

Pensions Board

Agenda

Tuesday 12 November 2024
6.30 pm

This meeting will be held remotely Watch the meeting live:
<https://youtube.com/live/2-eC6EGZIPM?feature=share>

MEMBERSHIP

Employer Representatives
Councillor Ashok Patel Councillor Nikos Souslous
Scheme Member Representatives
William O'Connell Bruce Mackay Patsy Ishamel Andy Sharpe

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www.lbhf.gov.uk/councillors-and-democracy

Members of the public are welcome to attend. A loop system for hearing impairment is provided, along with disabled access to the building.

Date Issued: 04 November 2024

Pensions Board Agenda

12 November 2024

<u>Item</u>		<u>Pages</u>
1.	APPOINTMENT OF CHAIR AND VICE CHAIR To appoint a Chair and Vice-Chair for the 2024-25 municipal year.	
2.	APOLOGIES FOR ABSENCE	
3.	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>	
4.	MINUTES OF THE PREVIOUS MEETING To agree the minutes of the meeting held on 27 th February 2024 as an accurate record.	4 - 8
5.	MINUTES OF THE PREVIOUS PENSION FUND COMMITTEE To note the minutes of the Pension Fund Committee meetings held on 23 rd July and 10 th September 2024.	9 - 24

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.

6. KEY PERFORMANCE INDICATORS 25 - 39

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.

7. PENSION ADMINISTRATION UPDATE 40 - 43

This paper provides a summary of activity in key areas of pension administration for the HFPF.

8. PENSION FUND QUARTERLY UPDATE Q2 2024 44 - 94

This paper provides the Pensions Board with a summary of the Pension Fund's overall performance for the quarter ended 30 June 2024.

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.

9. 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 4

London Borough of Hammersmith & Fulham

Pensions Board Minutes



Tuesday 27 February 2024

PRESENT

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

Co-opted members: Andy Sharp and William O'Connell
Bruce Mackay* Joined remotely.

Officers: Patrick Rowe (Strategic Finance Manager) and Eleanor Dennis (Head of Pensions)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Patsy Ishmael.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the minutes of meeting held on 7th June 2023 were agreed as an accurate record.

4. MINUTES OF THE PREVIOUS PENSION FUND COMMITTEE MEETINGS

Referring to page 21 of the agenda pack, the Chair enquired about the McCloud remedy legislation and its implications. Eleanor Dennis (Head of Pensions) provided a brief summary of the McCloud remedy legislation, highlighting that McCloud remedy was implemented to remove age discrimination across public sector schemes. It was noted that Local Pensions Partnership Administration (LPPA) were being proactive in preparing for this. LPPA were working with the Fund and the Council's employers to ensure they had the data to comply with this requirement.

Referring to page 33 of the agenda pack, the Chair asked for further clarification to be provided regarding the KPI's not being met across all case types by LPPA between July – September 2023. In response Eleanor Dennis noted that the challenges included increasing complex legislation, data challenges, limited resources, the implementation of a new software platform and difficulty in engaging with employers, which meant some issues took longer to resolve. However, from the

period September 2023 to December 2023 inclusive, the overall quarterly KPI performance had seen some improvement at 96.9%. This would continue to be closely managed by the Head of Pensions.

In response to a question asked by the Chair, Eleanor Dennis noted that a formal letter had been sent to LPPA in January 2024, detailing the Pension Fund Committee's concerns about their performance. In response the Committee had received an apology from LPPA, acknowledging the substandard service that the Pension Fund had received. Eleanor Dennis said that she would circulate a copy of the letter received from LPPA to Pension Board members outside this meeting.

Action: Eleanor Dennis

The Chair enquired whether the letter contained any sanctions and asked the next steps should LPPA fail to meet the expected standards in the next quarter. Eleanor Dennis explained that the letter did not include any sanctions and that LPPA would be given the opportunity to deliver on target service for quarter 4. A dedicated Pension Fund Committee meeting was scheduled for July 2024 and LPPA would be invited to present their case to the Committee.

The Chair congratulated officers for their achievement in receiving the pension fund of the year award.

RESOLVED

That the Pensions Board noted the contents of the report.

5. 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 Q3 pension fund scheme year 2023/24. The Key Performance Indicators (KPIs) detailed in Appendix 1 of the pension administration report covered the period 1 September 2023 to 31st December 2023 inclusive.

During this period LPPA processed 1409 SLA cases, which was an increase of 254 cases from Q2 for the Hammersmith & Fulham (H&F) pension fund. The overall quarterly KPI performance was 96.9%. However, although performance was achieved in 90% of all cases it fell short of the target 95% in case types, estimates, refunds, deaths, and active retirements. LPPA did however take onboard constructive feedback on areas in which they needed to improve. This would continue to be closely managed by the Head of Pensions.

Referring to page 49 of the agenda pack, Councillor Nikos Souslous, requested additional clarification on why the estimates fell significantly below the target in comparison to other case types. He also asked why retirements, refunds and deaths had missed their 5 working day SLA target. Eleanor Dennis highlighted that the Fund and Head of Pensions expect LPPA to meet their targets across all case types. The challenges faced included staff shortages and training needs. The Operations & Commercial Director of LPPA has assured the Head of Pensions that measures would be taken within the respective departments to address these issues, such as

ensuring adequate checkers were in place to improve performance to the expected standards.

Councillor Nikos Souslous commended Eleanor Dennis and her team for their dedicated efforts in achieving significantly enhanced performance regarding Helpdesk wait times.

The Chair congratulated Eleanor Dennis and her team for working with LPPA to achieve an improvement in help desk call wait times. He asked why 35% of the calls still took 2-10 minutes to answer. Eleanor Dennis noted that there were fluctuations on the volume of calls received, with Monday's being particularly busy. To address this LPPA increased staffing levels on Mondays to reduce wait times. Furthermore, their recruitment of a new manager in 2023 had proven successful in efficiently handling and closing calls and this would continue to be monitored closely.

RESOLVED

That the Pensions Board noted the contents of the report.

6. PENSION ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) presented the report and gave a summary of activity in the key areas of pension administration for the Council's pension fund. Engagement with employers had increased with 73% now having submitted a monthly file however 48% were not up to date. It was noted that the LPPA budget 2024/25, including costs of additional work would be presented at the next Pension Fund Committee.

Councillor Nikos Souslous asked for further clarification to be provided with regards to the anticipated cost increase. In response Eleanor Dennis noted that this would be approximately £100k and this would be presented to the Pension Fund Committee in June 2023.

The Head of Pensions responded to Councillor Nikos Souslous question re forthcoming legislation priorities such as the Pension Regulator's single Code, pension dashboard, the full impact of Mc Cloud and forthcoming data cleansing exercises.

In response to a question asked by the Chair, Eleanor Dennis highlighted the implementation of a new initiative at LPPA, the client relationship manager, aimed at enhancing relationships with clients in response to challenges experienced in the previous year. This proved useful in promptly understanding the Fund's concerns, addressing service issues, and collaborating with Head of Pensions and their other clients to enhance service delivery.

The Chair expressed concerns regarding the proposed budget increases by LPPA for 2024/25. While acknowledging some improvements in performance, the Chair noted that overall, LPPA had not met expected standards. Therefore, he felt that such performance did not warrant an increase in the budget. Eleanor Dennis noted that these concerns would be relayed to the Pension Fund Committee in June 2024.

RESOLVED

That the Pensions Board noted the contents of the report.

7. PENSION FUND QUARTERLY UPDATE PACK

Patrick Rowe ((Strategic Finance Manager) gave a summary of the pension fund's overall performance for the quarter ended 31st December 2023, cashflow update and forecast and the assessment of risks and actions taken to mitigate these. The total Fund delivered a positive return of 5.71% on a net of fees basis over the year to 31 December 2023.

At the meeting of the 19 September 2023, the Committee agreed a 10% (£129m) allocation to Allspring Global. This commitment was funded in full in December 2023. At the same meeting the Committee agreed a 5% (£64.5m) allocation to LCIV Insight Buy and Maintain Bonds, with a 2.5% allocation to each of the short and long duration sub-funds. This commitment was funded in full in December 2023.

Referring to page 60 of the agenda pack, Councillor Nikos Souslous asked when the Council would expect the remainder of the redemption monies from Aviva. In response Patrick Rowe noted that progress on this from Aviva had been disappointing. This was being closely monitored and officers and the Pension Fund Committee had expressed their dissatisfaction with Aviva at the last Pension Fund Committee in February 2024. He highlighted that the first tranche of redemption payments (£5m) was not paid until January 2024 and based on the latest update from Aviva, confirmed that the remainder of the redeemed monies would not be available to be paid back to the Fund until Q2 2024.

Andy Sharpe (Co-opted Member) noted that it was interesting to observe the heavy investment of the H&F pension fund portfolio in America rather than the UK. He requested further clarification on the reasons behind this investment strategy. In response Patrick Rowe explained that this was not deliberate but rather a result of circumstances. He highlighted the main reasons for this, attributing it to the investment opportunities available. Noting that America being a large market, offered more attractive investment opportunities compared to the UK. Patrick highlighted the infrastructure and housing investments that the Fund has exposure to, which hold assets within in the UK.

In response to a question asked by the Chair, Patrick Rowe explained that the value of the monies from the Aviva redemption wasn't fixed at the point of redemption, instead it was based on the last valuation date before the funds were returned. Consequently, the Council was exposed to price movements, whether up or down during this period.

RESOLVED

That the Pensions Board noted the contents of the report.

Meeting started: 7:00pm
Meeting ended: 8:10pm

Chair

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London Borough of Hammersmith & Fulham

Pension Fund Committee Minutes



Tuesday 23 July 2024

PRESENT

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

Co-opted members: Michael Adam and Peter Parkin

Other Councillors: Councillors Rowan Ree and Ashok Patel

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

Marian George (Independent Investment Advisor)

External: Emily McGuire, Chirag, Jasani and Jonny Moore (Isio Group)

Dave Sapsford and Mark Versey (Aviva Investors)

1. APPOINTMENT OF VICE CHAIR

RESOLVED

That the Pension Fund Committee elected Councillor Adrian Pascu-Tulbure as the Vice Chair for the 2024/25 Municipal Year.

2. APPOINTMENT OF CO-OPTED MEMBERS

RESOLVED

That the Pension Fund Committee appointed Michael Adam and Peter Parkin as non-voting co-opted members for the 2024/25 Municipal Year

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED

That the open and exempt minutes of the meetings held on 20th February 2024 were approved.

4. DRAFT MINUTES OF THE PREVIOUS PENSIONS BOARD MEETING

RESOLVED

That the minutes of the Pensions Board meeting held on 27th February 2024 were noted.

5. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

6. DECLARATIONS OF INTEREST

There were no declarations of interest.

7. AVIVA INVESTORS PRESENTATION

Phil Triggs (Tri borough Director of Treasury and Pensions) provided a summary of the key points. The first tranche of redemption payments (£5m) was paid on 30th January 2024, but the remainder of the redeemed funds would not be available to be paid back until at least August 2024. At the last Pension Fund Committee meeting of 20th February 2024, representatives from Aviva discussed updates to the redemption process with the committee and agreed a number of actions to improve communication of the process between Aviva and the LBHF Fund in future.

The Chair also requested that representatives from Aviva should attend this Committee to provide an additional update, should the final outstanding funds not have been paid to the Pension Fund by the date of the committee meeting. Final funds were still awaited.

Mark Versey (Aviva Investors) apologised to the Committee for not meeting the redemption process timeline. It was noted that a thorough investigation had been conducted and the team had worked tirelessly to sell assets, however, this was unsuccessful due to the prevailing interest rate environment. It was noted that six energy and heating units, which powered hospitals across the country had been sold. A legally binding offer had been received and once the legal documents were signed and funds transferred the payment would be made. An agreement would be expected within the next two weeks and the expectation was that the Council would receive its redemption monies by the end of August 2024. However, there could be delays in this timeline due to the administrative process and timing in receiving the signatures from the NHS Trust.

Aviva expressed pride in the returns the fund had generated. Upon reviewing the fund's performance over the investment period, Aviva felt that they had achieved the objectives set out for the fund, however, there had been a delay in the redemption process due to the inability to sell assets last year.

The Chair requested that Aviva attend the next Pension Fund Committee meeting in September 2024 if the redemption monies had not been received by the end of August 2024.

Councillor Adam Peter Lang raised a series of concerns on the length of time it was taking Aviva to make the payment, noting that this delay was unacceptable. Mark Versey (Aviva Investors) outlined the reasons for the delay, noting that this was mainly due to the nature of the illiquid assets such as infrastructure. He explained that Aviva had taken all the appropriate steps to meet the deadline but was unable to secure a bid for the assets within the timeframe due to the high interest rate market. Since then, market liquidity had improved, offering much more stability.

Councillor Florian Chevoppe-Verdier asked for further clarification on the income generated from the fund and the associated management fees since the 31 December redemption deadline. Mark Versey (Aviva Investors) noted that over the whole investment period from inception the fund generated an annualised return of 0.6% and the management fees were approx. 0.5% per annum.

Members asked Aviva if they would provide any compensation for losses occurred as a result of the late redemption. In response Mark Versey (Aviva Investors) noted that Aviva would investigate this further and write to the Council within a week.

Michael Adam (Co-opted Member) asked a series of questions. Firstly, he enquired whether the price that Aviva had accepted for the assets sold was above or below the most recent net asset value. Secondly, he questioned how the sell offer could be legally binding for the buying party before the final documentation was received. Mark Versey (Aviva Investors) explained that the assets were sold in line with the most recent net asset value. Dave Sapsford (Aviva Investors) in relation to the legally binding offer explained the legal process, noting that signatures from the buyer of the assets had been received and next step was to obtain signatures from the NHS Trusts to complete the process.

Marian George (Independent Investment Advisor) expressed concerns that the August summer break could potentially cause further delays in the process. Mark Versey (Aviva Investors) explained that based on the information available and delegated authorities received from two Trusts, Aviva had high expectations that the money would be paid in August 2024.

Councillor Laura Janes requested that a copy of the full investigation conducted by Aviva be sent to the Committee.

Action: Aviva

Councillor Florian Chevoppe-Verdier requested that confirmation be sent to the Committee on which Trusts, Aviva had received delegated authority from.

Action: Aviva

Councillor Adrian Pascu-Tulbure, reflecting on the lessons learned, asked whether sufficient emphasis was placed on communication as a crucial element in the redemption process. Mark Versey (Aviva Investors) assured members that as part of Aviva's internal assessment more regular communication would take place with investors.

The Chair summarised the following actions requested by the Committee:

- A write up of the full investigation conducted by Aviva.
- Confirmation on which Trusts, Aviva had received delegated authority from.
- Aviva to look at providing compensation for losses occurred as a result of the late redemption.
- Confirmation of the dates of the internal boards and evidence of the two Trusts that had provided delegated authority.
- A narrative of the wider lessons learned.
- Formally clarify and set out Aviva's apologies to the Committee.

Action: Aviva

Councillor Rowan Ree enquired whether Aviva believed the redemption terms were adequate or if they should be revised going forward. Mark Versey (Aviva Investors) explained that Aviva would review this area for future fund launches and felt that 18 months from receipt of notice to final payment of funds was an appropriate timeframe.

RESOLVED

That the Pension Fund Committee discussed the numerous concerns surrounding the redemption process (Infrastructure Income portfolio) with Aviva.

8. DATA CENTRES OPPORTUNITY

Jonny Moore (Isio Group) noted that the Pension Fund Committee was provided with a training session of an investment opportunity in property data centres. It was noted that the Committee should consider this asset class and whether data centres were deemed an attractive opportunity.

The Chair noted that he found the training provided by Isio Group to be highly informative, especially regarding this asset class and was keen to learn more about this investment proposition.

Councillor Florian Chevoppe-Verdier was impressed with the presentation. He requested for the papers to be compliant of the Web Content Accessibility Guidelines (WCAG), so they were accessible for all the borough's residents.

Action: Isio

Councillor Laura Janes suggested that officers explored the wider ESG factors and impact considerations for this type of investment. In response Jonny Moore (Isio Group) noted that this would form part of the analysis.

Councillor Adrian Pascu-Tulbure noted that it was commendable for the Committee to explore new emerging opportunities. However, he cautioned against the risk of investing by following trends and suggested that officers evaluate each opportunity on its own merit.

Marian George (Independent Investment Advisor) said that she saw an opportunity to invest in data centres. However, she emphasised the

importance of asset allocation. It was noted that officers needed to consider the risk-return, trade-off and size of the investment. She also expressed concern that the fund already had 20 mandates within the LBHF portfolio, which she felt was a high number. Additionally, she highlighted that the government's current direction was strongly focused on pooling whereas this opportunity would involve investing outside of the pool.

Michael Adam (Co-opted Member) suggested to look at an opportunity to engage with other LCIV members to ascertain their interest.

Action: Phil Triggs

Councillor Adam Peter Lang said that further investigation was needed to assess the risk element and how it might change, including the impact on the complexity of portfolio management. Additionally, he felt that the Committee should consider more investment opportunities within the UK.

Action: Phil Triggs

Phil Triggs (Tri borough Director of Treasury and Pensions) noted that the assumption among consultants and officers was that investing in this asset class would involve a global approach encompassing the UK, Europe and the United States. Over the years, moving to global investment return benchmarks had proven beneficial. The aim was to meet the fund's fiduciary responsibility and achieve the best return with a balanced and diversified portfolio.

Phil Triggs reassured the Committee that a full due diligence process would be carried out before any decision was made to invest going forward.

RESOLVED

That the Pension Fund Committee considered an allocation of pension fund assets to data centres

9. DRAFT PENSION FUND STATEMENT OF ACCOUNTS

Sian Cogley (Pension Fund Manager) provided a summary of the key points. It was noted that the draft Pension Fund Statement of Accounts 2023/24 provided the Committee with an opportunity to review and comment on any matters pertaining to the financial statements.

Councillor Florian Chevoppe-Verdier, congratulated officers and consultants for their continued hard work which contributed to the enhanced performance across the Fund's investment portfolio, greater than in the previous year.

Councillor Adrian Pascu-Tulbure asked for further clarification to be provided on the management fees. Phil Triggs (Tri borough Director of Treasury and Pensions) explained that standard management fees had remained steady. There had been an increase in performance fees and greater transparency was now available in transaction costs.

RESOLVED

That the Pension Fund Committee noted the 2023/24 draft Statement of Accounts

10. **PENSION FUND QUARTERLY UPDATE Q1 2024**

Sian Cogley (Pension Fund Manager) provided a summary of the key points. It was noted that on 15 May 2024, the Minister for Local Government wrote to the LBHF administering authority, consulting on efficiencies in the LGPS. The response (attached as Appendix 5) was submitted prior to the deadline of 19 July 2024.

Jonny Moore (Isio Group) explained that the format of the reporting had been adapted to ensure it was more accessible for people to read. Overall, the investment performance report showed that, over the quarter to 31st March 2024, the market value of the assets increased by £53m to £1,360m. The Fund had outperformed its benchmark net of fees by 0.56%, delivering an absolute return of 4.56% over the quarter. The total Fund delivered a positive return of 7.88% on a net of fees basis over the year to 31st March 2024. Additionally, the CIO for London CIV had resigned more recently after a few months in the CIO post.

The Chair enquired if London CIV had provided any indication of the interim arrangements following the departure of the current CIO. In response Phil Triggs (Tri borough Director of Treasury and Pensions) noted that Robert Treich was appointed as the interim CIO and was highly regarded.

Councillor Adam Peter Lang asked for further clarification to be provided on the complexity of the Council's asset allocation. Jonny Moore (Isio Group) explained that the fund had a good level of diversification and a reasonably significant allocation to equities. Despite its complexity it was manageable and aligned with the broader LGPS. Phil Triggs added that the Hammersmith and Fulham fund was one of the most diversified in the LGPS with an extensive basket of investment categories. He also provided a summary of the benefits of this type of allocation.

Marian George (Independent Investment Advisor) noted that while diversification was beneficial, caution should be exercised against adding additional mandates from a governance perspective.

Councillor Florian Chevoppe-Verdier, relating to the risk register requested that an extra column be included on how its evolved and look at adding some more visual aesthetics.

Action: Isio

The remainder of the discussion was held in the exempt session.

RESOLVED

That the Pension Fund Committee noted the update.

11. **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) in providing a pension administration service to the Hammersmith & Fulham Pension Fund. The Key Performance Indicators (KPIs) for the period January – March 2024 Q4, inclusive were shown in Appendix 1.

The overall quarterly KPI performance was 97.2% a small increase from 96.9% in Q3. However, although performance was achieved in 97% of cases, despite an increase in the number of cases processed by 153, it fell short of the 95% KPI target in 2 areas (active retirements and refunds).

Eleanor Dennis highlighted that the PFC's commitment to getting a good service on behalf of members and beneficiaries, with the issuing of the formal letter of dissatisfaction and the continued constructive challenging seems to be bearing fruit with continued improving performance now experienced by the Fund.

Councillor Florian Chevoppe-Verdier thanked Eleanor Dennis for a comprehensive report and was pleased to see an improvement in helpdesk calls performance. He asked how the Committee could continue to support the Head of Pensions with driving for an excellent service for the Fund, Eleanor Dennis confirmed once service was being delivered on or above target on all areas, the focus should be increased on member experience.

Councillor Laura Janes enquired whether the SLA's had been adjusted to be more realistic and asked if officers were satisfied with the overall improvements made by LPPA. Eleanor Dennis responded that these improvements were based on the existing SLA's already in place and felt that they were in line with her expectations.

Peter Parkin (Co-opted Member) noted that Eleanor Dennis and her team had been very helpful in providing direct pensions advice to his members. He noted that it was helpful for members to have an inhouse team to discuss their pension queries who were knowledgeable and responsive.

RESOLVED

That the Pension Fund Committee noted the contents of this report

12. PENSIONS ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) presented the report highlighting that LPPA had disbanded their complaint team as instead the respective case area were responsible for responding to their own complaints. There was an encouraging increase in engagement from fund employers as submissions of monthly reports had increased to 90%.

Councillor Florian Chevoppe-Verdier referring to page 133 asked for further details to be provided on the costs relating to over payments. Eleanor Dennis noted this was currently around £1,100 and explained that these amounts were written off due to the length of time it had taken to investigate the case and try and recover the monies before the regulatory time limit had passed.

Councillor Ashok Patel enquired about the nature of the complaints received. In response Eleanor Dennis noted that the nature covered a broad range of topics for complaint such as to the LPPA service overall and specific issues encountered with experiences with retirements and bereavements.

The remainder of the discussion was held in the exempt session.

RESOLVED

That the Pension Fund Committee approved the recommendation in respect of the increased budget for pension admission costs as detailed in Appendix 1 and noted the contents of this report

13. FUND EMPLOYER CESSATIONS

Eleanor Dennis (Head of Pensions) noted that this paper sets out the cessation activity for the Fund. There was also a recommendation of a decision to be made by the Committee with reference to Fund employers that had ceased in the Fund but had a surplus at the time that they are ceasing to be a participating employer in the Fund. The recommendation is that the surpluses are processed as detailed in exempt appendix 1.

The remainder of the discussion was held in the exempt session.

RESOLVED

That the Pension Fund Committee approved to pay the exit credits as set out in the exempt appendix 1

14. 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: 9:40pm

Chair

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Pension Fund Committee Minutes



Tuesday 10 September 2024

PRESENT

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

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)

Marian George (Independent Investment Advisor)

External: Andrew Singh and Jonny Moore, Chirag Jasani (Isio Group)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Sian Cogley and David Hughes

Apologies for lateness were received from Councillor Laura Janes

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE PREVIOUS MEETING

Marian George requested the following be included under item 8 – Data centres opportunity:

Marian George informed the Committee that the LCIV had recently launched an all maturities buy and maintain bond fund and that as this had been the original requirement of the Committee when switching into buy and maintain credit, she recommended that switching the short and long duration buy and maintain funds into all maturities fund was investigated. Emily McGuire (Isio) noted there might be some costs (bid/offer spreads, dilution levies etc.) associated with such a switch. Marian George agreed but felt that an in-specie transfer should minimise these and discussions with LCIV would be worthwhile to investigate.

RESOLVED

That the open and exempt minutes of the meetings held on 23rd July 2024 were approved.

4. AVIVA INVESTORS PRESENTATION

Phil Triggs (Tri borough Director of Treasury and Pensions) provided an update and noted that Aviva were unwilling to attend the Committee meeting. However, a payment of £7.2m was made by Aviva on 9th September 2024.

The Chair enquired about the outstanding value of the redemption. In response Phil Triggs noted that this was approximately £10m and the timeline of when this would be received was unclear.

Phil Triggs explained that officers would continue to apply pressure on Aviva and insist on their personal attendance at all future committee meetings until the outstanding redemption balance was fully settled.

Michael Adam (Co-opted Member) noted that at the last meeting Aviva had provided assurances that they had received legally binding offers and were only awaiting ratification from the NHS Trusts. He requested additional context regarding the delay in receiving the remaining redemption funds. Phil Triggs explained that some signatures had not been obtained as quickly as Aviva had anticipated and as a result, they were still in the process of completing due diligence paperwork to finalise the matter. Officers would ask Aviva to confirm how many signatures were still outstanding and report back to the Committee.

Action: Phil Triggs

Councillor Adam Peter Lang expressed his disappointment with Aviva for not paying the full redemption amount. He emphasised the need for a more robust response to the Committee's concerns moving forward and recommended requesting a clear, firm timetable from Aviva for the final payment. Phil Triggs noted that he had already responded to Aviva in a robust manner on behalf of the Committee.

Councillor Adrian Pascu-Tulbur requested that Aviva provide clarification, confirming that the sole reason for the delay was the failure to receive the necessary signatures from the prospective buyers within the expected timeframe.

Action: Phil Triggs

Peter Parkin (Co-opted Member) noted that as a representative of the union members, he was disappointed by Aviva's absence from the Committee meeting. He asked what additional actions could be taken to apply further pressure on Aviva. In response Andrew Singh (Isio) explained that from his understanding Aviva was currently managing challenges on multiple fronts, including the sale of other assets with the fund. It was noted that Isio believed that the fund was in a better position than most, as it had already received a portion of its monies. However, the delay was deemed unacceptable, and

Aviva had missed the expected timeline they initially provided. From Isio's understanding the situation regarding the sales of assets had not changed, but the process was taking longer than anticipated. He advised that moving forward officers should continue to press Aviva and insist that they remain present at future committee meetings.

Councillor Adrian Pascu-Tulbur enquired how often situations similar to this occurred, where fund managers delayed the payment of redemptions. Andrew Singh (Isio Group) noted that such instances were relatively rare. In his 18 years in the industry, he had only encountered 3 or 4 cases of managers delaying redemption payments.

Marian George (Independent Investment Advisor) summarised several key learning points. She emphasised that these were illiquid assets and occasionally things do not go as planned and selling illiquid assets was inherently challenging. In the future it would be prudent to include clauses in contracts to address situations where assets were not realised by the agreed end date. Additionally, if there was a change in the management team, it would be advisable to have Isio reassess the new team.

Councillor Adrian Pascu-Tulbure asked for further clarification to be provided on the source of the £7.2m. Phil Triggs confirmed that this amount was generated from the sale of some of the assets.

The Chair summarised the following key points raised by the Committee:

- Going forward to take a prudent approach with regards to redemption terms and conditions.
- With Isio's support, officers to continue to monitor the legal case with regards to fund mismanagement.
- Coordinate with other investors who were seeking redemption at the same time to ascertain opportunities to coordinate pressure.
- The Chair to prepare a formal letter to Aviva, highlighting the Committee's expectation for Aviva to attend future Committee meetings.

Action: Phil Triggs

RESOLVED

That the Pension Fund Committee discussed the numerous concerns surrounding the redemption process (Infrastructure Income portfolio).

5. 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) in providing a pension administration service to the Hammersmith & Fulham Pension Fund. The Key Performance Indicators (KPIs) for the period April – June 2024 i.e. Quarter 1 (Q1), inclusive were shown in Appendix 1.

During the period April to June 2024, Q1, LPPA processed 1462 (101 less than Q4) SLA cases, Hammersmith & Fulham Pension Fund. The overall quarterly KPI performance was 97.5% a small increase from Q4's 97.2% and

from 96.9% in Q3. However, although performance was achieved in most cases it fell short of the 95% KPI target in 2 areas (aggregations and refunds).

Councillor Florian Chevoppe-Verdier thanked Eleanor for her comprehensive report and observed that performance had remained stable for some time. He asked how the Committee could further support her in her efforts across other service areas. Additionally, he questioned whether reporting of the KPIs at a macro level at each Committee meeting was the most effective use of her time. In response Eleanor Dennis explained that it was a regulatory requirement that pension administration should be a standing agenda item for governing body meetings and that its inclusion was key as part of the Committee's due diligence in ensuring that the scheme was being properly administered. The Pension Regulators general code also outlines that all governing bodies should receive appropriate information and reports to enable challenge where appropriate. She noted that she would consider including more information on the quality of LPPA's service and member experience where appropriate. Eleanor Dennis expressed her willingness to shorten the reports to focus on the key pressure points.

Councillor Ashok Patel requested further clarification on how performance could be improved regarding the processing of refunds. Eleanor Dennis provided an overview on why there was a dip in performance for refunds and aggregations. She explained that the delays were largely due to a large number of monthly files being submitted late by employers, coinciding with processing the annual benefit statements and the associated processing of leavers. LPPA have confirmed to the Head of Pensions that this was a one-off peak caused by this particular event and assured her that in the future they would have sufficient resources to process the files on time.

RESOLVED

That the Pension Fund Committee noted the contents of this report.

6. PENSIONS ADMINISTRATION UPDATE

Eleanor Dennis (Head of Pensions) provided an update on the key elements of the report. Engagement from employers on monthly files being submitted had increased to 90% however 10% remained outstanding. The Council's pension team had collaborated with LPPA to increase the engagement with employers.

The Chair asked if the Committee could assist in communicating with employers to ensure that they were providing information more promptly. Eleanor Dennis confirmed that her team enforced the pension administration strategy and associated fines when relevant which was working well. However, she mentioned that, if needed, they could explore ways for the committee to engage with employers more directly in the future.

RESOLVED:

That the Pension Fund Committee noted the contents of this report.

7. ESG METRICS TRAINING

Phil Triggs (Tri borough Director of Treasury and Pensions) introduced the report which included training on ESG investing and ESG metrics, in particular the ESG metrics that were reported regarding the fund's investment with Allspring.

Jonny Moore (Isio) provided a presentation on the ESG metrics training which gave an overview of the following key aspects:

- ESG investing and an introduction to responsible investing
- ESG metrics and what was required
- Training on the ESG metrics, including Allspring ESG metrics benchmark scores
- Allspring carbon intensity metrics
- Global warming projections and emissions to date.

The Chair enquired if there was an opportunity to further strengthen the Council's commitment to utilising ESG metrics within its investment principles in future investments. In response Jonny Moore noted that this would be integrated into the data centres review by incorporating ESG metrics into the decision-making process.

Marian George (Independent Investment Advisor) indicated that the Task Force on Climate-related Financial Disclosures report (TCFD) would be introduced to Local Authorities in the near future. Officers were waiting for guidance to be issued. She suggested that it would also be useful to look at the general trends as they will vary each quarter for different reasons.

Councillor Adrian Pascu-Tulbure noted that given the variety of metrics and measurement approaches available, it was still early days in the industry, with many different methods being adopted each carrying some level of risk. He asked how the Committee could guard against these risks while maintaining the necessary flexibility to ensure they were making the right decisions without being entirely bound to one specific approach. In response Andrew Singh (Isio) explained that as a fund you could set your specific beliefs in relation to ESG via the sustainable development goals (SDGs). Asset managers would have funds that would align to those SDGs and the fund could invest specifically in those mandates.

Marian George (Independent Investment Advisor) enquired when the responsible investment policy which sets out the general principles, was last assessed. Phil Triggs confirmed that it last reviewed a year ago. Marian George advised, that given recent changes, the policy should be reviewed regularly to ensure it remained up to date and relevant.

Councillor Adam Peter Lang requested whether officers could share some aspects of the direction of travel for investments and pensions funds, including any opportunities to mobilise the pension fund to support UK economic growth. Phil Triggs noted that from a practitioner point of view he wrote for the LGC and an article was published on 10th September 2024 on Canada fund merger consolidation and future UK investment. Additionally,

another article was published on climate change and responsible investment, and he would forward both to the Committee.

Action: Phil Triggs

Councillor Laura Janes requested that the Committee reviewed its investment policy in the near future. The Committee agreed to schedule an opportunity in the near future to review its investment policy, including an assessment of its SDGs. However, before proceeding the Committee requested advice on the best approach to manage this review outside of a formal Committee meeting setting. This would include guidance on how to incorporate the key views and beliefs of the fund's members effectively.

Action: Isio Group/ Phil Triggs

RESOLVED:

The Pension Fund Committee noted the principles of the training.

8. DATA CENTRES OPPORTUNITY

Phil Triggs introduced the item and noted that the purpose of this report was to provide the Committee with potential alternative options surrounding the placement of a fund allocation to property data centres. It was noted that the key points that the Committee needed to consider was, whether a data centre allocation was appropriate for the fund and where it could fit into the Fund's investment strategy and asset allocation.

Andrew Singh (Isio) provided a presentation on data centre investment opportunity and asset allocation considerations and gave a summary of the following key aspects.

- Evolution of the current secure income allocation
- Asset allocation options and impact
- Strategic and regulatory considerations
- Isio recommendations and next steps

Marian George (Independent Investment Advisor) acknowledged that this was a good opportunity but felt it was a high-risk, high return investment. She noted that due to its risk return profile it would not be well suited for inclusion in a secure income portfolio.

Michael Adam (Co-opted Member) commented that the secure income portfolio already included a range of asset classes, such as private close-ended and leveraged funds. As a result, he did not feel that the data centre fund was significantly different from the existing investments within the secure income portfolio. Therefore, felt that there wasn't a substantial difference in the risk profile.

Councillor Adrian Pascu-Tulbure enquired how risks could be managed if the typically stable conditions surrounding the investment changed over time, and how these risks could be mitigated, particularly if building regulations did not

go as expected. Chirag Jasani (Isio) noted that many of these funds were closed ended, 10-year investments emphasising the need for opportunities to be present over the next three to four years. Given current trends, the demand for hyperscale data centres was unlikely to change, as more people sought after internet access and companies continued to require data storage, with data needs steadily increasing. He believed that this demand dynamic would remain strong, and the supply side was not expected to shift significantly within the next 3-4 years making this the best time to invest.

RESOLVED

The Committee agreed to interview three Fund managers at the next meeting (two data centre managers and Quinrook, with a view to possible placing of additional funds with Quinbrook following receipt of recent distribution monies). It was noted that interviews would take place at 5:30pm prior to the official meeting at 7pm.

9. PENSION FUND QUARTERLY UPDATE Q2 2024

Phil Triggs (Tri borough Director of Treasury and Pensions) provided a summary of the key points. It was noted that the paper provided the Committee with a summary of the Pension Fund's overall performance for the quarter ended 30 June 2024, cashflow update and forecast, assessment of risks and actions taken to mitigate these.

Marian George (Independent Investment Advisor) asked for further clarification to be provided on the risk register (risk 29). In response Phil Triggs noted that due to the recent call for evidence on LGPS consolidation, response drafts were being prepared as a suitable reflection of LBHF's points of view with regard to future possible LGPS fund mergers and focus on UK GDP growth investment.

RESOLVED

That the Pension Fund Committee noted the update.

10. 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: 7pm
Meeting ended: 10pm

Chair

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

Report to: Pension Board

Date: 12/11/2024

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 January – June 2024, i.e., quarter 4 (Q4), quarter 1 (Q1) are available in the Pension Fund Committee minutes and Papers. Performance for quarter 2 (Q2) covering the period July to September 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, 31st October 2024

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 October 2024

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 Q2 for the pension fund scheme year 2024/25. The KPI’s detailed in Appendix 1 of the pension administration report cover the period 01 July 2024 to 30 September 2024 inclusive.
3. During the period July to September 2024, Q2, LPPA processed 1582 SLA cases, which was an increase of 117 cases from Q1 for the Hammersmith & Fulham Pension Fund. 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.

Performance in key areas

4. Retirements – Performance on this task area has seen a much needed improvement. Active retirements saw a KPI in Q2 of 95.5% and Q1 97.4%. Much improved from the 92.1% Q4 (2023/24), 90.1% in Q3, 85.7% in Q2 and 84.1% in Q1. The processing of deferred retirements in Q2 saw 95.4% and Q1 2024/25) compared to 98.3% in the previous year's performance of Q3 (2023/24) at 95.8% with a KPI of 95.4% in Q4 compared to a KPI of 95% in Q2 and 87.9% in Q1.
5. Deaths – The processing of death cases performance in Q2 in 96.5% in Q1 95.8% (2024/25), Q4 (2023/24) saw 98.2% of cases processed on time. A great improvement and the highest performance this year when compared to 92% in Q3 93.85% in Q2, 92% in Q3, and the 85.7% delivered in Q1. The Head of Pensions continues to work with the LPPA team to sustain this performance.
6. Transfers – All Q2 transfer cases were processed within the SLA both for Q1 and Q2 processing of transfers in cases has remained consistently above target of 100%. With 95.8% of transfer out processed on time.
7. Refunds – Performance on this case type was 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 remain hopeful that this will remain consistent, 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 Q2 KPI report for Hammersmith & Fulham Pension Fund

Quarterly Administration Report

Hammersmith & Fulham
Pension Fund

1 July - 30 September 2024

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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.

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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.

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

CASEWORK PERFORMANCE



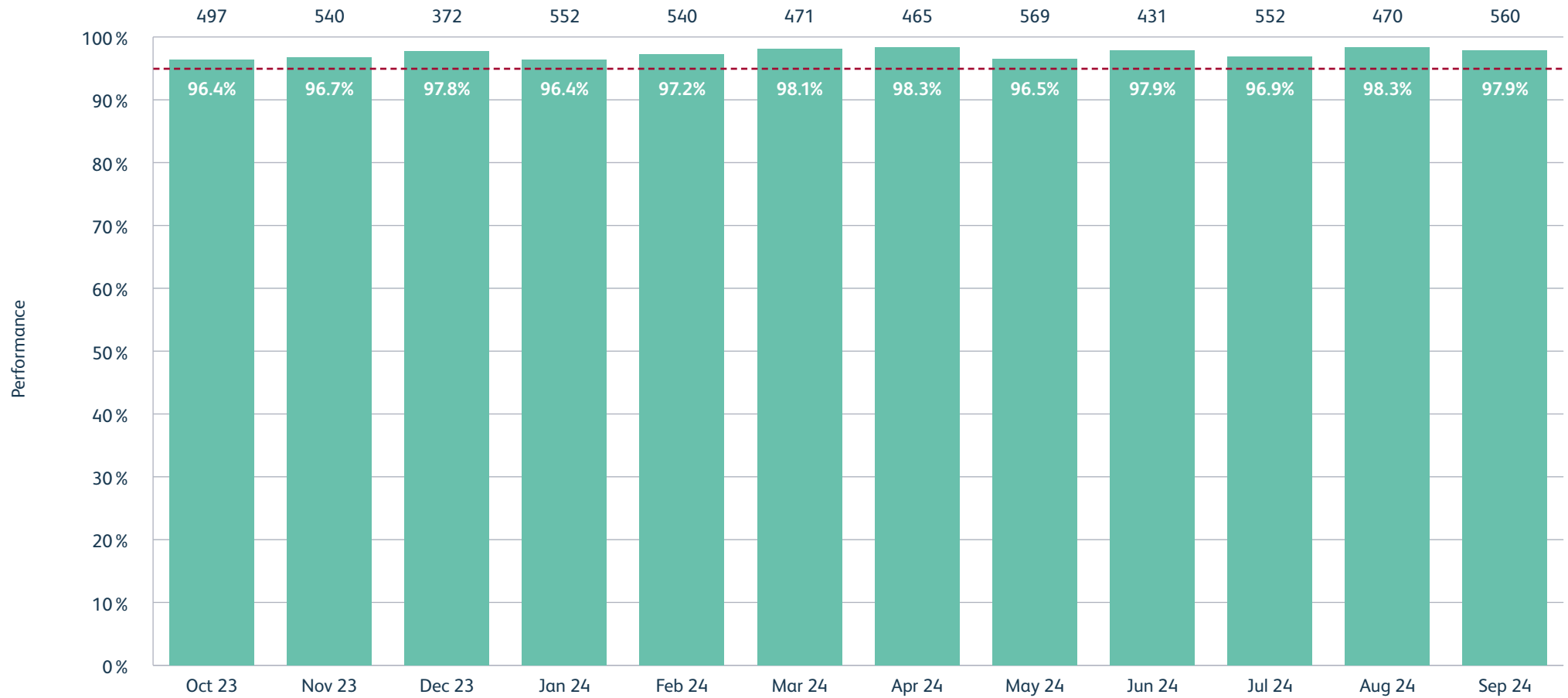
PERFORMANCE – ALL CASES

CLIENT SPECIFIC

--- Target

The quarterly SLA performance was **97.7%**

Total completed cases included for each month.



CASEWORK PERFORMANCE

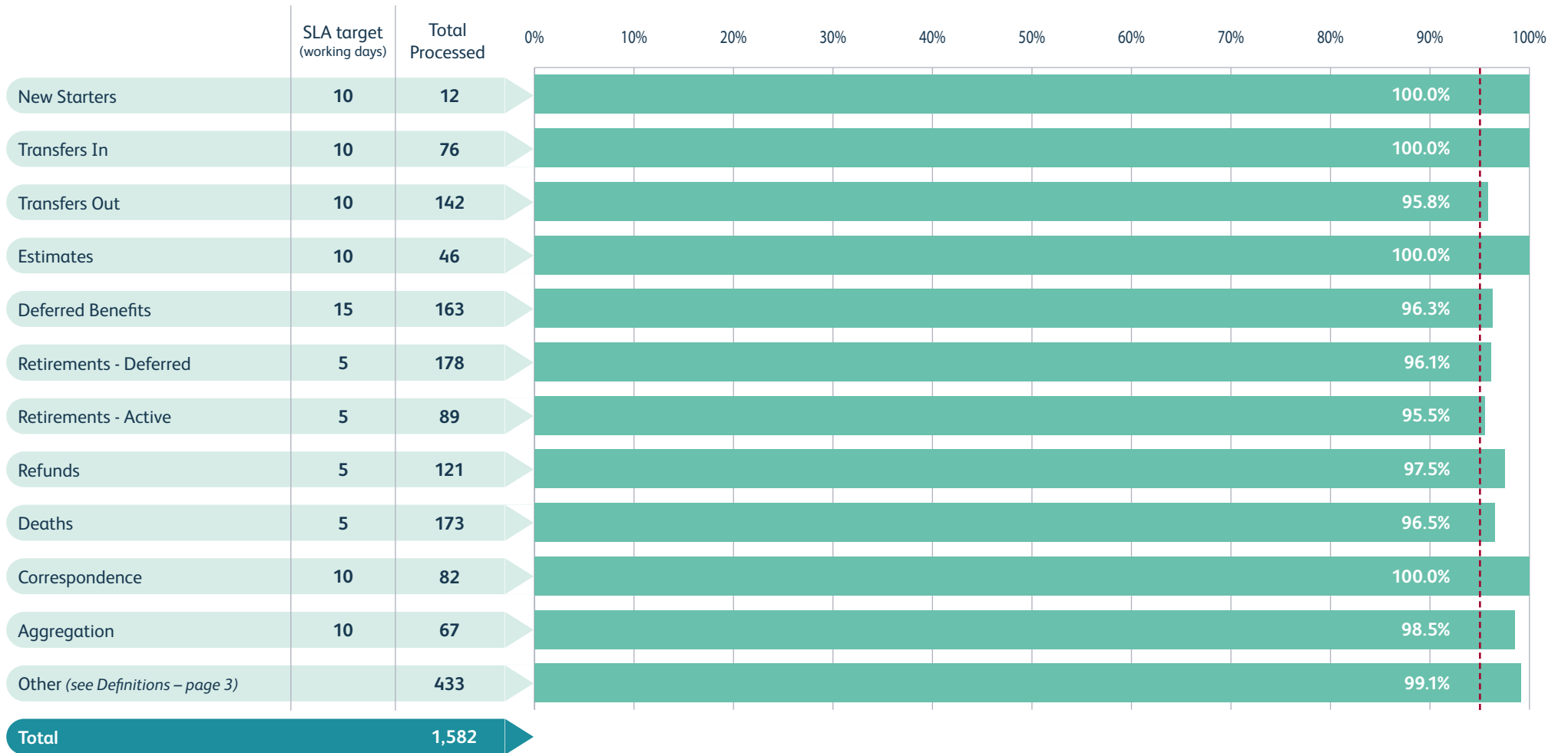


PERFORMANCE STANDARD

CLIENT SPECIFIC

----- Target (95%)

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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

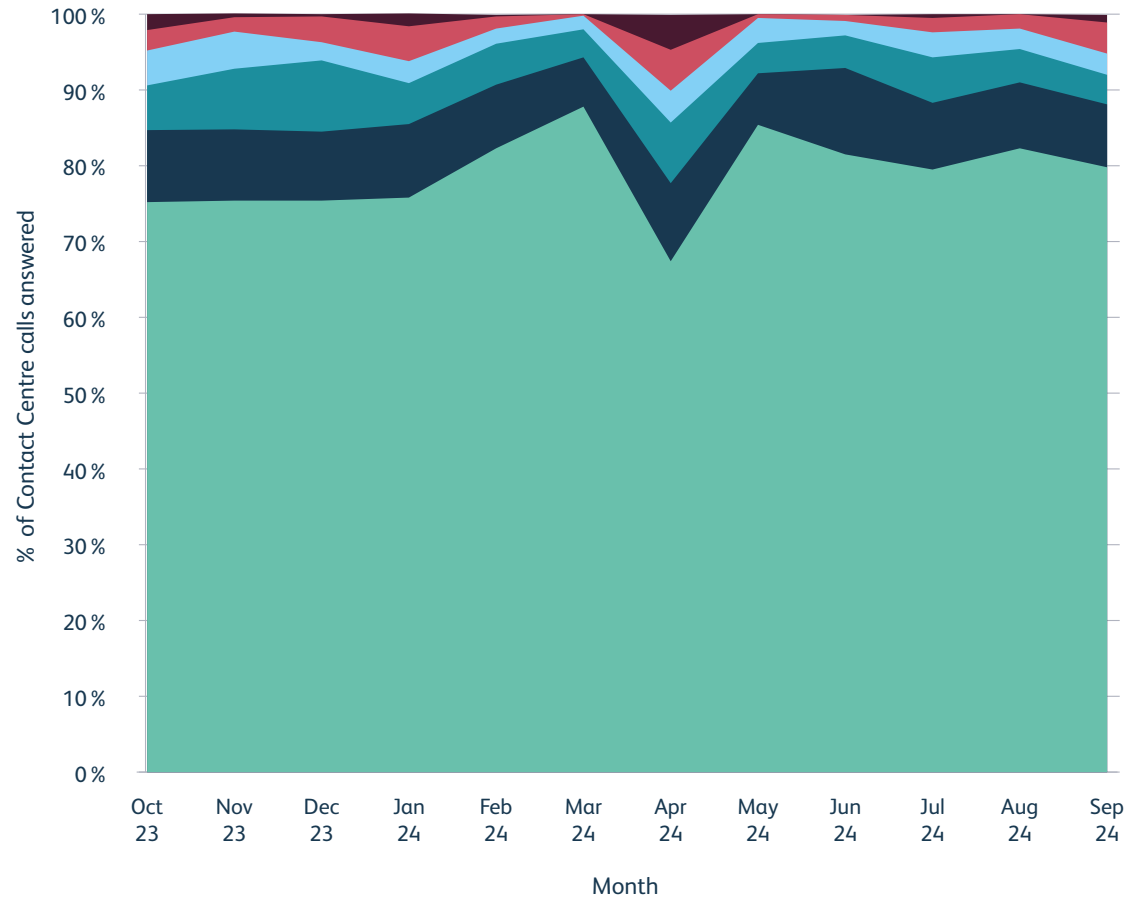
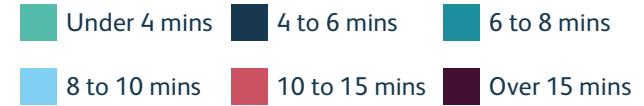


WAIT TIME RANGE

CLIENT SPECIFIC

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	Under 4 mins	4 to 6 mins	6 to 8 mins	8 to 10 mins	10 to 15 mins	Over 15 mins
Oct 23	75.2%	9.5%	5.9%	4.6%	2.7%	2.1%
Nov 23	75.4%	9.4%	8.0%	4.9%	1.9%	0.5%
Dec 23	75.4%	9.1%	9.4%	2.4%	3.4%	0.3%
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%



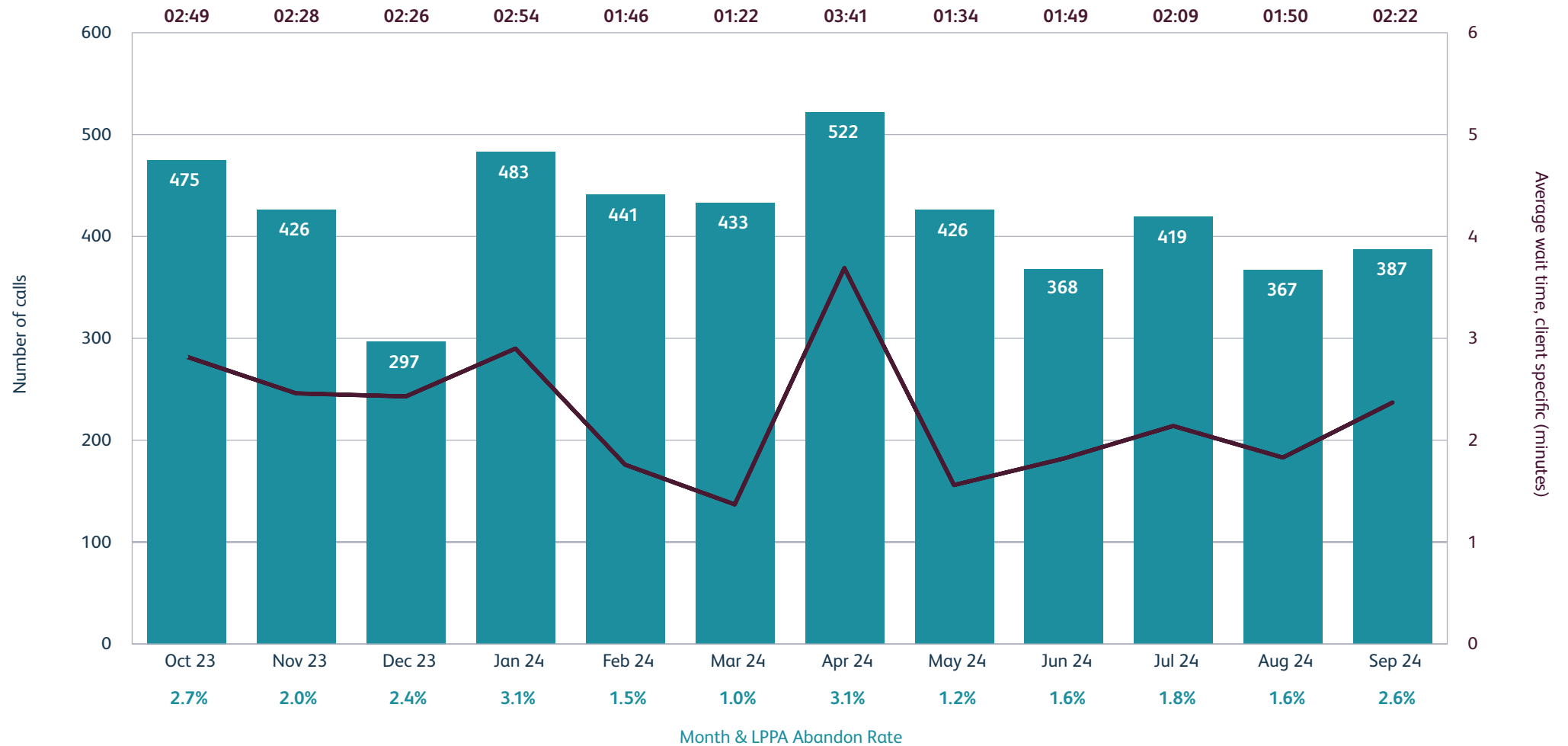
CONTACT CENTRE CALLS PERFORMANCE

CALLS ANSWERED

CLIENT SPECIFIC

— Average wait time (mm:ss)

Quarterly average wait time was 2 minutes 7 seconds



LPP

Local Pensions Partnership
Administration

Agenda Item 7

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pension Board

Date: 12/11/2024

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 31st October 2024

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) 31st October 2024

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 HFPP currently has the highest number of compliance from employers of all LPPA clients.
3. Member – Member satisfaction survey responses remain low. With deferred retirements 21 responses were received in Q2, with 76.2% of members satisfied and 19% dissatisfied. With active retirements 9 surveys were received, 66.7% were satisfied and 11.1% were dissatisfied.
4. Complaints – The number of complaints being worked on has increased from 12 at the end of Q1 to 14 in Q2 in 2024/25. These were mainly concerning retirements. 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 Q2 to 1173, 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, (However this is up from 1 minute 49 seconds in Q1). With an 2.6% average abandonment rate across all calls.
6. Communications – LPPA have created a dedicated retirement section on their website and increased engagement with members who have attained the minimum retirement age. The head of pensions continues to receive positive feedback for those attending the pre retirement session 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 5766 members registered in Q2, compared to 5473 in Q1. There were 11 opt outs in Q2 compared with 4 in Q1.
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.

Pensions Dashboard – The go live date for the Fund is October 2025

The Pension Regulator's General Code – Is a set of 5 governance codes of practice for pension schemes. Recently 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 – Both the 2021/2022 and 2022/23 have been completed. Finalising of the 2023/24 audits is underway. LPPA and auditors are committed to ensure that future audits are planned and managed more efficiently.
11. Overpayments – The LBHF pensions team continue to work with LPPA and the LBHF debt recovery teams to try to recover further outstanding overpayment funds.
12. Pension Administration services budget – The LPPA budget is in line with the agreed costs for 23/24 of £468,115. However, the costs for 24/25 are significantly higher with services provided with a budget £678,000 inclusive, due to busy legislative directives such as pensions dashboard, McCloud, increased membership numbers. As well as increased wage inflation and higher third party costs.

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 8

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Pensions Board

Date: 12th November 2024

Subject: Pension Fund Quarterly Update Q2 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 June 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: Q1 2024/25

1. This report and attached appendices make up the pack for the quarter one (Q1) review ended 30 June 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 June 2024, the market value of the assets increased by £11m to £1,371m.
 - The Fund has underperformed its benchmark net of fees by 0.56%, delivering an absolute return of 0.82% over the quarter.
 - The total Fund delivered a positive return of 8.31% on a net of fees basis over the year to 30 June 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 31 March 2025. An analysis of the differences between the actuals and the forecast for the quarter is also included.
4. Appendix 4 contains the Pension Fund's risk registers. At the Committee meeting of the 23 July 2024, Cllr Chevoppe-Verdier requested that the Pension Fund risk register is aligned with the format of the Audit Committee risk register. Work in this area is still ongoing but the register should be aligned by the 26 November 2024 Committee meeting.
5. Cllr Melton has requested a discussion paper on arms and weapons. Fund managers have been contacted to provide information to facilitate the request with a paper to be brought by officers to the 26 November 2024 meeting of the Pension Fund Committee.
6. The breaches of the law log has not been included in this quarter as there have been no breaches to report.
7. Regarding the redemption of all units in the Aviva Infrastructure Income portfolio, these monies were due back to the LBHF Fund by 31 December 2023.
 - 1.7.1. The first tranche of redemption payments (£5m) was paid in late January 2024.
 - 1.7.2. The second and final tranches of redemption payments were paid in September 2024.
 - 1.7.3. The total redemption monies received was £19.3m.

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 had a change in trend:
 - Risk 7 – *LCIV has inadequate resources to monitor investment strategy*. This has been amended from trending down to trending up. It was moved to trending down in the February 2024 meeting due to the appointment of Aoifinn Devitt as CIO. However, Aoifinn Devitt has now resigned. An interim CIO has now been appointed, but there has also been a large amount of staff turnover across the LCIV in the quarter, therefore officers have assessed there to be a slightly higher level of risk than in the previous quarter.

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| Appendix 2a: | Isio Quarterly Performance Report for Quarter Ended 30 June 2024 (public) |
| Appendix 2b: | Isio Fee Benchmarking Report 30 June 2024 (EXEMPT) |
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| Appendix 4: | Pension Fund Risk Register |

Scorecard at 30 June 2024

London Borough of Hammersmith and Fulham Pension Fund Quarterly

Monitoring Report

	Mar 23 £000	Dec 23 £000	Mar 24 £000	Jun 24 £000	Report reference/Comments
Value (£m)	1,281	1,307	1,360	1,371	IRAS reports.
% return quarter	2.47%	3.34%	4.56%	0.82%	
% Return one year	-1.74%	5.71%	7.88%	8.31%	
LIABILITIES					
Value (£m)	1,021	1,037	1,040	1,011	Hymans Robertson LLP Estimated Funding Update
Surplus/(Deficit) (£m)	260	270	320	360	
Funding Level	125%	126%	130%	135%	
CASHFLOW					
Cash balance	8,805	7,510	15,643	10,789	Appendix 3
Variance from forecast	5,610	2,114	5,557	1,248	
MEMBERSHIP					
Active members	5,150	5,018	5,032	5,045	Reports from Pension Fund Administrator
Deferred beneficiaries	6,218	7,060	7,032	7,056	
Pensioners	5,960	6,091	6,033	6,097	
RISK					
No. of new risks				0	Appendix 4: Risk Register
No. of ratings changed				0	
LGPS REGULATIONS					
New consultations	None	1	None	1	Sep 23 - Was the Pooling Consultation Paper
New sets of regulations	None	None	None	None	May 24 – Efficiencies in Management of LGPS Funds Consultation

London Borough of Hammersmith & Fulham Pension Fund

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Investment Performance Report to 30 June 2024

isio.



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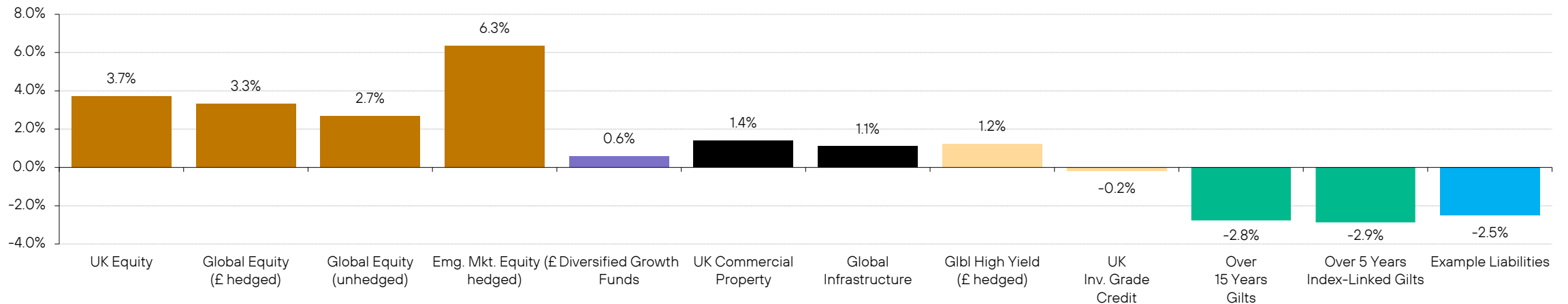
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Market Background – Q2 2024

Market movements over the quarter



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Key Upcoming Events

Q3 2024 Base rate publications

- UK: The dates for the Bank of England's Monetary Policy Committee ("MPC") announcements are 1 August and 19 September.
- US: The dates for the US Federal Reserve's Federal Open Market Committee ("FOMC") meetings are 31 July and 18 September.

Q3 2024 Inflation publications

- UK: 17 July, 14 August, 18 September.
- US: 11 July, 14 August, 11 September.

Commentary

- Q2 2024 saw mixed returns across asset classes as economic data supported risk assets, but central bank messaging led to negative returns in some areas of bond markets. Whilst the ECB implemented a rate cut over the quarter, the US and UK maintained their current interest rates, noting any cuts would be data dependent. This rhetoric led to nominal and index-linked gilt yields rising over Q2.
- As such, investment grade bonds also experienced negative performance, following government bond yields higher amidst persistent services inflation. However, high yield bonds delivered positive returns as credit spreads remained stable.
- Global equities delivered strong returns over Q2, underpinned by positive investor sentiment due to strong earnings growth and easing headline inflation figures.
- Performance in the property sector was positive following an increase in consumer demand and activity. However, transaction volumes within the property market remain suppressed as markets wait for interest rate cuts to materialise.

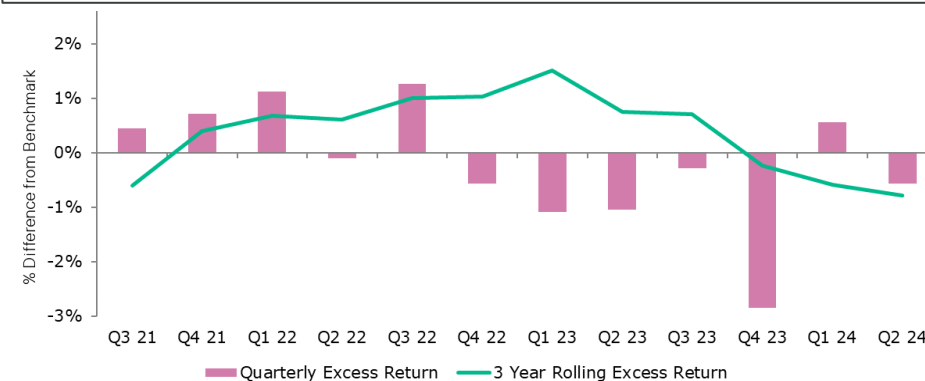
Executive Summary – Q2 2024

Fund Performance to 31 March 2024		3 months (%)			1 year (%)			3 years (% p.a.)		
		Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
Equity	LCIV Global Equity Quality	0.1	2.8	(2.7)	13.9	20.1	(6.2)	6.8	8.6	(1.8)
	LGIM Low Carbon Mandate	2.8	2.9	(0.2)	21.5	21.7	(0.2)	10.1	10.3	(0.2)
Dynamic Asset Allocation	LCIV Absolute Return Fund	0.4	2.3	(1.9)	1.0	9.4	(8.4)	(0.3)	7.0	(6.7)
	LCIV Long Duration B&M	(2.3)	(1.8)	(0.4)	n/a	n/a	n/a	n/a	n/a	n/a
	LCIV Short Duration B&M	1.1	0.8	0.3	n/a	n/a	n/a	n/a	n/a	n/a
	Allspring Climate Transition Global B&M	(0.4)	(0.8)	0.4	n/a	n/a	n/a	n/a	n/a	n/a
Secure Income	Partners Group MAC ²	3.3	2.3	1.0	1.4	9.4	(8.0)	7.9	7.0	0.9
	Oak Hill Advisors	1.9	2.3	(0.4)	21.8	9.4	12.4	4.5	7.0	(2.5)
	abrdrn MSPC Fund ³	0.0	-0.2	-0.2	7.8	11.9	(4.1)	(0.5)	(1.8)	1.3
	Darwin Alternatives	(0.5)	2.8	(3.2)	(15.5)	11.4	(27.0)	n/a	n/a	n/a
	Partners Group Infra ²	1.8	3.2	(1.4)	6.9	13.4	(6.5)	16.9	11.0	5.9
	Aviva Infra Income ⁴	(4.3)	2.8	(7.1)	(8.4)	11.4	(19.3)	0.8	9.0	(8.1)
Inflation Protection	Quinbrook Renewables Impact	(4.4)	1.6	(6.1)	n/a	n/a	n/a	n/a	n/a	n/a
	abrdrn Long Lease Property Fund	0.2	(0.4)	0.6	(8.2)	6.8	(14.9)	(7.5)	(6.1)	(1.4)
	Alpha Real Capital	(0.5)	(4.6)	4.2	(12.7)	(9.0)	(3.7)	n/a	n/a	n/a
	Man GPM	2.8	2.3	0.5	(0.5)	9.4	(9.9)	n/a	n/a	n/a
Total Fund¹		0.8	1.4	(0.6)	8.3	11.8	(3.5)	4.0	4.8	(0.8)

Commentary

- The Total Fund delivered an absolute return of 0.8% on a net of fees basis over the quarter to 30 June 2024, underperforming the fixed weight benchmark by 0.6%.
- The Total Fund delivered positive absolute returns of 8.3% and 4.0% p.a. on a net of fees basis over the year and annualised three years respectively to 30 June 2024, underperforming its fixed weight benchmark by 3.5% and 0.8% 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.
- The chart to the right compares the net performance of the Fund relative to the fixed weight benchmark over the three years to 30 June 2024. The 3-year rolling excess return remained negative over the second quarter of 2024 with further underperformance over the quarter, with the Fund having underperformed the fixed weight benchmark over five quarters in succession leading to the end of December 2023.

Total Fund Performance – Last Three Years



Asset Allocation as at 30 June 2024

Fund	Actual Asset Allocation				
	31 March 2024 (£m)	30 June 2024 (£m)	31 March 2024 (%)	30 June 2024 (%)	Benchmark Allocation (%)
LCIV Global Equity Quality	179.7	179.9	13.2	13.1	13.0
LGIM Low Carbon Mandate	412.6	424.1	30.3	30.9	27.0
Total Equity	592.3	604.0	43.5	43.9	40.0
LCIV Absolute Return Fund	151.2	151.8	11.1	11.0	10.0
Allspring Buy & Maintain (Climate Transition)	135.3	134.8	9.9	9.8	10.0
LCIV Buy & Maintain (Long Duration)	33.5	32.8	2.5	2.4	2.5
LCIV Buy & Maintain (Short Duration)	33.1	33.4	2.4	2.4	2.5
Total Dynamic Asset Allocation	353.1	352.7	25.9	25.7	25.0
Partners Group MAC	6.5	6.7	0.5	0.5	-
Oak Hill Advisors Diversified Credit Strategies	73.6	75.0	5.4	5.5	5.0
Partners Direct Infrastructure	33.2	33.8	2.4	2.5	5.0
Aviva Infrastructure Income	15.2	14.3	1.1	1.0	-
Quinbrook Renewables Impact	47.6	46.6	3.5	3.4	3.5
abrdn Multi Sector Private Credit	51.2	51.2	3.8	3.7	4.0
Darwin Alternatives Leisure Development Fund	29.0	28.9	2.1	2.1	2.5
Secure Income	256.3	256.4	18.8	18.7	20.0
Abrdn Long Lease Property	49.6	49.7	3.6	3.6	5.0
Alpha Real Capital Inflation Linked Income Fund	79.0	78.6	5.8	5.7	7.5
Man GPM	23.6	24.5	1.7	1.8	2.5
Total Inflation Protection	152.2	152.9	11.2	11.1	15.0
Bank Balance	7.3	8.6	0.5	0.6	-
Total Assets	1,361.1	1,374.6	100.0	100.0	100.0

Fund Activity (1)

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Item	Action points / Considerations	Status
Infrastructure and Renewable Infrastructure	<p>Aviva Investors Infrastructure Income Fund ("AIIIF")</p> <ul style="list-style-type: none"> At the 20 June 2022 Pension Fund Committee Meeting, the Pension Fund Committee agreed to proceed with the proposed full disinvestment from the Fund's investment in the Aviva Investors Infrastructure Income Fund and, in June 2022, the Pension Officers served notice to fully disinvest from AIIIF. The London Borough of Hammersmith and Fulham Pension Fund received £262k on 20 June 2024, from the income distribution. The remaining redemption proceeds are expected to follow in one single tranche later in the year. Further detail can be found in the Private Appendix attached to this report. <p>Quinbrook Renewables Impact Fund</p> <ul style="list-style-type: none"> Over the quarter, Quinbrook issued one draw down requests for £1.1m to be paid by 30 May 2024 funded from excess cash held in the Trustee bank account. Resultantly, following payment of the latest draw down request, the Fund's £45m commitment is c. 95% drawn for investment as at 30 May 2024. 	<p>●</p> <p>●</p>
Affordable Housing	<p>Man GPM Community Housing</p> <ul style="list-style-type: none"> Man GPM issued one capital call during the second quarter of 2024. Issuing a drawdown request for c.£217k for payment by 9 May 2024, funded from excess cash held in the Trustee bank account. Following quarter end Man GPM issued a further drawdown request for c.£1.2m for payment by 24 July 2024, funded from excess cash held in the Trustee bank account. Following payment of this post quarter end request the Fund's total commitment is c.84% drawn for investment. An update on the Community Housing Fund's investments in Grantham, Wellingborough and Saltdean can be found in the Private Appendix to this report. 	<p>●</p>

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 (2)

Item	Action points / Considerations	Status
London CIV	<ul style="list-style-type: none"> • Post quarter end, London CIV announced that their Chief Investment Officer, Aoifnn 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. • Additionally, after a prolonged extended leave absence, Clients Relationships Manager Harry Lamprinopoulos has decided to leave London CIV, with the current client service function expected to be able to continue to deliver ongoing service without additional recruitment. • 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. 	●
LGIM	<p>LGIM's holding company, Legal and General Group ('L&G') has recently announced several business changes, in particular, the combining of LGIM with L&G Capital (L&G's private markets business) into one entity to focus on expanding further into private market offerings.</p> <p>We expect a positive impact from the strategic review, with Antonio Simoes, the newly appointed CEO focusing on simplifying the business structure and capitalising on market opportunities.</p> <p>Further information on the L&G's business announcement and our views on the changes are detailed on the next page. There is no further action required by the Trustee at this time.</p>	●

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 Wednesday 12 June, Legal & General (“L&G”) announced several business changes relating to their forward-looking strategy following a broad strategic review led by Antonio Simoes, who was appointed as CEO in January 2024.

The changes involve setting targets over the coming financial years across areas L&G have identified as key growth areas to increase shareholder value. The main changes are as follows:

- Combining the existing Legal & General Investment Management (“LGIM”) unit with L&G Capital, their private markets business, into one entity to expand into private markets;
- Michelle Scrimgeour departing as CEO of LGIM once a successor has been identified. Laura Mason, currently CEO of L&G Capital, will assume the role of CEO of Private Markets within the new entity;
- Prioritising Pension Risk Transfer as a key growth area, targeting underwriting £50-65bn of deals per annum by the end of 2028;
- Expanding their retail operations through their workplace DC platform, targeting total cumulative asset inflows of £40-50bn over 2024-28;
- Disposing of ‘non-strategic assets’ such as housebuilder Cala, through which L&G are reportedly looking to raise £1bn;
- Enacting £200m of share buybacks in 2024, with further possible buybacks in future years.

The above changes are being enacted with the view of streamlining L&G’s operations and increasing shareholder value, with L&G targeting 6-9% annual growth in earnings per share over 2024-27. In addition, they are aiming to achieve 5% dividend growth in 2024 and 2% annual dividend growth over 2025-27.

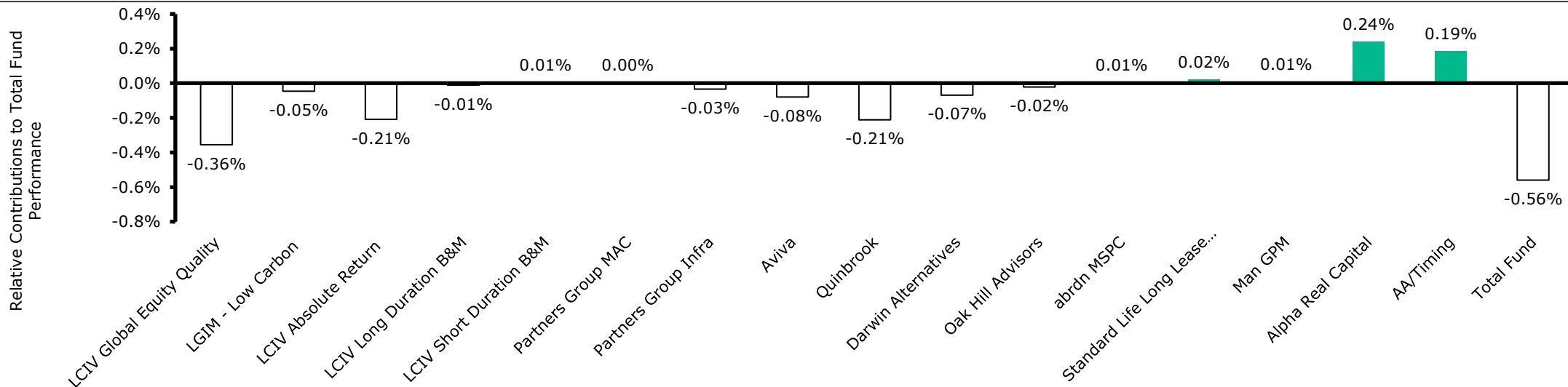
The initial market reaction to the announcement was underwhelming, with L&G’s share price falling by c.5% following the news – with some investors seemingly hoping for more ambitious earnings and dividend growth targets.

Isio View

- Overall, we expect a positive impact from the strategic review, with Simoes as the recently appointed CEO focusing on simplifying the business structure and capitalising on market opportunities to drive future growth across three distinct business units (Pension Risk Transfer, Asset Management And Retail).
- Whilst L&G are not expecting any significant short-term team changes to occur, based on our experience of other mergers within asset managers, such events can lead to team turnover. The largest impact would be felt if portfolio management / analyst team changes occur. We suspect overlap in these areas between the two business units to be limited, but we have identified real estate as an area that could be impacted. We’ll monitor this closely to assess how LGIM establish Chinese walls to manage information flow and decide on a new team organisation structure.
- In addition, whilst LGIM have confirmed this is not a cost cutting exercise, we expect there to be some duplication of roles within the merged asset management entity, which could lead to redundancies. Moving forward, we will regularly monitor team turnover and client servicing to ensure there are no negative impacts from the proposed changes.
- L&G are actively running a recruitment process to identify a new CEO of LGIM to replace Michelle Scrimgeour, who will remain in the position until a successor is identified – which L&G expect to take several months. While this provides a handover period to transition to the new CEO and entity, we note the new CEO will likely come in with their own strategic ideas and priorities, so we will speak to them once appointed to assess these.
- A key challenge for the new LGIM CEO will be to successfully integrate the cultures of LGIM with L&G Capital as these two business units merge. While L&G believe the two cultures are well-aligned and we see many other managers operating in both public and private markets, we sometimes observe different investment philosophies and approaches between these two areas elsewhere, which may need reconciling.
- This integration offers L&G the potential to expand into private assets and launch strategies that straddle both public and private markets. However, a focus on new strategies and desire to simplify the business could lead to the consolidation of existing funds, as we have seen elsewhere. We will monitor this over time to assess how LGIM’s product range evolves.

Attribution of Performance to 30 June 2024

Relative Contributions to Total Fund Performance - Quarter



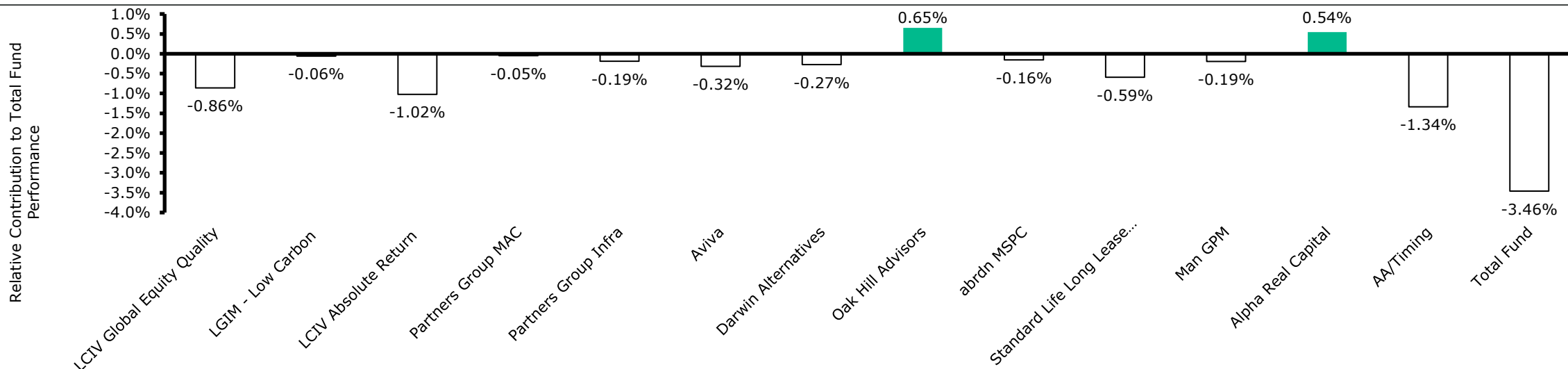
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Key area	Comments
Commentary	<ul style="list-style-type: none"> The Fund underperformed its fixed weight benchmark by c. 0.6% over the quarter to 30 June 2024. Underperformance can be attributed to the LCIV Global Equity Quality fund which underperformed the wider MSCI AC World Index driven by poor stock selection among each of the three main sources of sector exposure in the sub-fund: information technology, health care and financials. Additionally, Quinbrook underperformed the Fund's cash plus objective. LCIV Absolute Return also contributed to relative underperformance as a result of a positions that required borrowing Japanese Yen amid rising interest rates and downside protection strategies with equity put options if markets were to fall. Relative underperformance was counteracted to a degree by Alpha Real Capital having outperformed their respective inflation-linked gilts benchmark over the three-month period. The source of the outperformance was from relatively high interest income as well as arrears payments. The impact of the Fund's underweight allocation to Darwin over a period of negative performance and overweight to the LGIM Low Carbon Equity Mandate over a period of positive performance amongst others, is captured in the "AA/Timing" bar.

Sources: Investment managers, Isio calculations.

Attribution of Performance to 30 June 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 June 2024, the Fund underperformed its fixed weight benchmark by c. -3.5%. Underperformance over the twelve-month period was primarily driven by the LCIV Absolute Return Fund, having underperformed its cash-based benchmark over each of the separate four quarters to 30 June 2024. The strategy's defensive positioning, predominantly the cost of protection strategies to protect against falls in the equity markets has been detriment in recent period, alongside bond holdings that have been impacted by the rise in nominal yields since the start of the new year. 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 preference for quality stocks with predictable cashflows over a period where growth stocks have outperformed due to an improved economic outlook and corporate earnings. Additionally, the negative attribution to relative returns over the year reflected in the "AA/Timing" bar can be attributed to the accumulation of the Scheme being marginally underweight to positively performing asset classes and

Sources: Investment managers, Isio calculations.

Investment Manager Updates

London CIV (1)

Sub-fund	Asset Class	Manager	Total AuM as at 31 March 2024 (£m)	Total AuM as at 30 June 2024 (£m)	Number of London CIV clients	Inception Date
LCIV Global Alpha Growth	Global Equity	Baillie Gifford	1,473	1,474	5	11/04/16
LCIV Global Alpha Growth Paris Aligned	Global Equity	Baillie Gifford	2,305	2,333	11	13/04/21
LCIV Global Equity	Global Equity	Newton	605	620	3	22/05/17
LCIV Global Equity Quality	Global Equity	Morgan Stanley Investment Management	560	560	3	21/08/20
LCIV Global Equity Focus	Global Equity	Longview Partners	1,270	1,252	6	17/07/17
LCIV Emerging Market Equity	Global Equity	Henderson Global Investors	561	589	8	11/01/18
LCIV Sustainable Equity	Global Equity	RBC Global Asset Management (UK)	1,411	1,443	8	18/04/18
LCIV Sustainable Equity Exclusion	Global Equity	RBC Global Asset Management (UK)	724	750	5	11/03/20
LCIV PEPPA	Global Equity	State Street Global Advisors	941	975	4	01/12/2021
LCIV Global Total Return	Diversified Growth Fund	Pyrford	100	101	1	17/06/16
LCIV Diversified Growth	Diversified Growth Fund	Baillie Gifford	320	300	4	15/02/16
LCIV Absolute Return	Diversified Growth Fund	Ruffer	981	985	10	21/06/16
LCIV Real Return	Diversified Growth Fund	Newton	186	186	2	16/12/16
LCIV Global Bond	Fixed Income	PIMCO	888	887	10	30/11/18
LCIV Short Duration B&M Credit Fund	Fixed Income	Insight Investment Management	138	138	2	06/12/23
LCIV Long Duration B&M Credit Fund	Fixed Income	Insight Investment Management	814	789	6	06/12/23
LCIV MAC	Fixed Income	CQS & PIMCO	1,768	1,900	17	31/05/18
LCIV Alternative Credit	Fixed Income	CQS	508	521	4	31/01/22
Total			15,554	15,803		

Investment Performance to 30 June 2024

Business

As at 30 June 2024, the London CIV had assets under management of £15.8bn within the 18 sub-funds (not including commitments to the private markets strategies), an increase of £200m over the quarter owing partially to positive net client flow alongside positive investment returns within the growth sub-funds available on the platform.

As at 30 June 2024, the total assets under oversight, including passive investments held outside the London CIV platform, stood at £32bn, an increase of c. £400m over the quarter. Total commitments raised by the private market funds stood at c. £3.1bn of which c. £1.6bn had been drawn as at 30 June 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 June 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	315,874	371,356	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	481,149	490,498	16	29/03/2021
LCIV Private Debt Fund	625,000	420,091	498,034	8	29/03/2021
LCIV UK Housing Fund	450,000	73,200	1,377	8	31/03/2023
The London Fund	250,000	104,026	99,774	4	15/12/2020

Source: London CIV.

Investment Performance to 30 June 2024

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

LCIV – Global Equity Quality (1)

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Key area	Performance commentary
Commentary	<ul style="list-style-type: none"> 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. This is continued to be the case over the second quarter of 2024, where the strategy has underperformed the MSCI-based benchmark by 2.7% over the three-month period, 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. The strategy has underperformed the benchmark by 6.2% over the year and 1.5% p.a. over the three-year period. The LCIV Global Equity Quality Fund follows the same strategy and, in general, has the same investment principles as the Morgan Stanley Global Franchise Fund, but is subject to a greater number of restrictions, owing to its key focus on sustainability. As such, there exists several small differences in the characteristics of the two funds. The LCIV Global Equity Quality Fund underperformed the Global Franchise Fund by 0.1% over the quarter.

Investment Performance to 30 June 2024			
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)
Net of fees	0.1	13.9	7.1
Benchmark (MSCI World Net Index)	2.8	20.1	8.6
Global Franchise Fund (net of fees)	0.2	13.5	6.6
Net Performance relative to Benchmark	-2.7	-6.2	-1.5

Relative performance may not tie due to rounding

Fund Overview

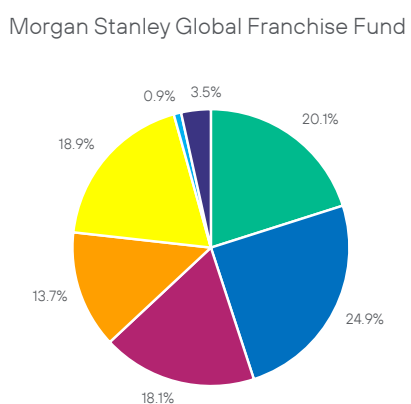
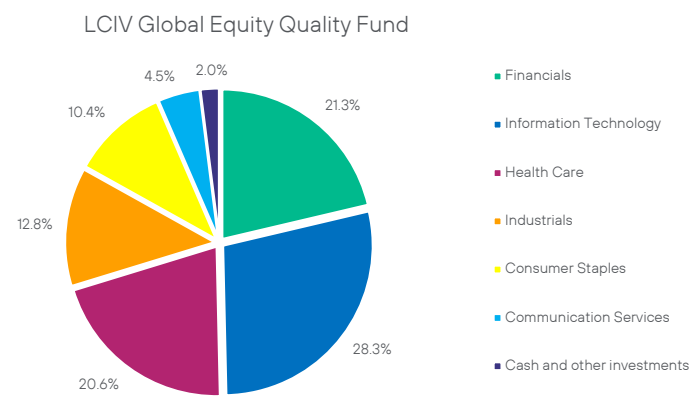
Morgan Stanley Investment Management was appointed to manage an active equity portfolio with a focus on sustainability when selecting investment opportunities, held as a sub-fund on the London CIV platform from 30 September 2020. The aim of the fund is to outperform the MSCI AC World Index.

The charts at the bottom of the page compare the relative weightings of the sectors in the LCIV Global Equity Quality Fund and the Morgan Stanley Global Franchise Fund as at 30 June 2024.

The Global Equity Quality strategy has a higher allocation to information technology, healthcare and financials, and a lower allocation to consumer staples due to its intentional tilt towards sustainable investments.

The Global Franchise Fund portfolio held an allocation of c. 2.1% to tobacco stocks as at 30 June 2024. The Global Equity Quality Fund is restricted from investing in tobacco, and hence holds a substantially smaller allocation to consumer staples

Portfolio Sector Breakdown at 30 June 2024



LCIV – Global Equity Quality (2)

Performance Analysis

	LCIV Global Equity Quality Fund	Global Franchise Fund
No. of Holdings	43	39
No. of Countries	9	6
No. of Sectors*	6	7
No. of Industries*	18	15

*Not including cash

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Holdings

Global Equity Quality Fund Holding	% of NAV
Microsoft	6.6
SAP SE	5.6
Visa	5.0
Accenture	4.0
Alphabet Inc Class A	3.6
Intercontinental Exchange Inc	3.6
RELX	3.4
UnitedHealth	3.3
Thermo Fisher Scientific	3.3
Aon	3.1
Total	41.5

Global Franchise Fund Holding	% of NAV
Microsoft	8.7
SAP SE	6.7
Visa	5.8
Accenture	5.0
Intercontinental Exchange	4.4
RELX	4.1
UnitedHealth	3.7
Thermo Fisher Scientific	3.5
Becton Dickinson	3.4
AON	3.3
Total	48.4

Sources: Morgan Stanley and London CIV. Totals may not sum due to rounding.

Portfolio Analysis

The performance analysis table summarises the Global Equity Quality Fund portfolio's key characteristics as at 30 June 2024, compared with the Morgan Stanley Global Franchise Fund.

The top 10 holdings in the Global Equity Quality Fund account for c. 41.5% of the strategy and are detailed in the bottom left chart, compared with the Morgan Stanley Global Franchise Fund.

Nine stocks are consistently accounted for in the top ten holdings of both strategies.

LGIM – World Low Carbon Equity

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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 2.8% on a net of fees basis over the quarter to 30 June 2024 as global equity markets continued to rally amid positive investment sentiment of economic growth prospects, although the fund slightly underperforming its MSCI World Low Carbon Target benchmark. The LGIM MSCI World Low Carbon Index Fund delivered an absolute return of 21.5% on a net of fees basis over the one-year-period to 30 June 2024, slightly underperforming its MSCI World Low Carbon Target benchmark by 0.2%. Over the longer three-year period, the strategy delivered a positive absolute return of 10.2% p.a. on a net of fees basis, slightly underperforming its MSCI World Low Carbon Target benchmark by 0.1% p.a. over the period.

Investment Performance to 30 June 2024			
	Last Quarter	One Year	Three Years
	(%)	(%)	(% p.a.)
Net of fees	2.8	21.5	10.2
Benchmark (MSCI World Low Carbon Target)	2.9	21.7	10.3
Net Performance relative to Benchmark	-0.2	-0.2	-0.1

Relative performance may not tie due to rounding

Fund Overview

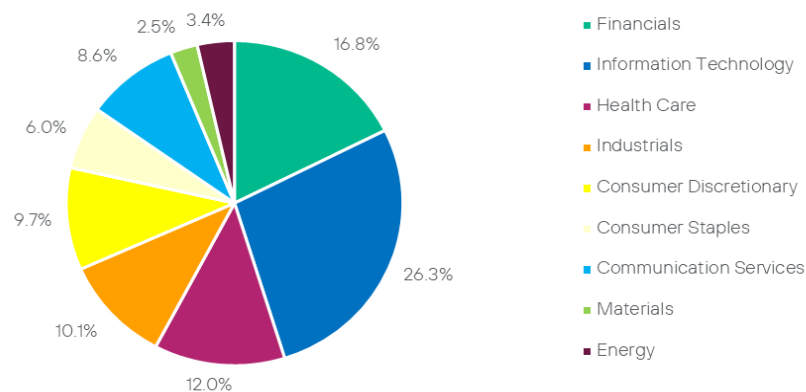
Legal and General Investment Management (“LGIM”) was appointed on 18 December 2018 to manage a low carbon portfolio with the aim of replicating the performance of the MSCI World Low Carbon Target Index. The manager has an annual management fee, in addition to On Fund Costs.

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 June 2024.

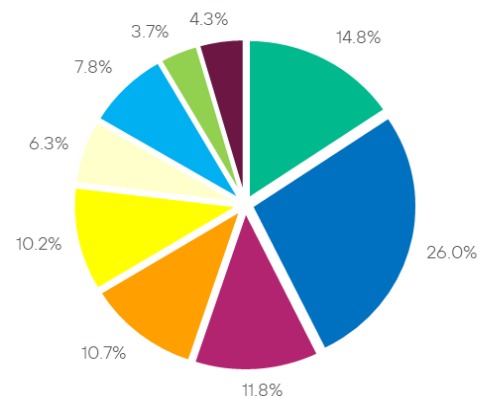
The LGIM MSCI Low Carbon Index Fund has a larger allocation to financials than the MSCI World Equity Index, whilst the relatively lower allocation to materials, industrials and energy reflect the ‘low carbon’ nature of the Fund.

Portfolio Sector Breakdown at 30 June 2024

LGIM MSCI World Low Carbon Fund



MSCI World Equity Index



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

LCIV – Absolute Return

Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The LCIV Absolute Return Fund has delivered returns of 0.4% and -0.3% over the quarter and year to 30 June 2024 respectively, underperforming its SONIA+5% p.a. target by 1.8% and 9.7% over each respective period. While the Fund's growth assets delivered gains over the last two quarters, the manager, Ruffer, attributes the portfolio's negative performance over the last year 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). Over the year the Fund's long Yen position has driven negative performance, with Yen depreciation against Sterling following lower than expected interest rate rises.

Investment Performance to 30 June 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	0.4	1.0	0.3	4.5
Target	2.3	9.4	7.0	5.9
Net performance relative to Target	-1.9	8.4	-6.7	-1.4

Relative performance may not tie due to rounding

Fund Overview

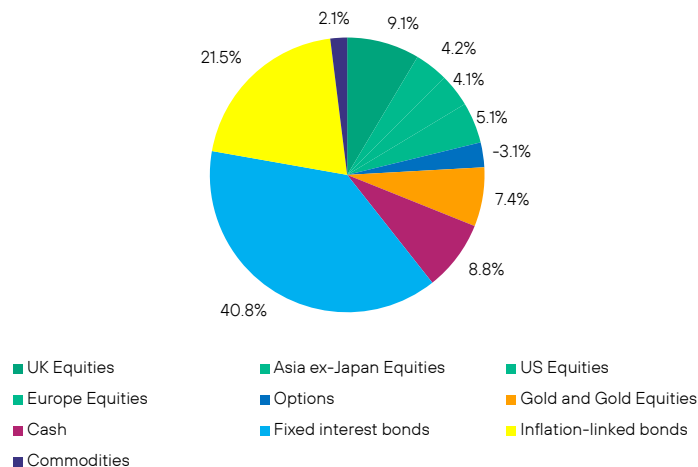
Ruffer was appointed to manage an absolute return mandate, held as a sub-fund under the London CIV platform from 21 June 2016, with the aim of outperforming the 3-month Sterling SONIA benchmark by 4% p.a. The manager has a fixed fee based on the value of assets.

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.

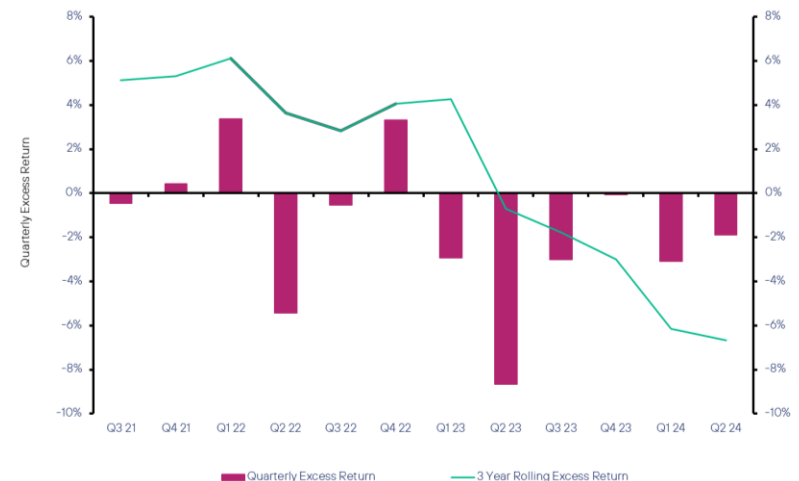
While the manager, Ruffer, maintains its view that investors are too bullish about prospects for interest rate cuts and that equity and credit markets are not pricing in downside risks, the manager has opted to retain some level of risk-on assets that will help capture upside if growth asset returns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

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Portfolio Sector Breakdown at 30 June 2024



Investment Performance to 30 June 2024



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

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Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> The Short Duration Sub-Fund benefited from interest income and the tightening of credit spreads over the quarter. Credits spreads tightened marginally due to continued demand for bond assets. Additionally high grade corporate borrowers have performed well over the quarter due to strong corporate earnings delivering returns for the Sub-Fund. The Long Duration Sub-Fund performance was impacted by the performance of longer duration investment grade credit which was more susceptible to benchmark government bond yields increasing as investors repriced the expected rate of interest rate cuts amid persistent inflation. The Sub-Fund also suffered from the anomaly of strong technical demand for sterling debt amidst a period of low issuance in sterling, causing dollar credit to trade with higher spreads than pound (for which the index does not hold USD denominated debt). The manager expects this to be temporary in nature.

Key Statistics				
	Short Duration		Long Duration	
	31 Mar 2024	30 Jun 2024	31 Mar 2024	30 Jun 2024
Weighted Average Credit Rating	A	A	A-	A-
Yield to Maturity	5.29	5.54	5.20	5.58
Current Yield	3.96	3.84	4.52	4.97
Interest Rate Duration (Years)	2.46	2.38	11.60	11.31
Spread Duration (Years)	2.51	2.33	10.50	10.98

Investment Performance to 30 June 2024	
Short Duration	Last Quarter (%)
Net of fees	1.1
Benchmark / Target	0.8
Net performance relative to Benchmark	0.2
Long Duration	Last Quarter (%)
Net of fees	-2.3
Benchmark / Target	-1.8
Net performance relative to Benchmark	-0.4

Relative performance may not tie due to rounding

Fund Overview

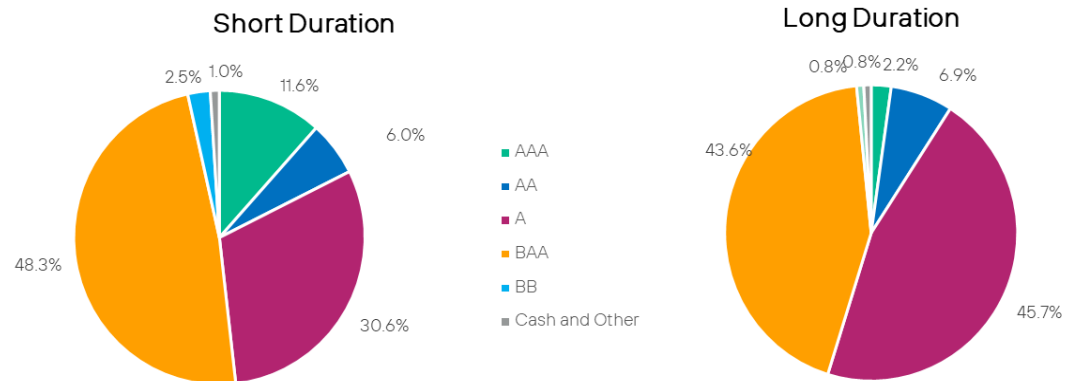
Insight Investment Management was appointed to manage a buy & maintain credit mandate across both a short and long duration strategy, held as sub-funds under the London CIV platform from 6 December 2023.

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.

Source: Northern Trust and London CIV.

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

Portfolio Credit Rating Breakdown as at 30 June 2024

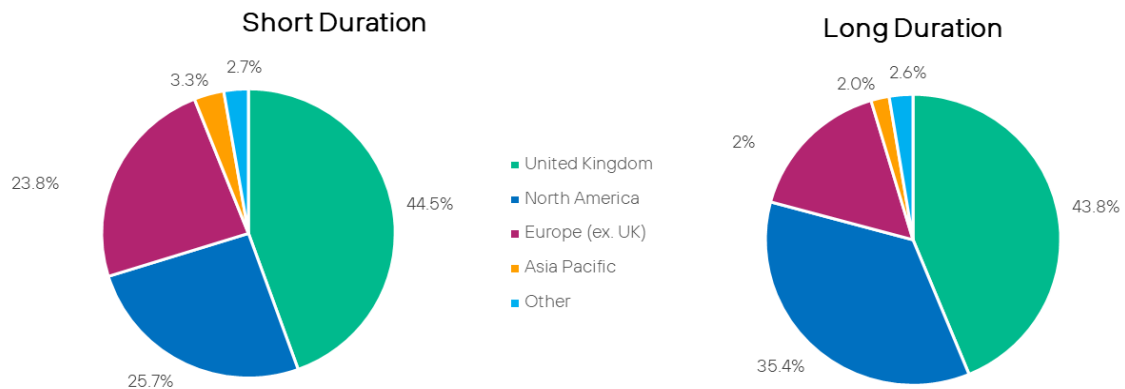


Fund Overview

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

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Portfolio Regional Breakdown as at 30 June 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"> Northern Trust has estimated that the Allspring Climate Transition Global Buy and Maintain Fund has delivered a negative return of -0.4% over the quarter to 30 June 2024 on a net of fees basis. Negative returns of the fund were driven by expectations that central banks would cut interest rates later in the year, further away than previously anticipated, with strong economic data coming out particularly the US and persistent inflation reducing nominal yield fall optimism.

Investment Performance to 30 June 2024	
	Last Quarter (%)
Net of fees	-0.4
Target	-0.8
Net performance relative to Target	0.4

Relative performance may not tie due to rounding

Fund Overview

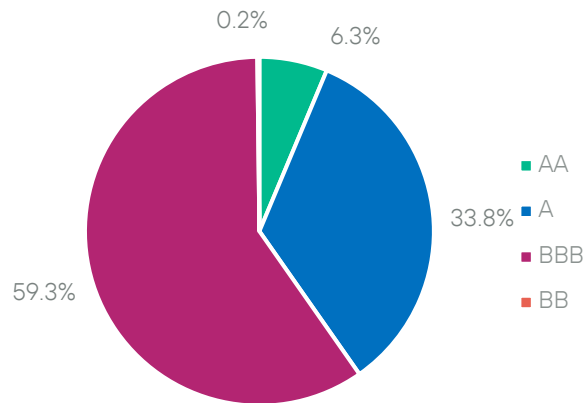
Allspring was appointed on 7 November 2023 to manage a global climate transition buy and maintain credit mandate.

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.

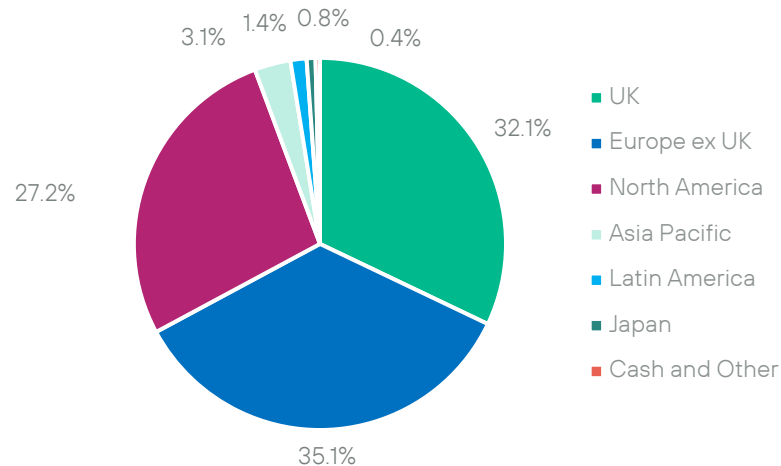
The charts to the bottom left represent the split of the Allspring Climate Transition Global Buy & Maintain Fund by credit rating and by region as at 30 June 2024.

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Portfolio Credit Rating Breakdown as at 30 June 2024



Portfolio Regional Breakdown as at 30 June 2024



Allspring – Climate Transition Global Buy & Maintain (2)

ESG Metrics as at 30 June 2024

	Allspring Climate Transition Global Buy & Maintain		Benchmark	
	Value	Coverage	Value	Coverage
MSCI ESG Score	7.4	98%	7.2	92%
Sustainalytics ESG Risk Score	20	95%	21	94%
Carbon to Value Invested (metric tons CO ₂ e/\$1m invested)*	37	89%	48	72%
Weighted Average Carbon Intensity (metric tons CO ₂ e/\$1m revenues)*	67	96%	94	89%
Coal Emissions (metric tons CO ₂ e/\$1m invested)	0	N/A	25,552	N/A
Gas Emissions (metric tons CO ₂ e/\$1m invested)	7,086	N/A	6,349	N/A
Oil Emissions (metric tons CO ₂ e/\$1m invested)	8,769	N/A	6,739	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 June 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 3.3% on a net of fees basis over the quarter to 31 May 2024, outperforming its 3 Month SONIA +4% benchmark by 1.0%. The 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, 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 49 have been fully realised as at 30 June 2024 with no further realisations taking place since 31 December 2023. The Fund's three-year investment period ended in July 2017 and therefore, any investments realised have subsequently been repaid to investors. Partners Group issued one capital distribution paid on the 28th June 2024 for c.£98k

Investment Performance to 31 May 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	3.3	1.4	7.9	6.2
Benchmark / Target	2.3	9.4	7.0	5.9
Net performance relative to Benchmark	1.0	-8.0	0.9	0.2

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 June 2024, based on the five positions remaining in the portfolio. The last loan is set to expire in 2030.

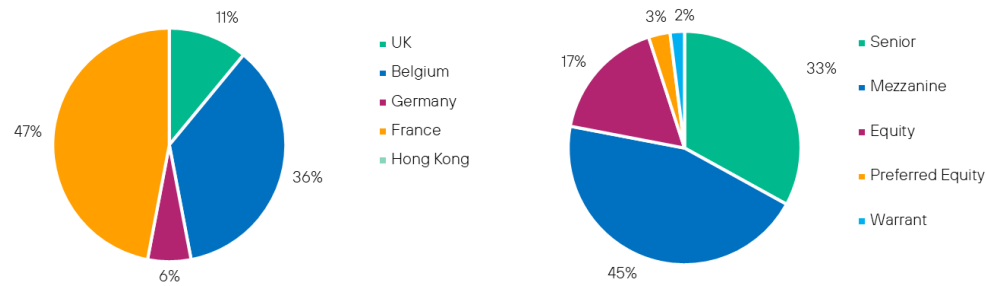
Proposed Fund Life Extension

During the quarter, on 10 May 2024, Partners Group wrote to investors in the Multi Asset Credit Fund 2014 to seek consent to extend the term of the strategy by three years to 28 July 2027. Partners Group with approval from investors decided to extend the fund on 17 June 2024.

There are 5 investments remaining in the portfolio and Partners Group extended the fund life in order to facilitate an orderly wind-down – to avoid selling the remaining assets at substantial discount as a result of current market dynamics and to allow additional time for the remaining assets to realise their value creation potential.

Partners Group anticipates that the majority of asset exits will complete within the next 12-18 months, but has proposed a 3 year extension to allow flexibility.

Portfolio Regional and Debt Type Breakdown at 30 June 2024



Quarterly Excess Returns

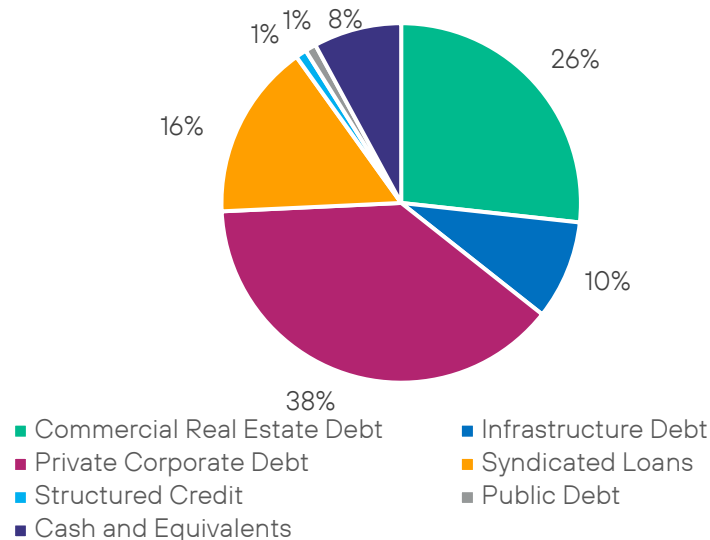


abrdn – Multi-Sector Private Credit Fund

Key area	Performance Commentary
Commentary	<ul style="list-style-type: none"> Absolute returns over the last year have primarily been driven by movements in the mark-to-market valuations of the strategy's underlying assets, with abrdn's valuation methodologies taking account of credit spreads and government bond yield movements. Gilt yields rose and credit spreads tightened over Q1 2024, resulting in broadly flat performance.
Portfolio Composition	<ul style="list-style-type: none"> As at 31 March 2024, the MSPC Fund portfolio has reached target allocation and consists of 23 private assets: <ul style="list-style-type: none"> 5 infrastructure debt investments; 8 senior real estate debts investments; 1 whole loan real estate debt investment; and 10 private corporate debt investments.

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Portfolio Asset Type Breakdown at 31 March 2024



Investment Performance to 30 June 2024			
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)
Net of fees	0.0	7.8	-0.5
Benchmark / Target	-0.2	11.9	-1.8
Net performance relative to Benchmark	0.2	-4.1	1.3

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

Investment Metrics		
	31 Mar 2024	31 Dec 2024
Duration (years)	4.35	4.65
Average rating	BBB	BBB
Average portfolio spread	291bps	323bps
Average illiquidity premium	126bps	126bps
Average yield to maturity	7.20%	7.82%

Fund Overview

abrdn 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.

abrdn 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 31 March 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 slightly negative absolute return of -0.5% over the quarter to 30 June 2024, underperforming its cash +6% p.a. target by 3.2%. Over the one-year period, the Fund has delivered an absolute return of -15.5%, underperforming its target by 27.0%. Darwin Alternatives attributes the significant decrease in net asset value over the year to a significant rise in the discount rate used to value the underlying assets, rather than poor asset performance. The strategy's assets are valued by an independent valuer using a discounted cashflow approach, with the decision taken during Q3 2023 to change the discount rate following a sustained upwards movement in the 'risk-free rate'. Norfolk, Rivendale and Plas Isaf delivered strong rental incomes from rentals over the quarter. With home sales at Norfolk and Plas Isaf were lower than anticipated, dragging performance. Darwin believes unseasonably poor weather and slow economy continued to hamper bookings at the other sites. Darwin continues to blame delays to development projects meaning that the Fund is not generating development returns which has negatively impacted performance.

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Investment Performance to 30 June 2024		
	Last Quarter (%)	One Year (%)
Net of fees	-0.5	-15.5
Benchmark / Target	2.8	11.4
Net performance relative to Benchmark	-3.2	-27.0

Relative performance may not tie due to rounding

Fund Overview

Darwin Alternatives was appointed to manage a leisure property development mandate, with the Fund drawing down capital for investment on 1 January 2022.

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.

Details of the Fund's underlying assets can be found overleaf.

Activity
<ul style="list-style-type: none"> Blenheim Palace Lodge Retreat has underperformed over previous quarters. The Darwin and Blenheim Palace Marketing teams have worked closely with the BBC to film the final of 'Interior Design Masters' which aired on BBC1 in spring 2024 and attached around 3 million viewers. The show featured extensive footage at both the Palace and the lodge retreat, where the finalists transformed the interiors of two of the lodges. Helping generate significant social media interest. The lodge manufacturer Bentley Rowe has now finished Plas Isaf in May and the site is fully open. The site has a total of 40 holiday rentals lodges and 17 bases for holiday home ownership. Darwin have also been explored solar opportunities across a number of the portfolio sites. Installing solar panels or arrays would feed on-site electrical demand and allow then to export electricity to the grid when they have an excess. At this stage they are exploring the feasibility from both a financial and practical perspective. Darwin are expecting a planning decision for Rosetta site in early August which is expected to be recommended for approval on the 100 lodge development on the outskirts of Peebles. Kilnwick Percy and Stratford are both going through the planning process. Darwin are expecting a decision on both after the summer.

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

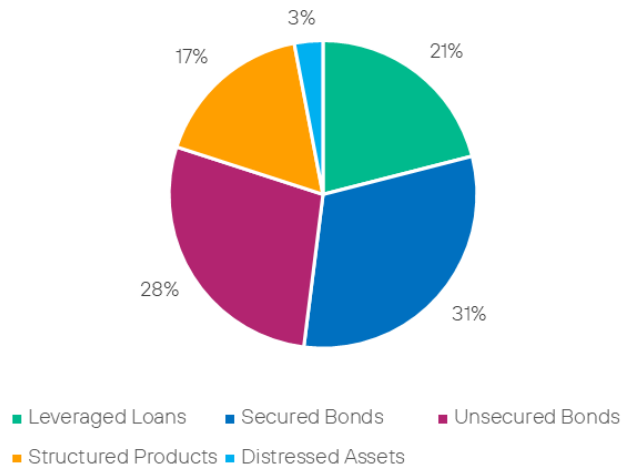
The table to the left shows details of the parks underlying the Darwin Alternatives Leisure Development Fund portfolio as at 30 June 2024.

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 1.9% on a net of fees basis over the quarter to 30 June 2024, underperforming the benchmark by 0.4%. As the strategy is measured against a Sterling cash-plus benchmark, we would expect relative performance differences over shorter time horizons. The Fund's performance was driven by credit selection with high yield and leveraged loans outperforming their respective market indexes by 0.98% and 0.4% on a gross basis. The strategy's opportunistic nature means that the fund can take on restructuring opportunities for issuers. There were no defaults over the second quarter of 2024 within the Diversified Credit Strategies portfolio, while three positions representing c. 0.8% of the total portfolio were downgraded. All three of the positions moved further down the sub-investment grade credit rating spectrum.

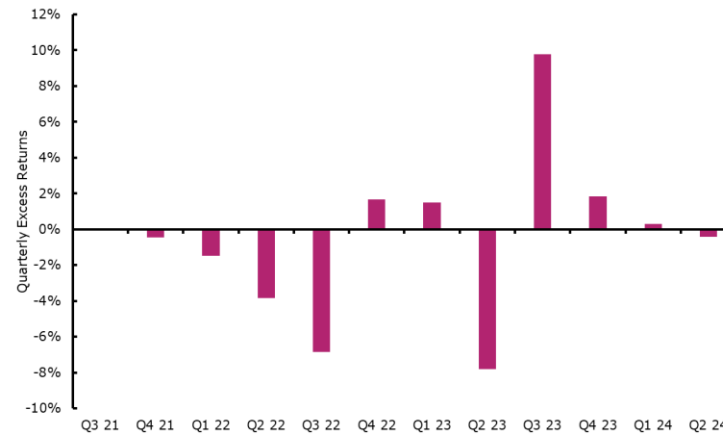
Portfolio Sector Breakdown at 30 June 2024



Investment Performance to 30 June 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	1.9	21.8	4.5	4.5
Benchmark / Target	2.3	9.4	7.0	5.9
Net Performance relative to Benchmark	-0.4	12.4	-2.5	-1.4

Relative performance may not tie due to rounding

Quarterly Excess Returns



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 1.6% on a net of fees basis over the quarter to 31 March 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 2.0% over the quarter to 31 March 2024.

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

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 31 March 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 May 2024				
	Last Quarter	One Year	Three Years	Five Years
	(%)	(%)	(% p.a.)	(% p.a.)
Net of fees	1.8	6.9	16.9	15.3
Benchmark / Target	3.2	13.4	11.0	9.9
Net Performance relative to Benchmark	-1.4	-6.5	5.9	6.2

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 31 December 2023.

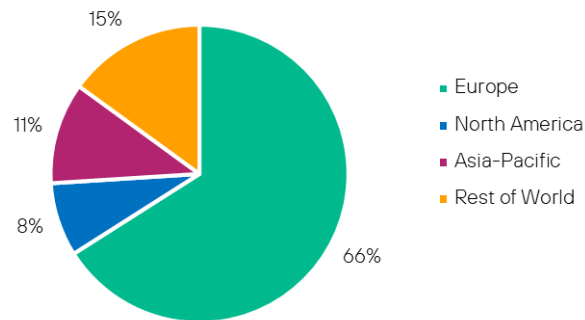
Capital Calls and Distributions

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.

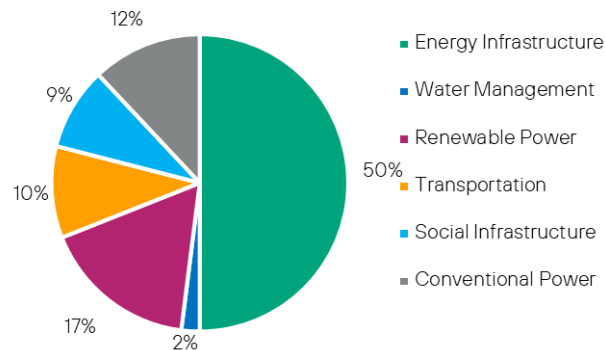
There were no further distributions over the quarter.

Portfolio Breakdown by Region and Sector as at 31 March 2024

Regional Allocation



Allocation by Sector



Aviva Investors – Infrastructure Income

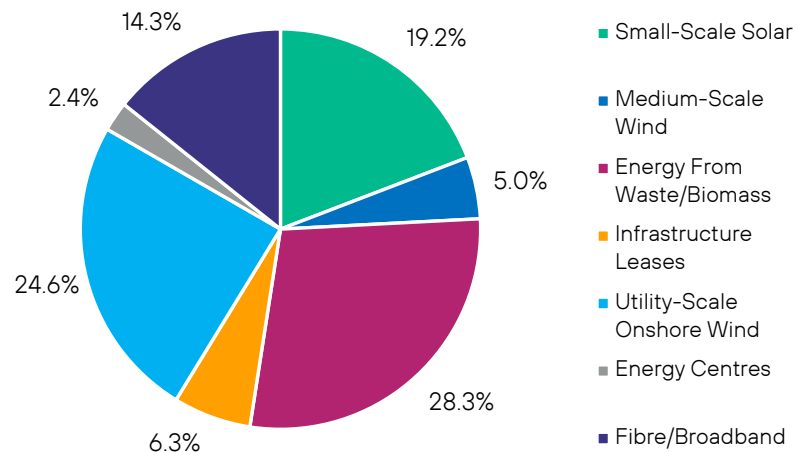
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Key area	Performance Commentary
	<ul style="list-style-type: none"> Based on changes in net asset value, the Fund's custodian, Northern Trust, estimates that the Fund delivered a negative return of 4.3% over the quarter to 30 June 2024. Aviva Investors primarily attributes this decrease in net asset value of three biomass assets including due to a delay in forecast operational commencement, and an increase in discount rates being applied to the future cashflows following an independent strategic review by KPMG. Over the quarter to 31 March 2024, the income distribution of the Fund was 1.8% p.a., which sits marginally below the 1.8-2% p.a. range targeted by Aviva. Distributions are underpinned by operational revenue generated from the Fund's assets. The Fund's biomass assets and are not currently operating at full capacity. Aviva has confirmed that a rectification program is in place in respect of these assets. The Hull and Boston biomass projects continue to operate with reduced availability, with a significant operational failure resulting in the Hull biomass plant being shut for the remainder of 2024. Following continued challenging performance, Evero (the operator) communicated a significant change in strategy, in Q2 2024 the decision was taken to commence a strategic review. This will determine the best approach for value maximisation moving forward with procurement and implementation of the capital works programme. The strategic review is expected to be completed in early Q3 2024. The decision to repair Hull will be made as part of this strategic review. The planning applications to regularise all planning matters at Barry were refused by the Local Planning Authority in March 2024. Aviva submitted their appeal and anticipate the appeal to take 6-12 months. The projects' KC advised that there is very good prospects for success, with the potential reward for costs.

Investment Performance to 30 June 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	-4.3	-8.4	0.8	0.1
Benchmark / Target	2.8	11.4	9.0	7.9
Net Performance relative to Benchmark	-7.1	-19.3	-8.1	-7.3

Relative performance may not tie due to rounding

Portfolio Sector Breakdown as at 31 March 2024



Fund Overview

Aviva Investors was appointed to manage an infrastructure income mandate with the aim of outperforming the 3-month Sterling SONIA benchmark by 6% p.a. The manager has an annual management fee and performance fee.

In May 2023, having received redemption requests for c. 3.5% of the Fund's NAV to be repaid over 2023 and with Aviva anticipating further redemption requests to be forthcoming, the manager proposed that the Fund be re-structured as a closed-ended vehicle with a limited term of 5 years from the date of conversion subject to extension for two additional year periods. The majority of unitholders voted to approve the change in structure over May 2023. Aviva will therefore facilitate a managed wind-down of the portfolio over the coming years. Please note that this does not impact the London Borough of Hammersmith & Fulham Pension Fund investment, with the Fund having issued a full redemption notice as at the 30 June 2022 cut-off.

The chart to the left details the split of the portfolio by sector as at 31 March 2024. Biomass and Energy from Waste assets make up c. 28% of the portfolio.

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 second quarter of 2024, Quinbrook issued one capital call notice : <ul style="list-style-type: none"> A capital call of £1.2m for payment by 30 May 2024, drawn entirely for investments. As such, following payment of the latest draw down request, as at 30 May 2024, the remaining unfunded commitment stands at c. £2.0m, with the Fund’s total commitment at c. £43.0m and the Fund’s £45m commitment c. 95% drawn.

Investment Performance to 30 June 2024	
	Last Quarter (%)
Net of fees	-4.4
Benchmark / Target	1.6
Net performance relative to Benchmark	-6.1

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.

As at 31 March 2024, the Renewables Impact Fund has delivered a net IRR of 15.03% since inception.

As at the 30th June 2026 at least 75% of the Renewables Impact Fund’s total commitments have been invested, committed for investment or allocated to meet the strategy’s liabilities.

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Activity
<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.

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	70.70
Pathfinder – Under Construction					
Thurso South	100%	Jul-21	Synchronous Condenser	Scotland	38.5
Rothienorman	100%	Jul-21	Synchronous Condenser	Scotland	37.6
Gretna	100%	Jul-22	Synchronous Condenser	Scotland	59.7
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	28.1
Other					
Habitat	100%	Jul-21	Trading Platform	UK	60.4
Held at cost					
Dawn	100%	Mar-22	Battery Storage	UK	4.11
Teffont	100%	Apr-23	Battery Storage	UK	0.1
Total					600.9

Portfolio

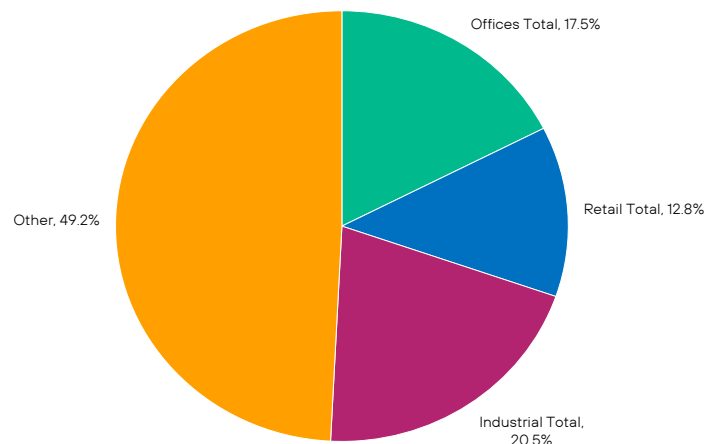
The table to the left shows a list of the investments held by the Quinbrook Renewables Impact Fund as at 31 March 2024.

abrdn – Long Lease Property

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Key area	Performance Comments
Commentary	<ul style="list-style-type: none"> The Long Lease Property Fund has underperformed its gilts-based benchmark over the quarter. The Fund has also underperformed the wider property market over recent 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. abrdn has realised collection rates of 100% for 2020, 2021, 2022, 2023. Q1 2024 and Q2 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.

Portfolio Sector Breakdown at 31 March 2024



Investment Performance to 30 June 2024				
	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	0.2	-8.6	-7.5	-2.5
Benchmark / Target	-0.4	6.8	-6.1	-2.1
Net Performance relative to Benchmark	0.6	-14.9	-1.4	-0.4

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 – 31 March 2024

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 8 sales over the quarter, including a property let to Tesco which represented the Fund's second largest tenant as at 31 December 2023, for a combined total of c. £291m.

As at 31 March 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 June 2024 stood at 26.2 years, an increase of 0.4 years since 31 March 2023. The proportion of income with fixed, CPI or RPI rental increases decreased by 0.3% over the quarter to 91.7% as at 31 March 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 negative return of 0.5% on a net of fees basis over the quarter to 30 June 2024, outperforming its long-dated inflation-linked gilts benchmark by 4.2% over the three-month period. Alpha Real Capital has collected c. 100% of the Fund's Q2 2024 rental income. The Index-Linked Income Fund consisted of 659 individual assets as at 30 June 2024. There includes one sale during the quarter.

Investment Performance to 30 June 2024

	Last Quarter (%)	One Year (%)
Net of fees	-0.5	-12.7
Benchmark / Target	-4.6	-9.0
Net performance relative to Benchmark	4.2	-3.7

Relative performance may not tie due to rounding

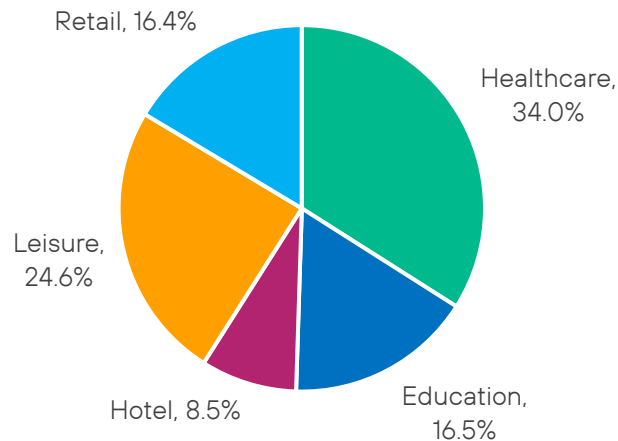
Alpha Real Capital was appointed to manage a ground rents mandate with the aim of outperforming the BoAML Long-Dated UK Inflation-Linked Gilts Index benchmark by 2.0% p.a. over a 5-year period. The manager has an annual management fee.

The average lease length stood at c. 145 years as at 30 June 2024, remaining unchanged over the quarter. 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 June 2024. The top 10 holdings in the Index Linked Income Fund accounted for c. 72.5% of the Fund as at 30 June 2024.

Portfolio Sector Breakdown at 30 June 2024



Top Ten Holdings by Value as 30 June 2024

Tenant	Value (%)	Credit Rating
Elysium Healthcare	12.1	A2
Dobbies	11.6	A3
Parkdean	10.5	A2
HC One	8.9	A2
PGL	6.2	Baa2
Away Resorts	6.0	A3
Busy Bees	5.5	A2
CareTech	4.1	A3
Leonardo hotels	3.9	A2
Marston's	3.7	Baa1
Total	72.5	

Man GPM – Affordable Housing

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Key area	Comments
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 draw down request for £0.2m for payment by 9 May 2024. As such, as at 9 May 2024 following payment of this request, the Fund's total commitment is c. 80% drawn for investment. Following quarter end, Man GPM issued a one further draw down request for c.£1.2m for payment by 24 July 2024, funded from excess cash held in the Trustee bank account. Following payment of this post quarter end request 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 31 December 2023, the Fund has contracted 1,295 homes and delivered 298 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	8.4	3.1
Alconbury, Cambridgeshire	95	100	22	9.9	4.4
Grantham, Lincolnshire	227	82	41	7.9	4.1
Campbell Wharf, Milton Keynes	79	100	22	8.5	4.2
Towergate, Milton Keynes	55	100	18	8.4	4.3
Coombe Farm, Saltdean	71	83	28	10.4	4.8
Chilmington, Ashford	225	85	71	8.4	4.3
Tattenhoe, Milton Keynes	34	100	7	8.6	4.1
Glenvale Park, Wellingborough	146	100	34	9.7	4.5
Old Malling Farm, Lewes	226	100	81	9.6	5.1
Stanhope Gardens, Aldershot	96	100	39	8.8	4.7
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 31 December 2023.

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 June 2024
LCIV Global Sustain	Global Equity	1.31%
LGIM MSCI Low Carbon	Global Equity	1.86%
Ruffer	Dynamic Asset Allocation	2.10%
LCIV Short B&M	Dynamic Asset Allocation	3.84%
LCIV Long B&M	Dynamic Asset Allocation	4.97%
Allspring Climate Transition B&M	Dynamic Asset Allocation	5.39%
Partners Group MAC	Secure Income	4.20%
abrdn MSPC Fund	Secure Income	4.99%
Oak Hill Advisors	Secure Income	7.60%
Aviva Investors	Secure Income	7.00%*
Standard Life Long Lease Property	Inflation Protection	4.96%
Alpha Real Capital	Inflation Protection	3.88%
	Total	2.81%

* As at 31 March 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 Apr - Jun-24

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-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	15,643	13,898	12,956	10,789	9,796	9,276	8,268	7,661	7,549	6,939	6,330	6,220	£000s	£000s
Contributions	3,499	3,527	3,492	4,000	4,000	4,000	4,400	4,400	4,400	4,400	4,400	4,400	48,918	4,076
Pensions	(3,410)	(3,556)	(3,512)	(3,493)	(3,520)	(3,508)	(3,507)	(3,512)	(3,509)	(3,509)	(3,510)	(3,510)	(42,057)	(3,505)
Lump Sums	(1,349)	(1,277)	(1,721)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(800)	(11,548)	(962)
Net TVs in/(out)	(32)	286	(223)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(2,669)	(222)
Net Expenses/other transactions	(452)	(706)	(468)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(5,226)	(436)
Net Cash Surplus/(Deficit)	(1,745)	(1,727)	(2,432)	(993)	(1,020)	(1,008)	(607)	(612)	(609)	(609)	(610)	(610)	(12,582)	(1,049)
Distributions		785	265		500			500			500		2,550	510
Net Cash Surplus/(Deficit) including investment income	(1,745)	(942)	(2,167)	(993)	(520)	(1,008)	(607)	(112)	(609)	(609)	(110)	(610)	(10,033)	(836)
Transfers (to)/from Custody Cash														
Balance c/f	13,898	12,956	10,789	9,796	9,276	8,268	7,661	7,549	6,939	6,330	6,220	5,610	105,292	(836)

Current account cashflow actuals compared to forecast in Apr - Jun-24

	Apr-24		May-24		Jun-24		Apr - Jun-24
	Forecast	Actual	Forecast	Actual	Forecast	Actual	Variance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Contributions	6,000	3,499	5,000	3,527	5,000	3,492	(5,482)
Pensions	(6,957)	(3,410)	(6,533)	(3,556)	(6,609)	(3,512)	9,621
Lump Sums	(600)	(1,349)	(600)	(1,277)	(600)	(1,721)	(2,548)
Net TVs in/(out)	(300)	(32)	(300)	286	(300)	(223)	931
Expenses/other transactions	(200)	(452)	(200)	(706)	(200)	(468)	(1,026)
Distributions			897	785	400	265	(247)
Transfers (to)/from Custody Cash							
Total	(2,057)	(1,745)	(1,736)	(942)	(2,309)	(2,167)	1,248

Notes on variances

- 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 Apr - Jun-24

	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-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	7,253	6,662	4,857	5,516	5,525	8,784	8,793	17,502	21,511	19,020	19,029	23,038	£000s	£000s
Sale of Assets							10,000						10,000	2,500
Purchase of Assets	(606)	(1,828)	(629)		(750)		(1,300)		(2,500)			(2,500)	(10,113)	(1,445)
Net Capital Cashflows	(606)	(1,828)	(629)		(750)		8,700		(2,500)			(2,500)	(113)	(9)
Distributions			1,262		4,000			4,000			4,000		13,262	1,474
Interest	18	24	26	10	10	10	10	10	10	10	10	10	159	13
Management Expenses														
Foreign Exchange Gains/Losses	(2)	(2)		(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(12)	(1)
Class Actions														
Other Transactions														
Net Revenue Cashflows	16	22	1,288	9	4,009	9	9	4,009	9	9	4,009	9	13,408	1,117
Net Cash Surplus/(Deficit) excluding withdrawals	(590)	(1,806)	659	9	3,259	9	8,709	4,009	(2,491)	9	4,009	(2,491)	13,295	1,108
Contributions to Custody Cash														
Withdrawals from Custody Cash														
Balance c/f	6,662	4,857	5,516	5,525	8,784	8,793	17,502	21,511	19,020	19,029	23,038	20,547	13,295	1,108

London Borough of Hammersmith and Fulham Pension Fund Risk Register					Appendix 4	
Risk Group	Risk Ref.	Risk Description	Mitigation actions	Revised likelihood	Total risk score	Reviewed on
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.	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.	3	30	30/06/2024
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.	TREAT 1) Cashflow forecast maintained and monitored. Cashflow position reported to sub-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.	2	24	30/06/2024
Asset and Investment Risk	3	The London Collective Investment Vehicle (LCIV) disbands or the partnership fails to produce proposals/solutions deemed sufficiently ambitious.	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	2	20	30/06/2024
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.	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. Outperformance for the year is 3% 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.	2	20	30/06/2024
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.	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.	2	20	30/06/2024
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	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	3	18	30/06/2024
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.	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.	2	16	30/06/2024
Liability Risk	8	Impact of economic and political decisions on the Pension Fund's employer workforce.	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.	2	16	30/06/2024
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	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.	2	12	30/06/2024

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.	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 with fund managers and corporate company directors. 6) Officers attend training sessions on ESG and TCFD requirements.	2	18	30/06/2024
Asset and Investment Risk	11	Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy	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.	1	11	30/06/2024
Asset and Investment Risk	12	Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	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.	1	10	30/06/2024
Asset and Investment Risk	13	Financial failure of third party supplier results in service impairment and financial loss.	TREAT 1) Performance of third party suppliers regularly monitored. 2) Regular meetings and conversations with global custodian (Northern Trust) take place. 3) Actuarial and investment consultancies are provided by two different providers.	1	10	30/06/2024
Asset and Investment Risk	14	Failure of global custodian or counterparty.	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.	1	10	30/06/2024
Asset and Investment Risk	15	Financial failure of a fund manager leads to value reduction, increased costs and impairment.	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.	1	10	30/06/2024
Liability Risk	16	Failure to identify GMP liability leads to ongoing costs for the pension fund.	TREAT 1) GMP to be identified as a Project as part of the Service Specification between the Fund and LPPA.	1	6	30/06/2024
Liability Risk	17	Rise in ill health retirements impact employer organisations.	TREAT 1) Engage with actuary re assumptions in contribution rates.	1	5	30/06/2024
Liability Risk	18	Rise in discretionary ill-health retirements claims adversely affecting self-insurance costs.	TREAT 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations.	1	5	30/06/2024
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.	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.	3	30	30/06/2024
Liability Risk	20	Scheme members live longer than expected leading to higher than expected liabilities.	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.	2	22	30/06/2024
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.	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.	2	20	30/06/2024
Liability Risk	22	Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	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.	2	14	30/06/2024
Liability Risk	23	Impact of increases to employer contributions following the actuarial valuation.	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.	1	13	30/06/2024

Regulatory and Compliance Risk	24	Changes to LGPS Regulations	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 be 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.	2	12	30/06/2024
Liability Risk	25	Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution	TOLERATE 1) Political power required to effect the change.	1	10	30/06/2024
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.	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.	1	10	30/06/2024
Liability Risk	27	Scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	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.	1	9	30/06/2024
Liability Risk	28	The level of inflation and interest rates assumed in the valuation may be inaccurate leading to higher than expected liabilities.	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.	2	14	30/06/2024
Regulatory and Compliance Risk	29	Pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	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.	1	7	30/06/2024
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.	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.	2	18	30/06/2024
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.	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.	1	11	30/06/2024
Resource and Skill Risk	32	Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	TREAT 1) Change to LPPA has increased resilience in the administration service 2) Ongoing monitoring of contract and KPIs	2	14	30/06/2024
Resource and Skill Risk	33	Poor reconciliation process leads to incorrect contributions.	TREAT 1) Reconciliation is undertaken by the pension fund team. Officers to ensure that reconciliation process notes are understood and applied correctly the team. 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process.	2	8	30/06/2024
Resource and Skill Risk	34	Failure to detect material errors in bank reconciliation process.	TREAT 1) Pensions team to continue to work closely with staff at HCC to smooth over any teething problems relating to the newly agreed reconciliation process.	1	6	30/06/2024
Resource and Skill Risk	35	Failure to pay pension benefits accurately leading to under or over payments.	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.	1	6	30/06/2024
Resource and Skill Risk	36	Unstructured training leads to under developed workforce resulting in inefficiency.	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	1	6	30/06/2024
Resource and Skill Risk	37	Lack of guidance and process notes leads to inefficiency and errors.	TREAT 1) The team will continue to ensure process notes are updated and circulated amongst colleagues in the Pension Fund and Administration teams.	1	5	30/06/2024
Resource and Skill Risk	38	Lack of productivity leads to impaired performance.	TREAT 1) Regular appraisals with focused objectives for pension fund and admin staff.	1	5	30/06/2024

Resource and Skill Risk	39	Failure by the audit committee to perform its governance, assurance and risk management duties	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.	2	12	30/06/2024
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.	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.	1	10	30/06/2024
Resource and Skill Risk	41	Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	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.	2	18	30/06/2024
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.	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.	1	8	30/06/2024
Resource and Skill Risk	43	Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding	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.	1	5	30/06/2024
Administrative and Communicative 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.	TREAT 1) A task force of key stakeholders has been assembled. Officers to feed into the internal processes necessary for the setup of an effective retained pensions team 2) Recruitment is almost complete for the retained team 3) Officers have received handover pack from the departing RBKC retained pensions team. 4) Members have chosen the new service provider as the London Pensions Partnership, with a project team established to manage the transition, which has almost fully completed. 5) A number of staff have been recruited with few posts unfilled.	2	20	30/06/2024
Administrative and Communicative Risk	45	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.	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	2	18	30/06/2024
Administrative and Communicative Risk	46	Concentration of knowledge in a small number of officers and risk of departure of key staff.	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.	2	14	30/06/2024
Administrative and Communicative Risk	47	Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	TREAT 1) Update and enforce admin strategy to assure employer reporting compliance. TOLERATE 1) Northern Trust provides 3rd party validation of performance and valuation data. Admin team and members can interrogate data to ensure accuracy.	1	11	30/06/2024
Administrative and Communicative Risk	48	Failure of financial system leading to lump sum payments to scheme members and supplier payments not being made and Fund accounting not being possible.	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.	1	8	30/06/2024
Administrative and Communicative Risk	49	Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	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.	1	8	30/06/2024

Administrative and Communicative Risk	50	Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	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.	1	7	30/06/2024
Administrative and Communicative Risk	51	Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	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.	2	6	30/06/2024
Regulatory and Compliance Risk	52	Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation.	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. 3) Implementation of GDPR 4) Project team in place to ensure smooth transition	1	11	30/06/2024
Regulatory and Compliance Risk	53	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	TREAT 1) Ensure that a cooperative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pension Board.	1	9	30/06/2024
Reputational Risk	54	Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.	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.	1	10	30/06/2024
Reputational Risk	55	Financial loss of cash investments from fraudulent activity	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).	1	11	30/06/2024
Reputational Risk	56	Failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage.	TREAT 1) Officers maintain knowledge of legal framework for routine decisions. 2) Eversheds retained for consultation on non-routine matters.	1	11	30/06/2024
Reputational Risk	57	Inaccurate information in public domain leads to damage to reputation and loss of confidence	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.	2	10	30/06/2024
Reputational Risk	58	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	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.	1	7	30/06/2024
Regulatory and Compliance Risk	59	Non-compliance with regulation changes relating to the pension scheme or data protection leads to fines, penalties and damage to reputation.	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.	1	8	30/06/2024
Regulatory and Compliance Risk	60	Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests	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.	1	10	30/06/2024