improved staff retention compared to the previous period.

RESOLVED

The Pensions Board noted the contents of this report.

7. PENSION ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) introduced the report which covered a summary of activity in key areas of pension administration for the Council's Pensions Fund. It was noted that employer engagement continued to increase to 90%, especially with reference to the submission of monthly data files. The number of calls to the LPPA helpdesk fell in Q2 to 1173. The service provision continued to improve, in Q4 average call wait times fell from 2 minutes 14 seconds in Q4 to 2 minutes 7 seconds in Q2, (However this was up from 1 minute 49 seconds in Q1). With an 2.6% average abandonment rate across all calls. LPPA systems had now been updated with the McCloud software and LPPA had identified all the affected members for our Fund. Additionally, the Pensions Dashboard would go live for the Fund in October 2025.

Councillor Nikos Souslous asked about the level of engagement from employers and how much it had increased since the last meeting in February 2024. Eleanor Dennis explained that engagement had risen by 20%, thanks to collaboration between the LBHF Pensions Team and LPPA to enhance employer involvement. Including her teams enforcement of the pension administration strategy. She added that they were monitoring closely to ensure this increase would not result in a backlog of unsubmitted month files.

The Chair with regards to the member satisfaction survey noted that the responses remained low and enquired how communication was passed on to members. Eleanor Dennis noted that this survey would be sent to individuals via email at the end of the retirement process. LPPA would issue a satisfaction survey to each individual based on the number of completed retirements, for both active and deferred cases. It was observed, however, that the response rate was fairly low, with most recipients either did not complete the survey or provided neutral feedback.

The Chair asked whether the implementation of the McCloud software would enhance the pension administration service. Eleanor Dennis explained that the McCloud software itself would not impact service levels, as it was primarily designed to identify individuals affected by this scheme.

Councillor Nikos Souslous asked about LPPA's next steps to further enhance the service. Eleanor Dennis noted that LPPA recognised the need for continued improvement. Now that KPI's had been consistently met, they would focus on other key areas, including enhancing member experience, improving the quality of data received and increasing process automation.

William O'Connell (Co-opted member) commended the implementation of the members focus group that had been set up for the portal. Eleanor Dennis noted that that it was positive to see a member of the board taking part in this and requested that continued feedback be provided of the experience.

RESOLVED

The Pensions Board noted the contents of this report.

8. PENSION FUND QUARTERLY UPDATE Q2 2024

Sian Cogley (Pension Fund Manager) provided a summary of the key points. It was noted that the paper provided the Pensions Board with a summary of the Pension Fund's overall performance for the quarter ended 30 June 2024. Since the agenda was published additional information had become available and Sian Cogley was able to verbally update the Committee that over the quarter to 30 September 2024, the market value of the assets increased by £3m to £1,374m. The Fund had underperformed its benchmark net of fees by 0.4%, delivering an absolute return of 1.23% over the quarter. The total Fund delivered a positive return of 10.29% on a net of fees basis over the year to 30 September 2024.

Councillor Nikos Souslous requested further clarification on the Pension Fund Committee's request to align the risk register with the format of the Audit Committee.

Sian Cogley outlined the changes and explained that these related to a quarter-to-quarter comparison of the scores and assigning a lead director to each risk.

Referring to page 45 of the agenda pack, the Chair enquired if Aviva had paid all the redemption monies back to the LBHF Fund. In response Sian Cogley noted that final redemption payments totalling £13.9m were made in September 2024, circa £3.4m or 15% lower than the estimated figure of £22.7m (excluding redemption charge), if the full redemption had been received on time. Aviva representatives would attend the next Pension Fund Committee on 26th November 2024, to provide additional updates.

Andy Sharpe (Co-opted Member) asked a follow up question. He enquired if an independent market valuation had been carried out to ascertain the market 18 months ago when Aviva was due to make the redemption. Sian Cogley noted the Fund's investment advisers had reviewed the valuation and macroeconomic factors for the market over that period. However, she would investigate further and provide an update.

Action: Sian Cogley

Referring to appendix 4, the Chair noted that the Pensions Board had not been offered training under risk 41. Patrick Rowe (Strategic Finance Manager) noted that it was important that Pension Board members felt that they had adequate training to carry out their duties and scrutinise the administration of the Fund, which included the governance around investments and decisions being made. It was noted that the training sessions took place twice a year and invites are extended to Pension Board members. Recordings of the training session that took place in September 2024 can be shared with any members of the Pensions Board who were unable to attend.

Action: Sian Cogley

Referring to appendix 4, risk 1 (Asset and Investment Risk) the Chair highlighted the current geopolitical and economic uncertainty and asked how often dialogue with investment managers took place. Sian Cogley noted that Officers met with fund managers on a quarterly basis to address these concerns. Additionally, Patrick Rowe explained that the Fund's investment advisors were regularly monitoring performance of the underlying fund managers and investment strategy in different asset classes.

Andy Sharpe (Co-opted Member) noted that, at a previous Pension Fund Committee it was mentioned that the Fund held investments in the United States. He enquired whether an analysis had been conducted on the potential impact of tariffs and how this might affect the Pension Fund. He asked if there had been assurances provided by ISIO on any additional exposures to the Fund.

Sian Cogley explained that a specific one based on tariffs had not taken place. However, the investment advisors were regularly monitoring the macroeconomic environment and reporting this back to Council officers. Patrick Rowe explained that most exporting companies would be impacted by such tariffs, but there was limited appetite to conduct an analysis at this stage, as officers were still working to understand the scope and specifics of potential tariff applications. However, Andy

Sharpe emphasised the importance of conducting an analysis as soon as possible given the rapidly changing economic environment.

The Chair noted that, according to the report, LCIV had underperformed over the last quarter and that the CIO had resigned. He enquired if this was a cause for concern. In response Sian Cogley noted that the LCIV appointed an interim CIO (Rob Treich), alongside some new appointments across the Team. Officers were monitoring this situation closely and attended their quarterly update meetings. Officers were not currently concerned with any of the Funds holding with LCIV.

RESOLVED

The Pensions Board noted the contents of this report.

Meeting started: 6:30pm
Meeting ended: 7:30pm

Chair

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London Borough of Hammersmith & Fulham

Pension Fund Committee Minutes



Tuesday 26 November 2024

PRESENT

Committee members: Councillors Ross Melton (Chair), Florian Chevoppe-Verdier, Adam Peter Lang, Adrain Pascu-Tulbure and Laura Janes

Co-opted members: Michael Adam and Peter Parkin

Other Councillors: Councillor Ashok Patel

Officers: Phil Triggs (Tri borough Director of Treasury and Pensions) and Eleanor Dennis (Head of Pensions), Sian Cogley (Pension Fund Manager), David Hughes (Tri borough Director of Audit Risk Fraud), Mathew Dawson (Strategic Investment Manager)

Jonny Moore and Andrew Singh (Isio Group)

Marian George (Independent Investment Advisor)

Aviva

Jill Barber – Chief Distribution Officer

Daniel McHugh – Chief Investment Officer

Dave Sapsford – Client Relationship Manager

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

Apologies of lateness were received from Councillor Laura Janes

2. DECLARATIONS OF INTEREST

Adrain Pascu-Tulbure declared a non-pecuniary interest in relation to item 9 (Defence Company Stocks Discussion Paper)

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the open and exempt minutes of the meetings held on 10th September and 15th October 2024 were approved.

4. AVIVA INVESTORS REPRESENTATION

Phil Triggs (Tri Borough Director of Treasury and Pensions) introduced the item and noted that Aviva had agreed to join today's meeting to present to the Committee. He explained that final redemption payments totalling £13.9m were made in September 2024, circa £3.4m or 15% lower than the estimated figure of £22.7m (excluding redemption charge) if the full redemption had been received on time at the intended date of 31 December 2023. Taking income into account, this amounted to circa £2.5m for the LBHF fund.

Aviva had reimbursed the management fees on 25th November, covering the period starting 1st January to 30th September 2024. However, due to the delayed redemption, the Fund experienced a net loss of approx. £2.5mil from 1st January 2024. This loss was primarily driven by a decline in market value since 31st December 2023 to the date the final funds were received.

Jill Barber (Aviva) thanked the Committee for the opportunity to attend the Pension Fund meeting and acknowledged communication could have been improved, offering her apologies for this.

The Chair asked whether Aviva accepted the analysis provided by officers, that the Fund had incurred a net loss of £2.5 mil. Daniel McHugh (Aviva) noted that the Fund's asset value would fluctuate over time. From a private markets perspective infrastructure assets had experienced rising capital values over the last 10 years, up until 2023, due to a low-interest rate environment. However, the subsequent increase in interest rates, negatively impacted private market value, particularly infrastructure assets, suppressing their capital values.

It was highlighted that for assets such as private markets and infrastructure, selling them in a structured manner to achieve the best market price often required time. This process involved marketing the assets, negotiating contracts and finalising disposals. During this period price movements could pose a risk. In 2023 significant price volatility was observed with investment volumes in private markets declining by at least 15% compared to previous years. Aviva felt that the estimated loss figure provided was noted to be unrelated to the Fund's ability to generate cash proceeds necessary to meet the redemption requirements.

Phil Triggs (Tri Borough Director of Treasury and Pensions) provided further information on the calculation of the loss. He explained that advice was sought from Isio (the Fund's investment consultant), who provided a definitive market valuation as of 31st December 2023. Based on this valuation, it was determined that if the funds had been received on time, the Fund would have realised an additional £2.5mil. The loss of £2.5mil occurred between 1st January and September 2024, the date when the final redemption payment was made.

Additionally, he noted that no assets were sold, nor were any proceeds generated by 31st December 2023, which contributed to the 9-month delay extending into 2024. He emphasised this as a key factor in the timeline for the redemption process.

The Chair requested Aviva to further clarify whether it accepted that the losses incurred were due to its shortcomings, specifically its failure to sell assets within the timeframe stipulated in the contract, rather than being solely attributed to external market conditions.

Daniel McHugh (Aviva) explained that Aviva had executed the process of raising capital and proceeds in a diligent and professional manner. They emphasised that their actions were in alignment with the documentation which specified no targets but rather an obligation to optimise returns where possible. Aviva further noted that the loss referenced was based on an estimated figure at a specific point in time and highlighted that such valuations could fluctuate in either direction.

Michael Adam (Co-opted Member) expressed concerns regarding the timing of the additional markdown in 2024. While he acknowledged the significant shift in market prices following the gilts crisis during 2022, he enquired about the events in 2024 that led to the further write down. Daniel McHugh (Aviva) noted that throughout 2023, the valuation of the Fund turned negative due to a combination of factors, including rising interest rates and broader market conditions. While the specific details of the capital value reductions at the fund level or the reasons for the further deterioration in 2024, were not available to hand, it was noted that various factors and variances could have contributed to the impact of the sale.

Phil Triggs (Tri borough Director of Treasury and Pensions) again clarified that the primary focus should be on the delay incurred in the time period between 31st December 2023 and September 2024. He stated that the events of 2023 were not relevant for this discussion, and that Aviva were bound by the contract to achieve the necessary sales in the 18-month period leading up to 31 December 2023.

Marian George (Independent Investment Advisor) acknowledged the frustration in the room regarding the Fund's performance and the delays in payment. She emphasised that much of this frustration stemmed from Aviva's poor communication and the lack of clarity on whether the assets being sold had experienced impairment. She further highlighted that the Committee felt a level of complacency regarding the valuations and felt that the lack of effective communication was a key factor driving the dissatisfaction.

Aviva apologised if the Committee felt that misinformation was provided and appreciated the reasons behind their frustration due to communication. Daniel McHugh (Aviva) explained that these were complex transactions, with the final figure being influenced by market conditions at the time of sale. The process required time to identify the right buyers and complete thorough due diligence. The primary objective was to maximise the proceeds returned to the Fund's investors, and it would not have been in Aviva's interest to act otherwise.

Councillor Laura Janes expressed concern that communication from Aviva could have been significantly better and requested further clarification on whether misinformation had been provided to the Committee in July 2024. Jill

Barber (Aviva) responded that while she did not believe misinformation was provided, Aviva acknowledged at the time that information could have been clearer. She emphasised that Aviva acted in the best interest of all the Fund's investors.

Councillor Laura Janes further remarked that the Council received far less information than they were entitled to, which she deemed unacceptable despite Aviva's acknowledgement that things could have been better. In response Jill Barber (Aviva) clarified that the information shared with the Committee was accurate and provided with the expectation that redemption payments would be made on time. However, she admitted that the information provided was insufficient and accepted that this was a shortcoming on Aviva's part.

Councillor Adam Peter Lang expressed his disappointment, stating that he felt Aviva had not acted professionally and should be concerned about the impact on their reputation. He emphasised that the Council was accountable to its members and a loss of £2.5mil was a significant amount. He further stressed that reputation was critical in any business and urged Aviva to reflect on the seriousness of the situation.

Andrew Singh (Isio) explained that the markdown of assets was driven by the net asset value (NAV) of the Fund. While he acknowledged some truth in the statement that valuation figures were estimates, he emphasised that private market funds, including Aviva relied on third party specialists to provide accurate estimates based on market conditions and transaction volumes. As such these valuations should carry a degree of reliability. He noted that the NAV had declined by further 15% between December 2023 and September 2024 and expressed concern about the lack of clarity surrounding this decline. Andrew Singh noted that it would be important to gain a better understanding of the factors contributing to this drop.

Daniel McHugh (Aviva) noted that this was a very detailed piece of work and stated that they did not have the specific information readily available. They assured the Committee that this information would be provided outside of the Committee.

Marian George (Independent Investment Advisor) advised that a full written analysis be provided to Phil Triggs as soon as possible so this could be circulated to the Committee.

Action: Aviva

The Chair expressed continued dissatisfaction with the lack of clear answers provided by Aviva. He noted that it was surprising and disappointing for a Fund manager to attend the Committee meeting without being able to provide clarity on the single key question.

RESOLVED

The Pension Fund Committee discussed the shortcomings of the redemption process (Infrastructure Income portfolio) with Aviva

5. KEY PERFORMANCE INDICATORS

Eleanor Dennis (Head of Pensions) introduced the report which covered the performance of the Council's administration partner LPPA over Q2 for the pension fund scheme year 2024/25. This covered the period July to September 2024 inclusive. During the period LPPA processed 1582 SLA cases, which was an increase of 117 cases from Q1. Performance above target was achieved in all case types in Q2. The key improvements appeared in retirement and bereavement cases.

Councillor Florian Chevoppe-Verdier thanked Eleanor Dennis and her team for their hard work and notable achievements. He enquired about the level of support her team continued to provide to LPPA. In response Eleanor Dennis explained that her team was still actively offering support, including addressing a few key cases during this period that required intervention and solutions. She acknowledged that LPPA had not yet fully reached the desired level of quality.

Councillor Florian Chevoppe-Verdier felt that while LPPA appeared to be fulfilling their role to some extent, their reliance on support from Eleanor and her team suggested that they might not be fully meeting their targets. This raised concerns around the accuracy of the reporting. He questioned whether LPPA would still be able to meet their SLA's if all the support currently provided by Eleanor's team, was withdrawn. Eleanor Dennis acknowledged the validity of this point, noting that the impact of such reliance would likely be reflected in qualitative data, particularly in member satisfaction scores. These scores were most evident in key areas such as retirement and bereavement. In addition, she noted that LPPA were committed to providing the best service to all of their clients.

RESOLVED

That the Pension Fund Committee noted the update.

6. PENSION ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) introduced the report which covered a summary of activity in key areas of pension administration for the Council's Pensions Fund including good progress on readiness for the pensions dashboard and noting a slightly increased average wait time on the telephone Helpdesk. A paper on the Fund's compliance to the pension regulators general Code would be presented at a future Committee meeting.

Councillor Adrain Pascu-Tulbure requested further clarification on the impact of the reform's announcement by the Chancellor in the Mansion House Speech on pension fund administration. Eleanor Dennis confirmed there were no plans in the short and medium term to change pension fund administration. What was clear was the government's focus on the pooling of LGPS investments. She explained that there was an open HMRC consultation addresses the intended changes to inheritance tax legislation and unused pension benefits and death benefits. Highlighting responsibility shifting to administrators that would need them to calculate the tax liability

and ensure it was deducted from any death grant payments before disbursing them to beneficiaries.

Phil Triggs noted that in relation to the amalgamation of funds, there had been an expectation of potential fund mergers, particularly in London. However, he pointed out that the Chancellor's speech and the accompanying consultation document made it clear that no fund mergers were planned. As a result, there would be no need to merge administration processes.

RESOLVED

That the Pension Fund Committee noted the update.

7. DRAFT ANNUAL REPORT 2023/24

Sian Cogley (Pension Fund Manager) provided a summary of the key points. The report included the draft Pension Fund Accounts 2023/24 and was a regulatory requirement. This was required to be approved by the Pension Fund Committee. The draft Pension Fund Annual Report for 2023/24 is attached as Appendix 1.

Councillor Adrain Pascu-Tulbure offered several suggestions, noting that on page 80, it would be helpful to include the overall investment as a percentage of UK assets. On page 84, adding explanatory paragraphs to provide further clarity on the rise in administration costs would be beneficial. Additionally on page 55, it was recommended to include recognition of the contributions made by the co-opted members on the committee. Sian Cogley commented that the changes would be incorporated into next year's annual report as part of following the new Pension Fund Annual Report Guidance for Local Government Pension Scheme Funds.

Councillor Laura Janes requested that the name be corrected on page 54.

Action: Sian Cogley

RESOLVED

That the Pension Fund Committee approved the draft Pension Fund Annual Report for 2023/24 and delegated the approval of the final version to the Director of Treasury and Pensions in consultation with the Chair.

8. SECTION 13 VALUATION

Sian Cogley (Pension Fund Manager) gave a summary of the key points. It was noted that the report and appendices provided the Pension Fund Committee with an update on the Government Actuary's Department's Section 13 report on the 2022 LGPS triennial actuarial valuation.

RESOLVED

That the Pension Fund Committee noted the Section 13 report for the 2022 triennial valuation.

9. DEFENCE COMPANY STOCKS DISCUSSION PAPER

Phil Triggs (Tri Borough Director of Treasury and Pensions) provided a summary of the key points. Officers requested information from all investment managers. The information requested covered a list of all current investments made by the pension fund in companies involved in the manufacturing, distribution, or sale of arms and weaponry as of 30 June 2024. Details of any investment policies or guidelines that pertain to investments in the Defence sector, particularly those related to arms and weaponry for the products that the LBHF Pension Fund is invested in. It was noted that the exposure to companies involved in the manufacturing, distribution, or sale of arms and weaponry across the whole portfolio was 3.5%. It was noted that removing that exposure from the fund would present a significant challenge. Additionally, Section 3 outlined the Committee's fiduciary duty to the fund.

The Chair thanked officers for their analysis. He observed that this represented a relatively small investment for the Fund, with the majority held indirectly through index-tracker pooled fund assets where the Committee had some influence but very limited control. He highlighted that as the UK navigated an increasingly challenging international climate, the ethical considerations surrounding investments in Defence were evolving. The Committee would undertake a responsible review of these investments and continue to monitor them closely.

Councillor Laura Janes reiterated the point she made at the last Pension Fund Committee about making sure the Committee took some time to review its ethical investment principles and that this was a priority in her view.

A member of the public was invited to ask a question. He pointed out that several Council's in London were divesting from Defence-related investments and suggested that the Council should also consider doing the same in the near future. He felt that exiting pooled funds was not as difficult as it might seem and urged the Council to take a moral stand on this. The Chair responded that the committee would not be making any commitments at this Committee but assured that it would continue to review its ethical principles.

Councillor Adam Peter Lang noted that the Committee regularly addressed ethical issues and was not complacent about the wider geopolitical events. He emphasised that the Committee frequently sought advice from its advisors, with ethics being a key consideration for all members.

Phil Triggs (Tri borough Director of Treasury and Pensions) confirmed that there was no current exposure to Elbit Systems within the table included in the report.

RESOLVED

That the Pension Fund Committee discussed the Fund's exposure to the weapons sector, shown as Appendix 1.

10. RENEWABLE INFRASTRUCTURE AND DATA CENTRES MANAGERS

Phil Triggs (Tri Borough Director of Treasury and Pensions) explained that following the Chancellor's Mansion House speech, and the release of the LGPS consultation paper, the planned interviews for data centres had been cancelled in coordination with the Committee Chair. However, interviews with Quinbrook, had been conducted prior to this meeting to assess the Fund's renewable infrastructure allocation.

Michael Adam (Co-opted Member) enquired whether there would be an opportunity to revisit the data centres at a later date. Phil Triggs responded that officers had sought guidance from London colleagues, with whom they met regularly. The consensus was that once control for selection of these assets was transferred to the pool and the 100% asset transition target was reached by 31st March 2026, responsibility for the fund manager selection, including implementation and manager appointments would rest solely with the pool. If data centres were to become part of the London CIV's offerings, the Committee may then consider them in the future.

Councillor Adam Peter Lang expressed his support for the decision made by the Chair to cancel data centres, noting that it was a prudent choice given the circumstances.

RESOLVED

The Pension Fund Committee approved the renewable infrastructure allocation to Quinbrook, subject to obtaining further information. Final approval was delegated to the Director of Treasury and Pensions in consultation with the chair.

11. PENSION FUND QUARTERLY UPDATE (END OF SEPTEMBER 2024)

Sian Cogley (Pension Fund Manager) provided a summary of the key points for the of the Pension Fund's performance for the quarter ended 30 September 2024. It was noted that overall, the investment performance report showed that the market value of the assets increased by £3m to £1,374m

Jonny Moore (Isio), noted that the Fund had underperformed its benchmark net of fees by 0.4%, delivering an absolute return of 1.23% over the quarter. The total Fund delivered a positive return of 10.29% on a net of fees basis over the year to 30 September 2024. He provided a summary on Darwin management, noting that it had implemented a 23% write down to net asset value and a more comprehensive update could be found in report on page 259. It was advised that the most effective approach was to adopt a wait and see strategy, allowing the fund time to recover while continuing to monitor its progress and keeping the Committee informed.

Michael Adam (Co-opted Member) asked whether the discount rate was tied to the base rate rather than gilts. Jonny Moore confirmed that this was correct and noted that a more detailed analysis would be provided outside of the Committee meeting.

Action: Isio

Phil Triggs emphasised that, ultimately at some future juncture, an approach would be made by a major leisure body to take over the Darwin leisure portfolio with an offer based on market sale values at that time. Such an offer would reflect the location and profitability of the assets within the Darwin portfolio, which should comfortably exceed the current prudent approach insisted on by the Darwin external auditor. While marked down balance sheet values should be monitored and discussed, it was unlikely that they would influence future sales negotiations when that time comes.

Members emphasised the importance of continuing to closely monitor the Darwin investment moving forward and welcomed further analysis on this matter.

In response to a member's question, Phil Triggs provided a summary of the new appointments made at the LCIV, including the Chief Executive. He noted that there was substantial evidence to suggest a promising future for the LCIV.

Councillor Adam Peter Lang requested training on the recent Mansion House update and the Fit for the Future consultation. This included guidance on how the outcomes of the consultation would unfold.

Action: Phil Triggs

Councillor Laura Janes requested additional ESG training focused on ethical principles. Sian Cogley noted that officers had received potential dates from Isio and were working on the most effective way to share this information with members.

Action: Sian Cogley

RESOLVED

That the Pension Fund Committee noted the update

12. EXCLUSION OF THE PUBLIC AND PRESS (IF REQUIRED)

The Committee agreed, under Section 100A (4) of the Local Government Act 1972, that the public and press be excluded from the meeting during the consideration of the following items of business, on the grounds that they contain the likely disclosure of exempt information, as defined in paragraph 3 of Schedule 12A of the said Act, and that the public interest in maintaining the exemption currently outweighs the public interest in disclosing the information.

Meeting started: 7:00pm

Meeting ended: 9.00pm

Chair

Contact officer: Amrita White
Committee Co-ordinator
Governance and Scrutiny
☎: 07741234765
E-mail: Amrita.White@lbhf.gov.uk

Report to: Pension Board

Date: 12/02/2025

Subject: Key Performance indicators

Report author: Eleanor Dennis, Head of Pensions

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

This paper sets out a summary of the performance of the Local Pension Partnership Administration (LPPA) in providing a pension administration service to the Hammersmith & Fulham Pension Fund. The Key Performance Indicators (KPIs) for the period September - December 2024, i.e. quarter 3 (Q3). Performance for quarter 3 (Q3) covering the period September to December 2024 inclusive are shown in Appendix 1. This is in line with The Pension Regulator guidance in the general code for governing bodies to regularly assess performance.

RECOMMENDATIONS

The Pension Board is asked to consider and note the contents of this report.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council tax payer.

Finance Impact

There are no direct financial implications as a result of this report. Costs of the pensions administration service, including costs of additional commissioned work provided by LPPA are met from the Pension Fund.

Sukvinder Kalsi, Director of Finance, 3rd February 2025

Legal Implications

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund “is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations”. Therefore, it is responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26th January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date. The Service Levels are set out in the Addendum to Schedule 1 of the contract with Lancashire County Council. This report asks that the Pension Fund Committee notes the performance against those Service levels.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 31st January 2025

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Analysis of Performance

1. The KPIs have been set out in the discharge agreement between the LPPA (Local Pension Partnership Administration) and the London Borough of Hammersmith & Fulham (LBHF). The Head of Pensions ensures performance measures are discussed and reviewed between both parties both a monthly basis as well as in Pension Board and Pension Fund Committee meetings in accordance with the Pension Regulator’s General Code of Practice that states that governing bodies should consider reports regularly and challenge when required to monitor performance.
2. This report covers the performance of our administration partner LPPA over Q3 for the pension fund scheme year 2024/25. The KPI’s detailed in Appendix 1 of the pension administration report cover the period 01 September 2024 to 31 December 2024 inclusive.
3. During the period September to December 2024, Q3, LPPA processed 1488 cases compared with 1453 cases in Q3, a small increase of 35 cases from Q2 for the Hammersmith & Fulham Pension Fund. The overall quarterly KPI performance in Q3 was 98.1% up from Q2 in 97.7%, 97.5% in Q1, showing continuous improvement. Performance above target was achieved in 100% of all case types in Q3.

Performance in key areas

4. Retirements – Performance on this task area has seen an improvement. Active retirements saw a KPI in Q3 of 98.6%, Q2 of 95.5% and Q1 97.4%. Much improved from last years performance. Which saw 92.1% Q4 (2023/24), 90.1% in Q3, 85.7% in Q2 and 84.1% in Q1. The processing of deferred retirements in Q3 of 95.9% Q2 saw 95.4% and Q1 2024/25).
5. Deaths – The processing of death cases performance in Q3 in 96%, Q2 in 96.5% in Q1 95.8% (2024/25), Q4 (2023/24) saw 98.2% of cases processed on time.
6. Transfers – All Q3 transfer cases continue to be processed within the SLA in line with previous 24/25 performance. With 97.7% of transfer out processed on time in Q3 and 100% for all Transfer in cases throughout the year.
7. Refunds – Performance on this case type was Q3 97.8%, so continues to improve from Q2 97.5%, compared with Q1's 93.3%. In 2023/24 KPI of 93% in Q4 from 94.1% in Q3 but previously was being held at a higher level with 99.2% achieved in Q1 and 98.6% of cases processed on time in Q2 and Q3.
8. The Head of Pensions is continuing to collaborate with LPPA to try to ensure they are able to sustain their improved SLA performance as well as to increase the quality in terms of the delivery of this service.

Summary

9. We have seen an improvement in the KPI pension administration service delivery provided by LPPA in the 2024/25 scheme year. We are hopeful that this will remain consistent throughout the scheme year , and that the quality of service experienced by members, beneficiaries and the LBHF pension team will also improve. The Head of Pensions has had assurances from LPPA senior management team that quality will improve, and that service delivery will be maintained at a target hitting level.
10. None

Risk Management Implications

11. None

Climate and Ecological Emergency Implications

12. None

Consultation

13. None

LIST OF APPENDICES

Appendix 1 – LPPA Q3 KPI report for Hammersmith & Fulham Pension Fund

Quarterly Administration Report

Hammersmith & Fulham Pension
Fund

1 October - 31 December 2024

CONTENTS

Section	Page
Definitions	3
Our Core Values	4
Casework Performance	5
Contact Centre Calls Performance	8
Customer Satisfaction Scores	11



DEFINITIONS

Page 6

Casework Performance - All Cases

Performance is measured once all information is made available to LPPA to enable them to complete the process.

Relevant processes are assigned a target timescale for completion, and the performance is measured as the percentage of processes that have been completed within that timescale.

Page 7

Casework Performance - Standard

'Deaths' are included as a specific process, but it is important to highlight that processing can take a significant amount of time to complete fully. Furthermore, there can be seasonal aspects which impact case volumes ie. higher mortality rates during winter.

The category of 'Other' on this page covers processes including, but not limited to:

- APC/AVC Queries
- Additional Concs Cessation
- Change of Hours
- Change of Personal Details
- Under Three Month Opt-Out
- Main to 50/50 Scheme Changes
- Ill Health Reviews
- Complaints

Please note that this page includes cases that have met the SLA target, but the stop trigger may also have been actioned before the process has been completed.

Page 9 & 10

Contact Centre Performance

Average wait time measures the time taken from the caller being placed into the queue, to them speaking with a Contact Centre adviser.

Page 12 & 13

Retirement Satisfaction

Graphs show a breakdown of quarterly retirement surveys (emails issued and responses received).

- Retirements processed / completed - members can have multiple process counts.
- Surveys issued - does not equal retirement processes for several reasons; ill health retirements do not receive a survey; not all members provide an email address; members with multiple retirement processes only receive one survey email; there is a planned delay in issuing surveys to allow for initial payments to be paid).

Satisfaction / Dissatisfaction is included as a % of email surveys issued. This demonstrates that a significant number of surveys are not completed (work is ongoing to encourage an increase in the number of responses to email surveys issued).

The Satisfaction Scores highlighted in green and red compare the satisfied / dissatisfied responses received, as a % of total survey responses - this is the true measure of member satisfaction.

Satisfied responses include satisfied (with the service) and very satisfied.

Dissatisfied responses include dissatisfied and very dissatisfied.

Neutral responses are not included in the data tables.

OUR CORE VALUES

This administration report is produced in accordance with the Service Level Agreement (SLA) for the provision of pension administration services.

The report describes the performance of Local Pensions Partnership Administration (LPPA) against the standards set out in the SLA.

Within LPPA, our values play a fundamental role in guiding our behaviour as we grow our pensions services business and share the benefits with our Clients.



Casework Performance

In this section...

- Performance – all cases
- Performance standard
- Ongoing casework at the end of the reporting quarter

CASEWORK PERFORMANCE



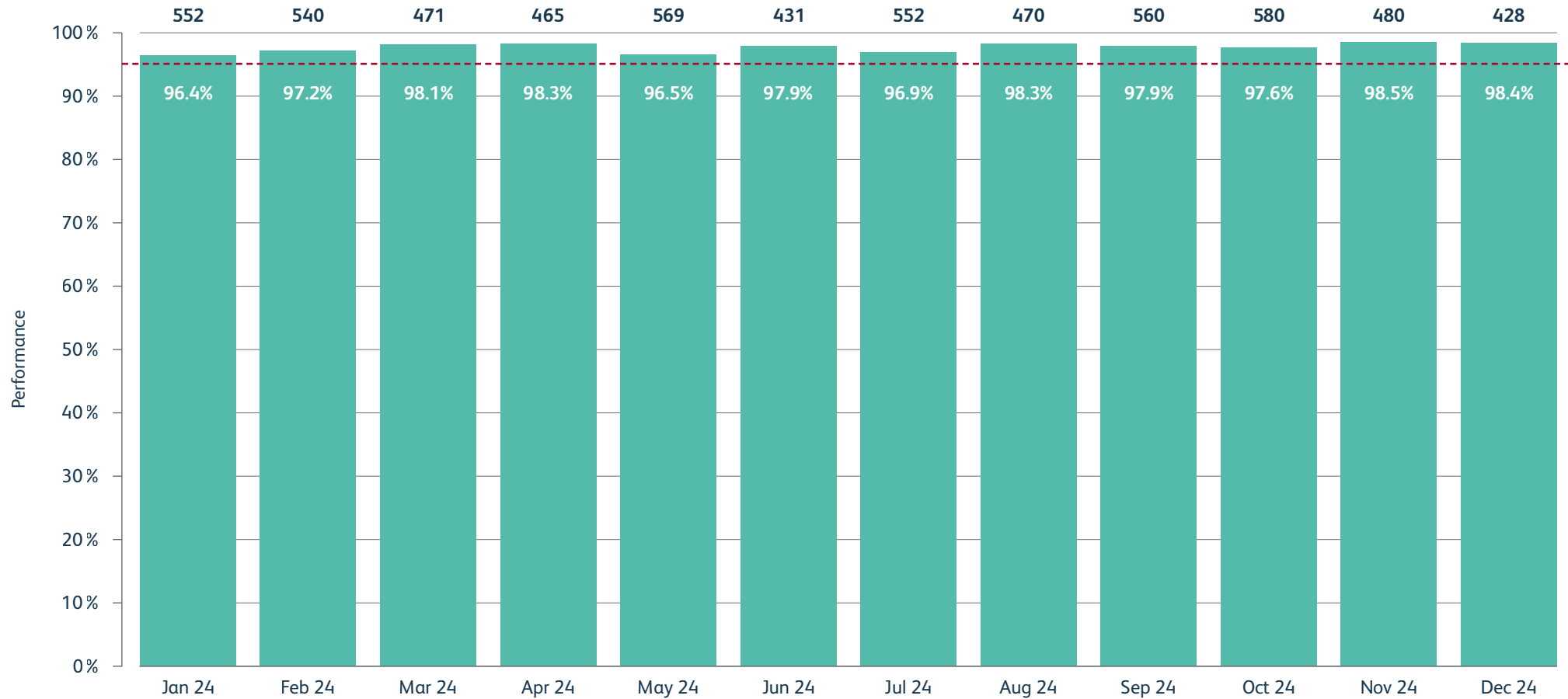
PERFORMANCE – ALL CASES

CLIENT SPECIFIC

--- Target (95%)

The quarterly SLA performance was 98.1%

Total completed cases included for each month.



CASEWORK PERFORMANCE

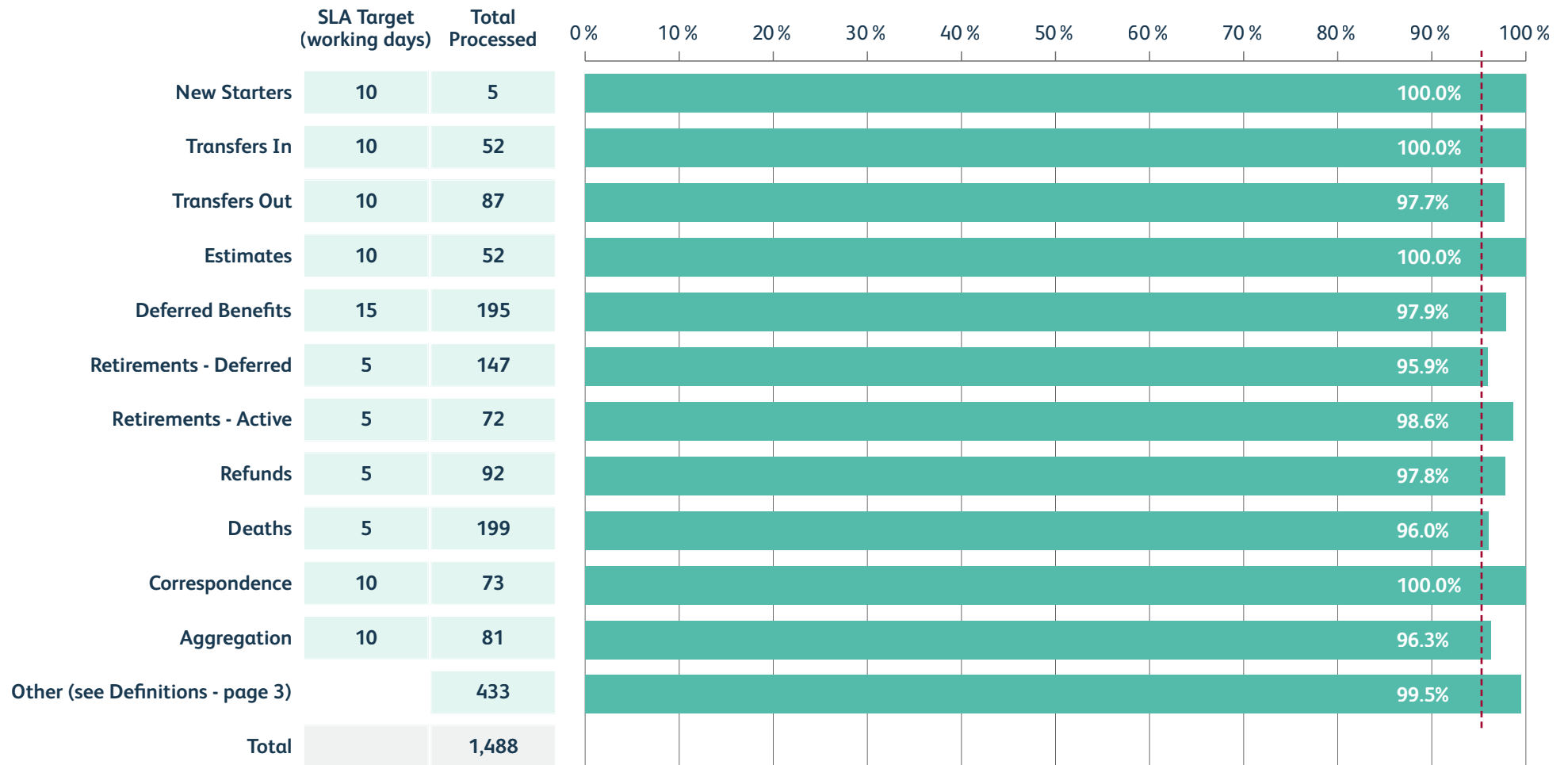


PERFORMANCE STANDARD

CLIENT SPECIFIC

----- Target (95%)

Page 29



Contact Centre Calls Performance

The Contact Centre deals with all online enquiries and calls from members for all funds that LPPA provides administration services for.

In this section...

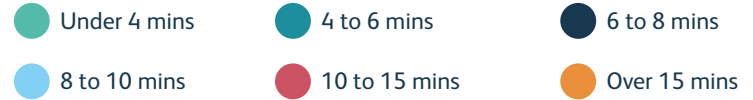
- Wait time range
- Calls answered

CONTACT CENTRE CALLS PERFORMANCE



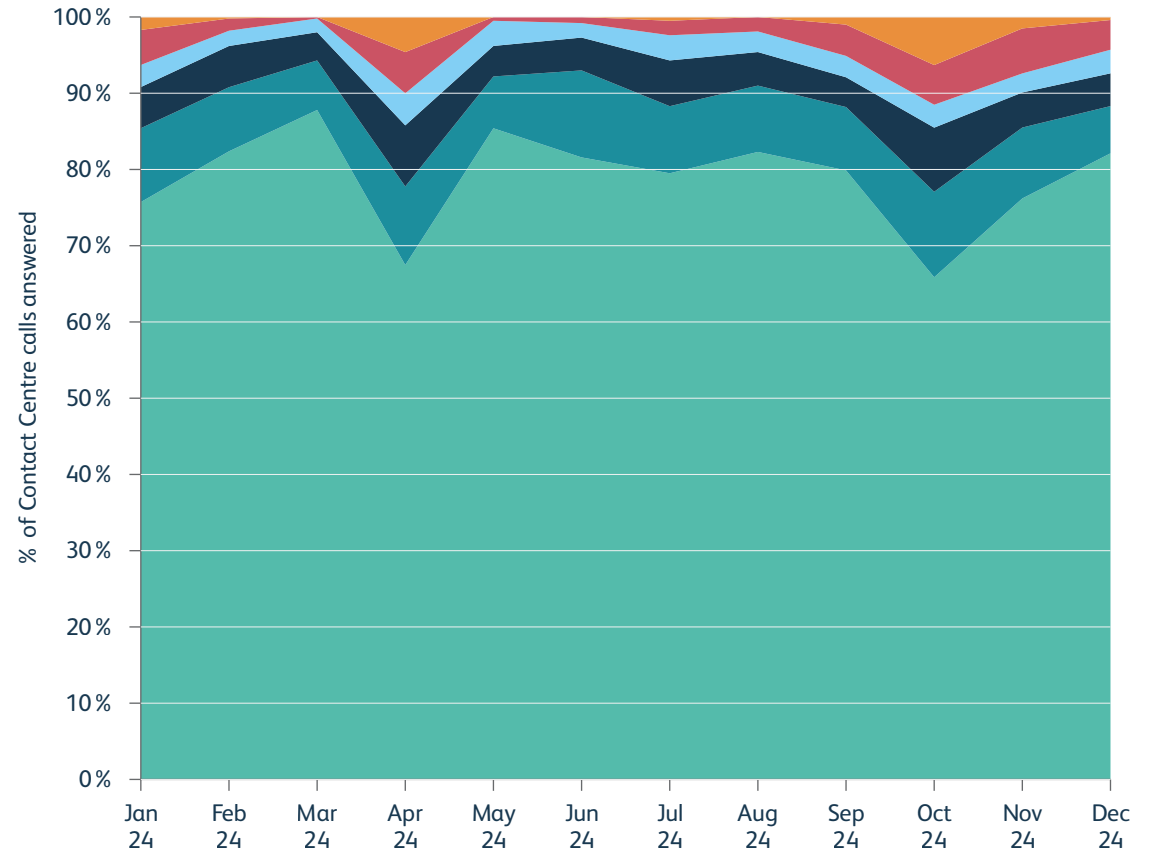
WAIT TIME RANGE

CLIENT SPECIFIC



Page 31

	Under 4 mins	4 to 6 mins	6 to 8 mins	8 to 10 mins	10 to 15 mins	Over 15 mins
Jan 24	75.8%	9.7%	5.4%	2.9%	4.6%	1.7%
Feb 24	82.3%	8.4%	5.4%	2.0%	1.6%	0.2%
Mar 24	87.8%	6.5%	3.7%	1.8%	0.2%	0.0%
Apr 24	67.4%	10.3%	8.0%	4.2%	5.4%	4.6%
May 24	85.4%	6.8%	4.0%	3.3%	0.5%	0.0%
Jun 24	81.5%	11.4%	4.3%	1.9%	0.8%	0.0%
Jul 24	79.5%	8.8%	6.0%	3.3%	1.9%	0.5%
Aug 24	82.3%	8.7%	4.4%	2.7%	1.9%	0.0%
Sep 24	79.8%	8.3%	3.9%	2.8%	4.1%	1.0%
Oct 24	65.8%	11.2%	8.4%	3.0%	5.2%	6.3%
Nov 24	76.2%	9.3%	4.6%	2.5%	5.9%	1.5%
Dec 24	82.2%	6.2%	4.3%	3.1%	3.9%	0.4%



CONTACT CENTRE CALLS PERFORMANCE



CALLS ANSWERED

CLIENT SPECIFIC

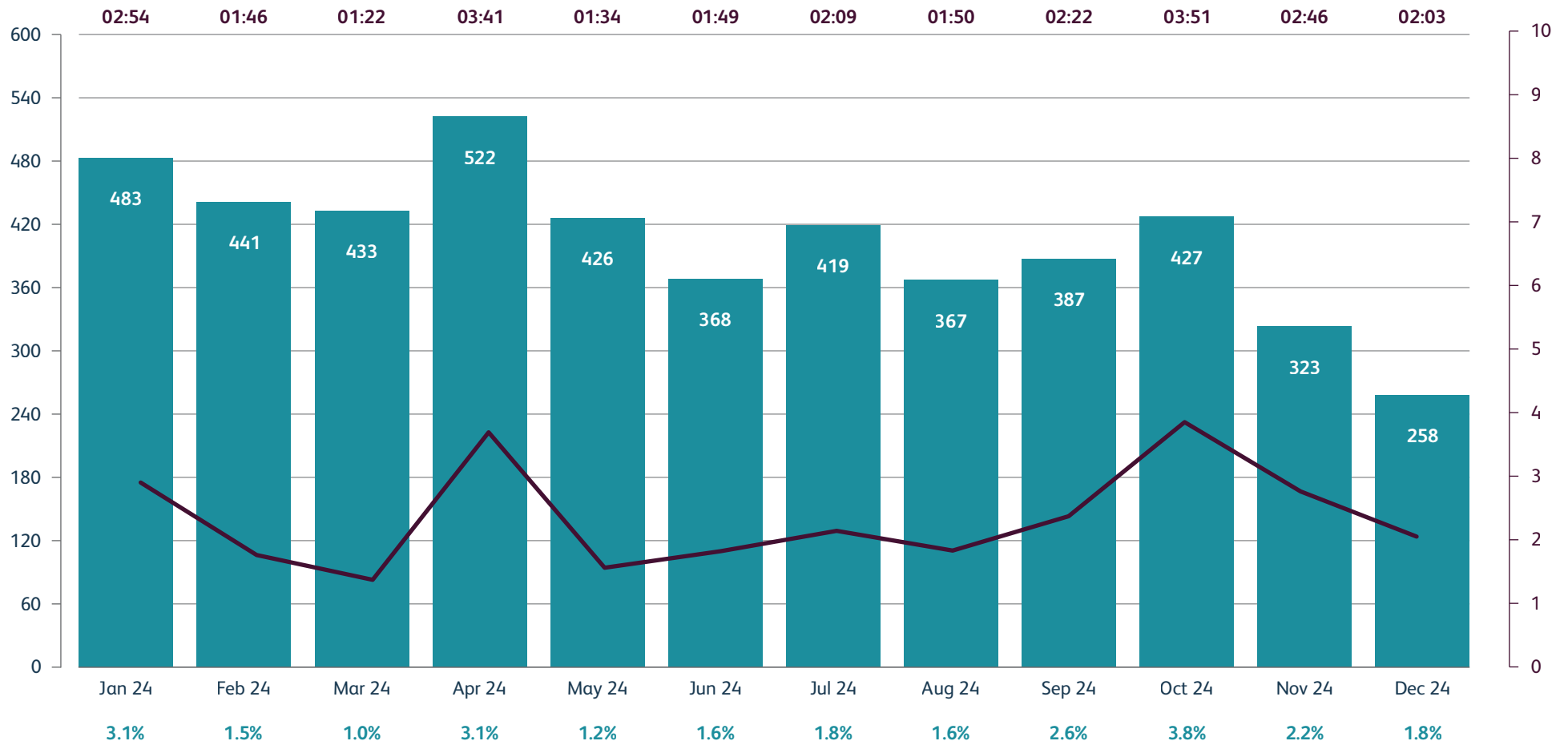
— Average wait time (mm:ss)

Quarterly average wait time was 3 minutes 02 seconds

Page 32

Number of calls

Average wait time, client specific (minutes)



Month & LPPA Abandon Rate

Customer Satisfaction Scores

In this section...

- Contact Centre calls satisfaction
- Contact Centre calls satisfaction - Agent
- Retirements - Active
- Retirements - Deferred

CUSTOMER SATISFACTION SCORES

Please note:

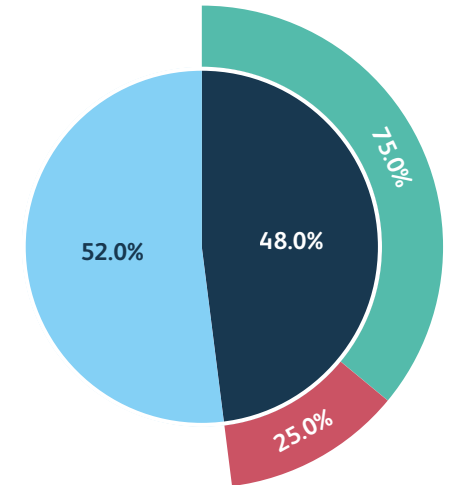
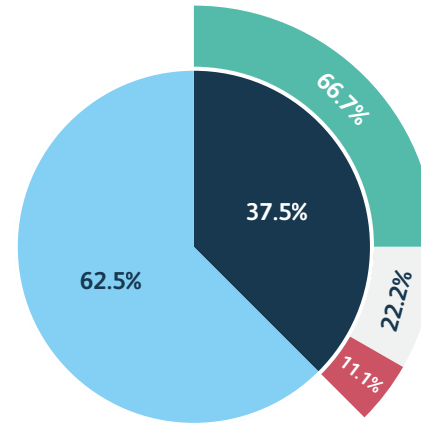
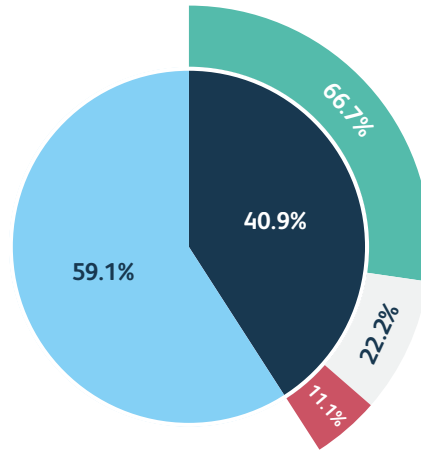
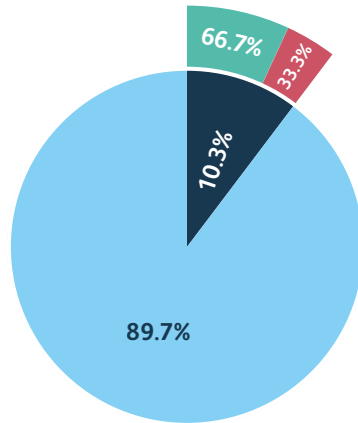
Graphs show a breakdown of quarterly retirement surveys:

- Retirements processed / completed (members can have multiple process counts)
- Surveys issued (does not equal retirement processes as not all members provide an email address; members with multiple retirement processes only receive one survey email; ill health retirements do not receive a survey email; there is a planned delay in issuing surveys to allow for initial payments to be paid). We extended this period in Q4, which explains the drop in the number of email surveys issued.
- The satisfaction scores highlighted in green and red compare the satisfied / dissatisfied responses received, as a % of total responses (the true measure of member satisfaction).*

RETIREMENTS - ACTIVE

CLIENT SPECIFIC

- Satisfied
- Neutral
- Dissatisfied
- Responses
- Non responses



Q4 23/24

Retirements processed, completed	40	
Surveys issued and as a % of retirements	29	72.5%
Satisfied Responses (as a % of surveys issued)	2	6.9%
Dissatisfied Response (as a % of surveys issued)	1	3.4%
Non responses and as a % of surveys issued	26	89.7%
Responses and as a % of surveys issued	3	10.3%
Satisfied responses and as a % of responses	2	66.7%
Neutral responses and as a % of responses	0	0.0%
Dissatisfied Responses and as a % of responses	1	33.3%

Q1 24/25

Retirements processed, completed	33	
Surveys issued and as a % of retirements	22	66.7%
Satisfied Responses (as a % of surveys issued)	6	27.3%
Dissatisfied Response (as a % of surveys issued)	1	4.5%
Non responses and as a % of surveys issued	13	59.1%
Responses and as a % of surveys issued	9	40.9%
Satisfied responses and as a % of responses	6	66.7%
Neutral responses and as a % of responses	2	22.2%
Dissatisfied Responses and as a % of responses	1	11.1%

Q2 24/25

Retirements processed, completed	28	
Surveys issued and as a % of retirements	24	85.7%
Satisfied Responses (as a % of surveys issued)	6	25.0%
Dissatisfied Response (as a % of surveys issued)	1	4.2%
Non responses and as a % of surveys issued	15	62.5%
Responses and as a % of surveys issued	9	37.5%
Satisfied responses and as a % of responses	6	66.7%
Neutral responses and as a % of responses	2	22.2%
Dissatisfied Responses and as a % of responses	1	11.1%

Q3 24/25

Retirements processed, completed	30	
Surveys issued and as a % of retirements	25	83.3%
Satisfied Responses (as a % of surveys issued)	9	36.0%
Dissatisfied Response (as a % of surveys issued)	3	12.0%
Non responses and as a % of surveys issued	13	52.0%
Responses and as a % of surveys issued	12	48.0%
Satisfied responses and as a % of responses	9	75.0%
Neutral responses and as a % of responses	0	0.0%
Dissatisfied Responses and as a % of responses	3	25.0%

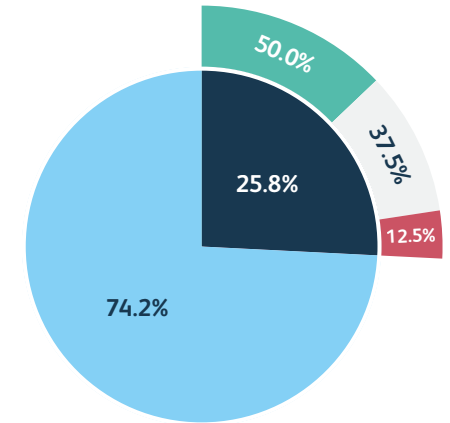
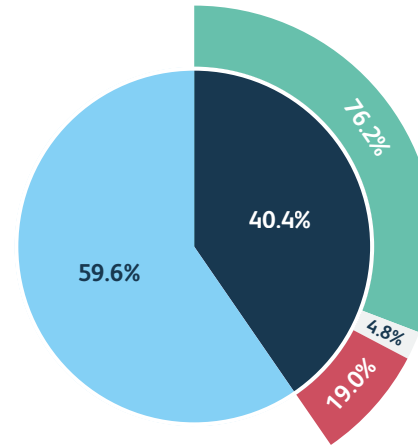
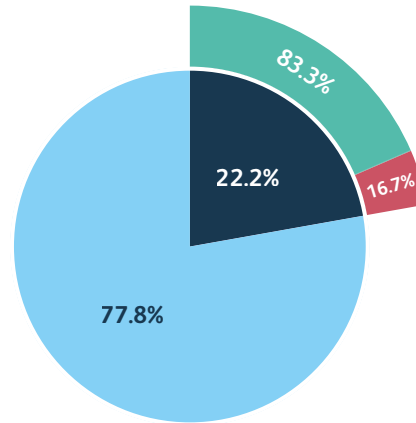
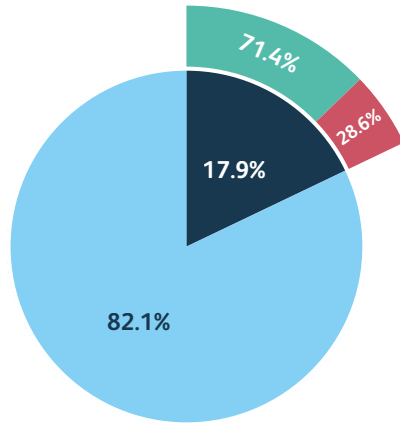
CUSTOMER SATISFACTION SCORES



RETIREMENTS - DEFERRED

CLIENT SPECIFIC

- Satisfied
- Neutral
- Dissatisfied
- Responses
- Non responses



Q4 23/24

Retirements processed, completed	79	
Surveys issued and as a % of retirements	39	49.4%
Satisfied Responses (as a % of surveys issued)	5	12.8%
Dissatisfied Response (as a % of surveys issued)	2	5.1%
Non responses and as a % of surveys issued	32	82.1%
Responses and as a % of surveys issued	7	17.9%
Satisfied responses and as a % of responses	5	71.4%
Neutral responses and as a % of responses	0	0.0%
Dissatisfied Responses and as a % of responses	2	28.6%

Q1 24/25

Retirements processed, completed	77	
Surveys issued and as a % of retirements	54	70.1%
Satisfied Responses (as a % of surveys issued)	10	18.5%
Dissatisfied Response (as a % of surveys issued)	2	3.7%
Non responses and as a % of surveys issued	42	77.8%
Responses and as a % of surveys issued	12	22.2%
Satisfied responses and as a % of responses	10	83.3%
Neutral responses and as a % of responses	0	0.0%
Dissatisfied Responses and as a % of responses	2	16.7%

Q2 24/25

Retirements processed, completed	62	
Surveys issued and as a % of retirements	52	83.9%
Satisfied Responses (as a % of surveys issued)	16	30.8%
Dissatisfied Response (as a % of surveys issued)	4	7.7%
Non responses and as a % of surveys issued	31	59.6%
Responses and as a % of surveys issued	21	40.4%
Satisfied responses and as a % of responses	16	76.2%
Neutral responses and as a % of responses	1	4.8%
Dissatisfied Responses and as a % of responses	4	19.0%

Q3 24/25

Retirements processed, completed	75	
Surveys issued and as a % of retirements	62	82.7%
Satisfied Responses (as a % of surveys issued)	8	12.9%
Dissatisfied Response (as a % of surveys issued)	2	3.2%
Non responses and as a % of surveys issued	46	74.2%
Responses and as a % of surveys issued	16	25.8%
Satisfied responses and as a % of responses	8	50.0%
Neutral responses and as a % of responses	6	37.5%
Dissatisfied Responses and as a % of responses	2	12.5%

LPP

Local Pensions Partnership
Administration

Report to: Pension Board

Date: 12/02/2025

Subject: Pension Administration Update

Report author: Eleanor Dennis, Head of Pensions

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

One of the key priorities for the Hammersmith & Fulham LGPS Fund is to pay and administer the pensions of its members and their beneficiaries. The Hammersmith & Fulham Pension Fund (HFPF) delegates its administration duties to Local Pension Partnership Administration (LPPA). The Fund continues to strive to deliver an efficient and effective service to its stakeholders against a growing trend of an increasing numbers of tasks and challenges. Challenges include increasing complex legislation, data challenges, limited resources and difficulty in engaging with employers, which mean some issues will take months or years to resolve fully. This paper provides a summary of activity in key areas of pension administration for the HFPF.

RECOMMENDATIONS

The Pension Board is asked to consider and note the contents of this report.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for pension fund members, the Council and the council tax payer.

Finance Impact

The costs of the contract for the pensions administration service, including costs of additional work commissioned and provided by LPPA are met from the Pension Fund. The expenditure for this service in 2024/25 is estimated at £620,000.

Sukvinder Kalsi, Director of Finance 3rd February 2025

Legal Implications

Under Regulation 53 of the Local Government Pension Scheme Regulations 2013, the Council, as the administering authority of the Pension Fund “is responsible for managing and administering the Scheme in relation to any person for which it is the appropriate administering authority under these Regulations”. Therefore, it is responsible for ensuring that the Pension Fund is administered in accordance with the Regulations and wider pensions law and other legislation. It discharges this obligation under the terms of a contract with Lancashire County Council dated 26th January 2022 which, in turn, sub-contracts its obligations to the Local Pensions Partnership Limited under a separate contract of the same date.

Angela Hogan, Chief Solicitor (Contracts and Procurement) 3rd February 2025

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Analysis of Pension Administration

The Hammersmith & Fulham Pension Fund began its partnership with the Local Pension Partnership Administration (LPPA) on 28 January 2022.

1. The service delivered by LPPA continues to have challenges that are monitored closely by the LBHF Head of Pensions. LPPA have acknowledged their unsatisfactory service and are committed to improving the service going forward with initiatives such as the introduction of a client relationship manager, a centralised mailbox, training academy for their staff and client and employer forums.

Update on key areas

2. Employers – Engagement from employers on monthly files being submitted has increased to 90% however 10% are not up to date. The LBHF pension team has collaborated with LPPA to increase the engagement with employers, and it is hoped this does not lead to a backlog of unsubmitted monthly files. The HFPPF currently has the highest number of compliance from employers of all LPPA clients.
3. Member – Member satisfaction survey responses remain low. With deferred retirements 16 responses were received in Q3 compared to 21 responses were received in Q2, with 50% satisfied and 12.5% dissatisfied compared with 76.2% of members satisfied in Q2 and 19% dissatisfied. Therefore a higher percentage of neutral responses. With active retirements Q3 saw an increase in surveys to 12 from 9 surveys were received in Q2, with 75% satisfied and 25% dissatisfied compared to Q2's 66.7% were satisfied and 11.1% were dissatisfied.
4. Complaints – The number of complaints being worked on has continued to decrease to 1 at the end of quarter 3 compared to 10 in Q2 from 12 at the end of Q1 and 14 in Q2 in 2024/25. These were mainly concerning retirements and deaths. LPPA are confident that the current system of triaging complaints is more effective than a dedicated complaints team.
5. Helpdesk – The number of calls to the LPPA Helpdesk fell in Q3 to 1008 compared to 1173 in Q2, 1316 Q1 from a higher level in Q4 (2023/2024) of 1357 from Q3 levels of 1198 and 1187 received in Q2 and 1110 received in Q1. The service provision continues to improve, in Q4 average call wait times fell from 2 minutes 14 seconds in Q4 to 2 minutes 7 seconds in Q2, 2 minutes 3 secs at the end of Q3 (However this is up from 1 minute 49 seconds in Q1). With an improved abandonment rate of 1.8% in Q3 compared to 2.6% in Q2 across all calls. With most people satisfied with their engagement with the helpdesk.
6. Communications – LPPA have improved information on their website on employer responsibilities and divorce. The head of pensions continues to receive positive feedback for those attending the pre retirement sessions run by Affinity Connect.
7. Engagement – There continues to be a positive trend from all membership groups engaging with the online portal. There are now 5942 members in Q3 registered, 5766 members registered in Q2, compared to 5473 in Q1. There were 11 opt outs in Q3 and Q2 compared with 4 in Q1. With fund membership continue to grow Q3 showed a 1% growth.
8. Regulatory – There are a number of regulatory impacting the Hammersmith & Fulham pension fund the key ones are;

McCloud - LPPA systems have now been updated with the McCloud software and LPPA have identified all the affected members for our Fund. Around 8% of cases are better off.

Pensions Dashboard – The go live date for the Hammersmith & Fulham Fund data is October 2025. There is no date set for public access.

The Pension Regulator’s General Code – Is a set of 5 governance codes of practice for pension schemes. Revised in March 2024 it requires that a pension fund scheme regularly reviews their schemes and puts greater emphasis on areas such as cyber security, as well as the need to complete and review an Effective System of Governance record (ESOG) and Own risk assessment (ORA).

9. Cyber security – LPPA understands the importance of keeping our members data safe and has implemented a number of procedures and technologies to maintain this data securely.
10. Audit – The 2023/24 audit has been completed with the 24/25 audit due to start in the summer of 2025. LPPA and auditors are committed to ensure that future audits are planned and managed more efficiently.
11. Budget – The year to date pension administration costs are 1% above target at £416,262.00.
12. Overpayments – The LBHF pensions team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment of funds.
13. Government consultations – There have been 2 recent consultations the Fund to respond on. MHCL consultation - LGPS (England and Wales) :Fit for the future and HMRC consultation- Inheritance Tax on pensions: liability, reporting and payment .

Conclusion

The pension administration service delivered by LPPA continues to show some signs of improvement, although the Fund is disappointed to see delivery under target in key areas of active retirements and deaths and some continued issues with quality. LPPA do however to take onboard constructive feedback and are keen to improve.

Equality Implications

12. None

Risk Management Implications

13. None

Climate and Ecological Emergency Implications

14. None

Consultation

15. None

Appendices

None

Agenda Item 7

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pensions Board

Date: 12 February 2025

Subject: Pension Fund Quarterly Update Q3 2024

Report author: Siân Cogley, Pension Fund Manager

Responsible Director: Phil Triggs, Director of Treasury and Pensions

SUMMARY

This paper provides the Pensions Board with a summary of the Pension Fund's:

- overall performance for the quarter ended 30 September 2024;
 - cashflow update and forecast;
 - assessment of risks and actions taken to mitigate these.
-

RECOMMENDATIONS

1. The Pensions Board is recommended to note the update.
-

Wards Affected: None.

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Ensuring good governance for the Pension Fund should ultimately lead to better financial performance in the long run for the Council and the council taxpayer.

Financial Impact

None

Legal Implications

None

DETAILED ANALYSIS

LBHF Pension Fund Quarterly Update: Q2 2024/25

1. This report and attached appendices make up the pack for the quarter two (Q2) review ended 30 September 2024. An overview of the Pension Fund's performance is provided in Appendix 1. This includes administrative, investment, and cash management performance for the quarter.
2. Appendix 2 provides information regarding the Pension Fund's investments and performance. The highlights from the quarter are shown below:
 - Overall, the investment performance report shows that, over the quarter to 30 September 2024, the market value of the assets increased by £3m to £1,374m.
 - The Fund has underperformed its benchmark net of fees by 0.4%, delivering an absolute return of 1.23% over the quarter.
 - The total Fund delivered a positive return of 10.29% on a net of fees basis over the year to 30 September 2024.
3. The Pension Fund's cashflow monitor is provided in Appendix 3. This shows both the current account and invested cash movements for the last quarter, as well as cashflow forecasts to 30 June 2025. An analysis of the differences between the actuals and the forecast for the quarter is also included.
4. At the Committee meeting of the 23 July 2024, Cllr Chevoppe-Verdier requested that the Pension Fund risk register is more aligned with the format of the Audit Committee risk register. To this end, officers have broken out the impact and likelihood scoring, shown the score for the previous quarter against the current quarter and added a lead director column. Appendix 4 contains the Pension Fund's risk registers.
5. The breaches of the law log has not been included in this quarter as there have been no breaches to report.
6. At the Committee meeting of the 10 September 2024, adviser Marian George requested an update to the Responsible Investment Statement. This is currently being produced for the Committee meeting of the 5 March 2025.
7. On the 15th January 2025, officers submitted the Pension Fund's response to the Fit to the Future consultation. This is attached as Appendix 5.

Risk Management Implications

1. These are included in the risk registers.
2. There have been no new risks identified on the risk register.
3. There have been no changes in the risk scores on the risk register.
4. One risk has been removed from the register in quarter:

Risk 44 - The Pension Fund is recruiting for a brand-new retained HR and Pensions administration team, with finding candidates for all positions likely to be a challenge.

List of Appendices

- Appendix 1: Scorecard as at 30 September 2024
- Appendix 2a: Isio Quarterly Performance Report for Quarter Ended 30 September 2024 (public)
- Appendix 2b: Isio Fee Benchmarking Report 30 September 2024 (EXEMPT)
- Appendix 3: Cashflow Monitoring Report
- Appendix 4: Pension Fund Risk Register
- Appendix 5: Fit for the Future Consultation Response

Scorecard at 30 September 2024

London Borough of Hammersmith and Fulham Pension Fund Quarterly Monitoring Report

	Mar 23 £000	Mar 24 £000	Jun 24 £000	Sep 24 £000	Report reference/Comments
Value (£m)	1,281	1,360	1,371	1,374	IRAS reports.
% return quarter	2.47%	4.56%	0.82%	1.23%	
% Return one year	-1.74%	7.88%	8.31%	10.29%	
LIABILITIES					
Value (£m)	1,021	1,040	1,011	1,014	Hymans Robertson LLP Estimated Funding Update
Surplus/(Deficit) (£m)	260	320	360	360	
Funding Level	125%	130%	135%	135%	
CASHFLOW					
Cash balance	8,805	15,643	10,789	8,268	Appendix 3 Large September variance is due to receiving the Aviva Redemption Monies
Variance from forecast	5,610	5,557	1,248	21,592	
MEMBERSHIP					
Active members	5,150	5,032	5,045	4,949	Reports from Pension Fund Administrator
Deferred beneficiaries	6,218	7,032	7,056	7,099	
Pensioners	5,960	6,033	6,097	6,172	
RISK					
No. of new risks				0	Appendix 4: Risk Register
No. of ratings changed				0	
LGPS REGULATIONS					
New consultations	None	None	1	1	May 24 – Efficiencies in Management of LGPS Funds Consultation Sep 24 – Call for Evidence
New sets of regulations	None	None	None	None	

London Borough of Hammersmith & Fulham Pension Fund

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Investment Performance Report to 30 September 2024

isio.



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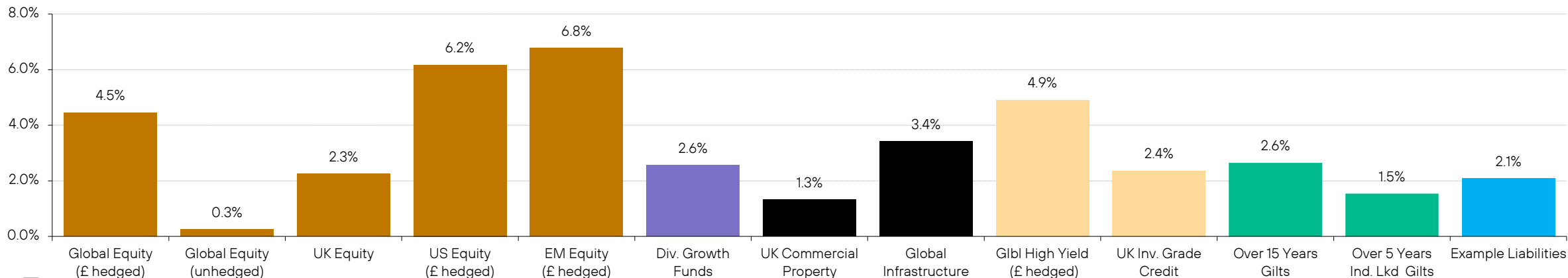
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Market Background – Q3 2024

Market movements over the quarter



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Key Upcoming Events

Notable events

- UK Autumn Budget (30 Oct), US Presidential Election (5 Nov)

Q4 2024 Base rate publications

- UK: The dates for the Bank of England’s Monetary Policy Committee (“MPC”) announcements are 7 November and 19 December.
- US: The dates for the US Federal Reserve’s Federal Open Market Committee (“FOMC”) meetings are 7 November and 18 December.

Q4 2024 Inflation publications

- UK: 16 October, 20 November, 18 December.
- US: 10 October, 13 November, 11 December.

Commentary

- Global equities ended the quarter strong, despite experiencing a sell-off in August driven by weak US jobs data and an unanticipated interest rate rise in Japan. Central bank rhetoric quickly eased concerns, with the US recovering strongly. Emerging Markets were buoyed by Chinese stimulus measures announced in September to reverse the region’s recent slowdown.
- Fixed income markets benefitted from central banks beginning to cut interest rates, with risk-on sentiment further benefitting valuations as credit spreads marginally tightened.
- UK gilt yields fell over the period amid hopes of economic growth and stability under the new Labour government, coupled with the expectation of further near-term rate cuts.
- UK commercial property continued to perform positively as deal flow appeared to have already bottomed out with liquidity picking up, albeit slowly.

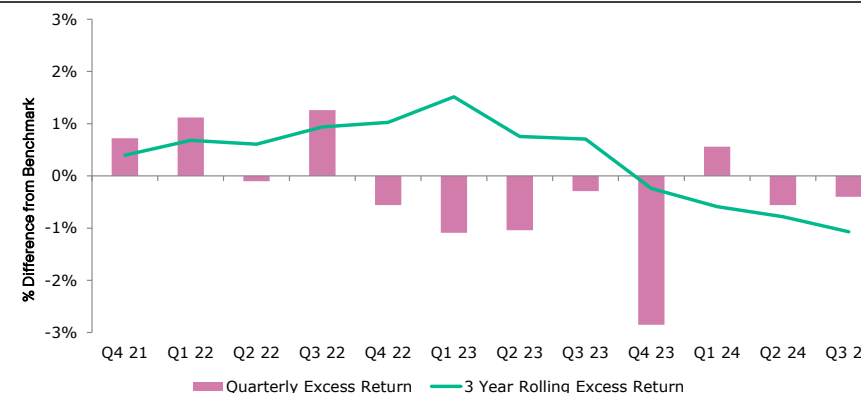
Executive Summary – Q3 2024

Fund Performance to 30 September 2024		3 months (%)			1 year (%)			3 years (% p.a.)		
		Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
Equity	LCIV Global Equity Quality	3.5	0.5	3.0	18.4	19.9	(1.5)	7.5	8.3	(0.8)
	LGIM Low Carbon Mandate	0.8	0.8	(0.0)	21.8	22.0	(0.2)	9.6	9.7	(0.1)
Dynamic Asset Allocation	LCIV Absolute Return Fund	2.5	2.2	0.3	4.3	9.4	(5.0)	0.5	7.4	(6.9)
	LCIV Long Duration B&M	2.8	2.0	0.8	n/a	n/a	n/a	n/a	n/a	n/a
	LCIV Short Duration B&M	2.1	2.2	(0.1)	n/a	n/a	n/a	n/a	n/a	n/a
	Allspring Climate Transition Global B&M	2.8	2.4	0.4	n/a	n/a	n/a	n/a	n/a	n/a
Secure Income	Partners Group MAC ²	4.5	2.2	2.2	5.4	9.4	(4.0)	7.4	7.4	(0.0)
	Oak Hill Advisors	2.4	2.2	0.2	11.4	9.4	2.1	5.1	7.4	(2.3)
	abrdn MSPC Fund ³	1.8	2.3	(0.6)	10.9	11.7	(0.9)	0.1	(0.9)	1.0
	Darwin Alternatives	(25.1)	2.7	(27.8)	(25.3)	11.4	(36.6)	n/a	n/a	n/a
	Partners Group Infra ²	0.6	3.1	(2.6)	4.9	13.4	(8.5)	14.2	11.4	2.8
	Quinbrook Renewables Impact	1.6	0.6	1.1	5.1	5.7	(0.6)	n/a	n/a	n/a
Inflation Protection	abrdn Long Lease Property Fund	1.4	2.8	(1.4)	(4.7)	9.9	(14.6)	(8.3)	(4.8)	(3.5)
	Alpha Real Capital	1.0	1.9	(0.9)	(5.4)	8.9	(14.3)	n/a	n/a	n/a
	Man GPM	0.2	2.3	(2.0)	(0.3)	9.4	(9.7)	3.4	7.4	(4.0)
Total Fund¹		1.2	1.6	(0.4)	10.3	13.8	(3.5)	3.8	4.9	(1.1)

Commentary

- The Total Fund delivered a positive return of 1.2% on a net of fees basis in absolute terms over the quarter to 30 September 2024, underperforming the fixed weight benchmark by 0.4%. The Total Fund delivered positive absolute returns of 10.3% and 3.8% p.a. on a net of fees basis over the year and annualised three years respectively to 30 September 2024, underperforming its fixed weight benchmark by 3.5% and 1.1% p.a. over the year and three years respectively.
- Short term deviations from benchmark can be expected where the underlying fund is measured against a target that does not move in line with the respective asset class, for example a number of the private markets funds are measured against a cash-plus target. Details of the benchmarks used for each fund can be found in the Appendix.
- We also highlight a significant write-down of Darwin Alternatives' assets. Further detail is provided later in this report.
- The chart to the right compares the net performance of the Fund relative to the fixed weight benchmark over the three years to 30 September 2024. The 3-year rolling excess return remained negative over the third quarter of 2024 with the Fund having underperformed the fixed weight benchmark over seven of the last eight quarters to end September 2024 despite delivering positive returns on an absolute basis.

Total Fund Performance – Last Three Years



Asset Allocation as at 30 September 2024

Fund	Actual Asset Allocation				
	30 June 2024 (£m)	30 September 2024 (£m)	30 June 2024 (%)	30 September 2024 (%)	Benchmark Allocation (%)
LCIV Global Equity Quality	179.9	184.8	13.1	13.5	13.0
LGIM Low Carbon Mandate	424.1	427.3	30.9	31.1	27.0
Total Equity	604.0	612.1	43.9	44.6	40.0
LCIV Absolute Return Fund	151.8	154.8	11.0	11.3	10.0
Allspring Buy & Maintain (Climate Transition)	134.8	138.5	9.8	9.9	10.0
LCIV Buy & Maintain (Long Duration)	32.8	32.7	2.4	2.5	2.5
LCIV Buy & Maintain (Short Duration)	33.4	33.2	2.4	2.4	2.5
Total Dynamic Asset Allocation	352.7	359.2	25.7	26.2	25.0
Partners Group MAC ¹	6.7	6.9	0.5	0.5	-
Oak Hill Advisors Diversified Credit Strategies	75.0	76.8	5.5	5.6	5.0
Partners Direct Infrastructure ¹	33.8	34.0	2.5	2.5	5.0
Aviva Infrastructure Income	14.3	-	1.0	-	-
Quinbrook Renewables Impact	46.6	42.2	3.4	3.1	3.5
abrdn Multi Sector Private Credit	51.2	50.3	3.7	3.7	4.0
Darwin Alternatives Leisure Development Fund	28.9	21.6	2.1	1.6	2.5
Secure Income	256.4	231.7	18.7	16.9	20.0
Abrdn Long Lease Property	49.7	50.4	3.6	3.7	5.0
Alpha Real Capital Inflation Linked Income Fund	78.6	78.6	5.7	5.7	7.5
Man GPM	24.5	25.8	1.8	1.9	2.5
Total Inflation Protection	152.9	154.8	11.1	11.3	15.0
Bank Balance	8.6	15.7	0.6	1.1	-
Total Assets	1,374.6	1,373.6	100.0	100.0	100.0

Fund Activity (2)

Item	Action points / Considerations	Status
London CIV	<ul style="list-style-type: none"> • Aoiffin Devitt: <ul style="list-style-type: none"> ○ During Q3 2024, London CIV announced that their Chief Investment Officer, Aoifinn Devitt had decided to move on from her role at London CIV to pursue new opportunities and will be leaving in Q4 2024. Meanwhile, Aoifinn is continuing to work for London CIV in an interim role for the remainder of her time, while London CIV completes solutions currently under construction and maintaining their current proposition. ○ London CIV has announced that there will be a gap between Aoifinn leaving and a new CIO joining. The head of London CIV's Public Markets, Rob Treich will support overseeing the investment process during the transition period. London CIV anticipate this personnel change will not hamper their planned programme of new service offerings. • Brian Lee: <ul style="list-style-type: none"> ○ During September 2024, Brian Lee has decided to step down from his role as Chief Financial Officer having worked with London CIV for over nine years. ○ London CIV has commenced the search for Brian's permanent successor as CFO. However, whilst this process is underway, the London CIV has appointed an Interim Finance Director Darren Gray. Most recently Darren was Head of Core Finance at Pantheon Ventures and prior to that Head of Finance at Principal Global Investors. • Client Relations: <ul style="list-style-type: none"> ○ After a prolonged extended leave of absence, Client Relations Manager Harry Lamprinopoulos has decided to leave London CIV. Stephanie Aymes, Client Relations Manager, will be taking adoption leave from the end of September. While Cameron McMullen, Climate Relations team lead, has left the London CIV following quarter end due to ongoing health issues. ○ Sian Kunert will be joining as Client Relations Manager in January 2025. Sian joins from East Sussex County Council, where she has spent four years as Head of the East Sussex Pension Fund, with an LGPS career spanning 20 years. • Sustainability : <ul style="list-style-type: none"> ○ Jacqueline Jackson, Head of Sustainability has started her maternity leave. London CIV has hired Laura Chapman as Interim Chief Sustainability Officer. Laura joins following a 12-year period at Tesco, where she was most recently Head of Responsible Investment for the retailer's pension plan. • We are continuing to monitor developments on the business side, new fund launches and changes in personnel. We are surprised by the short tenure of the recent CIO and will continue to monitor the situation closely. There is no immediate action to take on this news. 	●

Summary

This page sets out the key Fund activity updates over the quarter and following quarter end.

Any updates that require action or discussion are flagged accordingly with the key below.

Status key

- Action
- Decision
- Discussion
- Information only

Fund Activity (3)

Background

On 10 October 2024, in relation to the Leisure Development Fund, Darwin Alternative Investment Management ("Darwin") have taken the decision to revise downward its projections of management revenues/costs. This has resulted in an immediate fall in NAV by 23% as at 30 September 2024.

Darwin have referenced a range of issues such as the Covid-19 pandemic leading to park shutdowns, higher levels of inflation and the cost of living crisis affecting all UK holiday park operators. Rising interest rates, fuel, utility and food costs have impacted both operators and consumers, pushing up operational expenses and increasing pressure on domestic budgets / discretionary spend. This has affected all holiday park owners.

Brexit has also contributed to supply chain price rises, with construction materials increasing by 60% between 2015 and 2022.

Darwin had hoped the UK would have reached an upward trajectory following recovery from the Covid-19 pandemic, however economists are now forecasting a rise in UK inflation to 3% in early 2025. Therefore, the Darwin Board have adopted a more cautious approach in the portfolio to reflect the current economic situation.

The assets are valued using a ten-year discounted cashflow ("DCF") model and independently verified by Evelyn Partners LLP. As the DCF reflects trading profitability as well as future projections, future changes in trading should be reflected in those future projections. The model is also implicitly linked to the UK base rate, and therefore any interest rate cuts implemented by Bank of England (as anticipated) going forward may result in an improvement in NAV.

Darwin is looking to utilise the Blenheim Palace business model (which has proved successful for the Leisure Development Fund and other Darwin products) where possible which focuses on leasehold contracts (i.e. £100k on a rolling 50 year lease vs free hold of £2-3m) as well as energy saving and energy generating technology, therefore expanding the portfolio with a lower capital outlay, alongside allowing the opening of parks outside its usual holiday park locations. Darwin are also working in partnership with the underlying portfolio estates to boost marketing.

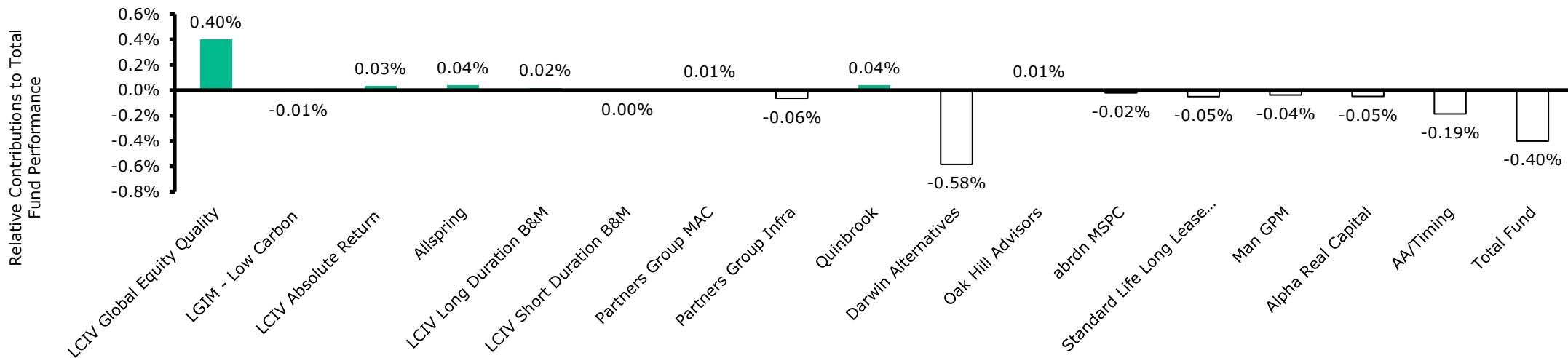
The NAV reduction also reflects the impact of heightened construction costs (which has delayed the development of three of the fund's parks – although Darwin expects to be in a position to progress development in the next 6-12 months) and yield has lowered (i.e. the price guests are willing to pay). The Darwin Board, however, has full confidence in the holiday park sector in general, and highlight that occupancy levels remain high.

Isio View

- The magnitude of the NAV reduction is concerning. However, overall we understand this is borne out of a combination of adverse market conditions given the headwinds the sector has faced post the Covid-19 Pandemic, increasing supply costs and the impacts of the cost of living crisis, as well as future precaution around the current uncertain economic environment.
- It is encouraging that each of the underlying assets continue to generate cash flow and are operating at a profit, and parks in general are recovering relative to the position mid-pandemic. It is clear that occupancy is not an issue, rather consumers are not willing to spend as much as previously anticipated.
- We understand that the change in forecasting assumptions underlying the discounted cashflow model which have resulted in this reduction will not likely be reversed in full until the Bank of England base rate reaches c. 4% and therefore not within the next 12-18 months. At this point however it is likely that the weighted average cost of capital ("WACC") will have recovered. The WACC is not driven by fund performance – an independent assessment of the valuation input and the change in rate was driven primarily by the increase in risk free rate.
- Once assets are fully operational the manager expects the portfolio will consistently generate profits from operations, and Darwin has highlighted that forward bookings are ahead of schedule for the coming year. There have been a number of developments with the strategy's existing portfolio assets alongside a desire to utilise the Blenheim business model which will support operation costs and trading profitability.
- The London Borough of Hammersmith & Fulham Pension Fund invested into the Leisure Development Fund in January 2022, in a 10 year lock-in shareclass with no mid-term redemption option. Therefore the Fund cannot exit the strategy until 2032. That said, completing a full redemption at present would act to crystallise the recent fall in valuation. Selling the assets on the secondary market, if possible, would likely also be heavily discounted.
- Currently 65% of the Leisure Development Fund's investors are locked in (London Borough of Hammersmith & Fulham's commitment represents c. 20% of the current investor base).
- Isio will look to continue to monitor the Fund's recovery and development of the Fund's assets going forward. As the model reflects trading profitability, and demand has risen for UK staycations, as the economic environment improves this should support occupancy further alongside operational revenues. However, there still exists significant uncertainty going forward.

Attribution of Performance to 30 September 2024

Relative Contributions to Total Fund Performance - Quarter



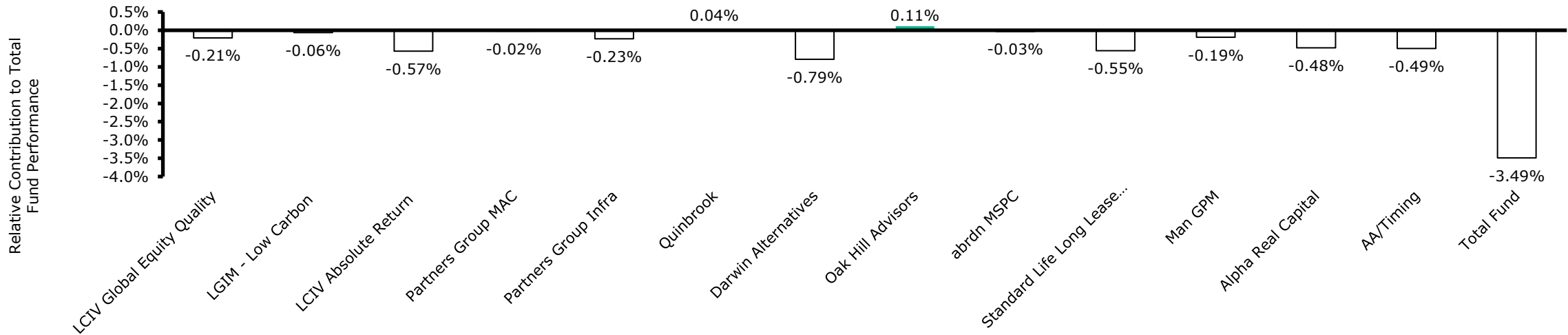
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Key area	Comments
Commentary	<ul style="list-style-type: none"> The Fund underperformed its fixed weight benchmark by c. 0.4% over the quarter to 30 September 2024. Underperformance can primarily be attributed to the Darwin Alternatives Leisure Development Fund, following a 23% write down to its NAV over the quarter as set out overleaf. Total Fund relative underperformance can also be attributed to the Aviva Investors Infrastructure Income Fund, which reduced in value and underperformed its cash-plus based target over the quarter before disinvestment at the end of September. Underperformance by Aviva is accounted for within the "AA/Timing" bar. Relative underperformance was offset to some extent by the LCIV Global Equity Quality Fund which outperformed the wider MSCI AC World Index over the quarter as a result of the strategy's bias to quality stocks, which remained positive over the first half of the quarter despite material declines in the wider market. The positive attribution of the Fund's overweight equity exposure is reflected by the "AA/Timing" bar.

Sources: Investment managers, Isio calculations.

Attribution of Performance to 30 September 2024

Relative Contributions to Total Fund Performance - Annual



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Key area	Comments
Commentary	<ul style="list-style-type: none"> Over the year to 30 September 2024, the Fund underperformed its fixed weight benchmark by c. 3.5%. As discussed overleaf, the Darwin Alternatives Leisure Development Fund's assets were written down by c. 23% over Q3 2024. This has been the primary driver of underperformance over the quarter and year to 30 September 2024. Underperformance over the twelve-month period was also driven by the LCIV Absolute Return Fund and the Standard Life Long Lease Property Fund, managed by abrdn. The LCIV Absolute Return Fund, managed by Ruffer, has underperformed its cash-based benchmark over three of the separate four quarters to 30 September 2024. The strategy's defensive positioning, predominantly the cost of protection strategies to protect against falls in the equity markets has proved detrimental amid a period of sustained equity market recovery, alongside a material bond holding which has been impacted by the rise in nominal yields since the beginning of 2024. While the Long Lease Property Fund delivered negative returns over the year following the detractor in long-dated property, underperforming its gilts-based target. In addition, while equity markets have continued to deliver strong returns through year, the LCIV Global Equity Quality mandate has struggled to outperform the MSCI world equity comparator, largely due to the Fund's quality bias over a period where growth stocks have outperformed due to an improved economic outlook and corporate earnings.

Sources: Investment managers, Isio calculations.

Investment Manager Updates

London CIV (1)

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Sub-fund	Asset Class	Manager	Total AuM as at 30 June 2024 (£m)	Total AuM as at 30 Sept 2024 (£m)	Number of London CIV clients	Inception Date
LCIV Global Alpha Growth	Global Equity	Baillie Gifford	1,474	1,442	5	11/04/16
LCIV Global Alpha Growth Paris Aligned	Global Equity	Baillie Gifford	2,333	2,347	11	13/04/21
LCIV Global Equity	Global Equity	Newton	620	621	3	22/05/17
LCIV Global Equity Quality	Global Equity	Morgan Stanley Investment Management	560	577	2	21/08/20
LCIV Global Equity Focus	Global Equity	Longview Partners	1,252	1,269	6	17/07/17
LCIV Emerging Market Equity	Global Equity	Henderson Global Investors	589	606	8	11/01/18
LCIV Sustainable Equity	Global Equity	RBC Global Asset Management (UK)	1,443	1,438	8	18/04/18
LCIV Sustainable Equity Exclusion	Global Equity	RBC Global Asset Management (UK)	750	751	5	11/03/20
LCIV PEPPA	Global Equity	State Street Global Advisors	975	975	4	01/12/2021
LCIV Global Total Return	Diversified Growth Fund	Pyrford	101	104	1	17/06/16
LCIV Diversified Growth	Diversified Growth Fund	Baillie Gifford	300	296	4	15/02/16
LCIV Absolute Return	Diversified Growth Fund	Ruffer	985	1,003	10	21/06/16
LCIV Real Return	Diversified Growth Fund	Newton	186	114	2	16/12/16
LCIV Global Bond	Fixed Income	PIMCO	887	929	10	30/11/18
LCIV Short Duration B&M Credit Fund	Fixed Income	Insight Investment Management	138	139	2	06/12/23
LCIV Long Duration B&M Credit Fund	Fixed Income	Insight Investment Management	789	806	6	06/12/23
LCIV MAC	Fixed Income	CQS & PIMCO	1,900	1,965	18	31/05/18
LCIV Alternative Credit	Fixed Income	CQS	521	590	5	31/01/22
Total			15,803	15,972		

Investment Performance to 30 Sept 2024

Business

As at 30 September 2024, the London CIV had assets under management of £16.0bn within the 18 sub-funds (not including commitments to the private markets strategies), an increase of £0.2bn over the quarter owing to positive investment returns across the sub-funds available on the platform, offset by client outflows.

As at 30 September 2024, the total assets under oversight, including passive investments held outside the London CIV platform, stood at £32.5bn, an increase of c. £0.5bn over the quarter. Total commitments raised by the private market funds stood at c. £3.1bn of which c. £1.7bn had been drawn as at 30 September 2024.

The table to the left provides an overview of the public market sub-funds currently available on the London CIV platform.

London CIV (2)

Sub-fund	Total Commitment as at 30 Sept 2024 (£'000)	Called to Date (£'000)	Fund Value as at 30 June 2024 (£'000)	Number of London CIV clients	Inception Date
LCIV Infrastructure Fund	475,000	370,791	383,869	6	31/10/2019
LCIV Real Estate Long Income Fund	213,000	213,000	155,484	3	11/06/2020
LCIV Renewable Infrastructure Fund	1,108,500	544,884	553,484	16	29/03/2021
LCIV Private Debt Fund	625,000	420,091	506,832	8	29/03/2021
LCIV UK Housing Fund	450,000	73,200	71,889	8	31/03/2023
The London Fund	250,000	104,026	105,821	4	15/12/2020

Source: London CIV.

Investment Performance to 30 Sept 2024

The table to the left provides an overview of the London CIV's private markets investments as at 30 September 2024.

LCIV – Global Equity Quality

Key area	Performance commentary
Commentary	<ul style="list-style-type: none"> The LCIV Global Equity Quality Fund delivered a positive absolute return of 3.5% on a net of fees basis over the quarter, outperforming the MSCI-based benchmark by 3.0% over the period. The LCIV Global Equity Quality Fund's portfolio is predominantly comprised of quality franchises with strong recurring cash flows, and the strategy therefore has a low allocation to cyclical stocks. Resultantly, the strategy is expected to outperform during market downturns, but may not fully participate in periods of market uplift. The strategy's quality bias proved beneficial over the third quarter of 2024, delivering modest positive returns over the first half of the period during a period of sharp declines in wider equity markets. Outperformance was also driven by stock selection, particularly within the information technology, financials and healthcare sectors. The Sub Fund has delivered positive returns of 18.4% and 7.5% p.a. over the year and three years to 30 September 2024 respectively on a net of fees basis, but underperformed the MSCI-based benchmark by 1.5% and 0.8% p.a. respectively with the portfolio's quality bias proving detrimental over a period where growth stocks outperformed driven by optimism over AI stocks and hardware/semiconductor companies which the Manager perceives as cyclical.

Investment Performance to 30 September 2024

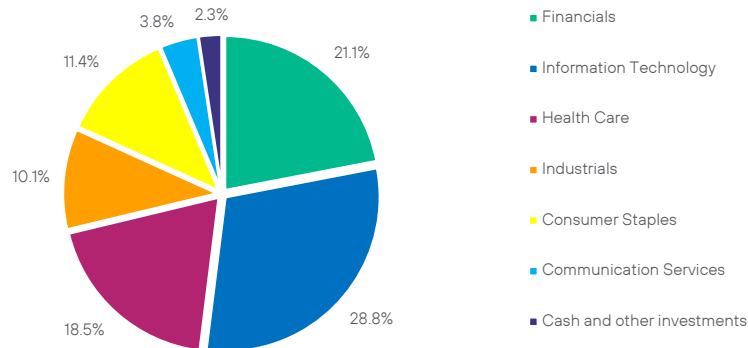
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)
Net of fees	3.5	18.4	7.5
Benchmark (MSCI World Net Index)	0.5	19.9	8.3
Net Performance relative to Benchmark	3.0	-1.5	-0.8

Relative performance may not tie due to rounding

Fund Overview

Morgan Stanley Investment Management was appointed to manage an active equity portfolio with a focus on sustainability when selecting investment opportunities, held as a sub-fund on the London CIV platform from 30 September 2020. The aim of the fund is to outperform the MSCI AC World Index.

Portfolio Sector Breakdown



Key Statistics

	LCIV Global Equity Quality Fund
No. of Holdings	43
No. of Countries	9
No. of Sectors*	6
No. of Industries*	20

Holdings

	% of NAV
Microsoft	5.7
SAP SE	5.7
Visa	4.7
Keyence	3.4
Aon	3.3
Accenture	3.3
Alphabet	3.3
Intercontinental Exchange Inc	3.2
UnitedHealth	2.8
Procter & Gamble	2.7
Total	38.1

LGIM – World Low Carbon Equity

Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The LGIM MSCI World Low Carbon Index Fund delivered a positive absolute return of 0.8% on a net of fees basis over the quarter to 30 September 2024 as global equity markets continued to rally despite sharp declines over the first half of the quarter. The Fund performed broadly in line with its benchmark. The LGIM MSCI World Low Carbon Index Fund delivered an absolute return of 21.8% on a net of fees basis over the one-year-period to 30 September 2024, slightly underperforming its MSCI World Low Carbon Target benchmark by 0.2%. Over the longer three-year and five-year periods, the strategy delivered positive absolute returns of 9.6% p.a. and 11.6% p.a. on a net of fees basis, slightly underperforming its MSCI World Low Carbon Target benchmark by 0.1% p.a. over both periods.

Investment Performance to 30 September 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	0.8	21.8	9.6	11.6
Benchmark (MSCI World Low Carbon Target)	0.8	22.0	9.7	11.7
Net Performance relative to Benchmark	0.0	-0.2	-0.1	-0.1

Relative performance may not tie due to rounding

Fund Overview

Legal and General Investment Management (“LGIM”) was appointed on 18 December 2018 to manage a low carbon portfolio with the aim of replicating the performance of the MSCI World Low Carbon Target Index. The manager has an annual management fee, in addition to On Fund Costs.

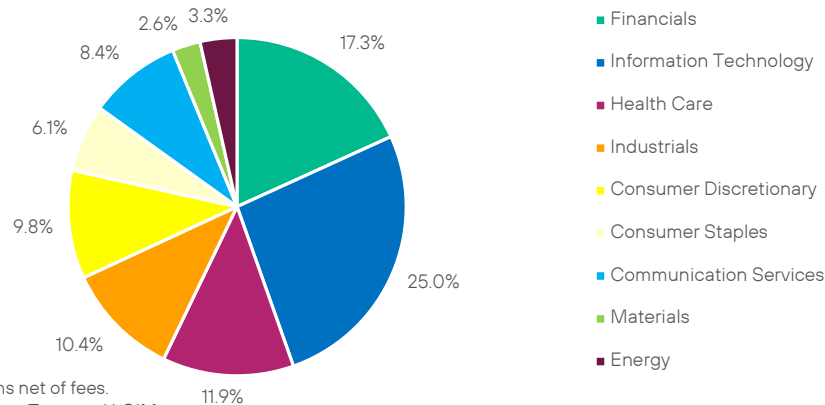
The bottom left charts compare the relative weightings of the sectors in the LGIM MSCI World Low Carbon Index Fund and the MSCI World Equity Index as at 30 September 2024.

The LGIM MSCI Low Carbon Index Fund has a larger allocation to financials than the MSCI World Equity Index, whilst the relatively lower allocation to materials, industrials and energy reflect the ‘low carbon’ nature of the Fund.

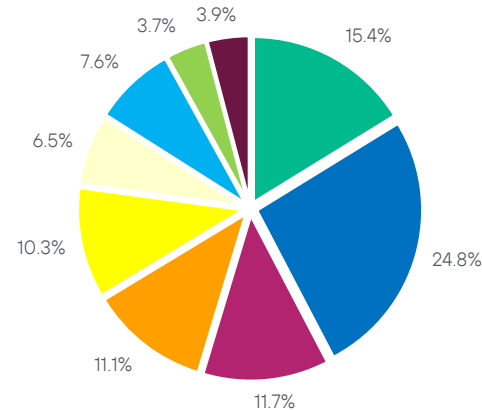
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Portfolio Sector Breakdown at 30 September 2024

LGIM MSCI World Low Carbon Fund



MSCI World Equity Index



Note: Returns net of fees.
Sources: Northern Trust and LGIM.

LCIV – Absolute Return

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Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The LCIV Absolute Return Fund has delivered a positive return of 2.5% over the quarter, outperforming its SONIA+5% p.a. target by 0.3%. The Sub Fund's equity protection strategies increased in value over the first half of the quarter as equity markets declined, with the manager taking profits in these positions during August. The strategy's equity exposures then boosted performance over the second half of the quarter as wider markets recovered. The Sub Fund was delivered positive returns over longer time periods, but underperformed the cash-based benchmark. Ruffer attributes underperformance to the portfolio's defensive bias and tilt to downside protection strategies, which have an ongoing cost if markets rise (across credit, equity and volatility).

Investment Performance to 30 September 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	2.5	4.3	0.5	4.1
Target	2.2	9.4	7.4	6.1
Net performance relative to Target	0.3	-5.0	-6.9	-2.0

Relative performance may not tie due to rounding

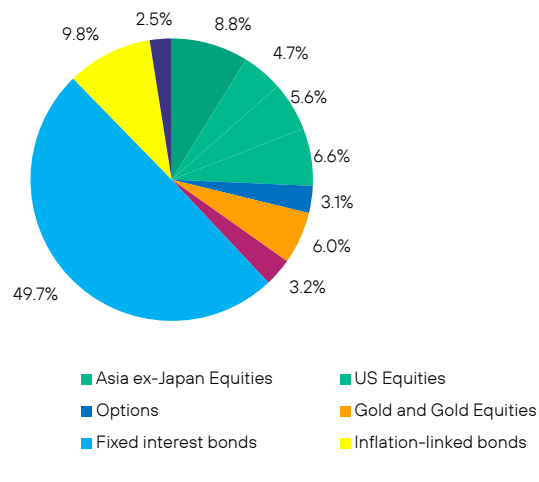
Fund Overview

Ruffer was appointed to manage an absolute return mandate, held as a sub-fund under the London CIV platform from 21 June 2016, with the aim of outperforming the 3-month Sterling SONIA benchmark by 4% p.a. The manager has a fixed fee based on the value of assets.

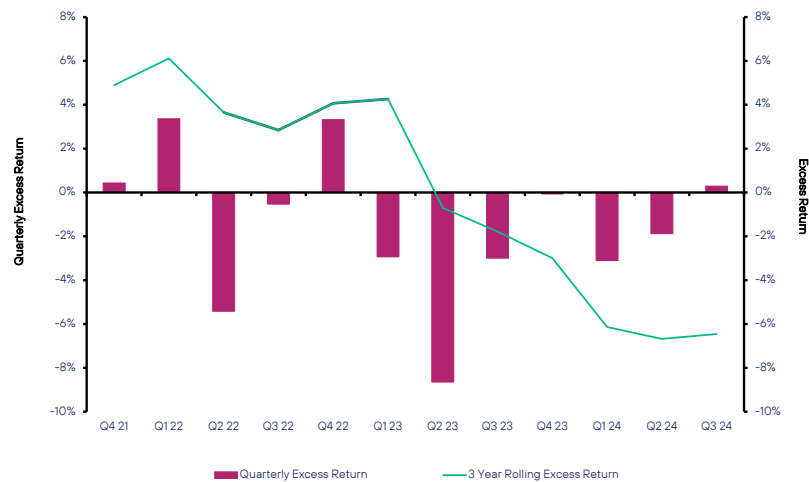
The LCIV Absolute Return Fund aims to deliver growth throughout the investment cycle and acts as a return-seeking diversifier from equities through a relatively defensively positioned portfolio. The manager has the ability to regularly alter the underlying asset allocation in response to market conditions.

While the manager, Ruffer, maintains its view that investors are too bullish about prospects for interest rate cuts and that equity and credit markets are not pricing in downside risks, the manager has opted to retain some level of risk-on assets that will help capture upside if growth asset returns remain consistently positive.

Portfolio Sector Breakdown at 30 September 2024



Investment Performance to 30 September 2024



LCIV – Short and Long Duration Buy & Maintain (1)

Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The Short Duration Sub Fund delivered a positive return of 2.1% over the quarter, driven by declines at the front end of the yield curve alongside a slight tightening in spreads. The Sub Fund underperformed its iBoxx 0–5 Years credit index measurement by 0.1%, owing to a reduced spread duration. Yields at the longer end of the yield also fell over the third quarter of 2024 amid an improving macroeconomic backdrop. Resultantly, the long-dated Sub Fund delivered a positive return of 2.8% on a net of fees basis over the quarter, outperforming its benchmark by 0.8% with outperformance primarily attributed to the Sub Fund's exposure to US Dollar denominated bonds, which are not part of the index with spreads on US credit tightening more prominently than equivalently dated UK counterparts.

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Investment Performance to 30 September 2024	
Short Duration	Last Quarter (%)
Net of fees	2.1
Benchmark / Target	2.2
Net performance relative to Benchmark	-0.1
Long Duration	Last Quarter (%)
Net of fees	2.8
Benchmark / Target	2.0
Net performance relative to Benchmark	0.8

Relative performance may not tie due to rounding

Key Statistics				
	Short Duration		Long Duration	
	30 Jun 2024	30 Sept 2024	30 Jun 2024	30 Sept 2024
Weighted Average Credit Rating	A	A	A-	A-
Yield to Maturity	5.54	5.12	5.58	5.38
Current Yield	3.84	3.90	4.97	4.76
Interest Rate Duration (Years)	2.38	2.38	11.31	11.38
Spread Duration (Years)	2.33	2.18	10.98	10.94

Source: Northern Trust and London CIV.

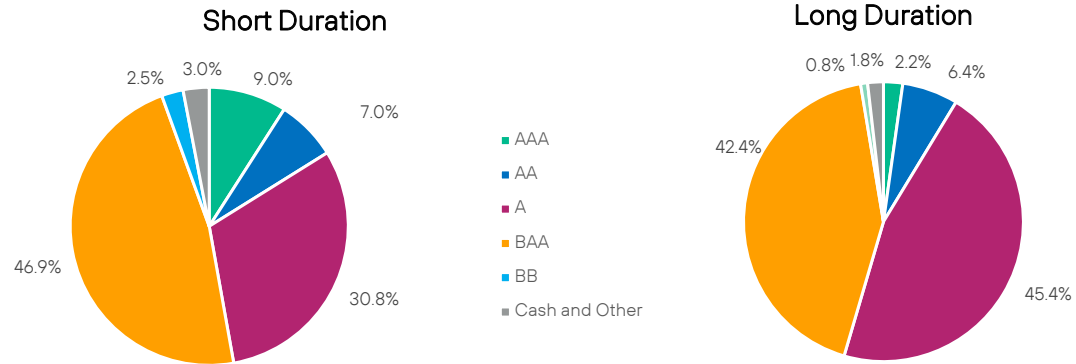
Fund Overview

Insight Investment Management was appointed to manage a buy & maintain credit mandate across both a short and long duration strategy, held as sub-funds under the London CIV platform from 6 December 2023.

The aim of the short and long duration sub-funds is to achieve a portfolio yield to maturity in line with the iBoxx GBP Collateralized & Corporates 0-5 Index and the iBoxx £ Collateralized & Corporates 10+ Index respectively while limiting turnover. The manager has a fixed fee based on the value of assets.

LCIV – Short and Long Duration Buy & Maintain (2)

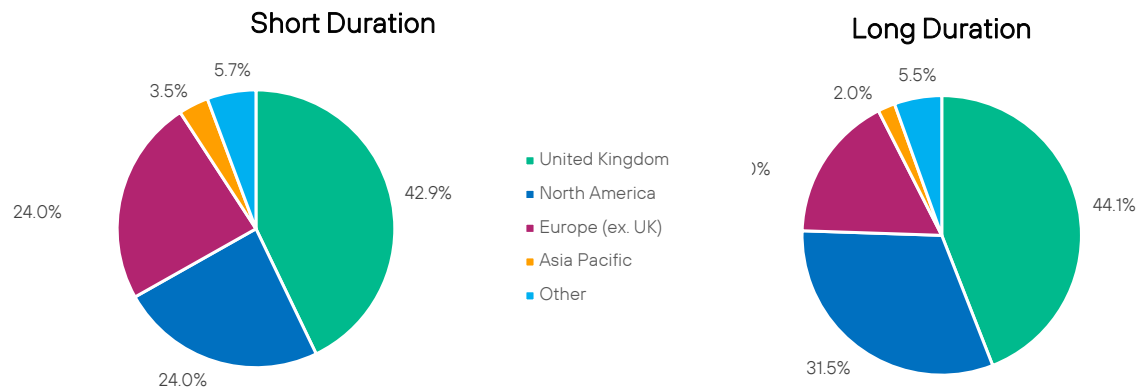
Portfolio Credit Rating Breakdown as at 30 September 2024



Fund Overview

The charts to the left represent the split of the Short and Long duration portfolios by credit rating and by region as at 30 September 2024.

Portfolio Regional Breakdown as at 30 September 2024



Source: Northern Trust and London CIV.
Note that figures may not sum to 100% due to rounding and due to the potential for the manager to use short holdings in cash and currency forwards.

Allspring – Climate Transition Global Buy & Maintain (1)

Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The Allspring Climate Transition Global Buy and Maintain Fund has delivered a positive return of 2.8% over the quarter to 30 September 2024 on a net of fees basis, outperforming its target by 0.4%. Positive returns were primarily driven by falling yields across the curve across the globe – particularly in the UK, US and Europe. Credit spreads also tightened slightly, particularly in the US, amid an improving economic environment.

Investment Performance to 30 September 2024	
	Last Quarter (%)
Net of fees	2.8
Target	2.4
Net performance relative to Target	0.4

Relative performance may not tie due to rounding

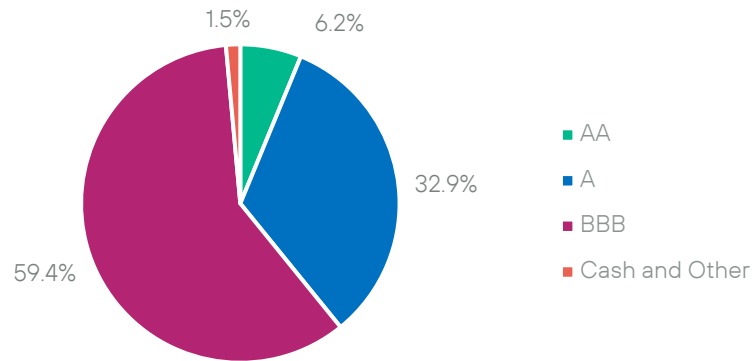
Fund Overview

Allspring was appointed on 7 November 2023 to manage a global climate transition buy and maintain credit mandate.

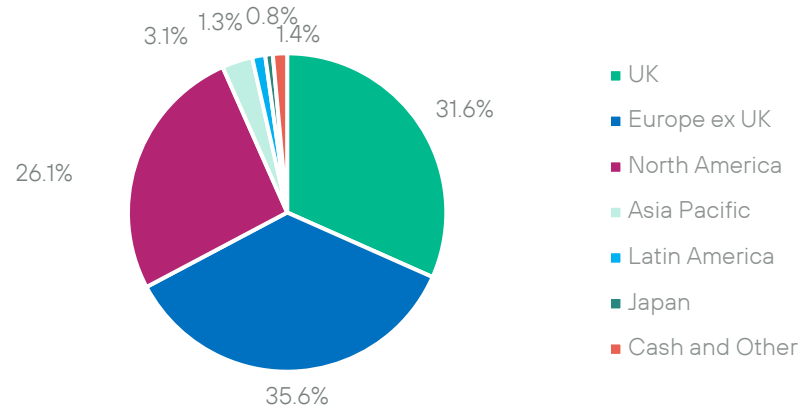
The aim of the Fund is to broadly track the performance of the ICE BofA Sterling Corporate Index, while simultaneously achieving various climate transition related targets. The manager has a fixed fee based on the value of assets.

The charts to the bottom left represent the split of the Allspring Climate Transition Global Buy & Maintain Fund by credit rating and by region as at 30 September 2024.

Portfolio Credit Rating Breakdown as at 30 September 2024



Portfolio Regional Breakdown as at 30 September 2024



Allspring – Climate Transition Global Buy & Maintain (2)

ESG Metrics as at 30 September 2024

	Allspring Climate Transition Global Buy & Maintain		Benchmark	
	Value	Coverage	Value	Coverage
MSCI ESG Score	7.5	98%	7.1	98%
Sustainalytics ESG Risk Score	18	94%	20	93%
Carbon to Value Invested (metric tons CO ₂ e/\$1m invested)*	28	86%	42	77%
Weighted Average Carbon Intensity (metric tons CO ₂ e/\$1m revenues)*	59	94%	87	93%
Coal Emissions (metric tons CO ₂ e/\$1m invested)	0	N/A	23,777	N/A
Gas Emissions (metric tons CO ₂ e/\$1m invested)	7,636	N/A	6,761	N/A
Oil Emissions (metric tons CO ₂ e/\$1m invested)	9,732	N/A	7,312	N/A

MSCI ESG Score: scale of 0-10 (10-best)
 Sustainalytics ESG Risk Score: scaled of 0-100 (0-no ESG Risk, >40-severe ESG Risk)
 *Operational and Tier 1 supply chain emissions

ESG Metrics

Allspring integrates the objectives of the EU Climate Transition Benchmark pathway into its investment approach but targets a carbon intensity reduction trajectory that is more ambitious than the prescribed 1.5°C pathway to net zero by 2050.

Allspring, however, does not automatically exclude industries with high historical carbon emissions and instead focuses on firms' forward transition performance. For example, where many ESG strategies exclude fossil fuels on the view that historical carbon intensity will continue indefinitely, Allspring takes a prospective view on firms' climate and financial performance with the outlook that some of today's heaviest emitters may be tomorrow's decarbonisation outperformers. As such, we would expect the strategy's carbon intensity metrics and ESG scores to improve over time.

The table to the left compares the ESG metrics of the Climate Transition Global Buy & Maintain Fund with those of the reference benchmark as at 30 September 2024.

Please note that we have included definitions of each of the metrics in the Appendix to this report.

Partners Group – Multi Asset Credit

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Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The Multi Asset Credit strategy delivered a positive absolute return of 4.5% on a net of fees basis over the quarter to 31 August 2024, outperforming its 3 Month SONIA +4% benchmark by 2.2%. Strong performance over the three-year period reflects the rebound in performance of the strategy's sub-portfolio of tail investments for which the Fund lifespan was extended for in 2021 and again during 2024, which were initially particularly acutely impacted by the COVID-19 related impact but that have now rebounded.
Activity	<ul style="list-style-type: none"> The Partners Group Multi Asset Credit Fund had made 54 investments, of which 50 have been fully realised as at 30 September 2024 with one further realisation taking place since 30 June 2024. Following quarter end, in October 2024 one further portfolio asset was exited, with three assets now remaining in the portfolio. The Fund's three-year investment period ended in July 2017 and therefore, any investments realised have subsequently been repaid to investors. Following quarter end, Partners Group issued a capital distribution of £3.3m following portfolio exits, paid on 30 October 2024.

Investment Performance to 31 August 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	4.5	5.4	7.4	7.0
Benchmark / Target	2.2	9.4	7.4	6.1
Net performance relative to Benchmark	2.2	-4.0	0.0	0.9

Relative performance may not tie due to rounding

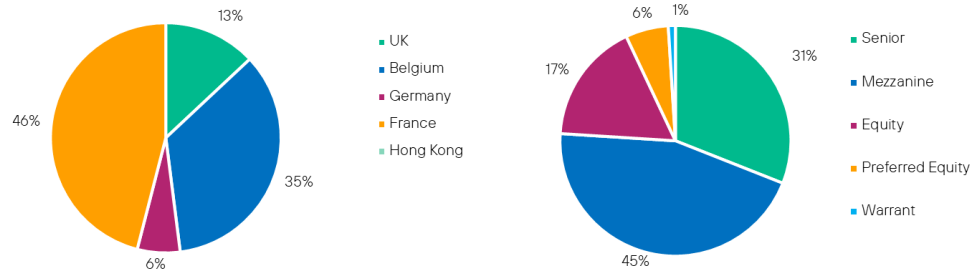
Fund Overview

Partners Group was appointed to manage a multi asset credit mandate with the aim of outperforming the 3-month Sterling SONIA benchmark by 4% p.a. The manager has an annual management fee and performance fee.

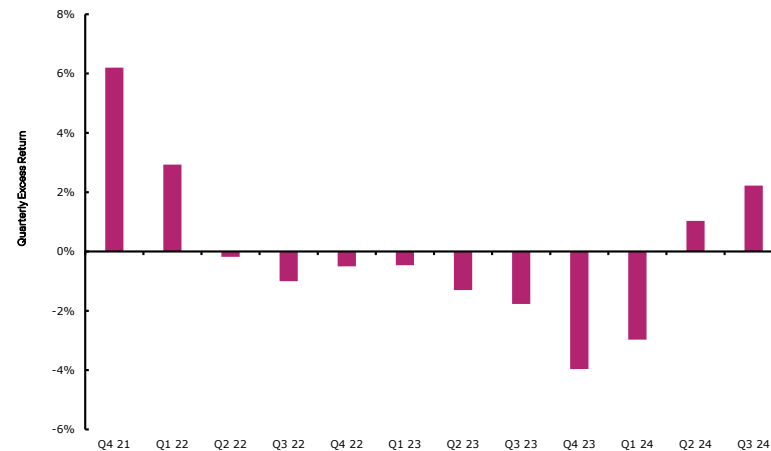
The charts to the bottom left show the regional split and allocation by debt type of the Fund as at 30 September 2024, based on the four positions remaining in the portfolio. The last loan is set to expire in 2030.

On 17 June 2024, Partners Group received investor approval to extend the term of the strategy to 28 July 2027. Partners Group anticipates that the majority of asset exits will complete within the next 12-18 months, but proposed a 3 year extension to allow flexibility.

Portfolio Regional and Debt Type Breakdown at 30 September 2024



Quarterly Excess Returns

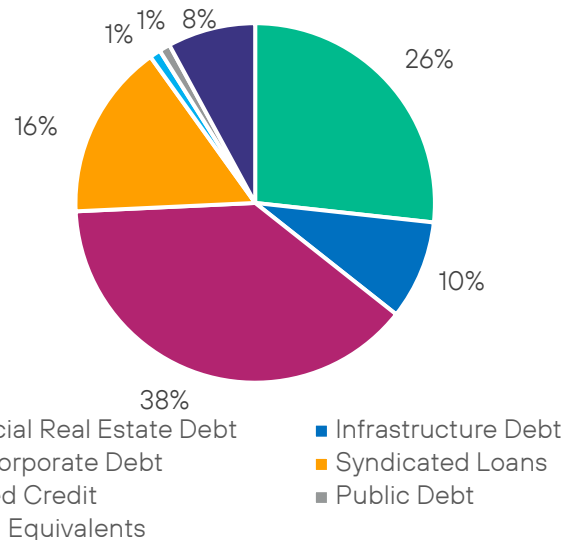


abrdrn – Multi-Sector Private Credit Fund

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Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The MSPC Fund has delivered a positive return of 1.8% on a net of fees basis over the quarter, driven by mark-to-market valuation movements of the strategy's underlying assets. abrdrn's valuation methodologies take account of credit spreads and government bond yield movements and, with yields falling and spreads tightening slightly, the fund has benefitted. The strategy has, however, underperformed its corporate bond-based target by 0.6%, owing to the index' greater sensitivity to movements in the yield curve.
Portfolio Composition	<ul style="list-style-type: none"> As at 30 June 2024, the MSPC Fund portfolio has reached target allocation and consists of 22 private assets: <ul style="list-style-type: none"> 4 infrastructure debt investments; 8 senior commercial real estate debts investments; and 10 private corporate debt investments.

Portfolio Asset Type Breakdown at 30 June 2024



Investment Performance to 30 September 2024			
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)
Net of fees	1.8	10.9	0.1
Benchmark / Target	2.3	11.7	-0.9
Net performance relative to Benchmark	-0.6	-0.9	1.0

Relative performance may not tie due to rounding. Please note that abrdrn MSPC Fund performance is provided by Northern Trust with a quarter lag.

Investment Metrics		
	31 Mar 2024	30 June 2024
Duration (years)	4.35	4.25
Average rating	BBB	BBB
Average portfolio spread	291bps	284bps
Average illiquidity premium	126bps	128bps
Average yield to maturity	7.20%	7.03%

Fund Overview

abrdrn was appointed to manage a multi sector private credit mandate, with the Fund drawing down capital for investment on 8 April 2020.

The Multi Sector Private Credit Fund aims to outperform the ICE ML Sterling BBB Corporate Bond Index once it has been fully deployed. The manager has a fixed annual management fee based on the value of investments.

abrdrn has confirmed that there have been no asset-related issues and the manager believes the portfolio is well positioned to sustain a potential recession given the focus on more defensive sectors.

As at 30 June 2024, c. 92% of the MSPC Fund portfolio has been invested in illiquid assets that will make up the long-term portfolio, while the remaining c. 8% of the portfolio remains invested in a liquid transition portfolio in order to avoid a cash drag for liquidity purposes. The asset allocation as at 30 June 2024 is provided in the chart to the left.

Darwin Alternatives –Leisure Development Fund (1)

Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The Leisure Development Fund delivered a material negative absolute return of -25.1% over the quarter to 30 September 2024, underperforming its cash +6% p.a. target by 27.8%. Over the one-year period, the Fund has delivered an absolute return of -25.3%, underperforming its target by 36.6%. This was primarily due to Darwin revising downward its management projections of revenues and costs, which resulted in a fall in the NAV of the Fund by c. 23%. This decision was driven by delayed openings post an increase in buildings costs post the Covid-19 pandemic, economic pressures and cost of living crisis affecting all UK holiday park operators. This led to a reduction in development growth and further pressures driven by high inflation and Brexit, which also led to a shortage of labour supply, thus increasing labour costs. Higher interest rates has also led to an upward change in the WACC of DLPF in July 2023 causing a significant fall in the Fund NAV. Darwin expects a favourable revaluation of assets in the medium term, driven by a reversion of the WACC to historic levels. Darwin remains focussed on operational improvements and cost-cutting measures such as reducing the main costs of staffing, cleaning and utilities. As well as the expansion of stately home partnerships, aiming to replicate the success of the Blenheim asset.

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Investment Performance to 30 September 2024		
	Last Quarter (%)	One Year (%)
Net of fees	-25.1	-25.3
Benchmark / Target	2.7	11.4
Net performance relative to Benchmark	-27.8	-36.6

Relative performance may not tie due to rounding

Activity

<ul style="list-style-type: none"> The Fund has 8 fully operational assets, which opened during and post the Covid-19 pandemic. Rivendale and Stratford have been performing well as they benefitted from the post-Covid spike in 'staycations'. There are 3 further parks waiting to commence development, however these plans are now being reevaluated to ensure a suitable return of investment, as well as supply-side shortages, both of which have led to slowing in development growth and an impact on the value of the fund. This leaves the fund 3-4 years away from consisting 100% of fully operational assets, leading into its income phase. The lodge manufacturer Bentley Rowe has now finished Plas Isaf, North Wales in May 2024 and the site is fully open. The site has a total of 40 holiday rentals lodges and 17 bases for holiday home ownership. 	<ul style="list-style-type: none"> Bentley Rowe, a lodge manufacturer which Darwin owns a 30% stake, in conjunction with Darwin, has constructed a prototype lodge which is now being tested at one of the parks. This all-electric zero Scope 1 carbon emissions solution combines solar, batteries, air-source heat pump (ASHP) technology and smart controls coupled with high performance insulation to deliver a low energy, low carbon accommodation. Planning permission for the Rosetta Holiday park upgrade was approved in August 2024. A masterplan for the site has now been developed and the Fund is targeting a 100-lodge scheme with a 70/30 split of rental and owner accommodation. The aim is to redevelop the site into a luxury lodge resort with some leisure facilities.
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Fund Overview
<p>Darwin Alternatives was appointed to manage a leisure property development mandate, with the Fund drawing down capital for investment on 1 January 2022.</p> <p>The Leisure Development Fund aims to outperform the 3-month Sterling SONIA target by 6% p.a. The manager has an annual management fee and performance fee.</p> <p>Details of the Fund's underlying assets can be found overleaf.</p>

Darwin Alternatives –Leisure Development Fund (2)

Portfolio Holdings			
Park	Purchase Rationale	Size (Acres)	Purchase Date
Stratford Armouries, Warwickshire	Develop site into luxury lodge retreat	9	June 2017
Norfolk Woods, Norfolk	Redevelop to holiday resort with leisure facilities	15	June 2017
The Springs, Oxfordshire	Upgrade golf facilities and add lodges to create small lodge resort	133	July 2017
Rivendale, Derbyshire	Redevelop to holiday resort with leisure facilities	35	January 2018
Dundonald Links, Ayrshire	Add lodges and central facilities to create lodge resort	268	March 2019
Kilnwick Percy, East Yorkshire	Add additional lodges to existing golf resort	150	March 2020
Rosetta, Peeblesshire	Redevelop to holiday resort with leisure facilities	47	May 2020
Plas Isaf, North Wales	Add additional lodges utilising existing planning	39	June 2020
Bleathwood, Shropshire	Develop site into luxury lodge retreat	12	December 2020
High Lodge, Suffolk	Redevelop to holiday resort with leisure facilities	64	April 2021
Blenheim Palace, Oxfordshire	Develop site into luxury lodge retreat	10	December 2021

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- The Fund also owns a stake in Modular, a lodge manufacturing business.

Portfolio

The table to the left shows details of the parks underlying the Darwin Alternatives Leisure Development Fund portfolio as at 30 September 2024.

Oak Hill Advisors – Diversified Credit Strategies

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Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The strategy delivered a positive return of 2.4% on a net of fees basis over the quarter to 30 September 2024, outperforming the benchmark by 0.2%. As the strategy is measured against a Sterling cash-plus benchmark, we would expect relative performance differences over shorter time horizons. Positive performance was driven by the impact of falling yields over the quarter, with US high yield investments in particular benefitting from the improving economic environment. The strategy's opportunistic nature means that the fund can take on restructuring opportunities for issuers. There were no defaults over the third quarter of 2024 within the Diversified Credit Strategies portfolio, while six positions representing c. 1.4% of the total portfolio were downgraded. Each position was non-investment grade.

Investment Performance to 30 September 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	2.4	11.4	5.1	5.0
Benchmark / Target	2.2	9.4	7.4	6.1
Net Performance relative to Benchmark	0.2	2.1	-2.3	-1.2

Relative performance may not tie due to rounding

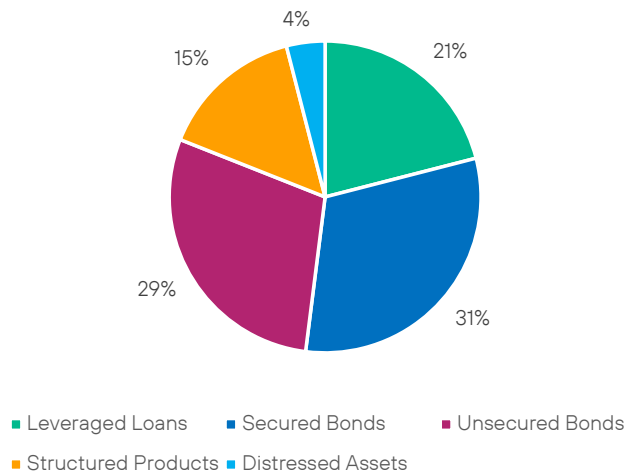
Fund Overview

Oak Hill Advisors was appointed to manage a multi asset credit mandate with the aim of outperforming the 3-month Sterling SONIA benchmark by 4% p.a. The manager has an annual management fee and performance fee.

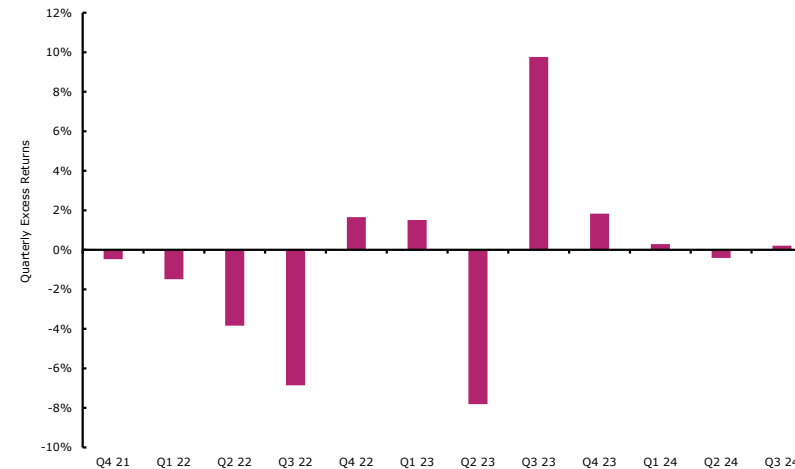
It should be noted, however, that the DCS Fund is denominated in US Dollars. There is no hedging in place in respect of this investment and therefore short-term returns are impacted by exchange rate fluctuations. Oak Hill Advisors highlights that the strategy has delivered 12.4% on a net of fees basis over the year to 30 September 2024 once currency fluctuations have been stripped out. Oak Hill Advisors compares the performance of the Diversified Credit Strategies Fund against a blended index of high yield credit and leveraged loans, which delivered a return of 12.7% over the year to 30 September 2024.

The chart to the bottom left shows the composition of the Diversified Credit Strategies Fund's portfolio as at 30 September 2024.

Portfolio Sector Breakdown at 30 September 2024



Quarterly Excess Returns



Partners Group – Direct Infrastructure

Key area	Performance Commentary
Activity	<ul style="list-style-type: none"> The Direct Infrastructure Fund's investment period ended on 30 September 2021 and the Fund will therefore make no further investments going forward, having made 22 investments. As at 30 June 2024, the Partners Group Direct Infrastructure Fund was in its realisation phase with an active portfolio of 13 investments having realised 9 positions to date. The total capacity of the Partners Group Direct Infrastructure Fund is €1.08 billion. Of this, c. 99.5% has been committed to investments as at 30 June 2024, with c. 84.9% of the total capacity drawn down from investors. As at 30 June 2024, the Fund has delivered a net IRR of 14.3% since inception.

Investment Performance to 31 August 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	0.6	4.9	14.2	14.3
Benchmark / Target	3.1	13.4	11.4	10.2
Net Performance relative to Benchmark	-2.6	-8.5	2.8	5.5

Relative performance may not tie due to rounding

Fund Overview

Partners Group was appointed to manage a global infrastructure mandate with the aim of outperforming the 3-month Sterling SONIA benchmark by 8% p.a. The manager has an annual management fee and performance fee.

The charts to the bottom left show the regional split of the Direct Infrastructure Fund and a breakdown of the Fund by infrastructure sector as at 30 June 2024.

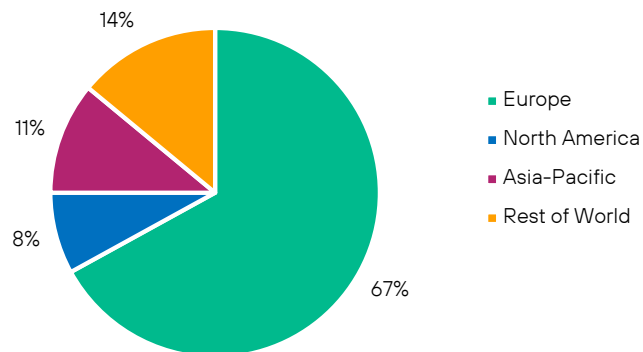
Capital Calls and Distributions

Partners Group have confirmed that the Direct Infrastructure Fund is unlikely to draw any further capital into the strategy. Remaining capital is held back for the purposes of meeting potential future currency hedging calls or follow-on capital for portfolio companies.

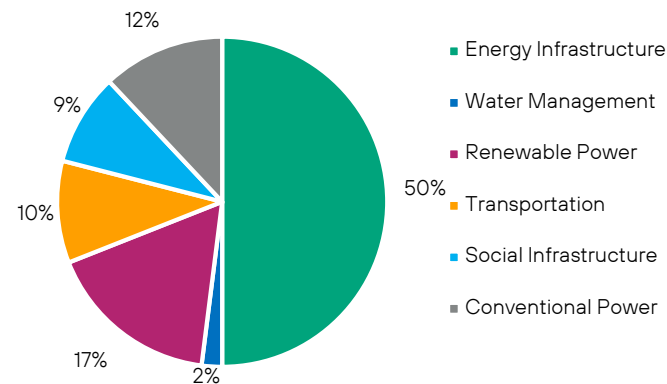
There were no further distributions over the quarter.

Portfolio Breakdown by Region and Sector as at 30 June 2024

Regional Allocation



Allocation by Sector



Quinbrook – Renewables Impact Fund (1)

Key area	Performance Commentary
Capital Calls and Distributions	<ul style="list-style-type: none"> The London Borough of Hammersmith & Fulham Pension Fund committed £45m to Quinbrook in August 2023. Over the third quarter of 2024, Quinbrook issued one capital call notice and one capital distribution: <ul style="list-style-type: none"> A capital call of £0.7m for payment by 4 September 2024, drawn entirely for investments and taking the Fund’s commitment to c. 97% drawn; and A capital distribution of £6.0m for payment by 24 September 2024 following sale of one of the underlying portfolio assets. Resultantly, following receipt of the capital distribution, the Fund’s £45m commitment is c. 84% drawn for investment as at 30 September 2024.

Investment Performance to 30 September 2024		
	Last Quarter (%)	One Year (%)
Net of fees	1.6	5.1
Benchmark / Target	0.6	5.7
Net performance relative to Benchmark	1.1	-0.6

Relative performance may not tie due to rounding

Fund Overview

Quinbrook was appointed to manage a UK renewable infrastructure mandate with the aim of outperforming the 3-month Sterling SONIA benchmark by 6% p.a. The manager has a base annual management fee and a performance fee.

The Renewables Impact Fund achieved final close on 29 September 2023 having raised £620m in commitments, exceeding the initial £500m target.

As at 30 June 2024, the Renewables Impact Fund has delivered a net IRR of 8.1% since inception.

Activity over the quarter to 30 June 2024

<ul style="list-style-type: none"> Fortress is an under construction 373 MW solar and up to 350 MW (150 MW currently planned) battery storage project located in Kent, south-east UK, and was the largest solar and battery storage project in UK history at the time of consent. A fifteen-year Contract for Difference (“CfD”) has been secured by Fortress for the offtake of 35% of its generation, amounting to c. GBP 106 million (real January 2024) of CPI-linked revenue. A delay by the Original Equipment Manufacturer (“OEM”) at the Thurso site is anticipated to push back COD to October 2024. The Manager is actively working to expedite this timeline, which remains ahead of the Pathfinder contract’s longstop date. At Uskmouth, the construction is progressing on budget and schedule with the main plateau formation completed during the quarter. Civil works are now focused on constructing the BESS and Power Conversion System (“PCS”) foundations, and associated ducting. 	<ul style="list-style-type: none"> In May, Uskmouth received a stage two offer for an additional 119.9 MW. Combined with the series of planning amendments to vary the layout to accommodate 349.99 MW, achieved in Q1’24, the project now has the required land, planning and grid to potentially offer a near-term extension to the current project. Habitat secured a further 10% increase in its contracted assets under management during Q2’24 after signing a 190 MW deal to optimise Acciona’s BESS portfolio. Construction of the Thistle synchronous condenser portfolio advanced significantly during the quarter. Gretna, Rothienorman, and Neilston sites are progressing according to plan, with expected Commercial Operation Dates (“COD”) between September 2024 and January 2025. Dawn, a JDA with Energy Optimisation Solutions (“EOS”), an originator of battery storage projects. The JDA provides the Fund with exclusive rights over 500 MW of development stage BESS projects located across the UK.
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Quinbrook – Renewables Impact Fund (2)

Project Name	Fund Ownership	Investment Date	Technology	Location	Fair Value (£m)
Pathfinder - Operational					
Rassau	100%	Dec-20	Synchronous Condenser	UK	52.0
Pathfinder – Under Construction					
Thurso South	100%	Jul-21	Synchronous Condenser	Scotland	38.5
Rothienorman	100%	Jul-21	Synchronous Condenser	Scotland	59.7
Gretna	100%	Jul-22	Synchronous Condenser	Scotland	37.6
Neilston Grid Services	100%	Jul-22	Synchronous Condenser	Scotland	35.7
Pathfinder – Under Construction					
Reggie Development Loan	100%	Dec-20	Synchronous Condenser	UK	5.3
Solar and BESS – Under Construction					
Cleve Hill	100%	Oct-21	Solar and Battery Storage	UK	236.9
Battery Storage – Under Construction					
Uskmouth	100%	May-22	Battery Storage	Wales	36.2
Other					
Habitat	100%	Jul-21	Trading Platform	UK	60.4
Held at cost					
Dawn	100%	Mar-22	Battery Storage	UK	4.1
Teffont	100%	Apr-23	Battery Storage	UK	0.1
Total					558.3

Portfolio

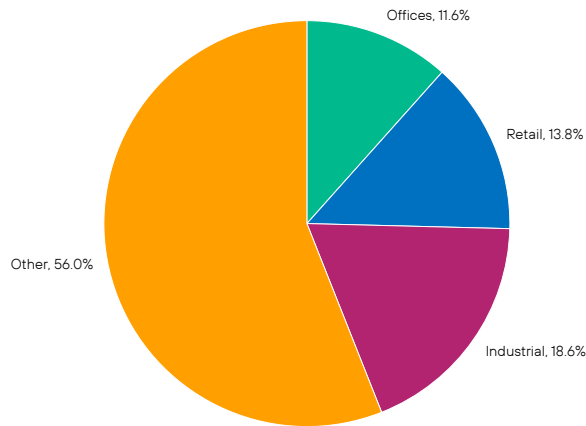
The table to the left shows a list of the investments held by the Quinbrook Renewables Impact Fund as at 30 June 2024.

abrdn – Long Lease Property

Key area	Performance Comments
Commentary	<ul style="list-style-type: none"> The Long Lease Property Fund has delivered a positive return of 1.4% over the quarter to 30 September 2024 and slightly outperformed the wider commercial property market, but has underperformed its gilts-based benchmark as a result of the positive impact of falling gilt yields on the benchmark measure. The Fund has underperformed the wider property market over longer periods, which can be attributed primarily to the lack of exposure to sectors within the wider index that have recognised a valuation recovery or stabilisation following the significant valuation decline over early 2023, such as multi-let industrial, retail warehousing and the private residential sector. The long income market has seen the largest relative re-pricing since September 2022; given the previously low market yields, the effect of increasing yields has had a greater proportional effect on long income assets.
	<ul style="list-style-type: none"> abrdn has realised collection rates of 100% for 2020, 2021, 2022, 2023, and Q1, Q2 and Q3 2024 rent, with the manager stating that rent collection levels are back to pre-COVID levels. None of the Long Lease Property Fund's rental income is subject to deferment arrangements.

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Portfolio Sector Breakdown at 30 June 2024



Investment Performance to 30 September 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	1.4	-4.7	-8.3	-2.5
Benchmark / Target	2.8	9.9	-4.8	-2.8
Net Performance relative to Benchmark	-1.4	-14.6	-3.5	0.3

Relative performance may not tie due to rounding

Top 10 Tenants (% of net rental income) as of 30 June 2024

Tenant	% Net Income	Credit Rating
Amazon UK Services Limited	6.9	AA
Marston's plc	6.6	BB
Viapath Services LLP	6.4	N/A
Premier Inn Hotels Limited	6.1	BBB
J Sainsbury plc	5.6	BB
Salford Villages Limited	5.1	A
QVC	5.0	BB
Park Holidays	4.7	Ground Rent (A)
Next Group plc	4.6	BBB
Poundland	4.4	Not available
Total	55.3*	

Fund Overview

abrdn was appointed to manage a long lease property mandate with the aim of outperforming the FT British Government All Stocks Index benchmark by 2.0% p.a. The manager has an annual management fee.

abrdn acknowledges that further asset sales will be required to meet redemption requests over 2024. The manager will monitor the portfolio with a focus on selling weaker credits or those with poor ESG scores, and further reducing its office exposure where possible. The Fund completed 5 sales over the quarter to 30 June 2024, for a combined total of c. £168m.

As at 30 June 2024, 1.6% of the Fund's NAV is invested in ground rents via an indirect holding in the abrdn Ground Rent Fund, with 23.3% of the Fund invested in income strip assets.

The top 10 tenants contributed c. 55.3% of the total net income of the Fund as at 30 June 2024.

The unexpired lease term as at 30 September 2024 stood at 26.2 years, remaining broadly unchanged over the third quarter of 2024. The proportion of income with fixed, CPI or RPI rental increases decreased by 1.4% over the second quarter of 2024 to 90.3% as at 30 June 2024.

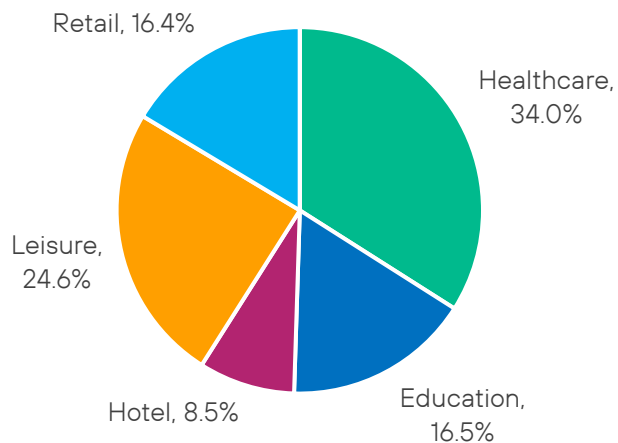
© Isio Group L
 Source: Northern Trust and abrdn.
 Note: At the time of writing abrdn were unable to provide complete data as at 30 September 2024.

Alpha Real Capital – Index Linked Income

Key area	Comments
Commentary	<ul style="list-style-type: none"> The Index Linked Income Fund has delivered a positive return of 1.0% on a net of fees basis over the quarter to 30 September 2024, but underperformed its long-dated inflation-linked gilts benchmark by 0.9% over the three-month period as a result of the positive impact of falling gilt yields at the long end of the curve on the benchmark measure. Alpha Real Capital has collected c. 100% of the Fund's Q3 2024 rental income. The Index-Linked Income Fund completed one sale over the quarter in order to satisfy redemption requests – the Marstons' portfolio for £54.6m, representing a small premium to book value. Following quarter end, the Fund disposed of the Middle 8 Hotel at book value, £48.3m

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Portfolio Sector Breakdown at 30 June 2024



Investment Performance to 30 September 2024

	Last Quarter (%)	One Year (%)
Net of fees	1.0	-5.4
Benchmark / Target	1.9	8.9
Net performance relative to Benchmark	-0.9	-14.3

Relative performance may not tie due to rounding

Top Ten Holdings by Value as 30 September 2024

Tenant	Value (%)	Credit Rating
Elysium Healthcare	14.0	A2
Dobbies	12.2	A3
Parkdean	11.0	A2
HC One	10.3	A2
PGL	6.5	Baa2
Away Resorts	6.1	A3
Busy Bees	5.6	A2
CareTech	4.3	A3
Grange Hotels	3.7	N/A
Kingsway Hall	3.1	N/A
Total	76.8	

Alpha Real Capital was appointed to manage a ground rents mandate with the aim of outperforming the BoAML Long-Dated UK Inflation-Linked Gilts Index benchmark by 2.0% p.a. over a 5-year period. The manager has an annual management fee.

The average lease length stood at c. 144 years as at 30 September 2024, reducing by one year over the quarter following asset sales. The Index Linked Income Fund's portfolio is 100% linked to RPI (or CPI) with no fixed rent reviews in the portfolio.

The sector allocation in the Index Linked Income Fund as at 30 June 2024 is shown in the chart to the left.

The table shows details of the top ten holdings in the Fund measured by value as at 30 September 2024. The top 10 holdings in the Index Linked Income Fund accounted for c. 76.8% of the Fund as at 30 September 2024.

Man GPM – Affordable Housing

Key area	Comments
Page 76 Commentary	<p>Capital Calls and Distributions</p> <ul style="list-style-type: none"> The Fund committed £30m to Man GPM in February 2021. Man GPM issued one capital call during the third quarter of 2024 for £1.2m for payment by 24 July 2024. As such, as at 30 September 2024, the Fund's total commitment is c. 84% drawn for investment.
	<p>Activity</p> <ul style="list-style-type: none"> Having completed the strategy's eleventh investment, Man GPM has confirmed that no further investments will be added to the Community Housing Fund portfolio. As at 30 June 2024, the Fund has contracted 1,295 homes and delivered 318 homes. An update on the Fund's investments in Grantham, Wellingborough and Saltdean can be found in the Private Appendix to this report.

Investments Held					
Investment	Number of Homes	Affordable Homes (%)	Gross Cost (£m)	Underwritten unlevered IRR (%)	Underwritten unlevered net income yield (%)
Atelier, Lewes	41	95	13	8.5	3.4
Alconbury, Cambridgeshire	95	100	22	7.9	4.3
Grantham, Lincolnshire	227	82	45	7.5	4.8
Campbell Wharf, Milton Keynes	79	100	22	8.0	4.3
Towergate, Milton Keynes	55	100	18	7.7	4.0
Coombe Farm, Saltdean	71	83	28	7.5	4.6
Chilmington, Ashford	225	85	71	7.6	4.2
Tattenhoe, Milton Keynes	34	100	7	9.0	4.2
Glenvale Park, Wellingborough	146	100	34	8.7	5.3
Old Malling Farm, Lewes	226	100	81	8.5	3.4
Stanhope Gardens, Aldershot	96	100	39	9.2	4.6
Total	1,295	93	374	9.0	4.5

Man GPM was appointed to manage an affordable housing mandate following the manager selection exercise in February 2021. The manager has an annual management fee.

The table to the left shows a list of the projects currently undertaken by the Man GPM Community Housing Fund as at 30 June 2024.

Appendices

A1: Fund and Manager Benchmarks

A2: Yield Analysis

A3: Explanation of Market Background

A4: Allspring – ESG Metrics

A5: Disclaimers

Fund and Manager Benchmarks

Manager	Asset Class	Allocation	Benchmark	Inception Date
LCIV	Global Equity Quality	13.0%	MSCI AC World Index	30/09/20
LGIM	Low Carbon Target	27.0%	MSCI World Low Carbon Target Index	18/12/18
Ruffer	Dynamic Asset Allocation	10.0%	3 Month Sterling SONIA +4% p.a.	31/07/08
LCIV	Short Duration Buy & Maintain Credit	2.5%	iBoxx £ Collateralized & Corporates 0-5	06/12/2023
LCIV	Long Duration Buy & Maintain Credit	2.5%	iBoxx £ Collateralized & Corporates 10+	06/12/2023
Allspring	Climate Transition Global Buy & Maintain	10.0%	ICE BofA Sterling Corp Bond	07/11/2023
Partners Group	Multi Asset Credit	0.0%	3 Month Sterling SONIA +4% p.a.	28/01/15
Oak Hill Advisors	Multi Asset Credit	5.0%	3 Month Sterling SONIA +4% p.a.	01/05/15
abrdn	Multi Sector Private Credit	4.0%	3 Month Sterling SONIA / ICE ML Sterling BBB Corporate Bond Index	08/04/2020
Partners Group	Infrastructure Fund	5.0%	3 Month Sterling SONIA +8% p.a.	31/08/15
Quinbrook	Renewables Impact Fund	3.5%	3 Month Sterling SONIA +6% p.a.	24/08/23
Darwin Alternatives	Leisure Development Fund	2.5%	3 Month Sterling SONIA +6% p.a.	01/01/22
abrdn	Long Lease Property	5.0%	FT British Government All Stocks Index +2.0%	09/04/15
Alpha Real Capital	Ground Rents	7.5%	BoAML >5 Year UK Inflation-Linked Gilt Index +2.0%	17/05/21
Man GPM	Affordable / Supported Housing	2.5%	3 Month Sterling SONIA +4% p.a. (Target)	02/06/21
	Total	100.0%		

Yield Analysis

Manager	Asset Class	Yield as at end September 2024
LCIV Global Sustain	Global Equity	1.20%
LGIM MSCI Low Carbon	Global Equity	1.80%
Ruffer	Dynamic Asset Allocation	1.20%
LCIV Short B&M	Dynamic Asset Allocation	3.90%
LCIV Long B&M	Dynamic Asset Allocation	4.76%
Allspring Climate Transition B&M	Dynamic Asset Allocation	5.25%
Partners Group MAC	Secure Income	4.27%
abrdn MSPC Fund	Secure Income	7.03%*
Oak Hill Advisors	Secure Income	6.70%
Standard Life Long Lease Property	Inflation Protection	4.96%
Alpha Real Capital	Inflation Protection	3.90%
	Total	2.65%

*As at 30 June 2024.

Explanation of Market Background

This glossary explains the components of the Market Background charts at the beginning of this report.

All returns are in Sterling terms, unhedged, unless otherwise stated. Where “hedged” returns are quoted, these are local currency returns (i.e. any costs and imprecisions in hedging are assumed to be negligible).

Market Background Overview

- Returns by Asset Class – The market indices underlying this chart are as follows:
 - UK Equity: FTSE All-Share
 - Global Equity: FTSE World (Unhedged and Hedged)
 - Emerging Market Equity: MSCI Emerging Markets
 - Diversified Growth Funds: mean of a sample of DGF managers
 - Property: IPD Monthly UK
 - Global High Yield: BoAML Global High Yield (GBP Hedged)
 - UK Inv. Grade Credit: BoAML Sterling Non-Gilt
 - Over 15 Years Gilts: FTSE Over 15 Year Gilt
 - Over 5 Years Index-Linked Gilts: FTSE Over 5 Year Index-Linked Gilt
 - Example Liabilities: a simplified calculation illustrating how a typical pension scheme’s past-service liabilities may have moved

Market Background – Yields

- Yields – Yields shown are annual yields (i.e. they have been converted from the “continuously compounded” basis quoted by the Bank of England).
- Example Liabilities – This illustrates how a typical scheme’s past-service liabilities may have moved.
 - It is based on a simplified calculation assuming a scheme with duration 20 years and liabilities split 70% inflation-linked and 30% fixed.
 - Liability movement is calculated using yield changes and unwinding (short-term interest rate with no premium) only, with no accrual, outgo, or inflation experience.
 - A rise in yields equates to a fall in the calculated value of the liabilities (due to the higher discount rate at which the future cashflows are valued); conversely, a fall in yields means a rise in liabilities.

Allspring – ESG Metrics (1)

Data Source	Metric	Scoring	Description
MSCI	MSCI ESG Scores	Scores range from 10 (best) to 0 (worst)	MSCI measures and analyses companies' risk and opportunities arising from environmental, social and governance issues. By assessing indicators typically not identified by traditional securities analysis, ESG Ratings uncover hidden risks and value potential for investors. Ratings range from AAA (best) to CCC (worst). Scores range from 10 (best) to 0 (worst).
Sustainalytics	ESG Risk Score	ESG Risk assessment ranging from Negligible (best) to Severe (worst)	ESG Risk assessment consisting of Negligible (best), Low, Medium, High, and Severe (worst).
Trucost	Carbon Intensity-Direct+First Tier Indirect (tonnes CO ₂ e/\$MM)	GHG emissions over which the company has control, or derive from direct suppliers, divided by revenue	Greenhouse gases emitted by the direct operations of and suppliers to a company (scope 1, 2, and upstream scope 3) divided by revenue.
Trucost	Carbon-Direct+First Tier Indirect (tonnes CO ₂ e)	GHG emissions over which the company has control (Direct + First Tier indirect)	Greenhouse gases emitted by the direct operations of and suppliers to a company (scope 1, 2, and upstream scope 3).
Trucost	Carbon-Scope 1 (tonnes CO ₂ e)	GHG emissions from operations that are owned or controlled by the company	Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company (reference: GHG Protocol).
Trucost	Carbon-Scope 2 (tonnes CO ₂ e)	GHG emissions from consumption of purchased electricity, heat or steam by the company	Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company (reference: GHG Protocol).
Trucost	Carbon-Scope 3 (tonnes CO ₂ e)	Other indirect GHG emissions not covered in Scope 2	Other upstream indirect greenhouse gas emissions, such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc. (in line with GHG Protocol standards) (reference: GHG Protocol).

Allspring – ESG Metrics (2)

Data Source	Metric	Scoring	Description
Trucost	Reserves CO2 emissions from Coal (tonnes)	GHG emissions embedded in coal reserves in tonnes CO2	GHG emissions embedded in coal reserves in tonnes CO2.
Trucost	Reserves CO2 emissions from Gas (tonnes)	GHG emissions embedded in gas reserves in tonnes CO2	GHG emissions embedded in gas reserves in tonnes CO2.
Trucost	Reserves CO2 emissions from Oil (tonnes)	GHG emissions embedded in oil reserves in tonnes CO2	GHG emissions embedded in oil reserves in tonnes CO2.
Trucost	tCO2e (under)/over 2°C carbon budget base year-horizon year	tCO2e (under)/over 2°C carbon budget base year-horizon year	This indicates the difference between a company's projected emissions pathway and the required pathway to reach 2°C alignment over the time horizon assessed, measured in tonnes of carbon dioxide equivalent. A negative value indicates a company's transition pathway is aligned with a 2°C outcome, while a positive value indicates a company's transition pathway is misaligned with a 2°C outcome.

Disclaimers

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Pension Fund Current Account Cashflow Actuals and Forecast for period Jul - Sep-24

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	F'cast Annual Total	F'cast Monthly Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	Actual	Actual	Actual	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast		
Balance b/f	10,789	9,300	9,002	21,592	20,558	5,009	3,957	3,312	3,164	2,515	4,159	3,774	£000s	£000s
Contributions	3,544	3,508	3,472	4,000	4,000	4,000	4,400	4,400	4,400	4,400	4,400	4,400	48,924	4,077
Pensions	(3,489)	(3,540)	(3,572)	(3,534)	(3,549)	(3,552)	(3,545)	(3,549)	(3,548)	(4,257)	(3,785)	(3,863)	(43,784)	(3,649)
Lump Sums	(783)	(618)	(674)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(9,276)	(773)
Net TVs in/(out)	(187)	140	(263)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(3,010)	(251)
Net Expenses/other transactions	(574)	(548)	13,410	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	8,689	724
Net Cash Surplus/(Deficit)	(1,489)	(1,059)	12,373	(1,034)	(1,049)	(1,052)	(645)	(649)	(648)	(1,357)	(885)	(963)	1,544	129
Distributions		761	217		500			500			500		2,478	496
Net Cash Surplus/(Deficit) including investment income	(1,489)	(298)	12,590	(1,034)	(549)	(1,052)	(645)	(149)	(648)	(1,357)	(385)	(963)	4,022	335
Transfers (to)/from Custody Cash					(15,000)					3,000			(12,000)	(3,000)
Balance c/f	9,300	9,002	21,592	20,558	5,009	3,957	3,312	3,164	2,515	4,159	3,774	2,811	89,155	(2,665)

Current account cashflow actuals compared to forecast in Jul - Sep-24

	Jul-24		Aug-24		Sep-24		Jul - Sep-24
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Contributions	4,000	3,544	4,000	3,508	4,000	3,472	(1,476)
Pensions	(3,493)	(3,489)	(3,520)	(3,540)	(3,508)	(3,572)	(81)
Lump Sums	(800)	(783)	(800)	(618)	(800)	(674)	324
Net TVs in/(out)	(300)	(187)	(300)	140	(300)	(263)	590
Expenses/other transactions	(400)	(574)	(400)	(548)	(400)	13,410	13,489
Distributions			500	761		217	478
Transfers (to)/from Custody Cash							
Total	(993)	(1,489)	(520)	(298)	(1,008)	12,590	13,324

Notes on variances

- The large variances in the other transactions line is the Final Aviva Redemption Monies, as we were not sure when we were getting them back or the value they were not previously reliably forecast
 - Contributions are paid one month in arrears.
 - Transfers in and lump sum benefits cannot be reliably forecast given they relate to individual member decisions and take time to process

Pension Fund Custody Invested Cashflow Actuals and Forecast for period Jul - Sep-24

	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	F'cast Annual Total	F'cast Monthly Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	Actual	Actual	Actual	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast	F'cast		
Balance b/f	8,580	8,580	9,228	9,228	9,238	26,248	1,258	1,268	3,278	3,288	298	2,308	£000s	£000s
Sale of Assets						10,000							10,000	2,500
Purchase of Assets						(35,000)							(35,000)	(8,750)
Net Capital Cashflows						(25,000)							(25,000)	(2,083)
Distributions		648			2,000			2,000			2,000		6,648	739
Interest				10	10	10	10	10	10	10	10	10	90	8
Management Expenses														
Foreign Exchange Gains/Losses														
Class Actions														
Other Transactions														
Net Revenue Cashflows		648		10	2,010	10	10	2,010	10	10	2,010	10	6,738	562
Net Cash Surplus/(Deficit) excluding withdrawals		648		10	2,010	(24,990)	10	2,010	10	10	2,010	10	(18,262)	(1,522)
Contributions to Custody Cash					15,000									
Withdrawals from Custody Cash										(3,000)			(3,000)	(300)
Balance c/f	8,580	9,228	9,228	9,238	26,248	1,258	1,268	3,278	3,288	298	2,308	2,318	(21,262)	(1,822)

London Borough of Hammersmith and Fulham Pension Fund Risk Register											Appendix 4		
Risk Group	Risk Ref.	Risk Description	Impact				Likelihood	Previous risk score	Current risk score	Trending	Mitigation actions	Lead Director/Risk	Reviewed on
			Fund	Employers	Reputation	Total							
Asset and Investment Risk	1	Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty. Within this consideration is given to Covid-19, Brexit, and the invasion of Ukraine, current events in the Middle East.	5	4	1	10	4	40	40	↔	TREAT 1) Continued dialogue with investment managers regarding management of political risk in global developed markets. 2) Investment strategy integrates portfolio diversification and risk management. 3) The Fund alongside its investment consultant continually reviews its investment strategy in different asset classes.	Phil Triggs	30/09/2024
Liability Risk	2	There is insufficient cash available to the Fund to meet pension payments due to reduced income generated from underlying investments, leading to investment assets being sold at sub-optimal prices to meet pension obligations.	5	4	3	12	3	36	36	↔	TREAT 1) Cashflow forecast maintained and monitored. Cashflow position reported to Committee quarterly. 2) The Fund receives quarterly income distributions from some of its investments to help meet its short term pensions obligations. 3) The fund will review the income it receives from underlying investments and make suitable investments to meet its target income requirements.	Phil Triggs	30/09/2024
Asset and Investment Risk	3	The London Collective Investment Vehicle (LCIV) disbands or the partnership fails to produce proposals/solutions deemed sufficiently ambitious.	4	3	3	10	2	20	20	↑	TOLERATE 1) Partners for the pool have similar expertise and like-mindedness of the officers and members involved with the fund, ensuring compliance with the pooling requirements. 2) Monitor the ongoing fund and pool proposals are comprehensive and meet government objectives. 3) Fund representation on key officer groups. 4) Ongoing Shareholder Issue remains a threat 5) LCIV CIO Aoifinn Devitt has resigned in Q2 2024	Phil Triggs	30/09/2024
Asset and Investment Risk	4	Investment managers fail to achieve benchmark/outperformance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.25m.	5	3	2	10	4	40	40	↔	TREAT 1) The Investment Management Agreements (IMAs) clearly state LBHF's expectations in terms of investment performance targets. 2) Investment manager performance is reviewed on a quarterly basis. 3) The Pension Fund Committee is positioned to move quickly if it is felt that targets will not be achieved. 4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures.	Phil Triggs	30/09/2024
Asset and Investment Risk	5	Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	5	3	2	10	3	30	30	↔	TREAT 1) Proportion of total asset allocation made up of equities, fixed income, property funds and other alternative asset funds, limiting exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation. 3) Actuarial valuation and strategy review take place every three years post the actuarial valuation. 4) IAS19 data is received annually and provides an early warning of any potential problems. 5) The actuarial assumption regarding asset outperformance is regarded as achievable over the long term when compared with historical data.	Phil Triggs	30/09/2024
Asset and Investment Risk	6	Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within laid down timescales	3	2	1	6	3	18	18	↑	TOLERATE 1) Officers consult and engage with DLUHC, LGPS Scheme Advisory Board, advisors, consultants, peers, various seminars and conferences. 2) Officers engage in early planning for implementation against agreed deadlines. 3) Uncertainty surrounding new DLUHC guidance	Phil Triggs	30/09/2024
Asset and Investment Risk	7	London CIV has inadequate resources to monitor the implementation of investment strategy and as a consequence are unable to address underachieving fund managers.	3	3	2	8	2	16	16	↑	TREAT 1) Tri-Borough Director of Treasury & Pensions is a member of the officer Investment Advisory Committee which gives the Fund influence over the work carried out by the London CIV. 2) Officers continue to monitor the ongoing staffing issues and the quality of the performance reporting provided by the London CIV.	Phil Triggs	30/09/2024
Liability Risk	8	Impact of economic and political decisions on the Pension Fund's employer workforce.	5	2	1	8	2	16	16	↔	TOLERATE 1) The Fund Actuary uses prudent assumptions on future of employees within workforce. 2) Employer responsibility to flag up potential for major bulk transfers outside of the LBHF Fund. 3) Officers to monitor the potential for a significant reduction in the workforce as a result of the public sector financial pressures.	Eleanor Dennis	30/09/2024
Asset and Investment Risk	9	Failure to keep up with the pace of change regarding economic, policy, market and technology trends relating to climate change	3	2	1	6	3	18	18	↔	TREAT 1) Officers regularly receive updates on the latest ESG policy developments from the fund managers. 2) The Pensions Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which engages with companies on a variety of ESG issues including climate change.	Phil Triggs	30/09/2024
Asset and Investment Risk	10	Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. The Council declared a climate emergency in July 2019, the full impact of this decision is uncertain. TCFD regulations impact on LGPS schemes currently under consultation and expected to come into force during 2023. Reporting expected to come into effect from December 2024.	3	2	4	9	3	27	27	↑	TREAT 1) Review ISS in relation to published best practice (e.g. Stewardship Code, Responsible Investment Statement) 2) The Fund currently holds investments all it passive equities in a low carbon tracker fund, and is invested in renewable infrastructure. 3) The Fund's actively invests in companies that are contributing to global sustainability through its Global Core Equity investment 4) The Fund has updated its ESG Policy and continues to review its Responsible Investment Policy 5) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which raises awareness of ESG issues and facilitates engagement	Phil Triggs	30/09/2024
Asset and Investment Risk	11	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy	5	3	3	11	2	22	22	↔	TREAT 1) Active investment strategy and asset allocation monitoring from Pension Fund Committee, officers and consultants. 2) Officers, alongside the Fund's advisor, set fund specific benchmarks relevant to the current position of fund liabilities. 3) Fund manager targets set and based on market benchmarks or absolute return measures.	Phil Triggs	30/09/2024
Asset and Investment Risk	12	Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2	10	2	20	20	↔	TREAT 1) At time of appointment, the Fund ensures advisers have appropriate professional qualifications and quality assurance procedures in place. 2) Committee and officers scrutinise, and challenge advice provided routinely.	Phil Triggs	30/09/2024
Asset and Investment Risk	13	Financial failure of third party supplier results in service impairment and financial loss.	5	4	1	10	2	20	20	↔	TREAT 1) Performance of third party suppliers regularly monitored. 2) Regular meetings and conversations with global custodian (Northern Trust) and administrator take place. 3) Actuarial and investment consultancies are provided by two different providers.	Eleanor Dennis/Phil Triggs	30/09/2024

Asset and Investment Risk	14	Failure of global custodian or counterparty.	5	3	2	10	2	20	20	↔	TREAT 1)At time of appointment, ensure assets are separately registered and segregated by owner. 2)Review of internal control reports on an annual basis. 3)Credit rating kept under review.	Phil Triggs	30/09/2024
Asset and Investment Risk	15	Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	20	20	↔	TREAT 1) Adequate contract management and review activities are in place. 2) Fund has processes in place to appoint alternative suppliers at similar price, in the event of a failure. 3) Fund commissions the services of Legal & General Investment Management (LGIM) as transition manager. 4) Fund has the services of the London CIV.	Phil Triggs	30/09/2024
Liability Risk	16	Failure to identify GMP liability leads to ongoing costs for the pension fund.	3	2	1	6	1	6	6	↔	TREAT 1) GMP to be identified as a Project as part of the Service Specification between the Fund and LPPA.	Eleanor Dennis	30/09/2024
Liability Risk	17	Rise in ill health retirements impact employer organisations.	2	2	1	5	2	10	10	↔	TREAT 1) Engage with actuary re assumptions in contribution rates.	Eleanor Dennis	30/09/2024
Liability Risk	18	Rise in discretionary ill-health retirements claims adversely affecting self-insurance costs.	2	2	1	5	2	10	10	↔	TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations.	Eleanor Dennis	30/09/2024
Liability Risk	19	Price inflation is significantly more than anticipated in the actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 1.7%. Inflation continues to rise in the UK and globally due to labour shortages, supply chain issues, and high energy prices.	5	3	2	10	5	50	50	↔	TREAT 1) The fund holds investments in index-linked bonds (RPI protection which is higher than CPI) and other real assets to mitigate CPI risk. Moreover, equities will also provide a degree of inflation protection. 2) Officers continue to monitor the increases in CPI inflation on an ongoing basis. 3) Short term inflation is expected due to a number of reasons on current course.	Eleanor Dennis/Phil Triggs	30/09/2024
Liability Risk	20	Scheme members live longer than expected leading to higher than expected liabilities.	5	5	1	11	2	22	22	↔	TOLERATE 1)The scheme's liability is reviewed at each triennial valuation and the actuary's assumptions are challenged as required. 2)The actuary's most recent longevity analysis has shown that the rate of increase in life expectancy is slowing down.	Eleanor Dennis	30/09/2024
Liability Risk	21	Employee pay increases are significantly more than anticipated for employers within the Fund. Persistently high inflation will potentially lead to unexpectedly high pay awards.	4	4	2	10	3	30	30	↔	TOLERATE 1) Fund employers continue to monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review. 3) Employers to made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014). 4) Pay rises generally remain below inflation.	Eleanor Dennis	30/09/2024
Liability Risk	22	Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	4	2	1	7	2	14	14	↔	TOLERATE 1) Review "budgets" at each triennial valuation and challenge actuary as required. 2) Charge capital cost of ill health retirements to admitted bodies at the time of occurring. 3) Occupational health services provided by the Council and other large employers to address potential ill health issues early.	Eleanor Dennis	30/09/2024
Liability Risk	23	Impact of increases to employer contributions following the actuarial valuation.	5	5	3	13	2	26	26	↔	TREAT 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will stabilise employer rates when valuation concludes March 2023.	Eleanor Dennis	30/09/2024
Regulatory and Compliance Risk	24	Changes to LGPS Regulations	3	2	1	6	3	18	18	↔	TREAT 1) Fundamental change to LGPS Regulations implemented from 1 April 2014 (change from final salary to CARE scheme). 2) Future impacts on employer contributions and cash flows will considered during the 2019 actuarial valuation process. 3) Fund will respond to several ongoing consultation processes. 4) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulations 8 (compulsory pooling) to be monitored.	Eleanor Dennis/Phil Triggs	30/09/2024
Liability Risk	25	Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution	5	3	2	10	1	10	10	↔	TOLERATE 1) Political power required to effect the change.	Phil Triggs/Eleanor Dennis	30/09/2024
Liability Risk	26	Transfers out of the scheme increase significantly due to members transferring their pensions to DC funds to access cash through new pension freedoms.	4	4	2	10	1	10	10	↔	TOLERATE 1) Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values. 2) Evidence has shown that members have not been transferring out of the CARE scheme at the previously anticipated rates.	Eleanor Dennis/Phil Triggs	30/09/2024
Liability Risk	27	Scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	5	3	1	9	2	18	18	↔	TREAT 1) Review maturity of scheme at each triennial valuation. 2)Deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions. 3) Cashflow position monitored monthly.	Eleanor Dennis/Phil Triggs	30/09/2024

Liability Risk	28	The level of inflation and interest rates assumed in the valuation may be inaccurate leading to higher than expected liabilities.	4	2	1	7	4	28	28	↔	TREAT 1) Review at each triennial valuation and challenge actuary as required. 2) Growth assets and inflation linked assets in the portfolio should rise as inflation rises.	Phil Triggs	30/09/2024
Regulatory and Compliance Risk	29	Pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	4	2	1	7	2	14	14	↑	TREAT 1) Maintain links with central government and national bodies to keep abreast of national issues. 2) Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood.	Eleanor Dennis	30/09/2024
Employer Risk	30	Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	5	3	1	9	3	27	27	↔	TREAT 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	Eleanor Dennis	30/09/2024
Employer Risk	31	Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others. Current economic conditions will cause strain on smaller employers.	5	3	3	11	2	22	22	↔	TREAT 1) Transferee admission bodies required to have bonds in place at time of signing the admission agreement. 2) Regular monitoring of employers and follow up of expiring bonds.	Eleanor Dennis	30/09/2024
Resource and Skill Risk	32	Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	1	3	3	7	2	14	14	↔	TREAT 1) Change to LPPA has increased resilience in the administration service 2) Ongoing monitoring of contract and KPIs	Eleanor Dennis	30/09/2024
Resource and Skill Risk	33	Poor reconciliation process leads to incorrect contributions.	2	1	1	4	3	12	12	↔	TREAT 1) Reconciliation is undertaken collaboratively by the LBHF pension team and the tri borough pension fund team. Officers to ensure that reconciliation process notes are understood and applied correctly the team. 2) Ensure that the teams is adequately resourced to manage the reconciliation process.	Phil Triggs/Eleanor Dennis	30/09/2024
Resource and Skill Risk	34	Failure to detect material errors in bank reconciliation process.	2	2	2	6	2	12	12	↔	TREAT 1) Tri - borough Pensions fund team to continue to work closely with staff at HCC to smooth over any teething problems relating to the agreed reconciliation process.	Phil Triggs	30/09/2024
Resource and Skill Risk	35	Failure to pay pension benefits accurately leading to under or over payments.	2	2	2	6	2	12	12	↔	TREAT 1) There are occasional circumstances where under/over payments are identified. Where underpayments occur, arrears are paid as soon as possible, usually in the next monthly pension payment. Where an overpayment occurs, the member is contacted, and the pension corrected in the next month. Repayment is requested and sometimes this is collected over several months.	Eleanor Dennis	30/09/2024
Resource and Skill Risk	36	Unstructured training leads to under developed workforce resulting in inefficiency.	2	2	2	6	2	12	12	↔	TREAT 1) Implementation and monitoring of a Staff Training and Competency Plan as part of the Service Specification between the Fund and LPPA. 2) Officers regularly attend training seminars and conferences 3) Designated officer in place to record and organise training sessions for officers and members	Eleanor Dennis/Phil Triggs	30/09/2024
Resource and Skill Risk	37	Lack of guidance and process notes leads to inefficiency and errors.	2	2	1	5	2	10	10	↔	TREAT 1) The team will continue to ensure process notes are updated and circulated amongst colleagues in the Pension Fund and Administration teams.	Eleanor Dennis/Phil Triggs	30/09/2024
Resource and Skill Risk	38	Lack of productivity leads to impaired performance.	2	2	1	5	2	10	10	↔	TREAT 1) Regular appraisals with focused objectives for pension fund and admin staff.	Eleanor Dennis/Phil Triggs	30/09/2024
Resource and Skill Risk	39	Failure by the audit committee to perform its governance, assurance and risk management duties	3	2	1	6	3	18	18	↔	TREAT 1) Audit Committee performs a statutory requirement for the Pension Fund with the Pension Fund Committee being a sub-committee of the audit committee. 2) Audit Committee meets regularly where governance issues are regularly tabled.	Eleanor Dennis/Phil Triggs	30/09/2024
Resource and Skill Risk	40	Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	20	20	↔	TREAT 1) Person specifications are used at recruitment to appoint officers with relevant skills and experience. 2) Training plans are in place for all officers as part of the performance appraisal arrangements. 3) Shared service nature of the pensions team provides resilience and sharing of knowledge. 4) Officers maintain their CPD by attending training events and conferences.	Eleanor Dennis/Phil Triggs	30/09/2024
Resource and Skill Risk	41	Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	4	3	2	9	3	27	27	↔	TREAT 1) External professional advice is sought where required. Knowledge and skills policy in place (subject to Committee Approval) 2) Comprehensive training packages will be offered to members. 3) Co-opted members boost resilience.	Eleanor Dennis/Phil Triggs	30/09/2024

Resource and Skill Risk	42	Loss of 'Elective Professional Status' with any Fund managers and counterparties resulting in reclassification of fund from professional to retail client status impacting Fund's investment options and ongoing engagement with the Fund managers.	4	2	2	8	2	16	16	↔	TREAT 1) Keep quantitative and qualitative requirements under review to ensure that they continue to meet the requirements. 2) Training programme and log are in place to ensure knowledge and understanding is kept up to date. Two half day events have taken place in 22/23 and a third will take place before the end of March 2023. 3) Existing and new Officer appointments subject to requirements for professional qualifications and CPD.	Phil Triggs	30/09/2024
Resource and Skill Risk	43	Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding	2	2	1	5	4	20	20	↔	TREAT 1) Succession planning processes are in place. 2) Ongoing training of Pension Fund Committee members. 3) Pension Fund Committee new member induction programme. 4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer.	Eleanor Dennis/Phil Triggs	30/09/2024
Administrative and Communicative Risk	44	Failure of fund manager or other service provider without notice resulting in a period of time without the service being provided or an alternative needing to be quickly identified and put in place.	5	2	2	9	2	18	18	↔	TREAT 1) Contract monitoring in place with all providers. 2) Procurement team send alerts whenever credit scoring for any provider changes for follow up action. 3). Officers to take advice from the investment advisor on fund manager ratings and monitoring investment	Eleanor Dennis/Phil Triggs	30/09/2024
Administrative and Communicative Risk	45	Concentration of knowledge in a small number of officers and risk of departure of key staff.	2	2	3	7	3	21	21	↔	TREAT 1) Process notes are in place. 2) Development of team members and succession planning improvements to be implemented. 3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs.	Eleanor Dennis	30/09/2024
Administrative and Communicative Risk	46	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	4	4	3	11	2	22	22	↔	TREAT 1) Update and enforce admin strategy to assure employer reporting compliance. TOLERATE 1) Hymans Robertson provides 3rd party validation of performance and valuation data. Admin team and members can interrogate data to ensure accuracy.	Eleanor Dennis	30/09/2024
Administrative and Communicative Risk	47	Failure of financial system leading to lump sum payments to scheme members and supplier payments not being made and Fund accounting not being possible.	1	3	4	8	2	16	16	↔	TREAT 1) Contract in place with HCC to provide service, enabling smooth processing of supplier payments. 2) Process in place for LPPA to generate lump sum payments to members as they are due. 3) Officers undertaking additional testing and reconciliation work to verify accounting transactions.	Eleanor Dennis	30/09/2024
Administrative and Communicative Risk	48	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	16	16	↔	TREAT 1) Disaster recovery plan in place as part of the service specification between the Fund and new provider LPPA 2) Ensure system security and data security is in place 3) Business continuity plans regularly reviewed, communicated and tested 4) Internal control mechanisms ensure safe custody and security of LGPS assets. 5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance.	Eleanor Dennis	30/09/2024
Administrative and Communicative Risk	49	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	1	2	4	7	2	14	14	↔	TREAT 1) In the event of a pension payroll failure, we would consider submitting the previous months BACS file to pay pensioners a second time if a file could not be recovered by the pension administrators and our software suppliers.	Eleanor Dennis	30/09/2024
Administrative and Communicative Risk	50	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	1	1	1	3	3	9	9	↔	TREAT 1) Pension administration records are stored on the LPPA servers who have a disaster recovery system in place and records should be restored within 24 hours of any issue. 2) All files are backed up daily.	Eleanor Dennis	30/09/2024
Regulatory and Compliance Risk	51	Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation.	3	3	5	11	2	22	22	↔	TREAT 1) Data encryption technology is in place which allow the secure transmission of data to external service providers. 2) LBHF IT data security policy adhered to.	Sukvinder Kalsi	30/09/2024
Regulatory and Compliance Risk	52	Failure to comply with recommendations from the Local Pensions Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator	1	3	5	9	2	18	18	↔	TREAT 1) Ensure that a cooperative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pension Board.	Eleanor Dennis	30/09/2024
Reputational Risk	53	Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	20	20	↔	TREAT 1) Third parties regulated by the FCA and separation of duties and independent reconciliation processes are in place. 2) Review of third party internal control reports. 3) Regular reconciliations of pensions payments undertaken by Pension Finance Team. 4) Periodic internal audits of Pensions Finance and HR Teams.	Eleanor Dennis/Phil Triggs	30/09/2024
Reputational Risk	54	Financial loss of cash investments from fraudulent activity	3	3	5	11	2	22	22	↔	TREAT 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. 2) Strong governance arrangements and internal control are in place in respect of the Pension Fund. Internal audit assist in the implementation of strong internal controls. Processes recently firmed up 3) Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls).	Phil Triggs	30/09/2024
Reputational Risk	55	Failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage.	5	2	4	11	2	22	22	↔	TREAT 1) Officers maintain knowledge of legal framework for routine decisions. 2) Eversheds retained for consultation on non-routine matters.	Sukvinder Kalsi	30/09/2024

Reputational Risk	56	Inaccurate information in public domain leads to damage to reputation and loss of confidence	1	1	3	5	3	15	15	↔	TREAT 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies to ensure that news is well managed.	Sukvinder Kalsi	30/09/2024
Reputational Risk	57	Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non-compliant process	2	2	3	7	2	14	14	↔	TREAT 1) Ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process. 2) Pooled funds are not subject to OJEU rules.	Phil Triggs	30/09/2024
Regulatory and Compliance Risk	58	Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.	3	3	2	8	2	16	16	↔	TREAT 1) The Fund has generally good internal controls regarding the management of the Fund. These controls are assessed on an annual basis by internal and external audit as well as council officers. 2) Through strong governance arrangements and the active reporting of issues, the Fund will seek to report all breaches as soon as they occur in order to allow mitigating actions to take place to limit the impact of any breaches.	Phil Triggs/Eleanor Dennis	30/09/2024
Regulatory and Compliance Risk	59	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests	3	3	4	10	2	20	20	↔	TREAT 1) Publication of all documents on external website. 2) Officers expected to comply with ISS and investment manager agreements. 3) Local Pension Board is an independent scrutiny and assistance function. 4) Annual audit reviews.	Phil Triggs	30/09/2024

15 January 2025

Response by 16 January 2025

London Borough of Hammersmith and Fulham Pension Fund Response

Submitted by:

Cllr Ross Melton (Chair of the Pension Fund Committee)

Sukvinder Kalsi (S151 London Borough of Hammersmith and Fulham)

Phil Triggs (Tri-Borough Director of Treasury and Pensions)

Local Government Pension Scheme (England and Wales): Fit for the future Consultation

The London Borough of Hammersmith and Fulham Pension Fund is part of the Tri-Borough Treasury and Pensions Team alongside Westminster and the Royal Borough of Kensington and Chelsea. During 2022 the London Borough of Bexley joined as an additional partner, whereby the Tri-Borough team provides treasury and pension investment and accounting services for the borough. This collaboration of the four London boroughs allows the four London Funds to benefit from cost saving efficiencies, economies of scale, depth of knowledge and robust governance processes and best practices, with AUM totalling £6.3bn.

The Tri-Borough funds are all committed to providing excellent service to all scheme members and local residents; this includes ensuring the Fund remains fit for the future, providing value for money and effective governance, alongside generating positive excess returns. As at 30 September 2024, the total net asset value of the Hammersmith Fund was £1.374bn, with 61% of those assets pooled. Due to pooling having the potential to deliver benefits of scale and reduce costs across the LGPS, the Fund accepts the government's ambition to have all assets fully pooled by 2026. However, this should be approached with caution. Legacy assets will remain a challenge for funds to transition, particularly by the 31 March 2026 deadline and alongside the impact of transition costs. There also remain a number of issues in relation to roles and responsibilities, governance and conflict of interests, which would need further clarification.

Question 1: Do you agree that all pools should be required to meet the minimum standards of pooling set out above?

To facilitate the advancement of pooling at the pace required by the central government, the LBHF Fund agrees that it is logical to establish minimum standards to ensure optimal service levels. Currently, there are disparities in the service models employed by the eight pools, so introducing guidance to align these models with each other and with best practices would be advantageous.

If Administering Authorities (AAs) can effectively delegate the implementation of investment strategies to the pools, this could lessen reliance on investment consultant advice and eliminate the need for expensive manager selection processes. However, concerns about potential conflicts of interest arise if pools promote their own fee-based products. It is therefore crucial that any legislation clearly defines the accountability and responsibilities of funds versus pool companies. Furthermore, it is essential for pool companies to maintain FCA regulation to uphold the highest standards of governance and compliance.

The LBHF Fund anticipates challenges in transitioning legacy assets to the pools within the proposed timeline. This process is likely to require substantial time and resources, incur significant transition costs, and potentially result in higher management fees due to an additional layer of oversight from the pools.

Question 2: Do you agree that the investment strategy set by the administering authority should include high-level investment objectives, and optionally, a high-level strategic asset allocation, with all implementation activity delegated to the pool?

The LBHF does not agree that the implementation of a fund's strategic asset allocation should be fully delegated to the pools. Autonomy for Administering Authorities (AAs) to set their own high-level investment objectives and asset allocation strategies must be preserved. AAs must retain the ability to define risk and return parameters, including the allocation between active and passive equities, which is a fundamental factor of risk management and a cornerstone of each fund's investment strategy. The suggestion that AAs may lose the ability to determine such allocations is concerning, as every LGPS fund is unique in its liability profiles, funding levels, risk appetite, membership demographics, ESG policies, and local priorities. It is essential that AAs maintain responsibility for asset allocation strategies to reflect these individual factors accurately. In addition, the fees charged in relation to active versus passive equity portfolios can be significant. For comparison, passive fees can be as low as 1 bp, with a pool oncost of 0.5 bp, compared with active funds which typically charge 40 to 70 bps, with pool oversight fees of circa. 2.5 to 3.5 bps. Given this significant disparity between fees charged and pool oncosts, there could be potential for conflict of interest from the pools based on financial incentives.

Fully delegating strategic asset allocation implementation to pools also raises significant questions about the roles of Pension Boards and Pension Committees. Currently, Pension Fund Committees hold a comprehensive mandate, including setting the Investment Strategy Statement (ISS), determining the strategic asset allocation, overseeing fund stewardship, monitoring cashflows, establishing ESG policies, implementing asset strategies, and evaluating fund performance. If these responsibilities are transferred to the pools, the relevance and function of Pension Committees would become unclear. Similarly, Pension Boards, tasked with holding Committees accountable, would face challenges in fulfilling their oversight role if key investment decisions are no longer within the Committees' purview. Therefore, the rationale and structure of governance roles under such a model require review and clarification.

Furthermore, oversight of fund cashflow management must remain with fund officers to ensure timely benefit payments to members. Many funds are in a cashflow negative position and rely on frequent income distributions, asset redemptions, and cash drawdowns. Fully delegating this process to the pools could create risks, including delayed or insufficient payments to members, potentially breaching fiduciary duties.

Lastly, we foresee challenges in maintaining alignment between a fund's assets and liabilities. Strategic asset allocations must reflect the liability profiles and discount rates specific to each fund. Delegating implementation to pools introduces the risk of assets failing to align with liabilities, which could compromise pension funding outcomes.

Question 3: Do you agree that an investment strategy on this basis would be sufficient to meet the administering authority's fiduciary duty?

The LBHF Fund does not agree that an investment strategy based on full delegation of implementation activity to pools would be sufficient to meet an Administering Authority's (AA's) fiduciary duty. Fiduciary duty requires AAs to act in the best financial interests of their members and stakeholders, and this cannot be assured without retaining significant control over key elements of the investment strategy.

AAs must retain the ability to determine their own investment objectives and strategic asset allocation to ensure alignment with the unique characteristics of each fund. Critical aspects such as risk and return settings, including the choice between active and passive management, are fundamental to managing risk and achieving funding objectives. The proposal to limit such decision-making undermines the ability of AAs to address their fiduciary responsibilities effectively.

Moreover, there is the question of whether the AA could be accountable to the local council tax payer, based on investment decisions made by pools.

4. What are your views on the strategic asset allocation template?

The LBHF Fund believes the proposed template for strategic asset allocation in the Investment Strategy Statement is too high level and restrictive, and limits the flexibility of Administering Authorities (AAs) to design effective investment strategies. In many cases, AAs use diverse investment styles within asset classes to complement each other and reduce correlations between assets. The proposed template does not account for this approach, which is integral to managing portfolio risk and optimising returns.

Moreover, the template significantly constrains funds' ability to manage risk and achieve the discount rates set by actuaries. This limitation is particularly problematic in the equities asset class, where the absence of an option to allocate between active and passive strategies restricts essential risk management and return optimisation tools.

In summary, while a standardised template could provide consistency, the proposed structure compromises the ability of funds to meet their unique investment needs and fiduciary responsibilities. A more flexible approach could better serve the diverse requirements of the LGPS.

Question 5: Do you agree that the pool should provide investment advice on the investment strategies of its partner AAs? Do you see that further advice or input would be necessary to be able to consider advice provided by the pool – if so, what form do you envisage this taking?

While it is acknowledged that advice from pools could potentially reduce investment consultancy fees for many funds, significant concerns remain. Firstly, not all pools currently possess the requisite knowledge and expertise to provide high-quality investment advice, raising questions about their capability to effectively support AAs in this regard.

Additionally, allowing pools to provide investment advice introduces a risk of conflict of interest, particularly if pools recommend their own strategies or products. This could reduce competition among asset managers, diminishing incentives to lower management fees

and improve performance. It also limits AAs' ability to seek alternatives, particularly in cases where the performance of pool-managed assets is poor. Without a clear mechanism for holding pools to account for underperformance, the effectiveness of this model is questionable.

Another issue is the governance structure within some pools. Currently, shareholder funds in certain pools lack the authority to remove directors or senior leadership, which could hinder accountability and responsiveness. To address this, shareholder agreements may need to be reviewed and amended to ensure adequate oversight and governance.

In summary, while there are potential cost benefits, the risks of conflicts of interest, lack of expertise, diminished competition, and unclear accountability lines make it unsuitable for pools to provide investment advice. The LBHF Fund believes that independent advisors remain better positioned to offer unbiased and effective support tailored to the unique needs of each fund.

Question 6: Do you agree that all pools should be established as investment management companies authorised by the FCA, and authorised to provide relevant advice?

The LBHF agrees that all pools should be established as FCA-authorised investment management companies and authorised to provide relevant advice. This would ensure adherence to high standards of governance, transparency, and regulation, providing greater confidence in operations and safeguarding the interests of partner Administering Authorities.

Question 7: Do you agree that administering authorities should be required to transfer all listed assets into pooled vehicles managed by their pool company?

The LBHF Fund agrees that, where appropriate, listed assets should be transferred to the pool companies. However, clarification is needed on the definition of "transfer" to ensure it does not require the sale of assets but rather refers to oversight by the pool. Transfers may involve significant legal and administrative costs, which may not outweigh the benefits. Furthermore, the proposed deadline of 31 March 2025 may be challenging for some funds, and an extension to 31 March 2026 would be far more practical.

Question 8: Do you agree that administering authorities should be required to transfer legacy illiquid investments to the management of the pool?

The LBHF Fund broadly agrees, but some exclusions should apply, such as assets in runoff and small scale investments. Further clarifications also remain regarding who would handle capital calls which are often managed via online portals, as well as the treatment of direct property investments.

For illiquid assets, which are often long-dated and complex, the benefits of transferring these to the pool are unclear and could increase costs due to additional management fees, legal expenses, and transition costs. It may be more appropriate for illiquid legacy assets nearing maturity to remain under AA oversight until they fully run off. Additionally, the timeline for transferring such assets may not be feasible, so a 'comply or explain' approach with best efforts to meet a 31 March 2026 deadline would be more practical.

While there may be capacity for pools to manage legacy assets if common funds are established, in the case of the London CIV, transferring all illiquid assets could result in the pool overseeing over 400 mandates, the associated costs and pools' ability to handle these numerous illiquid mandates must be carefully considered.

9. What capacity and expertise should pools develop to manage legacy assets?

The pools will need to recruit to further develop a range of skills and knowledge. This will be particularly important in the case of the London CIV which has 32 funds. LCIV will need to manage the scale and specialism needed for a large range of legacy illiquid asset class transfer.

Question 10: Do you have views on the indicative timeline for implementation, with pools adopting the proposed characteristics and pooling being complete by March 2026?

The LBHF Fund agrees that funds should aim to transition all listed assets to pooling arrangements by 31 March 2026. This timeline aligns with the overall objectives of pooling and provides a clear deadline for funds to work towards.

However, we recommend that for legacy assets, a "comply or explain" approach be adopted. This would allow flexibility where transitioning certain assets by the proposed deadline proves impractical or detrimental to fund objectives. Such an approach ensures transparency while acknowledging the complexities involved.

It is anticipated that developing the necessary skills and knowledge for managing all legacy assets within this timeframe will be a significant challenge for pools. Building expertise in handling these assets will require careful planning, recruitment, and potentially new partnerships, which may extend beyond the proposed timeline.

Additionally, we propose that an exclusions policy be introduced for illiquid assets currently in their runoff period. Oversight of these assets should remain AAs until maturity. This would minimise disruption, avoid unnecessary transaction costs, and ensure these assets continue to be managed effectively during their natural lifecycle.

In summary, while the proposed timeline is a viable target, implementing it in a pragmatic and flexible manner will be critical to its success.

Question 11: What scope is there to increase collaboration between pools, including the sharing of specialisms or specific local expertise? Are there any barriers to such collaboration?

There is considerable scope to enhance collaboration between Local Government Pension Scheme (LGPS) pools, particularly through the sharing of specialisms and specific local expertise. Greater collaboration has the potential to broaden the investment opportunities available to LGPS funds, enabling them to leverage the unique strengths and skills developed by individual pools. Such collaboration could result in synergies, enhanced knowledge-sharing, and improved outcomes for all stakeholders.

Currently, LGPS funds are only permitted to invest within a single pool. Expanding the framework to allow cross-pool collaboration would create opportunities for funds to access a wider range of investments and specialised expertise, maximising the benefits of pooling for clients.

Each pool has developed its own areas of specialisation and strength, ranging from specific asset classes to innovative investment strategies. By working together, pools could combine these strengths to deliver greater efficiency, mitigate risks, and generate enhanced returns. A collaborative approach would also enable the sharing of knowledge and skills, fostering innovation across the LGPS ecosystem.

However, several barriers to collaboration exist. Cultural differences between pools, varying scales of operation, and challenges posed by Financial Conduct Authority (FCA) regulation could hinder efforts to work together effectively. Additionally, gaps in knowledge or misaligned objectives between pools may create further obstacles. Addressing these barriers will require a concerted effort to harmonise practices, build trust, and ensure alignment of goals and regulatory compliance.

Question 12: What potential is there for collaboration between partner funds in the same pool on issues such as administration and training? Are there other areas where greater collaboration could be beneficial?

Collaboration between partner funds within the same pool offers significant opportunities, particularly in areas such as administration and training, as demonstrated by existing successful arrangements.

The LBHF Fund is part of the Tri-Borough Treasury and Pensions team, alongside Westminster City Council, the Royal Borough of Kensington and Chelsea, and more recently, the London Borough of Bexley. This collaboration exemplifies how joint working arrangements can deliver cost-saving efficiencies, economies of scale, and robust governance practices. With a combined asset under management (AUM) of £6.3 billion, these funds benefit from shared resources and expertise. Key collaborative efforts include joint procurement of critical services, such as custodianship, actuaries, and investment consultants.

Additionally, the Tri-Borough team organises at least biannual training sessions for Pension Fund Committees and Boards. These sessions are open to all London officers and members, fostering knowledge-sharing and professional development across the funds.

The LBHF Fund currently retains control of its administration services, delivered by Local Pensions Partnership Administration (LPPA). This approach ensures the sensitive handling of member data and mitigates reputational risks associated with transitioning these critical functions.

Chapter 3: Local investment

Question 13: What are your views on the appropriate definition of 'local investment' for reporting purposes?

The LBHF Fund believes that, for reporting purposes, the definition of 'local investment' should encompass the entirety of the United Kingdom. Limiting the scope of local investment solely to the geographical area in which a fund is located would significantly constrain investment opportunities. Such a narrow definition could hinder the fund's ability to access a diverse range of assets and, consequently, its capacity to generate the returns necessary to meet the discount rate.

By adopting a broader, UK-wide definition, funds would retain the flexibility to pursue investments that align with their objectives while contributing to the economic development of the country as a whole.

Question 14: Do you agree that administering authorities should work with their Combined Authority, Mayoral Combined Authority, Combined County Authority, Corporate Joint Committee or with local authorities in areas where these do not exist, to identify suitable local investment opportunities, and to have regard to local growth plans and local growth priorities in setting their investment strategy? How would you envisage your pool would seek to achieve this?

The LBHF Fund does not agree that administering authorities should take the lead in these matters. Instead, this responsibility should rest with the investment pools, in collaboration with relevant combined authorities.

With the proposed delegation of investment strategy implementation to the pools, administering authorities would face significant challenges in directly influencing local investment decisions or integrating specific local growth plans into their strategies. In the context of London, where there are 32 individual client funds, it would be impractical for the London CIV to evaluate and implement 32 separate proposals for local investment projects. A more efficient approach would be for the pools to take on this responsibility fully, working with combined authorities and other local partners where appropriate.

However, this approach raises a potential concern: conflicts of interest could emerge between funds and combined authorities, as each may prioritise differing investment agendas. Effective collaboration and clear communication will be essential to navigate such challenges and align objectives where possible.

In summary, while the principle of supporting local growth is recognised, it is more practical and effective for pools to assume responsibility for identifying and implementing local investment opportunities, in partnership with relevant authorities, rather than requiring administering authorities to take a direct role.

Question 15: Do you agree that administering authorities should set out their objectives on local investment, including a target range in their investment strategy statement?

The LBHF Fund does not agree that administering authorities should set out specific objectives or target ranges for local investment in their investment strategy statements. Beyond establishing a high-level strategic asset allocation, the responsibility for identifying and implementing local investments should be fully delegated to the pools.

Question 16: Do you agree that pools should be required to develop the capability to carry out due diligence on local investment opportunities and to manage such investments?

The LBHF Fund agrees that pools should be required to develop the capability to conduct due diligence on local investment opportunities and to manage such investments. This would ensure a professional and consistent approach to evaluating and overseeing local investments, aligning with the broader objectives of pooling.

Question 17: Do you agree that administering authorities should report on their local investments and their impact in their annual reports? What should be included in this reporting?

The LBHF Fund does not agree that administering authorities should report on local investments and their impact in their annual reports. LGPS funds already face significant pressures from existing and upcoming governance reporting requirements, and additional reporting could strain resources, delay external audits, and raise challenges in measuring and standardising the impact of local investments, particularly when asset strategy implementation is fully delegated to pools.

Funds would need to consider how they report the impact of their local investments if the implementation of the asset strategies are fully delegated to pools. Funds would need to measure the impact of local investments and devise a methodology that is consistent throughout the LGPS.

Chapter 4: Governance of funds and pools

Question 18: Do you agree with the overall approach to governance, which builds on the SAB's Good Governance recommendations?

The LBHF Fund agrees with the overall approach to governance aligned with the SAB's Good Governance recommendations, as most funds are already adhering to the proposals outlined in the consultation. However, the framework should be broadened to ensure that investment pools are held accountable, given their critical role in implementing investment strategies. It is also important to recognise that funds will lose some autonomy over directing investments, limiting governance to oversight of the pools' actions.

Question 19: Do you agree that administering authorities should be required to prepare and publish a governance and training strategy, including a conflict-of-interest policy?

The LBHF Fund agrees with this initiative. Many funds already publish strategies and policies of this nature.

Question 20: Do you agree with the proposals regarding the appointment of a senior LGPS officer?

The LBHF Fund agrees with the proposals for appointing a senior LGPS officer, but greater clarity is needed on "senior" with a suggestion to use "practitioner" instead. The specific designation should depend on the authority's internal structure, such as Director, Assistant Director, or Head of Service.

Question 21: Do you agree that administering authorities should be required to prepare and publish an administration strategy?

The LBHF Fund agrees and already publishes an administration strategy.

Question 22: Do you agree with the proposal to change the way in which strategies on governance and training, funding, administration and investments are published?

The LBHF Fund agrees with the proposal to change how strategies on governance, training, funding, administration, and investments are published. A more streamlined and transparent approach will improve accessibility and promote consistency across funds, as well as reducing the complexity of the annual reports.

Question 23: Do you agree with the proposals regarding biennial independent governance reviews? What are your views on the format and assessment criteria?

The LBHF Fund agrees with the proposals for independent governance reviews, as they can enhance oversight and accountability. However, conducting these reviews on a triennial basis would be more appropriate, aligning them with the actuarial valuation process of the LGPS. This alignment would streamline resource use and ensure the reviews remain relevant to the fund's broader planning cycle.

Question 24: Do you agree with the proposal to require pension committee members to have appropriate knowledge and understanding?

The LBHF Fund agrees that it is essential for pension committee members to have the necessary knowledge and skills to make informed strategic investment decisions, supported by a mandatory training framework. Introducing legislation to enforce this requirement would significantly enhance the expertise and effectiveness of pension fund committees.

Question 25: Do you agree with the proposal to require AAs to set out in their governance and training strategy how they will ensure that the new requirements on knowledge and understanding are met?

The LBHF Fund agrees with the proposal to require administering authorities to outline in their governance and training strategy how they will meet the new knowledge and understanding requirements. This aligns with practices already followed by most LGPS funds, ensuring consistency and reinforcing existing good governance standards.

Question 26: What are your views on whether to require administering authorities to appoint an independent person as adviser or member of the pension committee, or other ways to achieve the aim?

The LBHF Fund supports the requirement for administering authorities to appoint an independent adviser or member of the pension committee, as this is crucial for holding investment pools accountable for implementing strategies. Independent advisors also provide necessary guidance and training to committee members, ensuring they can effectively set high-level investment strategies. Additionally, retaining the ability to procure external investment advice is essential to maintain independence, avoid conflicts of interest, and comply with Competitions Market Authority (CMA) regulations.

Question 27: Do you agree that pool company boards should include one or two shareholder representatives?

The LBHF Fund agrees that pool company boards should include one or two shareholder representatives to ensure sufficient representation and accountability to partner funds. To strengthen this accountability, shareholder agreements may need to be reviewed and amended to grant funds the ability to remove directors or senior leadership when necessary.

Question 28: What are your views on the best way to ensure that members' views and interests are taken into account by the pools?

The LBHF don Borough of Hammersmith and Fulham Fund believes the most effective way to ensure members' views and interests are considered by the pools is to provide shareholders with representation on the pool board, including full voting powers. Additionally, administering authorities should have the ability to influence decisions at the board level, reflecting their reduced power to directly direct investments.

Question 29: Do you agree that pools should report consistently and with greater transparency including on performance and costs? What metrics do you think would be beneficial to include in this reporting?

The LBHF on Borough of Hammersmith and Fulham Fund agrees that pools should report consistently and with greater transparency, including on performance and costs. Currently, there is noticeable inconsistency in reporting practices across pools, making it challenging to compare performance and assess service levels effectively. Establishing minimum standards for reporting would address this disparity and create a more equitable and transparent framework for Local Government Pension Scheme (LGPS) funds nationwide.

Enhanced reporting could include a comprehensive breakdown of pool costs, such as management fees, transition and transaction costs, as well as the specific costs and savings associated with each LGPS fund. The full integration of the Scheme Advisory Board (SAB) cost transparency template would further promote consistency, particularly in relation to private market assets, where standardisation is often lacking. Additionally, the inclusion of benchmarked performance metrics for all assets and their underlying managers would provide valuable insights for partner funds, aiding in their decision-making and reporting processes.

With improved and standardised reporting from pools, LGPS funds would be better equipped to meet their own reporting requirements, particularly as part of their annual report and accounts. This increased level of transparency would not only enhance accountability but also support funds in achieving their long-term investment objectives.

Chapter 5: Equality impacts

Question 30: Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence.

The Fund is conscious that regulations should not be too prescriptive as to exclude any individuals. In addition, appropriate reporting should be designed in such a way in that they will be accessible for all users: this follows accessibility regulations in Public Sector Bodies (Websites and Mobile Applications) (No. 2) which came into force during September 2018.