Public Document Pack

City of Westminster

Committee Agenda

Title:	**Pension Fund Committee**
Meeting Date:	**Thursday 10th March, 2022**
Time:	**6.30 pm**
Venue:	**Rooms 18.01 - 18.03 - 18th Floor, 64 Victoria Street, London, SW1E 6QP**
Members:	**Councillors:** Eoghain Murphy (Chairman) Angela Harvey Barbara Arzymanow Patricia McAllister

Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda

Admission to the public gallery is by ticket, issued from the ground floor reception from 6.00pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.

Email: cokeefe@westminster.gov.uk
Corporate Website: www.westminster.gov.uk

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Director of Law in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1.	**MEMBERSHIP** To note any changes to the membership.	
2.	**DECLARATIONS OF INTEREST** To receive declarations of interest by Members and Officers of any pecuniary interest or any other significant interest in matters on this agenda.	
3.	**MINUTES** To approve the public minutes and the private minutes of the Pension Fund Committee meeting held on Monday 29 November 2021 and the minutes of the Pension Fund Committee meeting held on Thursday 16 December 2021.	**(Pages 5 - 20)**
4.	**PENSION ADMINISTRATION UPDATE**	**(Pages 21 - 52)**
5.	**COWPF LGPS PROJECTS AND GOVERNANCE UPDATE**	**(Pages 53 - 60)**
6.	**PENSION FUND BUSINESS PLAN AND INVESTMENT CONSULTANT PERFORMANCE REVIEW**	**(Pages 61 - 82)**
7.	**FUND FINANCIAL MANAGEMENT**	**(Pages 83 - 102)**
8.	**RESPONSIBLE INVESTMENT STATEMENT 2022**	**(Pages 103 - 118)**
9.	**QUARTERLY PERFORMANCE OF THE COUNCIL'S PENSION FUND**	**(Pages 119 - 184)**
10.	**EXCLUSION OF PRESS AND PUBLIC** **RECOMMENDED:** That under Section 100 (A) (4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the	

following items of business because they involve the likely disclosure of exempt information on the grounds shown below and it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information:

Agenda Item No	Ground	Para of Part 1 of Schedule 12A of the Act
11 and 12	Financial information	3

PART 2 (IN PRIVATE)

11. PENSION ADMINISTRATION PROJECTS AND COSTS **(Pages 185 - 192)**

12. PRIVATE DEBT INVESTMENT MANAGER SELECTION **(Pages 193 - 218)**

Stuart Love
Chief Executive
2 March 2022

This page is intentionally left blank

CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Monday 29th November, 2021**, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Eoghain Murphy (Chairman), Barbara Arzymanow, Angela Harvey and Patricia McAllister

Also Present: Phil Triggs (Tri-Borough Director of Treasury and Pensions), Billie Emery (Pension Fund Manager), Matthew Hopson (Strategic Investment Manager), Kevin Humpherson (Deloitte), Jonny Moore (Deloitte) and Clare O'Keefe (Committee and Councillor Coordinator).

1 MEMBERSHIP

1.1 There were no changes to the membership

2 DECLARATIONS OF INTEREST

2.1 Councillor Angela Harvey declared that in respect to Item 4, her husband, Councillor David Harvey, was the Vice Chair of the Capital Letters Consortium at London Councils.

3 MINUTES

3.1 The Committee agreed to consider the minutes at the next Pension Fund Committee meeting scheduled for 16 December 2021.

EXCLUSION OF PRESS AND PUBLIC

The Chair moved and it was

RESOLVED:

That under Section 100 (a) (4) and Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following Item of Business because it involves the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) and it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

4 AFFORDABLE AND SOCIAL SUPPORTED HOUSING MANAGER SELECTION

4.1 The Committee considered the selection of an investment manager for a new Affordable and Social Supported Housing mandate, as agreed at the Pension Fund Committee meeting on 21 October 2021. Three suitable investment strategies were put forward to the Pension Fund Committee as fulfilling the Pension Fund's investment criteria.

4.2 Shortlisted managers presented to the Pension Fund Committee as advised by the Fund's investment consultant, Deloitte. The selection process provided the Committee with a broader understanding of the investment managers and how they would meet the Committee's investment strategy going forward.

4.3 Following a detailed discussion, the Committee considered further deliberation would be necessary to decide the appointment of an investment manager.

RESOLVED:

That the selection of an Affordable and Social Supported Housing investment manager be decided at the next Committee meeting on 16 December 2021.

The Meeting ended at 18:28

CHAIRMAN: ____________________ **DATE** ________________

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Thursday 16th December, 2021**, Rooms 18.01 & 18.03, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

Members Present: Councillors Eoghain Murphy (Chairman), Barbara Arzymanow, Angela Harvey and Patricia McAllister

Also Present: Phil Triggs (Tri-Borough Director of Treasury and Pensions), Matthew Hopson (Strategic Investment Manager), Sarah Hay (Strategic Pension Lead), Diana McDonnell-Pascoe (Pensions Project Manager), Kevin Humpherson (Deloitte), Jonny Moore (Deloitte) and Clare O'Keefe (Committee and Councillor Coordinator).

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 Councillor Angela Harvey declared that in respect to Item 13, her husband, Councillor David Harvey, was the Vice Chair of the Capital Letters Consortium at London Councils.

3 MINUTES

RESOLVED:

That the minutes of the meeting held on 21 October 2021 be agreed subject to the following amendments:

1) That the word 'daft' be amended to 'draft' in Item 5.
2) That there be a clarification in Item 4 to note that HPS (Hampshire Pension Service) were advised that Westminster Pension Fund were considering its position on child payments.
3) That there be a clarification in Item 5 which states that the Committee would receive a summary of the KPIs.

4) That reference to ‘direct impact’ be changed to ‘consequential impact’ in Item 8.
5) That ‘schemes’ replace the word ‘scheme’ in Item 8.
6) That Item 10 notes the Committee considered whether the debt was something which sat with the fund’s responsible investment strategy.
7) That Item 10’s resolution states ‘That private debt be included’.

4 PENSION ADMINISTRATION UPDATE

Sarah Hay, Strategic Pension Lead, presented the report and advised the Committee of Surrey County Council’s (SCC) performance for the period September 2021. The Committee was advised that, overall, the Key Performance Indicators (KPI) from SCC remained disappointing but the Committee was pleased to note that the SCC team had been concentrating on WCC (Westminster City Council) Fund’s work in September 2021. Prominent issues during this period included overpayments, processing payments and unprocessed leavers. The Committee was informed that SCC no longer had access to the Fund’s bank account.

The Committee was informed that, when the report was submitted, no KPIs had been submitted by HPS at that point. However, the Committee welcomed the positive feedback which arose from WCC staff who had dealt with HPS to date. Sarah Hay advised verbally that the first month of KPIs were all 100 per cent as this information was received, after the report was submitted. The Committee noted the efforts from WCC staff to build in correct internal governance and accurate KPI reporting. Furthermore, the Committee asked the WCC team to advise whether they felt supported enough by HPS. The Committee looked forward to receiving an update on data scores at the next meeting of the Committee.

RESOLVED:

That the Committee considered the report.

5 PENSION ADMINISTRATION TRANSFER PROJECT UPDATE

Diana McDonnell-Pascoe, Pensions Project Manager, presented the report which updated the Committee on the progress of the project to transfer the Pension Administration Service from SCC to HPS. The Committee was pleased to note that the transition to business-as-usual service delivery with HPS was largely smooth. The Committee understood that HPS’s professionalism in their service delivery was appreciated by WCC’s team.

The Committee was informed that the Pension Administration Transfer Project had a status of ‘Green’, had moved to the ‘CLOSE’ stage. The Committee noted the internal handover to business-as-usual activities was progressed and costs were as expected and correct: there were some costs still to be determined and the Committee understood they would be updated of these in due course. The Committee noted that within the first three weeks of going live with HPS, over 2,000 members registered, and the WCC team worked internally and with WCC Communications officers to put together a robust system of engagement.

The Committee was advised that in regard to procurement monitoring, there was a standardised template used to make both governance and contract monitoring robust. In terms of fiscal monitoring, there would be a separate bi-annual finance review of the contract in terms of administration servicing. The Committee was pleased to note that the WCC team had had open and honest conversations with HPS about governance and had put regular meetings in place to highlight any issues along the way.

RESOLVED:

That the Committee noted the report.

6 FUND FINANCIAL MANAGEMENT

Matt Hopson, Strategic Investment Manager, presented the report and advised the Committee of the cashflow forecast for the next three years which had been updated with actuals to 30 September 2021 for the Pension Fund bank account and cash held at custody (Northern Trust). The Committee was pleased to note that the bank position continued to be stable. The Committee also discussed the risks in the risk register for the Pension Fund.

RESOLVED:

That the Committee noted:

1) The risk registers for the Pension Fund; and

2) The cashflow position for the pension fund bank account and cash held at custody, the rolling twelve-month forecast and the three-year forecast.

7 QUARTERLY FUND PERFORMANCE REPORT

Matt Hopson, Strategic Investment Manager, presented the report which detailed the performance of the Pension Fund's investments to 30 September 2021, together with an update of the funding position. The Committee was pleased to note that the Fund outperformed the benchmark net of fees by 0.1% over the quarter to 30 September 2021 and the estimated funding level was 103% as at 30 September 2021. The Committee understood that since the new actuary was appointed, the impact of new assumptions were broadly in line with what the Fund had before, and the funding level had not significantly changed from the last update.

RESOLVED:

That performance of the investments and the funding position be noted.

8 LONDON CIV ABSOLUTE RETURN FUND

Matt Hopson, Strategic Investment Manager, presented the report which provided a summary of the London CIV Absolute Return Fund. The Committee was advised of recommendations for the effective management of cash/equivalents and delivering returns in excess of inflation. The Committee held a detailed discussion on accelerating the sale of the Longview Equity Fund and the next steps to manage the proceeds of the sale with minimal risk and a reasonable return.

RESOLVED:

That the Committee:

1) Noted the key details of the London CIV Absolute Return Fund; and

2) Approved a £50m allocation to be funded by the sale of the Longview Equity mandate.

9 ASSET REBALANCING AND GLOBAL ALPHA EQUITY TRANSITION

Phil Triggs, Tri Borough Director of Treasury and Pensions, presented the report and advised the Committee of the Fund's current strategic asset allocation, as at 31 October 2021, compared with the target allocation. The Committee understood that asset rebalancing was generally viewed in a positive light; even if there was a cost to switch, there was overall a distinct advantage to the Fund overall.

The Committee noted that per the Investment Strategy Statement (ISS), the Fund had trigger points for rebalancing the portfolio allocations. In addition, analysis on estimated transition costs, overlap and volatility for the London CIV (Baillie Gifford) Global Alpha Growth Paris Aligned fund was explored. The Committee held a detailed discussion on the current composition and target allocations.

RESOLVED:

That the Committee:

1) Agreed to rebalance the Fund, topping up underweight asset classes with the overweight allocations in equity and cash/equivalents in accordance with the following.

    a) Equity

        i. As per the recommendations under Item 8, the Longview equity fund be sold, and the proceeds transitioned into cash and equivalents with an allocation of £50m.

b) Fixed income
   i. rebalancing of the fixed income mandates be addressed once a private debt manager is selected.
   ii. the fixed income allocation be split into: 7 percent in global bonds, 6 percent in private debt, 6 percent in multi asset credit.

c) Property
   i. rebalance the portfolio by topping up the under allocations to the Abdn Long Lease Property mandate equating to circa £22m using the over allocations to equity and cash/equivalents.
   ii. rebalance the portfolio by appointing a new Affordable Housing and Social Supported Housing manager(s) with the allocation to total 5 percent of total fund value.

d) Infrastructure
   i. rebalance the portfolio by topping up the under allocations to the Quinbrook Renewables energy fund with an additional £10m using the over allocations to equity and cash/equivalents.
   ii. revisit Pantheon Global Infrastructure Fund III's new infrastructure mandate in early 2022 to allow for appropriate due diligence.

2) Commission a full analysis of transition costs and returns, with the view of transitioning the London CIV Global Alpha Growth mandate into the Paris Aligned version; and

3) Requested an update from Quinbrook Renewables.

10 EXCLUSION OF PRESS AND PUBLIC

The Chair moved and it was

RESOLVED:

That under Section 100 (a) (4) and Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following Item of Business because it involves the likely disclosure of exempt information relating to the financial or business affairs of any particular person (including the Authority holding that information) and it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11 GUARANTEED MINIMUM PENSION (GMP) RECONCILIATION UPDATE

Sarah Hay, Strategic Pension Lead, presented the report following the Pension Fund Committee meeting on 21 October 2021 where, in the wake of the Fund's exit from SCC, a decision needed to be made on the outstanding GMP project (reconciliation of records). The Committee noted the update provided from a Senior Commercial Lawyer on behalf of the Director of Law: legal advice was clear that the original contract could not be enforced.

RESOLVED:

That the Committee approved to contract with Mercer and WCC internally project manage Mercer to ensure the project was completed by the end of November 2022.

12 PRIVATE DEBT

Kevin Humpherson, Deloitte, presented the report and summarised the investment manager shortlist for a proposed new private debt (direct lending) mandate, as agreed at the Pension Fund Committee meeting on 21 October 2021. The Committee was advised of the market area, location and size of the preferred funds and that the managers should take either controlling positions or be a sole lender. The Committee noted that there were three managers who met all the criteria.

RESOLVED:

That the Committee:

1) Considered the manager shortlist for the proposed allocation to private debt, with Deloitte requested to prepare an investment manager selection report; and

2) Attend a private debt information session on 31 January 2022 before the presentations by shortlisted managers.

13 AFFORDABLE/SOCIAL SUPPORTED HOUSING MANAGER SELECTION

Phil Triggs, Tri Borough Director of Treasury and Pensions, presented the report and briefed the Committee on the approach taken for shortlisting appropriate Affordable and Social Supported Housing managers for the Fund. Three suitable investment managers presented to the Pension Fund Committee on 29 November 2021, with the manager(s') appointment decision deferred to the Committee on 16 December 2021.

The Committee was informed of a number of follow-up questions asked by Deloitte and held a detailed discussion on the merits of each Affordable and Social Supported Housing managers.

RESOLVED:

That the Committee decided and approved the allocation of £45m each for Triple Point and Man Group, or 2.5 percent of the total fund value depending on which sum was higher.

The Meeting ended at 20:40.

CHAIRMAN: ________________________ **DATE** _____________________

This page is intentionally left blank

City of Westminster

Pension Fund Committee

Date:	**10th March 2022**
Classification:	**General Release**
Title:	**Pension Administration Update**
Report of:	**Sarah Hay, Pensions Officer People Services**
Wards Involved:	**All**
Policy Context:	**Service Delivery**
Financial Summary:	**Negligible**

1. Introduction

1.1. This report provides a summary of the performance of Hampshire Pension Services (HPS) with the Key Performance Indicators (KPIs) for the period November 2021 to January 2022. HPS set out their KPI data in a partnership report that is sent to officers monthly. For this report I have included the first three so the Pension Committee can see the detail, however going forward I will not share unless there is a particular reason to do so.

2. KPI Performance

2.1 The scope of the KPIs in this report have been agreed between WCC and HPS in our agreement.

2.2 This paper covers the period of 8th November 2021 until 31st of January 2022.

2.3 KPI performance for each month is within each partnership report. HPS report 100% compliance within the agreed KPI in each month. The Committee will be aware that most of the KPI standards have increased with HPS from those previously agreed with Surrey. The majority of our KPIs require cases to be completed within 15 days. HPS do provide a breakdown for each category that shows the number of cases processed in each 5-day block. In January for example there were 14 deferred retirements completed, 5 within 5 days 2 more by day 10 and the final 7 by day 15.

2.4 The overall cases processed by HPS has moved up and down but that is not unexpected in these few short months. November was a partial month with the service only going live on the 8th of November where 55 cases were processed. In December that increased to 152 cases and reduced to 86 in January though there was consistent reduction in cases processed by HPS across all funds in the weeks just after Christmas. I would expect the average going forward to exceed 100 cases each month.

2.5 HPS also provide a breakdown of the active cases on hold. In November there were 109 cases on hold. In December this reduced to 101 cases and then in January this increased to 124 cases. We will need to make sure going forward that the number of cases on hold does not slowly increase or this will represent an additional backlog of work.

2.6 Overall the service with HPS has embedded well and noise from the employers and fund members is very low. We are pleased that 18.39% of the membership has already registered for the new member portal. Our communication with employers and members going forward will aim to increase this percentage slowly.

2.7 Complaints are low but reported by HPS in every partnership report.

2.8 In summary the January complaints involved one member whose pension issues had been outstanding with Surrey, this case was complicated because she was claiming additional pensionable service that was not recorded on the administration system. The member had a valid complaint in that we found weekly payslips from 1997 / 1998 that showed she had active membership of the fund which was not recorded on the pension system. HPS have been instructed to update the members record and update the member.

2.9 The second January complaint involved someone claiming their pension from deferred benefit status. In this case the member was complaining about the cost of claiming their pension that came with postage, mobile phone and internet costs to them. The cost the member claimed were significantly less than their lump sum and members are expected to complete the retirement declaration form and either post back or complete online.

2.10 The first November complaint the Committee know about. This was the member who was in the process of retiring when we moved to HPS and he had not been notified, in addition he identified his martial status has not transitioned correctly. The Committee have been advised on the subsequent action. The second member complained about the difficulty they had accessing the member portal and also complained about WCC moving pension fund administrators again. I responded to this member on behalf of the fund but had no reply from them.

2.11 I am satisfied that HPS are dealing with issues in a responsive way and none of the complaints so far particularly reflect on the HPS service. Acompliment in December was a member stating that “communication was above and beyond expectation.” This referenced a particular member of the team so that was nice to note as well.

3. Data Scores and Annual Returns

3.1 You will want to particularly note the data scores that the fund reported to the pension regulator as covered in section 7 of the November report. The Common data is now 72% and scheme specific data is now 87%. This is a reduction from our previous scores, in part that is because the two different administrators and software systems measure the data quality slightly differently. However, there is still data work to do going forward to improve our data.

3.2 We will talk to HPS re continued address tracing. The fund has done a lot of work in the last two years on address tracing and although our numbers remain high, they are much lower than they were originally. The address issue highlights the importance of the fund pushing members to register for the member portal and to do so using their personal e-mail address. Where we have e-mail addresses, we can attempt to contact members via e-mail where address information is out of date.

3.3 2022 is a valuation year. The fund’s employers have all been provided with the new end of year template, this is slightly different to the previous return used by Surrey however the information is essentially the same. Returns are expected to be submitted by the 30th of April 2022. Following the returns submission HPS will be uploading the returns and reviewing data quality ahead of the valuation.

3.4 Finally I need to advise the Pension Committee that Andy Hyatt the Shared Service Head of Fraud has advised me that there is little prospect of the fund being able to recover pension overpaid to one member between 2015 and 2020. Although we believe a relative who our member lived with prior to death may have been the beneficiary of the pension in the region of £40,000. Transactions were by direct debit to other companies that will not share data with us, and they were card payments in our members name but on a card issued before her death. The relative we believe responsible has been invited to interview but will not attend and the police have rejected our request to take on the case. The fraudulent activity would be difficult to prove to a court based on the circumstantial evidence available to us and therefore the cost of any further action would not be well spent. Unless the committee object I will be closing this case and advising Andrew of that.

4 Summary

4.1 The KPI’s from 8th of November to 31st of January are all 100%. I have included the three partnership reports as appendix for review that confirms the individual figures per month.

4.2 An improvement over the prior situation with Surrey is that we also have the active work on hold and can you review that on a month by month basis as well.

4.3 There have been a few complaints, HPS are very transparent about those complaints, and they deal with them. It is also nice to note that they have a compliment as well.

4.4 The data scores we had to report to the Pension Regulator were disappointing after the data cleansing the fund has done in the last few years. HPS have identified some easier wins to improve those scores. The fund should prioritise data work that impacts valuation data including any unprocessed leavers as covered in the costing paper.

4.5 2022 is a valuation year, All the fund employers have been advised to submit their end of year return by the 30th of April 2022. I will update the Committee and Board later in the year on the progress.

4.6 Unfortunately advice from our head of fraud has indicated that there is little prospect of any financial recovery in the case of pension that was overpaid between 2015 and 2020. Further time and cost spent on this case would not be beneficial to the fund now and so I will instruct Andy Hyatt that we will close the case.

WESTMINSTER COUNTY COUNCIL PENSIONS ADMINISTRATION REPORT

NOVEMBER 2021

City of Westminster

REPORT TO:	Westminster County Council
DATE PREPARED:	Friday 3rd December 2021
TITLE:	Pensions Administration Update

Contact Name: Stephanie Tonner/Hayley Read

Contact Email: stephanie.tonner@hants.gov.uk / hayley.read2@hants.gov.uk

1. Summary

1.1. The purpose of this report is to update Westminster County Council with the current position of their local government pension scheme membership; performance against service level agreements and to provide other important and current information about the administration of Westminster County Council Local Government Pension Fund.

2. Background

2.1. Hampshire Pension Services administer the local government pension scheme on behalf of Westminster County Council (WCC) with effect from 8th November 2021.

2.2. Hampshire Pension Services also administer the Local Government Pension Scheme for Hampshire County Council, West Sussex County Council and the London Borough of Hillingdon; the Fire Pension Schemes for both West Sussex and Hampshire, and the Police Pension Schemes for Hampshire.

3. Transfer of administration

3.1. The implementation of the transfer of the administration service to Hampshire from Surrey County Council was completed on 8th November 2021. There were a minimal number of challenges on the journey to go-live, and the collective efforts of staff in the Hampshire Pension Services, Civica and WCC teams, as well as colleagues in the Surrey Pensions team, enabled the service commencement to go-live as planned.

3.2. Based on the data quality checks that have been carried out up to this point, we are confident that there are no unanticipated data quality issues or issues which will hinder the administration of the pension scheme; although over 400 unprocessed leavers have been identified and a project to clear these cases will begin in January 2022.

3.3. The majority of images and electronic documents provided by Surrey County Council (SCC) have been loaded successfully to the relevant member records, and historic benefit statements produced by SCC have been published on the Member Portal; to allow members to access these as required.

3.4. There are 3,470 images which have not yet been loaded to UPM as they exceed the maximum file size of 25mb. After discussions with our colleagues in the IT department we will be storing these files on our secure UPM server and loading a place holder document to each of the effected member records which will link back to the original file.

3.5. Ahead of the go-live on 8th November, we successfully reconciled the payroll in our administration system for period 7 to that actually paid by SCC – and have since processed the live pensioner payroll for period 8. Payments were made on 30th November 2021.

3.6. The HMRC scheme event reporting for the tax year ending 5 April 2021 is due by 31 January 2022 and needs to be submitted by Westminster. The information that Westminster will require to complete this reporting will need to be obtained from SCC as they produced the pensions saving statements for 2019/2020 which were sent to members in October 2020. SCC have provided Hampshire with the list of members who received pension savings statements in October 2021, which will be required for the event report in January 2023.

4. Membership

4.1. The table below details the number of members against status for each of the Local Government pension schemes and is correct as of the date this report was prepared.

Scheme	Active*	Deferred	Pensioner	Preserved Refunds**	Total
Local Government	4,705*	6,744	6,492	1,233	19,174

*The active membership includes 401 leavers which are to be processed.

**The preserved refund members are included for completeness but are not counted for the purposes of reporting membership to the Pensions Regulator and DLUHC (previously MHCLG).

5. Administration Performance

5.1. Hampshire Pension Services' performance against agreed service level agreements for key processes are monitored monthly. They are calculated based on the number of working days taken to complete the process and are adjusted for time that we are unable to proceed, due to requiring input from the member or third party.

5.2. The table below shows performance from 1st November to 30th November 2021; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days, and Rejoiners which is 20 days).

Time to Complete

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31-40 days	Total	% completed on time	*Total Cases (previous month)*	*% completed on time (previous month)*
Active Retirement	4	2	0	0	0	0	6	100.00%	*N/A*	
Deferred Retirement	12	2	1	0	0	0	15	100.00%	*N/A*	
Estimates	1	2	8	0	0	0	11	100.00%	*N/A*	
Deferred Benefits	1	0	0	0	0	0	1	100.00%	*N/A*	
Transfers In & Out	0	0	0	0	0	0	0	100.00%	*N/A*	
Divorce	0	1	0	0	0	0	1	100.00%	*N/A*	
Refunds	7	0	3	0	0	0	10	100.00%	*N/A*	
Rejoiners	0	0	0	0	0	0	0	100.00%	*N/A*	
Interfunds	1	0	3	0	0	0	4	100.00%	*N/A*	
Death Benefits	6	1	0	0	0	0	7	100.00%	*N/A*	
GRAND TOTAL	**32**	**8**	**15**	**0**	**0**	**0**	**55**	**100.00%**	***N/A***	

5.3. The table below shows outstanding work as of 30th November 2021. The time outstanding reflects the time from date of receipt of the initiating request, and includes time whilst cases are on hold pending further information.

5.4. Those cases which currently exceed the agreed service level agreement are on hold waiting for information from the member, their employer or another party and the time taken to process will be adjusted once the work has been completed.

5.5. These cases do not include the inherited outstanding leavers which are discussed in section 6 below.

Time Outstanding

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31+ days	Total	*Total Outstanding (previous month)*
Active Retirement	1	3	1	0	0	0	5	*N/A*
Deferred Retirement	5	3	1	0	0	0	11	*N/A*
Estimates*	25	17	8	2	0	0	52	*N/A*
Deferred Benefits	3	7	4	0	0	0	14	*N/A*
Transfers In & Out	0	0	0	0	0	0	0	*N/A*
Divorce	0	0	0	0	0	0	0	*N/A*
Refunds	2	0	0	0	0	0	2	*N/A*
Rejoiners	1	1	1	1	0	0	4	*N/A*
Interfunds	7	4	3	2	0	0	16	*N/A*
Death Benefits	1	4	0	0	0	0	5	*N/A*
GRAND TOTAL	**45**	**41**	**18**	**5**	**0**	**0**	**109**	***N/A***

* Estimates include all 'quote' calculations for retirement, transfers, divorce, and refunds.

6. Unprocessed historic casework

6.1. As mentioned in section 3 above, the Westminster dataset contains 401 historic unprocessed leavers. All of the dates of leaving for these members are prior to September 2021.

6.2. Over the next two months, we will be working through at a high level the leavers we have been passed, so we can provide a more detailed plan and estimated timeline for the completion of this work. Part of this work will include an initial analysis of the leavers across the different employers to feed into the valuation work.

7. TPR Data Scores

7.1. In October we calculated the common and conditional data scores for reporting to the Pensions Regulator. We have validated a total of 19,056 records, with 5,341 records failing one or more of our Common data checks and 2,460 records failing one or more of our Conditional data checks.

7.2. The table below sets out this years' scores which can be submitted as part of your Scheme Return;

Common Data Score	Conditional Data Score
72.%	87%

7.3. We have identified some key themes in the process of validating the Westminster data which are detailed in the table below.

Data type	Data check	Issue	Resolution
Common	Date Pensionable Service Started	This date is not recorded consistently across the member's record and is responsible for 3,214 of the fails.	*A data cleansing project will be required, which we will organise in the coming months.*
Common	Address status 'Lost Contact'	This affects 1,751 members and is a theme across other schemes we administer.	*We will be discussing an address tracing project with you next year, to reduce this number.*
Conditional	'CARE Revaluation'	The CARE pension for a previous or current year is either missing, or the correct revaluation rate has not been applied. This currently impacts 692 members – a combination of active and deferred members.	*This will be picked up in data cleansing work.*
Conditional	'Pre and post 88 GMP'	The GMP details held for 1,156 members is not complete.	*We would expect these cases to be reduced/cleared by GMP rectification.*

7.4. It is important to note that neither of the two main conditional data errors will affect the payment of the member's benefits as if they were to retire, the Member Services team would check and tidy the record as part of processing the retirement.

7.5. There are smaller groups of members who have failed our other validations, and these will also be picked up in the data cleansing work we carry out across the department – some of this is naturally tidied as part of bulk processing, for example when pensions increase, CARE revaluation or benefit statements are processed; and the Delivery & Compliance team also work specifically on highlighting trends in data issues, and working through lists of members to tidy their records.

8. Call and Email Volumes

8.1. Up to 30th November 2021, we received 314 calls from members of the Westminster LGPS – the total number of calls for all schemes we administer received into the Pension Customer Support Team (PCST) were 3,439 and 46 of these were abandoned. Abandoned calls are caused by the member ending the call before we can answer, and in some cases, this can be because they have heard one of our automatic messages asking them to visit our website or Portal.

8.2. Our call reporting software does not allow us to report which of our 'abandoned' calls were Westminster members, but based on the number of abandoned calls above, we answered 98.34% of all calls received.

8.3. PCST also monitor and handle all of the emails received from members into our main pension's inbox – as this email address is used by members of all the pension schemes we administer, it is not currently possible to report the number of emails received specifically from members of the Westminster LGPS.

8.4. We are investigating a new approach to the handling of emails, with the aim of providing specific email statistics. However, this is work in progress and we want to be confident in the accuracy of any numbers we provide so it has not been included in this report.

9. Online Services

Member Portal

9.1. Active, Deferred and Pensioner members of the LBH LGPS have the ability to register for our Member Portal and update their personal details, death grant nominations, and bank details; securely view annual benefit statements, payslips and P60s; and run online estimates for voluntary retirements over age 55.

9.2. The table below shows the total number of current registrations for each status as of 30th November 2021.

Status	Registrations to date	% of total membership
Active	1,087	23.10%
Deferred	676	8.87%
Pensioner	552	5.36%
TOTAL	**2,315**	**12.91%**

Employer Hub

9.3. As of 30th November 2021, there are 37 Westminster employers signed up to the Employer Hub, and 114 individual users with access.

10. Scheme Legislation Updates

10.1. Legislation updates that have been received during November 2021 for the Local Government Pension Scheme, are detailed in Appendix 1, including any actions that Hampshire Pension Services have taken.

11. Employer and Member Communications

11.1. **Employer communications** – We updated our website with a welcome notice in November 2021 to confirm the transfer of administration to Hampshire pension services.

11.2. **Member communications** sent in November are shown in the table below.

Members	Method	Details	Date Sent
Active and deferred	Email	Welcome and how to register for Portal	09/11/2021, 11/11/2021 and 18/11/2021
Pensioners	Letter	Payslip and Welcome letter. How to register for Portal and change of pay date info.	30/11/2021
Active and deferred	Letter (where no email held)	Welcome and how to register for Portal	23/11/2021

12. Quality Assurance

12.1. **Data Protection Breaches** – We have identified one data protection breach in November 2021, caused by incorrect address data which was transferred to us by Surrey. We have since asked Target to trace the correct address for this member.

13. Compliments & Complaints

13.1. During November 2021 we received two complaints in respect of the administration service we provide, from members of the Westminster LGPS. Further details can be found in Appendix 2.

13.2. In November 2021 we received no compliments from members of Westminster County Council pension scheme.

WESTMINSTER COUNTY COUNCIL PENSIONS ADMINISTRATION REPORT

DECEMBER 2021

City of Westminster

REPORT TO:	Westminster County Council
DATE PREPARED:	Friday 7th January 2021
TITLE:	Pensions Administration Update

Contact Name: Stephanie Tonner/Hayley Read

Contact Email: stephanie.tonner@hants.gov.uk / hayley.read2@hants.gov.uk

1. Summary

1.1. The purpose of this report is to update Westminster County Council with the current position of their local government pension scheme membership; performance against service level agreements and to provide other important and current information about the administration of Westminster County Council Local Government Pension Fund.

2. Background

2.1. Hampshire Pension Services administer the local government pension scheme on behalf of Westminster County Council (WCC) with effect from 8th November 2021.

2.2. Hampshire Pension Services also administer the Local Government Pension Scheme for Hampshire County Council, West Sussex County Council and the London Borough of Hillingdon; the Fire Pension Schemes for both West Sussex and Hampshire, and the Police Pension Schemes for Hampshire.

3. Transfer of administration

3.1. We have successfully run and paid the December payroll for WCC pensioners.

3.2. In December, an issue was highlighted with the way in which some transfer in data had been migrated to UPM. This was affecting 184 transfer records which have come across from Altair – but the issue only affects members who are trying to view their transfer details via the Portal. 46 of the 184 members are registered for our Member Portal. We have prioritised the work required to correct these records to avoid any ongoing confusion for the member.

3.3. There are 3,470 images which have not yet been loaded to UPM as they exceed the maximum file size of 25mb. After discussions with our colleagues in the IT department we will be storing these files on our secure UPM server and loading a place holder document to each of the effected member records which will link back to the original file – this work is in progress, as our IT colleagues have found this to be more complicated than they were expecting, although they do not have any concerns about being able to complete this work.

4. Membership

4.1. The table below details the number of members against status for each of the Local Government pension schemes and is correct as of the date this report was prepared.

Scheme	Active*	Deferred	Pensioner	Preserved Refunds**	Total
Local Government	4,729	6,702	6,511	1,236	19,178

*The active membership includes 446 historic leavers which are to be processed.

**The preserved refund members are included for completeness but are not counted for the purposes of reporting membership to the Pensions Regulator and DLUHC (previously MHCLG).

5. Administration Performance

5.1. Hampshire Pension Services' performance against agreed service level agreements for key processes are monitored monthly. They are calculated based on the number of working days taken to complete the process and are adjusted for time that we are unable to proceed, due to requiring input from the member or third party.

5.2. The table below shows performance from 1st December to 31st December 2021; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days, and Rejoiners which is 20 days).

Time to Complete

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31-40 days	Total	% completed on time	*Total Cases (previous month)*	*% completed on time (previous month)*
Active Retirement	2	1	3	0	0	0	6	100.00%	*6*	*100.00%*
Deferred Retirement	10	7	8	0	0	0	25	100.00%	*15*	*100.00%*
Estimates	2	4	58	0	0	0	64	100.00%	*11*	*100.00%*
Deferred Benefits	5	0	0	0	8	0	13	100.00%	*1*	*100.00%*
Transfers In & Out	0	0	0	0	0	0	0	100.00%	*0*	*100.00%*
Divorce	0	0	1	0	0	0	1	100.00%	*1*	*100.00%*
Refunds	2	1	1	0	0	0	4	100.00%	*10*	*100.00%*
Rejoiners	0	0	0	3	0	0	3	100.00%	*0*	*100.00%*
Interfunds	1	2	18	0	0	0	21	100.00%	*4*	*100.00%*
Death Benefits	11	4	0	0	0	0	15	100.00%	*7*	*100.00%*
GRAND TOTAL	**33**	**19**	**89**	**3**	**8**	**0**	**152**	**100.00%**	***55***	*100.00%*

5.3. The table below shows outstanding work as of 31st December 2021. The time outstanding reflects the time from date of receipt of the initiating request, and includes time whilst cases are on hold pending further information.

5.4. Those cases which currently exceed the agreed service level agreement are on hold waiting for information from the member, their employer or another party and the time taken to process will be adjusted once the work has been completed.

5.5. These cases do not include the inherited outstanding leavers which are discussed in section 6 below.

Time Outstanding

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31+ days	Total	*Total Outstanding (previous month)*
Active Retirement	0	4	0	0	0	0	4	*5*
Deferred Retirement	3	2	0	0	0	0	5	*11*
Estimates*	16	14	8	2	0	0	40	*52*
Deferred Benefits	6	2	3	5	4	0	20	*14*
Transfers In & Out	0	3	1	0	0	0	4	*0*
Divorce	0	0	1	0	0	0	1	*0*
Refunds	3	1	0	0	0	0	4	*2*
Rejoiners	0	0	3	1	0	0	4	*4*
Interfunds	4	5	3	0	0	0	12	*16*
Death Benefits	1	3	2	0	1	0	7	*5*
GRAND TOTAL	**33**	**34**	**21**	**8**	**5**	**0**	**101**	***109***

* Estimates include all 'quote' calculations for retirement, transfers, divorce, and refunds.

6. Unprocessed historic casework

6.1. As mentioned in section 3 above, the WCC dataset contains 446 historic unprocessed leavers. All of the dates of leaving for these members are prior to September 2021.

6.2. A summary breakdown of this group will be shared ahead of January's partnership meeting, for discussion. The summary will include the number of unprocessed leavers per employer to demonstrate where assumptions may need to be made for the upcoming valuation.

7. Call and Email Volumes

7.1. Up to 31st December 2021, we received 185 calls from members of the WCC LGPS who had a general query about their pension – this does not include those who are calling for Member Portal support.

7.2. The total number of calls for all schemes we administer, received into the Pension Customer Support Team (PCST) were 2,383 and 18 of these were abandoned. Abandoned calls are caused by the member ending the call before we can answer, and in some cases, this can be because they have heard one of our automatic messages asking them to visit our website or Portal.

7.3. Our call reporting software does not allow us to report which of our 'abandoned' calls were WCC members, but based on the number of abandoned calls above, we answered 99.24% of all calls received.

7.4. PCST also monitor and handle all of the emails received from members into our main pensions inbox – not including those which have been passed to other teams to process, PCST responded to 221 WCC member emails.

8. Online Services

Member Portal

8.1. Active, Deferred and Pensioner members of WCC LGPS have the ability to register for our Member Portal and update their personal details, death grant nominations, and bank details; securely view annual benefit statements, payslips and P60s; and run online estimates for voluntary retirements over age 55.

8.2. The table below shows the total number of current registrations for each status as of 31st December 2021.

Status	Registrations to date	% of total membership	Registrations to 30/11/2021	% of total membership
Active	1,202	25.42%	1,087	23.10%
Deferred	777	11.59%	676	10.02%
Pensioner	1,005	15.44%	552	8.50%
TOTAL	**2,984**	**16.63%**	**2,315**	**12.90%**

8.3. PCST handled 389 calls from members of all schemes we administer, who were specifically asking for Member Portal support.

Employer Hub

8.4. As of 31st December 2021, there are 36 WCC employers signed up to the Employer Hub, and 104 individual users with access.

9. 2022 End of Year Timetable

9.1. We are in the process of agreeing the timeline for the 2022 End of Year, beginning with the bulk pensions increase for Pensioner and Deferred members at the end of February, and ending with the issuing of Pension Savings Statements in October.

9.2. The timeline will follow the same plan as we have done in previous years, and we will confirm specific target dates for each piece of work in next months' partnership report.

9.3. The 2022 annual return templates were issued to WCC employers before Christmas, so they can prepare the information required by our deadline of 30 April 2022.

10. Scheme Legislation Updates

10.1. Legislation updates that have been received during December 2021 for the Local Government Pension Scheme, are detailed in Appendix 1, including any actions that Hampshire Pension Services have taken.

11. Employer and Member Communications

11.1. **Employer communications** – In December we issued a Stop Press, explaining that we would be moving to a one-time passcode on the member portal and employer hub.

11.2. **Member communications –** there were no bulk member communications issued in December.

12. Quality Assurance

12.1. **Data Protection Breaches** – We have identified one data protection breach in December 2021, caused by a member of staff selecting the wrong address as part of a data cleansing piece of work to ensure all overseas addresses were recorded accurately. A full explanation was provided to Sarah Hay and the breach was contained.

13. Compliments & Complaints

13.1. In December 2021 we did not receive any complaints in respect of the administration service we provide, from members of the WCC LGPS.

13.2. In December 2021 we received one compliment from a member of the WCC LGPS. Further information can be found in appendix 2.

HAMPSHIRE PENSION SERVICES

Monthly administration report

January 2022

City of Westminster

Working in partnership with

HAMPSHIRE PENSION FUND HILLINGDON LONDON west sussex county council City of Westminster HAMPSHIRE CONSTABULARY Hampshire & Isle of Wight FIRE & RESCUE SERVICE West Sussex Fire & Rescue Service

Contents

1. Summary

1.1. The purpose of this report is to update Westminster County Council with the current position of their local government pension scheme membership; performance against service level agreements and to provide other important and current information about the administration of Westminster County Council Local Government Pension Fund.

2. Background

2.1. Hampshire Pension Services administer the local government pension scheme on behalf of Westminster County Council (WCC) with effect from 8th November 2021.

2.2. Hampshire Pension Services also administer the Local Government Pension Scheme for Hampshire County Council, West Sussex County Council and the London Borough of Hillingdon; the Fire Pension Schemes for both West Sussex and Hampshire, and the Police Pension Schemes for Hampshire.

3. Transfer of administration

3.1. There are 3,470 images which have not yet been loaded to UPM as they exceed the maximum file size of 25mb. After discussions with our colleagues in the IT department we will be storing these files on our secure UPM server and loading a place holder document to each of the effected member records which will link back to the original file – the method to set up the place holder documents has been confirmed and proven to work, so the relevant member records will be updated by the end of February 2022.

4. Membership

4.1. The table below details the number of members against status for each of the Local Government pension schemes and is correct as of the date this report was prepared.

Scheme	Active*	Deferred	Pensioner	Preserved Refunds**	Total
Local Government	4,735	6,694	6,518	1,235	19,182

*The active membership includes 430 historic leavers which are to be processed.

**The preserved refund members are included for completeness but are not counted for the purposes of reporting membership to the Pensions Regulator and DLUHC (previously MHCLG).

5. Administration performance

5.1. Hampshire Pension Services' performance against agreed service level agreements for key processes are monitored monthly. They are calculated based on the number of working days taken to complete the process and are adjusted for time that we are unable to proceed, due to requiring input from the member or third party.

5.2. The table below shows performance from 1st January to 31st January 2022; the performance target for all cases is 15 days (except Deferred Benefits which is 30 days, and Rejoiners which is 20 days).

Time to Complete

Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31-40 days	Total	% completed on time	*Total Cases (previous month)*	*% completed on time (previous month)*
Active Retirement	0	1	2	0	0	0	3	100.00%	*6*	*100.00%*
Deferred Retirement	5	2	7	0	0	0	14	100.00%	*15*	*100.00%*
Estimates	4	2	17	0	0	0	23	100.00%	*64*	*100.00%*
Deferred Benefits	3	0	0	3	8	0	14	100.00%	*13*	*100.00%*
Transfers In & Out	1	0	3	0	0	0	4	100.00%	*0*	*100.00%*
Divorce	0	1	1	0	0	0	2	100.00%	*1*	*100.00%*
Refunds	1	3	1	0	0	0	5	100.00%	*4*	*100.00%*
Rejoiners	0	0	1	0	0	0	1	100.00%	*3*	*100.00%*
Interfunds	2	4	10	0	0	0	16	100.00%	*21*	*100.00%*
Death Benefits	2	0	2	0	0	0	4	100.00%	*15*	*100.00%*
GRAND TOTAL	**18**	**13**	**44**	**3**	**8**	**0**	**86**	**100.00%**	***152***	*100.00%*

5.3. The table below shows outstanding work as of 31st January 2022. The time outstanding reflects the time from date of receipt of the initiating request, and includes time whilst cases are on hold pending further information.

5.4. Those cases which currently exceed the agreed service level agreement are on hold waiting for information from the member, their employer or another party and the time taken to process will be adjusted once the work has been completed.

5.5. These cases do not include the inherited outstanding leavers which are discussed in section 6 below.

Time Outstanding								
Type of Case	0-5 days	6-10 days	11-15 days	16-20 days	21-30 days	31+ days	Total	*Total Outstanding (previous month)*
Active Retirement	2	2	0	0	0	0	4	*4*
Deferred Retirement	8	2	0	0	0	0	10	*5*
Estimates*	13	24	14	1	1	0	53	*40*
Deferred Benefits	5	1	13	2	6	0	27	*20*
Transfers In & Out	2	2	1	0	0	0	5	*4*
Divorce	0	0	1	0	0	0	1	*1*
Refunds	2	0	0	0	0	0	2	*4*
Rejoiners	0	0	3	0	0	0	3	*4*
Interfunds	2	7		0	0	0	9	*12*
Death Benefits	4	3	1	2	0	0	10	*7*
GRAND TOTAL	**38**	**41**	**33**	**5**	**7**	**0**	**124**	***101***

* *Estimates include all 'quote' calculations for retirement, transfers, divorce, and refunds.

6. Unprocessed historic casework

6.1. As mentioned in section 4 above, the WCC dataset contains 430 historic unprocessed leavers; all of the dates of leaving for these members are prior to September 2021.

6.2. We have attached in Appendix 4 a document which sets out further information, and the costs and timescales to clear these cases, for WCC to provide approval to proceed with this work.

6.3. In preparation, a breakdown of the unprocessed leavers by employer was shared in January, and we will be working with Westminster and their actuary to prioritise the deferred benefit calculations which will have the most impact on this year's valuation.

7. Call and email volumes

7.1. Up to 31st January 2022, we received 180 calls from members of the WCC LGPS who had a general query about their pension – this does not include those who are calling for Member Portal support.

7.2. The total number of calls for all schemes we administer, received into the Pension Customer Support Team (PCST) were 4,259 and 81 of these were abandoned. Abandoned calls are caused by the member ending the call before we can answer, and in some cases, this can be because they have heard one of our automatic messages asking them to visit our website or Portal.

7.3. Our call reporting software does not allow us to report which of our 'abandoned' calls were WCC members, but based on the number of abandoned calls above, we answered 98.09% of all calls received.

7.4. PCST also monitor and handle all of the emails received from members into our main pensions inbox – not including those which have been passed to other teams to process, PCST responded to 119 WCC member emails.

8. Online services

Member Portal

8.1. Active, Deferred and Pensioner members of WCC LGPS have the ability to register for our Member Portal and update their personal details, death grant nominations, and bank details; securely view annual benefit statements, payslips and P60s; and run online estimates for voluntary retirements over age 55.

8.2. The table below shows the total number of current registrations for each status as of 31st January 2022.

Status	Registrations to date	% of total membership	Registrations to 30/12/2021	% of total membership
Active	1,310	27.66%	1,202	25.42%
Deferred	858	12.82%	777	11.59%
Pensioner	1,132	17.37%	1,005	15.44%
TOTAL	**3,300**	**18.39%**	**2,984**	**16.63%**

Employer Hub

8.3. As of 31st January 2022, there are 36 WCC employers signed up to the Employer Hub, and 111 individual users with access.

9. 2022 End of Year timetable

9.1. We have agreed the timeline for the 2022 year end and the production of benefit statements. The table below details the key milestones for each step of the year end process.

Completed By	Task
15/03/2022	2021 Pensions Increase to be applied to all pensions in payment.
31/03/2022	Annual Return requests and templates sent to Employers.
March/April	Online employer annual return workshops
30/04/2022	Annual return deadline for Employers

Completed By	Task
06/05/2022	2022 Pensions increase applied to all deferred benefit members.
30/06/2022	Employer Services to complete upload of Annual Returns (AR); assuming all data received from, and queries answered by employers.
30/06/2022	CARE pension revaluation for Active members (to be run per employer, subsequent to AR upload)
29/07/2022	Supplementary Pensions Increase calculated and paid.
31/07/2022	All Deferred Benefit Statements (DBS) to be produced.
31/08/2022	LG Active Benefit Statements (ABS) to be produced.
05/10/2022	Pensions Savings Statements sent – will be produced by employer as ABS have been completed
31/10/2022	E-comms sent to members with benefit statement available on Member Portal

10. Pensions Dashboard Programme

10.1. On 31st January the consultation for the Pensions Dashboard regulations was published – responses must be submitted by 13th March 2022.

10.2. We are attending a series of webinars held by a combination of the Pensions Dashboard Programme and the Department for Work and Pensions, throughout February. The webinars cover an overview of the consultation and how the Dashboard will work in more detail.

10.3. We understand that Public Service Pension schemes, will have a staging date of April 2024 at the latest, dependant on active and deferred membership numbers submitted in the 2021 Pensions Regulator Scheme Return.

10.4. We also have two representatives from Hampshire Pension Services, attending Civica's Pensions Dashboard working group – the first meeting is being held on 23rd February – at which point we should understand more about how we can connect to the architecture which will deliver the Money and Pensions services (MaPs) dashboard.

11. Customer Service Excellence (CSE)

11.1. On 26th January 2022 we completed a re-assessment of our CSE accreditation.

11.2. We were awarded full compliance for all 57 of the CSE criteria, and in the following six areas were awarded a 'compliance plus'.

- There is corporate commitment to putting the customer at the heart of service delivery and leaders in our organisation actively support this and advocate for customers.
- We can demonstrate how customer facing staff insights, and experiences are incorporated into internal processes, policy development and service planning.
- We make our services easily accessible to all customers through provision of a range of alternative channels.
- We monitor and meet our standards, meet departmental and performance targets, and we tell our customers about our performance.
- We have developed and learned from best practice identified within and outside our organisation, and we publish our examples externally where appropriate.
- We identify any dips in performance against our standards and explain these to customers, together with action we are taking to put things right and prevent further recurrence.

12. Audit

12.1. The Southern Internal Audit Partnership (SIAP) provides the internal audit function for Hampshire. The following audits have been completed or are in progress for 2021/22.

Audit Area	Current Position
Pensions, payroll, and benefit calculations: Annual review to provide assurance that systems and controls ensure that lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; all changes to on-going pensions are accurate and timely; and pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies.	The audit testing is in progress with the final report anticipated in March 2022.
Pension Starters: Review of the control framework to support appropriate, complete, and prompt admission of new starters to the various pension schemes administered by Hampshire Pension Services (HPS).	This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following key objectives: • Starter notifications are accurately and promptly recorded in the UPM (Universal Pension Management) system.

Audit Area	Current Position
	• Starters receive their initial enrolment documentation within agreed timescales. The Auditors conclusion was that substantial assurance had been gained and a sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Pension Leavers: Review of the control framework to support appropriate, complete, and prompt leaver notifications to the various pension schemes administered by Hampshire Pension Services (HPS).	This review has sought to assess the effectiveness of controls in place focusing on those designed to mitigate risk in achieving the following key objectives: • Leaver notifications are received and are accurately and promptly recorded in the Universal Pensions Management (UPM) System. • All leavers receive the appropriate initial notifications and on-going annual benefit statements within agreed timescales. The Auditors conclusion was that substantial assurance had been gained and a sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

12.2. Our audit plan for 2022/23 is set out in the table below.

Audit Area	Timing
Pension Transfers: To provide assurance over the processes and controls to support the accuracy and timeliness of transfers in and out of the schemes managed by HPS.	Quarter 1
Member Deaths: To provide assurance that systems and processes ensure that any payments related to deceased members are calculated correctly	Quarter 2

Audit Area	Timing
and paid promptly to the correct recipient, with the risk of overpayments minimised.	
UPM - Cyber Security (This has been identified as a new audit review area): To provide assurance over the Cyber Security arrangements for the UPM application	Quarter 3 / 4
Pensions Payroll and Benefit Calculations: Annual review to provide assurance that systems and controls ensure that:- • Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; • All changes to on-going pensions are accurate and timely; • Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies.	Quarter 3 / 4

13. 2022 Software Development

13.1. We have agreed a development plan for UPM, our Member Portal and Employer Hub for the next year – the high level road map is attached in Appendix 5 and a detailed explanation of each enhancement is below.

13.2. **Online Identification and Verification** – this will enhance the Member Portal by allowing the member to upload proof of their identity and marital status and use facial recognition to support various processes including the annual Life Certificates and retirements.

13.3. **Automated Payroll Manager** – This will support the back office Payroll team, by automating some of the monthly payroll running actions, allowing the team to focus on tasks that need their expertise. This also supports the automated Advice of Wrong Account for Automated Credits Service (AWACS) functionality; the Return of Unapplied Credit Service (ARUCS) functionality and fully automate the Tax Code Download service (DPS).

13.4. **Aggregation Module** – Civica's Aggregation solution removes the onerous task of manually amalgamating records, which increases the risk of data errors and omissions, as well as being a lengthy, intensive process to complete. The system uses process maps and fully audited process actions to identify which scenario is applicable to the member and control the processing to enable aggregation of both Deferred Benefits and Preserved Refunds.

13.5. **GDPR Module** – The GDPR Module bundle will allow us to bulk delete member records and documents in line with retention rules, rather than the member-by-member and document-by-document deletion facilities which are standard features of the current product. We will also be able to use document bundling, creating a single PDF document containing all member documents, to support the response to a subject access request.

13.6. **Employer Hub enhancements** – we will be implementing the functionality to allow employers to upload documents and spreadsheets via the Hub, which will be validated before being passed through to the back office team. The Employer remains responsible for the data being submitted to us until it is correct, and we can therefore ensure good quality data is being loaded to UPM.

14. Administration budget 2022/23

14.1. The annual budget for administration is rolled forward from the original amount agreed in the OBC. Staffing costs are uplifted in line with step progressions and any pay awards; other budgets are increased in line with September CPI (as per 13.3.2 of the OBC).

14.2. The proposed administration charge for 2022/23 is currently £395,000. However, the costs of a pay award have not been included in either the 2021/22 or the 2022/23 figures shown in the table below. Given the timings it is likely that the cost of the 2021/22 pay award will now be invoiced separately in 2022/23.

	OBC (2020/21 costs inc pay award)	2021/22 (full year)	2021/22 (5 months)	2022/23
Staff	283,000	290,000	121,000	297,000
Non pay (inc contribution to overheads)	35,000	35,000	15,000	36,000
UPM software licence and annual maintenance	49,000	49,000	21,000	51,000
Contribution to future software development	11,000	11,000	5,000	11,000
Total	**378,000**	**385,000**	**160,000**	**395,000**

15. Scheme legislation updates

15.1. Legislation updates that have been received during January 2022 for the Local Government Pension Scheme, are detailed in Appendix 1, including any actions that Hampshire Pension Services have taken.

16. Employer and Member Communications

16.1. **Employer communications** – In January we issued a Stop Press to promote the discretions workshops.

16.2. **Member communications** – There were no bulk member communications issued in January.

17. Quality Assurance

17.1. **Data Protection Breaches** – We have not identified any data protection breaches in January 2022.

18. Compliments and Complaints

18.1. In January we received two complaints from members of the WCC LGPS. One member was unhappy regarding delays caused by the previous administrator and the second felt that the options available to him to claim his pension, would cost him money. Further detail is included in appendix 2.

18.2. In January we received two complaints from members of the WCC LGPS. One member was unhappy regarding delays caused by the previous administrator and the second felt that the options available to him to claim his pension, would cost him money. Further detail is included in appendix 2.

This page is intentionally left blank

City of Westminster

Pension Fund Committee

Date:	**10th March 2022**
Classification:	**General**
Title:	**COWPF LGPS Projects and Governance Update**
Report of:	**Diana McDonnell-Pascoe** **Pensions Project Manager, People Services**
Wards Involved:	**All**
Policy Context:	**Service Delivery**
Financial Summary:	**General**

1. Introduction

The purpose of this paper is to update the Pension Committee on the various projects and governance activities being undertaken by the Pensions and Payroll Team to improve the administration of the COWPF LGPS.

2. Projects

2.1. Administration Transfer Legacies

2.1.1. Surrey Exit

We have received a letter from Aquila Heywood confirming that our data has been deleted from Altair as requested at the end of January.

We are still processing the final financial position with respect to exiting Surrey and I will update the Committee at the next meeting.

2.2. Pension Website

The current website for the COWPF LGPS is being reviewed with respect to value for money. There are three points of review under this project which are:

a) Further integration with Finance: for promotion of Fund finance activities

b) Diversity and Inclusion: including accessibility

c) Digital Value: with respect to the value of the domain name and current website content given the combined availability of the Hampshire Pension Services' and Council's websites and their ability to provide the digital support we require.

Progress since December 2021:

We held a workshop with Finance colleagues in February to discuss their requirements. Currently, Finance have a page on www.westminster.gov.uk, the Council's website, which is sufficient for their needs in publishing the relevant documents and publications they are required to provide. Upon reviewing the current webpage versus the dedicated pensions website, we concluded that there was no material benefit to further integration with Finance with respect to creating and promoting content specifically for the current pension website as they already publish complete and discrete publications regarding Responsible Investment etc which interested parties can download and read. Also, pensions is a niche area for which there would be a small audience and any specific enquiries would either come through the main media team of the council or via freedom of information requests. Analysis of the digital readership of the current pension finance page as provided by the WCC's Digital Team show 256 unique page views in the six months from September 2021 to February 2022 (representing 0.01% of all Council site views) which would support this. Therefore, it has been decided that there will be no further integration with Finance at this stage.

With respect to Diversity and Inclusion, I attended a meeting with the Staff Network Chairs at the beginning of February to ask for their help to review the website with respect to accessibility. I have been invited to the ABLE Network's team meeting for a further and more in-depth review at the beginning of March. I will update progress on this and further work at the June Committee meeting. It should also be noted that HPS want to collaborate on this work so that all digital offerings to our members and pensioners are aligned in terms of D&I and Accessibility.

With respect to Digital Value, there are a few salient points to review with respect to value for money including a review of the content held by HPS versus COWPF and also how well the Council's site would work as a replacement for the website. The most significant concern, however, is the domain name itself (www.wccpensionfund.co.uk) as this is valuable to the Fund with respect to preventing pension scams at the very minimum. The domain name has been in existence since 2014 when COWPF went live with Surrey as the pension administration service which means there is a distinct significant and consistent history of presence online under that domain name for our current and past users. Irrespective of which content HPS holds/does not hold, if we move all our relevant content onto www.westminster.gov.uk and decide not to renew the domain name then the potential for scammers to buy and use the domain name for dishonest purposes is considerable. Therefore, there may be merit in retaining a website separate to the council's site albeit on a different and cheaper platform. Further work including a risk assessment and website analytics analysis is needed on this digital value piece, and I will update the committee again at the June meeting.

2.3. Guaranteed Minimum Pension (GMP)

We are having the formal project launch meeting on Tuesday 1st March with Mercer, HPS and WCC to kick off this project. Mercer have prepared a draft timeline / project plan for review, and we expect them to start work in April after Pensions Increase. It should be noted that Mercer have already done the bulk of the data analysis required before rectification activities with Surrey, however, we will need to validate the work with HPS to avoid any errors or miscalculations. Again, I will update the Committee on progress at the next meeting.

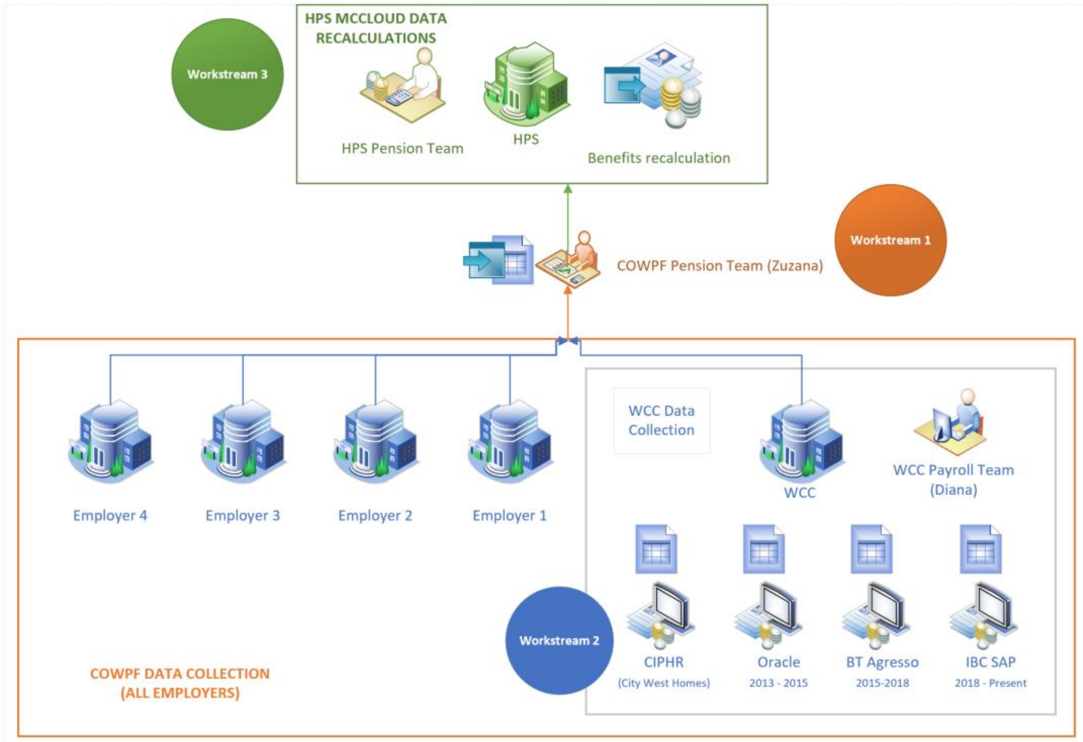
2.4. McCloud

As the Committee is aware, the McCloud judgement was aimed at preventing age discrimination in the LGPS. This means that COWPF LGPS needs to recalculate the benefits for eligible members for the remedy period of 1st April 2014 to 31st March 2022. The work has been divided into two phases. Phase 1 is data collection from payroll systems to determine eligible members and Phase 2 is the recalculation of the benefits and applying the remedy. Phase 1 period runs from 2021 to 2022 and Phase 2 period runs from end of 2022 to 2023.

In order to discharge our obligations appropriately, we have divided the work required into three workstreams to ensure we plan and execute our work promptly and efficiently.

The reason for the three workstreams is because there are three avenues of responsibility under this project. Hampshire Pension Services will be responsible for recalculating the benefits for LGPS members once they receive the relevant data collection information from the COWPF employers. It should also be noted that for this avenue of responsibility, HPS are still awaiting the official remedy advice from HM Government and that there is no fixed date for this as yet. The Pension team (for COWPF) is coordinating all the employer responses (of which WCC is one) to send to HPS and the Payroll team are managing the data collection from the WCC current and legacy payroll systems.

Obviously, and as the Committee knows, there is only one Payroll and Pensions team (led by Sarah Hay) but for the purposes of clarity for the project, I will be referring to them as the Pension Team, for COWPF responsibilities and the Payroll Team, for WCC responsibilities.



2.4.1. Workstream 1 – COWPF Employer Data Collection – led by Zuzana Fernandes, COWPF Pension Team

Work commenced on this workstream in Summer 2021 whereby COWPF employers were sent a data collection template to be completed by a nominated date of 31st January 2022. As of 25th February 2022, only 14 out of 38 employers (~37%) have returned completed data collection templates.

There are a myriad of challenges for employers in completing the data collection template including and particularly for schools, the challenges of several changes of payroll providers over recent years, the merging of schools and the lack of pension knowledge in schools' officers. The pension team are supporting employers to retrieve this data and complete the data collection templates as soon as possible.

2.4.2. Workstream 2 – WCC Data Collection – led by Diana McDonnell-Pascoe, WCC Payroll Team

Work commenced on this workstream in January 2022. This is because the project to transfer administration services to HPS had taken precedence.

In summary, the requirement on the WCC Payroll Team is to complete the data collection template with payroll data taken from WCC current and legacy payroll systems.

However, the team are facing significant challenges with the legacy payroll systems, particularly Oracle and CIPHR (City West Homes' payroll system) in terms of ability to access the relevant data. With respect to BT Agresso, we have an external partner, Blue Planet Software, who have the ability to extract the relevant data for WCC and we are working with them to retrieve what we need. With respect to Oracle and CIPHR, we are working with IT and our IT Strategic Business Partner on how best to extract the data we require.

Nevertheless, due to the complexity of accessing the data, we expect this process to take several months. We are also investigating futureproofing access to these systems alongside our statutory requirement for McCloud as there is a risk that further payroll requests for data on behalf of the Fund over the coming years will increase access costs exponentially, especially if we have to continually access each system independently and also if the systems become technologically obsolete. Because of these risks, it may be more prudent to collate the data internally in some other way in order for us to access it now and in the future.

Despite this, the Payroll Team are very cognizant of the statutory requirement and do not intend to overtly delay any action to discharge our responsibilities under this requirement. I will have a further update on this at the next Committee Meeting.

2.4.3. Workstream 3 – LGPS Benefits Recalculation Exercise **–** led by Hayley Read, HPS Pension Team

There is no update under this workstream as yet because Phase 2 has not launched.

3. Governance

3.1. HPS Contract Monitoring

As part of the lessons learned from our time with the previous administrator, we have already and are in the process of putting robust contract monitoring and governance procedures in place with HPS.

As the Committee was previously advised, HPS are providing monthly partnership reports to COWPF updating the team on Service Delivery KPIs and other relevant information (for the month immediately preceding) which is subsequently discussed at a monthly partnership meeting i.e., February's meeting discusses January's performance. These results are then being collated by us into a monthly performance tracker so we can monitor trends in overall performance.

Equally, HPS are in the process of being set up on the Council's contract performance software, capitalEsourcing, so that we can report formally and gain support from WCC's procurement teams on managing the contract according to best practice.

In terms of the financial governance of the contract and as previously advised to the Committee, HPS agreed to bi-annual financial governance and performance meetings in addition to the monthly partnership meetings. We asked for this additional oversight because the partnership meetings were primarily related to service delivery in administration. I am pleased to inform the Committee that HPS have agreed to supplementary finance meetings for this first full year of the contract so that we ensure good governance from the start. This means that for the calendar year of 2022, there will be quarterly finance meetings chaired by

HPS to which all the relevant finance colleagues will attend. For the calendar years of 2023 and beyond, we will revert to bi-annual meetings.

4. Summary

This paper was to update the Committee on the current position of projects and governance activities related to the administration of the COWPF LGPS. Future papers will update the Committee on progress of these activities and inform the Committee of any significant developments of the same.

City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**10 March 2022**
Classification:	**General Release (Appendix 3 is exempt)**
Title:	**Pension Fund Business Plan & Investment Consultant Performance Review**
Wards Affected:	**None**
Policy Context:	**Effective control over Council Activities**
Financial Summary:	**There are no immediate financial implications arising from this report.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1 Executive Summary

1.1 The purpose of this report is to present the 2022/23 Pension Fund Business Plan, attached as Appendix 1, which presents the strategic medium-term objectives and a budget forecast for 2022/23.

1.2 Attached in Appendix 2 is the annual performance review of the investment consultant against the agreed Investment Consultant Aims and Objectives, as approved at the Pension Fund Committee at its meeting on 23 October 2019.

2 Recommendation

2.1 The Pension Fund Committee is requested to:

- Comment on and approve the attached business plan and budget for 2022/23 (Appendix 1).

- Approve that Appendix 3 to this report is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

3 Background

3.1 The Myners Report to HM Treasury, compiled by Lord Myners and published in March 2001, recommended that local authority pension funds should approve an annual business plan in respect of the objectives required for the next one to three years. This plan sets out the medium-term objectives and a financial forecast for 2022/23, as attached at Appendix 1.

3.2 The Fund's business plan objectives cover the following areas:

- Administration
- Communication
- Actuarial/Funding
- Pension Fund Committee Members
- Financial and Risk Management
- Investment
- Local Pension Board

3.3 The forecast budget for 2022/23 details the Fund's expenses by administration, oversight and governance, and investment management. It is estimated that the Fund's administration expenditure fees will be significantly lower in 2022/23, following the pension administration transition to Hampshire County Council during 2021/22. It should be noted that the fee for the administration software provider, Civica, will form part of the Hampshire County Council annual contract fee.

3.4 Governance and oversight expenses are expected to be broadly in line with previous years. However, it is anticipated that, going forward, the finance employee recharge will decrease. This is as a result of the London Borough of Bexley joining the Tri-Borough Treasury and Pensions services, alongside Hammersmith and Fulham and Kensington and Chelsea. Please note this has not yet been reflected in the budgeted figures as the formal agreement is still to be approved.

3.5 Investment management costs are expected to increase further during 2022/23. This is due to increased transaction cost disclosure as a result of the LGPS Cost Transparency Code, an increase in asset market values and the transition of investments to more complex asset classes, which attract a higher management fee.

3.6 An outturn report will be presented to the Committee to update members on progress, the Pension Fund business plan outcomes and an outturn expenditure summary.

3.7 In line with best practice, the performance of the Fund's investment consultant against the objectives should be reviewed on an annual basis and the objectives updated at least every three years, or when there has been a material change in the investment approach. Appendix 2 details these objectives and assessed performance as at February 2022.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Billie Emery bemery@westminster.gov.uk

BACKGROUND PAPERS: None

APPENDICES:

Appendix 1: Business Plan including budget forecast for 2022/23
Appendix 2: Investment Consultant Performance Review
Appendix 3: Detailed budget forecast for 2022/23 (Exempt)

This page is intentionally left blank

City of Westminster Pension Fund **Appendix 1**

Business Plan and Actions for 2022/23

The Myners Report to HM Treasury, published in March 2001, recommended that local authority pension funds should approve an annual business plan in respect of the objectives required for the next one to three years.

Estimates are based on current investment allocations and expected expenses based on historic information and available forecasts. Investment allocations are subject to changes in market value, impacting management expenses. Future property acquisition costs will also impact associated expenditure.

The strategic medium-term objectives for the Fund are grouped under the following headings:

- Administration
- Communication
- Actuarial/Funding
- Pension Fund Committee Members
- Financial and Risk Management
- Investment
- Local Pension Board

To help meet our objectives a timetable of performance indicators has been agreed and an outturn report will be presented to the Pension Fund Committee to update Members on progress.

2022/23 Forecast Budget

	Company Name (If Applicable)	2019/20 Actual £000	2020/21 Actual £000	*2021/22 Estimate £000*	*2022/23 Budget £000*
Administration					
	Employee Recharge	352	308	356	*278*
	Legal Costs	74	23	21	*20*
	Administrator*	183	332	226	*410*
	Pension Project Costs	-	-	670	*-*
	Various Admin**	141	318	94	*53*
		750	**981**	**1,367**	***761***
Governance and oversight					
	Finance Employee Recharge	183	236	240	*254*
	Training	2	-	1	*5*
	Investment advisory services	78	92	87	*65*
	Various O&G***	71	43	35	*40*
	External audit	16	25	32	*32*
	Actuarial fees	72	32	26	*35*
		422	**428**	**421**	***431***

Investment Management					
Management, Performance and Transaction fees		5,631	8,624	10,236	*11,643*
Custody/Management fees	Northern Trust	31	54	72	*73*
		5,662	**8,678**	**11,308**	***11,716***
Total		**6,834**	**10,087**	**12,096**	***12,908***

*For 2022/23, includes £378k administrator and software annual charge, a contingency of £6k and £26k backlog project work

**Includes Aquila Heywood's Altair software maintenance/licence fees up to 2020/21 (5-year licence fee paid during 2020/21), scheme member tracing, GPM and bank charges

***Includes subscription fees/other services, i.e., CIPFA Pensions Network, LGA, Pensions Lifetime and Savings Association, Pensions and Investment Research Consultants

Administration and Communication

The Pension Fund is governed by the Public Service Pensions Act 2013 and administered in accordance with secondary legislation.

The administration of the Fund has been undertaken by Hampshire County Council since 8 November 2021.

Administration			
Objective(s) - to ensure scheme is run in accordance with the rules; in accordance with agreed service standards; and in compliance with regulations - to deal with and rectify any errors and complaints in a timely way			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Pension Fund Committee to receive pension administration key performance indicators (KPIs) report on a quarterly basis.	Ongoing with reports due at each committee meeting	Lee Witham/Sarah Hay
2	Pension Fund Committee to receive the Pension Fund Annual Report.	23 June 2022	Phil Triggs/Matthew Hopson/Billie Emery
3	Ensure that any complaints against action or inaction by pension staff are dealt with in a timely manner.	Ongoing	Lee Witham/Phil Triggs
4	Review the content of the Pension Fund website to ensure it is relevant and kept up to date.	Ongoing	Sarah Hay/Diana McDonnell-Pascoe
5	Discuss/meet with Hampshire CC and report to the Pension Fund Committee.	Monthly	Sarah Hay
6	Mortality screening to identify deceased individuals.	Ongoing	Sarah Hay

Communication			
Objective(s) - to convey the security of the Scheme - to ensure members understand and appreciate the value of their benefits			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Ensure communication material complies with current legislation and effectively communicates the benefits of the scheme to members and employers. Ensure communication material is amended to comply with the requirements of the new regulations/legislation.	Ongoing	Lee Witham/Sarah Hay
2	Communication on a timely basis of material scheme changes to Pension Fund Committee, employer bodies and members.	Ongoing	Phil Triggs/Lee Witham/Sarah Hay
3	Prepare Pension Fund Annual General Meeting and receive feedback from employers.	30 June 2022	Phil Triggs
4	Communicate actuarial valuation to all employers.	Triennial: March 2023	Sarah Hay
5	Provide employers with actuarial accounting briefing note.	Scheduled and admitted bodies: 31 March 2022 Academies: 31 August 2022	Billie Emery

Actuarial /Funding:

The Fund is responsible for commissioning triennial actuarial valuations of the Pension Fund regarding the funding status and level of employers' contributions necessary to fully fund the Pension Fund. Following a joint procurement exercise with Hammersmith and Fulham and Kensington and Chelsea, the City of Westminster Pension Fund appointed Hyman Robertson as the Fund's new actuary. The Pension Fund Committee approved the appointment of Hymans as the Fund's new actuary on 24 June 2021.

Actuarial/Funding

Objective(s)
- to monitor the funding level of the Scheme including formal valuation every three years
- to monitor and reconcile contribution payments to the Scheme by the employers and scheme members
- to understand legislative changes which will impact on funding

Action	**Description**	**Timescale**	**Primary Responsibility**
	Provide employers with IAS19/FRS102 funding statements when requested.	Scheduled and admitted bodies: 31 March 2022 Academies: 31 August 2022	Billie Emery
2	Report the funding level of the Fund to the Pension Fund Committee every quarter.	Ongoing with reports due at each committee meeting	Matthew Hopson/Billie Emery
3	Monitor and reconcile employer contributions remittances with the bank statement.	Ongoing	Alastair Paton
4	Member training covering actuarial funding issues.	Ongoing	Phil Triggs/Mathew Dawson
5	New employers admitted into the fund, including bonds, admission agreements and initial funding level.	Ongoing	Sarah Hay

Pension Fund Committee

Investment allocation decisions are delegated to the Pension Fund Committee who oversees the management of the Fund’s assets. The Committee appoints fund managers and advisors to assist in reviewing the overall strategic asset allocation, ensuring its suitability and the diversification of assets.

Pension Fund Committee Members			
Objective(s) - to train and develop all members to enable them to perform duties effectively - to meet quarterly and to include investment advisor and independent advisors as required - to run meetings efficiently and to ensure decisions are made clearly and effectively			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Review Pension Fund Committee member training requirements and implement training plan as appropriate.	Ongoing	Phil Triggs/Mathew Dawson
2	Ensure that meeting papers are issued at least seven days prior to meeting.	Every meeting	Phil Triggs/Lee Witham
3	Ensure that governance process remains in line with revised Myners/CIPFA principles to ensure 100% compliance.	Ongoing	Phil Triggs/Mathew Dawson
4	Ensure that Committee is kept fully up to date with the MHCLG asset pooling guidance.	Ongoing	Phil Triggs

<u>Financial & Risk Management/ Investment</u>

In line with the best practice and the Pension Regulator's Code of Practice, the Pension Fund maintains a risk register to identify and monitor short-term and long-term risks to the Fund.

Investment assets are managed by external investment managers, with segregated assets held by an independent global custodian.

Financial & Risk Management			
Objective(s) - to properly record financial transactions to and from the Scheme and produce annual report and accounts within six months of year end - monitor investment adviser fees against budget - assess the risk associated with the management of the Scheme			
Action	**Description**	**Timescale**	**Primary Responsibility**
1	Monitor Pension Fund expenses for the year against budgeted.	Ongoing: 2022/23	Phil Triggs/Billie Emery
2	Produce Annual Statement of Accounts and achieve an unqualified audit.	31 May 2022	Phil Triggs/Matthew Hopson/Billie Emery
3	Produce Pension Fund Annual Report.	30 June 2022	Phil Triggs/Matthew Hopson/Billie Emery
4	Ensure ongoing risk assessments of the management of the Fund.	Ongoing and reported to every committee meeting	Phil Triggs/Matthew Hopson/Billie Emery
5	Review of the MiFID documents to ensure the Fund retains professional status.	Ongoing	Billie Emery

Investment

Objective(s)

- periodically review investment strategy and benchmarks
- monitor performance against benchmarks
- maintain contact with pool and investment managers

Action	Description	Timescale	Primary Responsibility
1	Annual consideration of CIPFA/Myners principles.	As part of ISS: 30 June 2022	Phil Triggs
2	Discuss/meet with London CIV and report to Pension Fund Committee.	Quarterly: 2022/23	Phil Triggs/Matt Hopson
3	Pension Fund Committee to receive quarterly investment monitoring reports.	Ongoing and reported to every committee meeting	Phil Triggs/Matthew Hopson/Billie Emery
4	Respond to all government consultations and report to the Pension Fund Committee as necessary.	Ongoing	Phil Triggs/Lee Witham
5	Continue to implement pooling as per MHCLG pooling guidance.	Ongoing	Phil Triggs

Local Pension Board

Under Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of the LGPS Regulations 2013, a Local Pension Board must be established and maintained. The Pension Board meets up to four times a year and assists in the governance and administration of the Fund.

Local Pension Board

Objective(s)

- to ensure the Local Pension Board is constituted and functions within the regulations
- to help facilitate the effective operation of the Local Pension Board

Action	Description	Timescale	Primary Responsibility
1	Reasonably comply with any requests from the Local Pension Board with regard to any aspect of the Scheme Manager function.	Ongoing	Phil Triggs/Lee Witham
2	Give due consideration to recommendations made to the Pension Fund Committee from the Local Pension Board and respond to the Local Pension Board within a reasonable period of time.	Ongoing	Phil Triggs/Lee Witham
3	Provide Local Pension Board members access to training offered to Pension Fund Committee members.	Ongoing	Phil Triggs/Mat Dawson
4	Invite members of the Local Pension Board to attend Pension Fund Committee meetings.	Ongoing	Phil Triggs/Mat Dawson

Investment Consultant Aims and Objectives Review 2021: **Appendix 2**

1. Background

1.1 As per the requirements of the Competition and Markets Authority (CMA), the Pension Fund must establish aims and objectives for its investment consultant. A set of consultant objectives were drawn up for the Pension Fund investment consultant, Deloitte, and approved by Committee on 23 October 2019.

1.2 After conducting an extensive review into the pension fund consultancy and fiduciary management industry, the CMA produced a report, detailing a number of recommendations to improve pension fund governance, with a number of concerns expressed around fees and conflicts of interest.

1.3 The Pensions Regulator (tPR) welcomed the review by the CMA and produced guidance on setting aims and objectives. The Regulator's view is that it is good practice for Pension Funds, including the LGPS, to set aims and objectives for investment consultants and advisors in order to achieve better outcomes and manage areas of underperformance.

2. Performance Against Aims and Objectives

2.1 In line with best practice, the performance of the investment consultant against the objectives should be reviewed on an annual basis and the objectives updated at least every three years or when there has been a material change in investment approach.

2.2 In the tables below are the agreed objectives and aims for the investment consultant, Deloitte, against which the consultant performance has been reviewed. Each objective has been assessed individually and assigned a rating as follows:

Performance Rating	**Key**
Excellent	
Good	
Satisfactory	
Unsatisfactory	
Not able to assess	**N/A**

2.3 As shown in the performance review below, the consultant has performed well over the past year, meeting the majority of the aims and objectives to an excellent standard. The Fund remains pleased with the work produced by the consultant and aims to continue building on the good working relationship that has already been established.

1. Assistance in achieving the Fund's objectives			
Reference	**Objectives**	**Performance Rating**	**Comments**
a)	Any proposed changes in investment strategy or investment managers has a clear rationale linked to the Fund's objectives with specific reference to improving the efficiency of the investment strategy in terms of risk adjusted returns.		Updated investment strategy during 2021, and manager selections which reflect the new asset allocation, including affordable housing and private debt mandates.
b)	All advice considers funding implications and the ability of the Fund to meet its long-term objectives.		The actuarial valuation taken into consideration when agreeing the revised asset allocation. Next valuation due to take place as at 31 March 2022.
c)	The investment consultant has an appropriate framework in place to recognise opportunities to reduce risk.		The investment consultant has the required due diligence processes in place to reduce risks.
d)	The investment consultant has contributed to the Fund's cashflow management process ensuring that the Fund's benefit obligations are met in a cost-efficient manner.		The Fund cashflow management is run in-house, however the consultant may suggest appropriate income strategies to match the shortfall in cash. This was evident in the consultants review of the fixed income portfolios.
e)	The investment consultant undertakes specific tasks such as the selection of new managers and asset liability studies as commissioned.		The consultant has drawn up shortlists and arranged interviews for the manager selections during the year.
f)	The investment consultant has complied with prevailing legislation, the constraints imposed by the Investment Strategy Statement, the detailed Investment Management Agreements and the policy agreed with the Committee when considering the investment of the Fund's assets.		The investment consultant and the Pension Fund have a contract in place.

2. Governance and Costs			
Reference	**Objectives**	**Performance Rating**	**Comments**
a)	Assist the Committee to implement the Fund’s investments on a more competitive fee basis, through negotiation and periodic benchmarking of fees.		As part of the quarterly performance reporting, the investment consultant incorporates fee benchmarking and expected annual fee savings. Alongside this, the consultant produced a paper on value for money analysis, which was taken to the Pension Board on 18 November 2021.
b)	Cost implications, both in terms of investment management expenses and implementation costs, are considered as part of investment strategy advice.		These factors were taken into consideration during the 2021 investment strategy update.
c)	Where the investment consultant has provided support on implementation activity, including activity required to meet Fund benefits, these transactions have been carried out in a cost-effective manner.	**N/A**	The fund transitions are undertaken by the in-house investment team.
d)	The investment consultant has demonstrated an understanding and appreciation of governance requirements, in particular, the investment consultant has avoided complexity where simpler, more cost-effective solutions may be available.		Manager fees taken into consideration during the manager shortlisting and selection process and these fees are clearly highlighted in the manager selection papers.
e)	The investment consultant has ensured that investments are in accordance with the current regulatory and compliance requirements relevant for the LGPS.		The investment consultant has the required due diligence processes in place to ensure regulatory and compliance requirements are met.
f)	The investment consultant has taken into account the necessity for all investment funds within the portfolio, with few exceptions, to utilise one of the pools.		The consultant includes the asset pool products within the manager shortlisting and selection process.

3. Proactivity/Keeping informed			
Reference	**Objectives**	**Performance Rating**	**Comments**
a)	Advise the Committee on appropriate new investment opportunities.		The consultant provides training to the Committee on new asset classes.
b)	Recognition of the dynamism of investment markets, recognising opportunities to crystallise gains or emerging risks which require immediate attention.		The investment consultant produces a quarterly report, rating the managers and advising if they believe the mandate is no longer rated favourably.
c)	The investment consultant has kept the Committee up to date with regulatory developments and additional compliance requirements.	**N/A**	The Committee is updated by the in-house investment team on regulatory matters.
d)	The investment consultant has highlighted areas that the Committee may wish to focus on in the future.		The investment consultant suggests asset classes which the Committee may wish to explore further.
e)	The investment consultant should be generally available for consultation on fund investment matters.		The consultant advises on all investment matters as required by the Pension Fund Officers and Committee.

4. Monitoring			
Reference	**Objectives**	**Performance Rating**	**Comments**
a)	The investment consultant provides insightful monitoring focused on the reasoning behind performance.		The investment consultant produces a quarterly report, providing narrative on fund manager performance.
b)	The Committee has been kept abreast of investment market developments and their implications for the Fund's investment strategy.		The consultant meets with Committee members quarterly and advises of market developments.
c)	Monitoring is integrated with funding and risk.		The risks within each mandate are monitored on an ongoing basis and the funding level is taken into consideration.
d)	Particular focus on the continued merits of active management. The investment consultant considers the value added by active management on a net of fees basis.		The consultant provides a quarterly report which details asset manager performance net of fees.

5. Delivery			
Reference	**Objectives**	**Performance Rating**	**Comments**
a)	The investment consultant has formed a strong working relationship with the Committee, Council Officers and other key stakeholders.		There is a good working relationship between the investment consultant and Officers/Committee members.
b)	Reports and educational material are pitched at the right level, given the Committee's understanding.		The reports and training matters are clear, easily understandable and concise to meet the needs of the Committee.
c)	Provides training/explanation which aids understanding and improves the Committee's governance.		Training provided by the consultant to meet any needs of the Committee.
d)	Meeting papers are provided in a timely fashion, with all required detail and accuracy.		Papers are usually received by the Pension Fund Officers sufficiently in advance of the Committee meetings, but not always within good time to allow scrutiny or revisions. On occasion some reports may require slight revisions to include more detail or revise the layout to make the report clearer to follow, but these have been rare across the last year.
e)	The investment consultant works within agreed budgets and is transparent with regard to advisory costs, itemising additional work with fees in advance.		The consultant sends regular invoices with an itemised breakdown. However, cost of works is still not always clear until after the invoice has been delivered. It would be good to agree estimated costs in advance going forward.
f)	The investment consultant works collaboratively with the scheme's actuary and other advisors or third parties including the global custodian.		The consultant works with the custodian to calculate the quarterly fund performance and liaises with the actuary on the funding level.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**10 March 2022**
Classification:	**Public**
Title:	**Fund Financial Management**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no immediate financial implications arising from this report.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1. Executive Summary

1.1 The risk register is divided into two sections: governance (investment and funding) and pensions administration. The top five risks are highlighted in the report below.

1.2 The cashflow forecast for the next three years has been updated, with actuals to 31 December 2021 for the Pension Fund bank account and cash held at custody (Northern Trust). The bank position continues to be stable.

2. Recommendations

2.1 The Committee is asked to note the top five risks for the Pension Fund.

2.2 The Committee is asked to note the cashflow position for the pension fund bank account and cash held at custody, the rolling twelve-month forecast and the three-year forecast.

3. Risk Register Monitoring

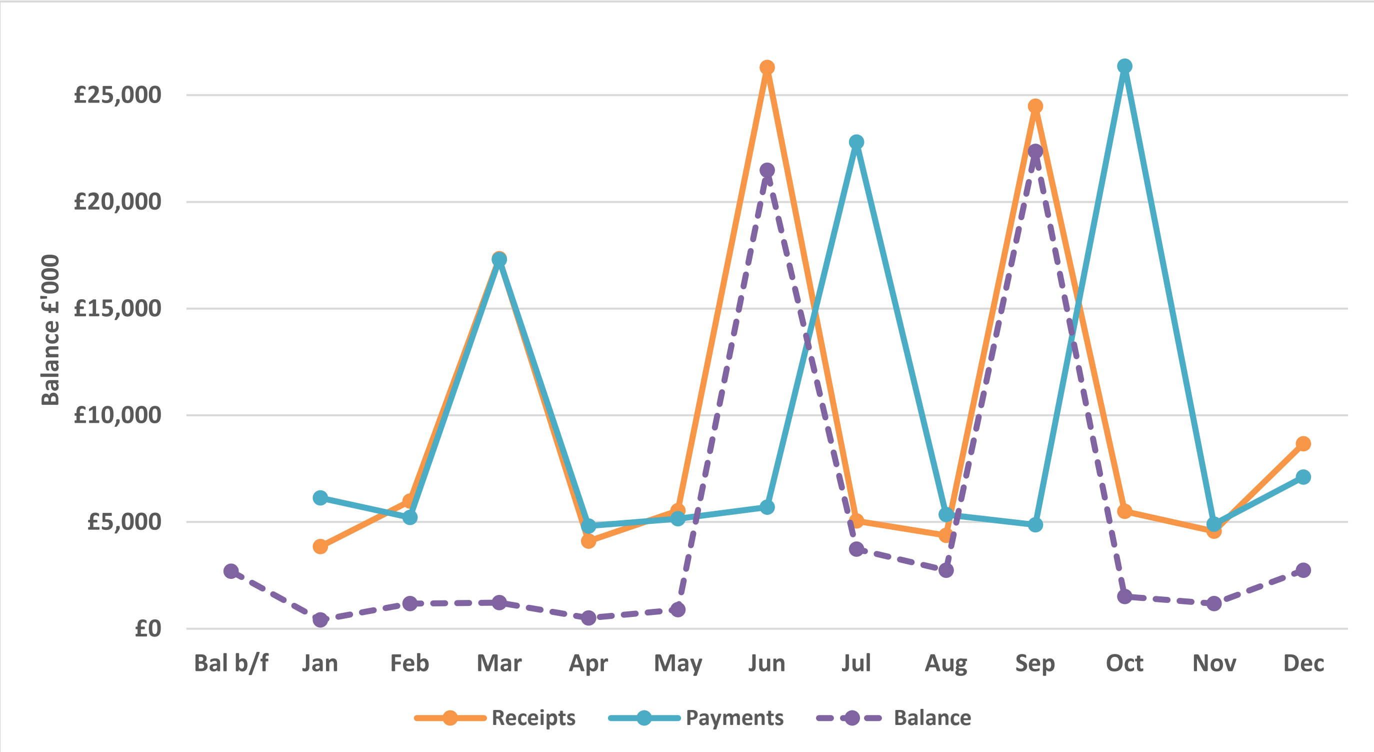
3.1 The risk register is divided into two sections: investment and pensions administration. The risk groups have been updated to reflect the CIPFA guidance on risk categories. The current top five risks to the Pension Fund, as updated in February 2022, are highlighted in the table below:

CIPFA Risk Group	Risk Rank	Risk Description	Trending
Asset and Investment Risk	1st/40	Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty. On 24 February 2022, Russia invaded Ukraine, a severe escalation in the conflict which had been ongoing since 2014. Subsequently, numerous global powers have implemented sanctions against major Russian banks and financial institutions, including freezing of overseas assets and removing access to SWIFT international payments.	
Liability Risk	2nd/40	UK price inflation is significantly more than anticipated in the current actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 2.7%. CPI was 5.5% as at 31 January 2021. Hymans Robertson was appointed as the new Fund actuary from 1 October 2021. The funding level is expected to remain consistent with previous actuary. Actuarial assumptions will be discussed with the actuary from the commencement of the next triennial valuation on 31 March 2022.	
Asset and Investment Risk	3rd/40	Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. The Council declared a climate emergency in September 2019: how this will affect the Pension Fund going forward is currently unknown. Taskforce climate change financial disclosure (TCFD) regulations will impact on LGPS schemes, but these are currently not released, albeit expected to be published early in 2022 and to take effect from 2023.	
Asset and Investment Risk	4th/40	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 £1.95m. Following COVID-19, there was some concern around fund managers achieving their benchmarks.	
Liability Risk	5th/40	Scheme members live longer than expected leading to higher than expected liabilities. This risk is trending down as life expectancy does not increase at the rates expected.	

4. Cashflow Monitoring and Forecasted Cashflows

4.1 The balance on the pension fund's Lloyds bank account at 31 December 2021 was £2.742m. The Lloyds bank account is the Fund's main account for day-to-day transactions which includes receiving member contributions and transacting out pension payments to scheme members. Payments from the bank account will continue to exceed receipts on an annual basis. During the year, withdrawals from cash at custody are expected to take place to maintain a positive cash balance.

4.2 The graph below shows changes in the bank balance from 1 January 2021 to 31 December 2021.



4.3 Payments and receipts have remained stable over the last twelve months. Officers will continue to keep the cash balance under review and take appropriate action where necessary to maintain necessary liquidity. During the year the Fund has received deficit recovery receipts from the Council, which have subsequently been paid over to the custodian for safeguarding.

4.4 The Pension Fund held £62.595m in cash with the global custodian, Northern Trust, as at 31 December 2021. Fund manager distributions, deficit recovery receipts, proceeds from the sale of assets and purchases of assets, take place within the Fund's custody account at Northern Trust. The income distributions are largely from the Baillie Gifford global equity and CQS multi asset credit mandates. The following table shows the cash inflows and outflows within cash at custody for the three-month period from 1 October 2021 to 31 December 2021.

Cash at Custody	Oct	Nov	Dec
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	**19,551**	**32,446**	**25,324**
Distributions	0	0	1,193
Deficit Recovery	20,000	0	0
Sale of assets	0	0	40,052
Interest	(0)	(0)	(0)
Cash withdraw	(1,000)	0	(4,000)
Foreign Exchange Gains/Losses	19	(23)	26
Purchase of Assets	(5,974)	(6,950)	0
Miscellaneous	1	0	0
Management fees	(151)	(149)	0
Balance c/f	**32,446**	**25,324**	**62,595**

4.5 During the quarter, capital calls totalling £12.9m relating to the Pantheon Global Infrastructure fund and Quinbrook Renewables Impact mandate took place. In addition to this £20m was paid over to Northern Trust in October 2021, relating to a deficit recovery receipt, to safeguard on the Funds behalf. A £1.2m distribution was received during December 2021, relating to the London CIV (Baillie Gifford) Global Equity Mandate. During December 2021, the Fund sold its circa £80m holding in Longview Global Equities, the first redemption tranche of £40m is shown within the table above.

4.6 The total cash balance, including the pension fund Lloyds bank account and cash at custody, is shown below for the period from 1 October 2021 to 31 December 2021. The total cash balance as at 31 December 2021 was £65.338m.

Cash at custody & Bank account	Oct	Nov	Dec
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	**41,916**	**33,948**	**26,496**
Cash outflows	(12,422)	(11,970)	(7,101)
Cash inflows	4,454	4,518	45,943
(Withdraw)/Deposit from custody to bank account	19,000	0	(4,000)
Withdraw/(Deposit) from bank account to custody	(19,000)	0	4,000
Balance c/f	**33,948**	**26,496**	**65,338**

4.7 The following table illustrates the expected rolling cashflow for the 12-month period from 1 April 2021 to 31 March 2022 for the pension fund Lloyds bank account. Forecast cashflows are calculated, using the previous year's actual cashflows, which are then divided equally over the 12 months and then inflated by 2%.

Current Account Cashflows Actuals and Forecast for period April 2021 - March 2022:

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	*Jan-22*	*Feb-22*	*Mar-22*	*Forecasted Rolling Total*
	£000	£000	£000	£000	£000	£000	£000	£000	£000	*£000*	*£000*	*£000*	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	*F'cast*	*F'cast*	*F'cast*	
Balance b/f	**1,224**	**506**	**886**	**21,480**	**3,726**	**2,744**	**22,365**	**1,502**	**1,172**	***2,742***	***2,805***	***2,567***	***£000s***
Contributions	3,077	2,896	3,296	3,221	3,191	3,021	3,145	3,291	3,331	*3,231*	*3,231*	*3,231*	*38,163*
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	215	807	188	899	377	658	509	426	540	*373*	*373*	*373*	*5,738*
Pensions	(3,490)	(3,500)	(3,525)	(3,507)	(3,521)	(3,566)	(3,542)	(3,466)	(3,593)	*(3,575)*	*(3,575)*	*(3,575)*	*(42,436)*
HMRC Tax Payments	(604)	(603)	(615)	(629)	(615)	(613)	(665)	(608)	(615)	*(620)*	*(620)*	*(620)*	*(7,426)*
Transfers out, lump sums, death grants, refunds & misc. payments	(660)	(898)	(1,410)	(518)	(1,205)	(676)	(2,091)	(502)	(2,466)	*(1,286)*	*(1,286)*	*(1,286)*	*(14,283)*
Expenses	(57)	(133)	(140)	(22)	(8)	(5)	(18)	(271)	(426)	*(161)*	*(161)*	*(161)*	*(1,562)*
Net cash in/(out) in month	**(1,518)**	**(1,432)**	**(2,206)**	**(555)**	**(1,782)**	**(1,180)**	**(2,662)**	**(1,130)**	**(3,230)**	**(2,038)**	**(2,038)**	**(2,038)**	**(21,806)**
Withdrawal/(deposit) from custody cash	0	1,000	2,000	(18,000)	0	0	(19,000)	0	4,000	*(16,000)*	*1,000*	*(12,000)*	*(57,000)*
Deficit Recovery Contributions	800	812	20,800	800	800	20,800	800	800	800	*18,100*	*800*	*13,900*	*80,012*
Balance c/f	**506**	**886**	**21,480**	**3,726**	**2,744**	**22,365**	**1,502**	**1,172**	**2,742**	***2,805***	***2,567***	***2,429***	

4.8 The three-year cashflow forecast for 2021/22 to 2023/24 for the pension fund's Lloyds bank account is shown below. Forecasted cashflows are calculated using the previous year's cashflows which are then inflated by 2%, with pensions payable linked to CPI-inflation which is assumed to increase by 3.1% in 2022/23 and 2023/24. Please note this will not match the rolling cashflow.

Three Year Cashflow Forecast for 2021/22 to 2023/24:

	2021/22	2022/23	2023/24
	£000	£000	£000
	F'cast	F'cast	F'cast
Balance b/f	**1,224**	**803**	**391**
Contributions	38,773	39,549	40,340
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	4,481	4,570	4,662
Pensions	(42,905)	(44,235)	(45,606)
HMRC Tax	(7,440)	(7,589)	(7,741)
Transfers out, lump sums, death grants, refunds & misc. payments	(15,432)	(15,740)	(16,055)
Expenses	(1,928)	(1,967)	(2,006)
Net cash in/(out) in year	**(24,451)**	**(25,412)**	**(26,406)**
Withdrawal/(deposit) from custody cash	(56,000)	25,000	27,000
Deficit Recovery Contributions	80,030	0	0
Balance c/f	**803**	**391**	**985**

4.9 The final Council deficit recovery receipts expected during 2021/22 total £80m. It is anticipated that the Fund will have a future cashflow requirement of circa £25m p.a., to be funded from cash held with the custodian, income distributions and liquidation of Fund assets.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Billie Emery pensionfund@westminster.gov.uk

BACKGROUND PAPERS: None

APPENDICES:

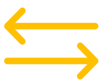
Appendix 1 – Tri-Borough Risk Management Scoring Matrix
Appendix 2 – Pension Fund Risk Register Review at February 2022

This page is intentionally left blank

Appendix 1 - Tri Borough Risk Management Scoring Matrix		
Scoring (Impact)		
Impact Description	Category	Description
1 Very Low	Cost/Budgetary Impact	£0 to £25,000
	Impact on life	Temporary disability or slight injury or illness less than 4 weeks (internal) or affecting 0-10 people (external)
	Environment	Minor short term damage to local area of work.
	Reputation	Decrease in perception of service internally only – no local media attention
	Service Delivery	Failure to meet individual operational target – Integrity of data is corrupt no significant effect
2 Low	Cost/Budgetary Impact	£25,001 to £100,000
	Impact on life	Temporary disability or slight injury or illness greater than 4 weeks recovery (internal) or greater than 10 people (external)
	Environment	Damage contained to immediate area of operation, road, area of park single building, short term harm to the immediate ecology or community
	Reputation	Localised decrease in perception within service area – limited local media attention, short term recovery
	Service Delivery	Failure to meet a series of operational targets – adverse local appraisals – Integrity of data is corrupt, negligible effect on indicator
3 Medium	Cost/Budgetary Impact	£100,001 to £400,000
	Impact on life	Permanent disability or injury or illness
	Environment	Damage contained to Ward or area inside the borough with medium term effect to immediate ecology or community
	Reputation	Decrease in perception of public standing at Local Level – media attention highlights failure and is front page news, short to medium term recovery
	Service Delivery	Failure to meet a critical target – impact on an individual performance indicator – adverse internal audit report prompting timed improvement/action plan - Integrity of data is corrupt, data falsely inflates or reduces outturn of indicator
4 High	Cost/Budgetary Impact	£400,001 to £800,000
	Impact on life	Individual Fatality
	Environment	Borough wide damage with medium or long term effect to local ecology or community
	Reputation	Decrease in perception of public standing at Regional level – regional media coverage, medium term recovery
	Service Delivery	Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action - Integrity of data is corrupt, data falsely inflates or reduces outturn on a range of indicators
5 Very High	Cost/Budgetary Impact	£800,001 and over
	Impact on life	Mass Fatalities
	Environment	Major harm with long term effect to regional ecology or community
	Reputation	Decrease in perception of public standing nationally and at Central Government – national media coverage, long term recovery
	Service Delivery	Failure to meet a majority of local and national performance indicators – possibility of intervention/special measures – Integrity of data is corrupt over a long period, data falsely inflates or reduces outturn on a range of indicators

Scoring (Likelihood)	
Descriptor	Likelihood Guide
1. Improbable, extremely unlikely.	Virtually impossible to occur 0 to 5% chance of occurrence.
2. Remote possibility	Very unlikely to occur 6 to 20% chance of occurrence
3. Occasional	Likely to occur 21 to 50% chance of occurrence
4. Probable	More likely to occur than not 51% to 80% chance of occurrence
5. Likely	Almost certain to occur 81% to 100% chance of occurrence

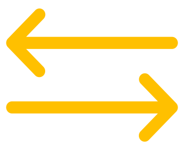
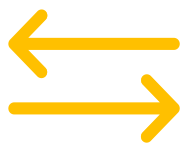
Control		Details required
Terminate	Stop what is being done.	A clear description of the specific actions to be taken to control the risk or opportunity
Treat	Reduce the likelihood of the risk occurring.	
Take	Circumstances that offer positive opportunities	
Transfer	Pass to another service best placed to deal with mitigations but ownership of the risk still lies with the original service.	The name of the service that the risk is being transferred to and the reasons for the transfer.
Tolerate	Do nothing because the cost outweighs the benefits and/or an element of the risk is outside our control.	A clear description of the specific reasons for tolerating the risk.

Symbol Key		
Trending upwards		Risk is assessed to be generally trending upwards
Trending downwards		Risk is assessed to be generally trending downwards
No change		Risk is assessed to be generally staying the same

This page is intentionally left blank

Pension Fund Risk Register - Administration Risk													
Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Reviewed
				Fund	Employers	Reputation	Total						
Administrative and Communicative Risk	1		Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	5	3	1	9	3	**27**	**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) Risk categorisation of employers part of 2019 actuarial valuation, next valuation to take place at 31 March 2022. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	2	**18**	22/02/2022
Administrative and Communicative Risk	2		Failure to successfully transition the pensions administration service to Hampshire County Council, following termination of Surrey contract. Go live took place as planned on 8th November 2021.	3	3	3	9	2	**18**	**TREAT:** 1) Project is being managed and reported to the I&C Board as part of the Council's project governance. Additionally our governance structure that includes a project specific board with COWPF, Hampshire Pension Services, Surrey County Council, Civica (software supplier) representation. Lee Witham is the board member representing COWPF, the project is RAG status green. 2) Go live went ahead as scheduled on 8th of November and was considered a success.	2	**18**	22/02/2022
Resource and Skill Risk	3		Concentration of knowledge in a small number of officers and risk of departure of key staff.	2	2	3	7	3	**21**	**TREAT:** 1) Practice notes 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**	22/02/2022
Administrative and Communicative Risk	4		Failure of securely sent sensitive data and any unidentified data flows being sent insecurely.	4	3	5	12	2	**24**	**TREAT:** 1) Active member data is sent on secure platforms between all parties 2) Including "Encrypted" in email subject allows schools and academies to send data to pension admin team securely. 3) Data sent to the actuary using secure portal. 4) The new employer portal used by HPS should offer increased security for member data from all employers.	1	**12**	22/02/2022
Administrative and Communicative Risk	5		Failure of cyber security measures, including information technology systems and processes, leading to loss, disruption or damage to the scheme or its members.	4	2	5	11	2	**22**	**TREAT:** 1) Council has a data recovery plan in place, with files uploaded to the cloud every night and transition of files from the j drive to SharePoint. 2) . As a Council we are continuing to invest in technologies to block and filter phishing emails as well as ensuring our systems are up to date to protect us and our devices against these threats. 3) The IT team continuously review and update the cyber security policies, including the Information Security policy, Acceptable Use policy, Email and Internet policy, Social Media policy, Password Management policy and Data Disposal policy. All of which can be found on the Wire.	1	**11**	22/02/2022
Administrative and Communicative Risk	6		Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	4	4	3	11	2	**22**	**TREAT:** 1) Update and enforce pension admin strategy to assure employer reporting compliance.	1	**11**	22/02/2022
Administrative and Communicative Risk	7		Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	**20**	**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. 5) Internal Audits last undertaken during 2018/19 showed satisfactory assurance with recommendations implemented during the year.	1	**10**	22/02/2022
Administrative and Communicative Risk	8		Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints.	1	4	3	8	3	**24**	**TREAT:** 1) The pensions administration service transitioned from Surrey CC to Hampshire CC on 8th November 2021. 2) Officers will continue to support the admin team with regular meetings and conversation on cases. 3) Ongoing monitoring of contract and KPIs.	1	**8**	22/02/2022

Administrative and Communicative Risk	9		Failure of financial system leading to benefits to scheme members and supplier payments not being made and Fund accounting not being possible.	1	3	4	8	2	**16**	**TREAT:** 1) Contract in place with HCC to provide service, enabling smooth processing of supplier payments. 2) Officers undertaking additional testing and reconciliation work to verify accounting transactions.	1	**8**	22/02/2022
Administrative and Communicative Risk	10		Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	**16**	**TREAT:** 1) Disaster recovery plan in place 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**	22/02/2022
Administrative and Communicative Risk	11		Poor reconciliation process leads to incorrect contributions. Hampshire County Council to undertake contributions reconciliation from November 2021, currently undertaken by pensions officer.	2	1	1	4	3	**12**	**TREAT:** 1) Ensure reconciliation process notes are understood by Pension Fund team. 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process. 3) Contributions reconciliation is undertaken by the pensions team.	2	**8**	22/02/2022
Administrative and Communicative Risk	12		COVID-19 affecting the day to day functions of the Pensions Administration services including customer telephony service, payment of pensions, retirements, death benefits, transfers and refunds.	2	3	2	7	3	**21**	**TREAT:** 1) Working from home process now embedded. 2) Revision of processes to enable electronic signatures and configure the telephone helpdesk system to work from home. 3) Maintain regular contact with the Hampshire CC administration team.	1	**7**	22/02/2022
Administrative and Communicative Risk	13		Failure of pension payroll system resulting in pensioners not being paid in a timely manner.	1	2	4	7	2	**14**	**TREAT:** 1) In the event of a pension payroll failure, we would consider submitting the previous months BACS file to pay pensioners a second time if a file could not be recovered by the pension administrators and our software suppliers. Additionally HPS data work as part of the transfer includes running payroll figures for members. An effective parallel pay run will be run to compare to the final October data cut. New Bank Account has been set up for HPS, there were test BACs runs during November, which were a success.	1	**7**	22/02/2022
Administrative and Communicative Risk	14		Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	1	1	1	3	3	**9**	**TREAT:** 1) Pension administration records are stored on the Hampshire CC servers who have a disaster recovery system in place and records should be restored within 24 hours of any issue. All files are backed up daily.	2	**6**	22/02/2022
Administrative and Communicative Risk	15		Lack of guidance and process notes leads to inefficiency and errors.	2	2	1	5	2	**10**	**TREAT:** 1) Ensure process notes are compiled and circulated in Pension Fund and Administration teams.	1	**5**	22/02/2022
Administrative and Communicative Risk	16		Rise in discretionary ill-health retirements claims adversely affecting self-insurance costs.	2	2	1	5	2	**10**	**TREAT:** 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations.	1	**5**	22/02/2022
Administrative and Communicative Risk	17		Failure to identify GMP liability leads to ongoing costs for the pension fund.	1	2	1	4	1	**4**	**TREAT:** 1) GMP identified as a Project as part of the Service Specification between the Fund and Hampshire County Council, with minimal effect on the Fund.	1	**4**	22/02/2022

Pension Fund Risk Register - Investment Risk													
Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Reviewed
				Fund	Employers	Reputation	Total						
Asset and Investment Risk	1		Significant volatility and negative sentiment in global investment markets following disruptive geopolitical and economic uncertainty. On 24 February 2022, Russia invaded Ukraine marking an escalation in the conflict which has been ongoing since 2014. Subsequent to this, many Western countries have announced sanctions against major Russian banks and financial institutions, including freezing of overseas assets and removing access to SWIFT international payments.	5	4	1	10	4	**40**	**TREAT:** 1) Continued dialogue with investment managers re management of political risk in global developed markets. 2) Investment strategy involving portfolio diversification and risk control. 3) The Fund alongside its investment consultant continually reviews its investment strategy in different asset classes. 4) Officers are liaising with asset managers to assess the Pension Fund's exposure to investments within Russian companies, however any such exposure is estimated to be small.	3	**30**	28/02/2022
Liability Risk	2		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 2.7%. CPI was 5.5% as at 31 January 2022. Hymans Robertson were appointed as the new Fund actuary from 1 October 2021, however funding level is expected to remain consistent with previous actuary.	5	3	2	10	4	**40**	**TREAT:** 1) The 2019 actuarial valuation results show an increase in the CPI assumption of 0.2% from the 2016 valuation. 2) The Pension Fund has increased its holdings within infrastructure and intends to increase allocations to property into 2022. 3) The Funds high allocation to equity will provide a degree of protection against inflation. 4) Officers continue to monitor the increases in CPI inflation on an ongoing basis.	3	**30**	22/02/2022
Asset and Investment Risk	3		Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. The Council declared a climate emergency in September 2019, how this will affect the Pension Fund going forward is currently unknown. TCFD regulations impact on LGPS schemes currently unknown but expected to come into force during 2023.	3	2	4	9	4	**36**	**TREAT:** 1) Review ISS in relation to published best practice (e.g. Stewardship Code) 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and corporate company directors. 4) The Pension Fund has committed 6% towards renewables and 5% to affordable and social supported housing, alongside moving equities into ESG-tilted mandates. 5) An ESG and RI Policy was drafted for the Pension Fund as part of the ISS and a Responsible Investment Statement has been drafted for 2022. 6) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance.	3	**27**	22/02/2022

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 £1.9m.	5	3	3	11	3	**33**	**TREAT:** 1) The Investment Management Agreements (IMAs) clearly state WCC's expectations in terms of investment performance targets. 2) Investment manager performance is reviewed on a quarterly basis. 3) The Pension Fund Committee should be 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	**22**	22/02/2022
Liability Risk	5		Scheme members live longer than expected leading to higher than expected liabilities. This risk is trending down as life expectancy does not increase at rates expected.	5	5	1	11	2	**22**	**TOLERATE:** 1) The scheme's liability is reviewed at each triennial valuation and the actuary's assumptions are challenged as required. The actuary's most recent longevity analysis has shown that the rate of increase in life expectancy is slowing down. 2) Hymans Robertson was appointed as the new actuary, however their assumptions are not expected to impact the funding level significantly.	2	**22**	22/02/2022
Liability Risk	6		Employee pay increases are significantly more than anticipated for employers within the Fund.	4	4	2	10	2	**20**	**TOLERATE:** 1) Actuarial valuation assumptions show a decrease in salary increases by 0.3% from 2016. 2) Fund employers should monitor own experience. 3) 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. 4) 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). 5)	2	**20**	22/02/2022
Asset and Investment Risk	7		That the London Collective Investment Vehicle (LCIV) fails to produce proposals/solutions deemed sufficiently ambitious.	4	3	3	10	2	**20**	**TOLERATE:** 1) Partners for the pool have similar expertise and like-mindedness of the officers and members involved with the fund, ensuring compliance with the pooling requirements. Ensure that ongoing fund and pool proposals are comprehensive and meet government objectives. 2) Member presence on Shareholder Committee and officer groups. 3) The LCIV has recently bolstered its investment team with the successful recruitment of a permanent CIO, Head of Responsible Investment & Client Relations Director. 4)Fund representation on key officer groups. 5) Ongoing Shareholder Issue remains a threat.	2	**20**	22/02/2022

Regulatory and Compliance Risk	8		Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within laid down timescales. Still awaiting updated pooling guidance from DLUHC (formerly the MHCLG).	3	2	1	6	3	**18**	**TOLERATE:** 1) Officers consult and engage with the Department for Levelling Up, Housing and Communities (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 pooling guidance, expected sometime during 2022.	3	**18**	22/02/2022
Asset and Investment Risk	9		The global outbreak of COVID-19 poses economic uncertainty across the global investment markets.	4	3	1	8	3	**24**	**TREAT:** 1) Officers will continue to monitor the impact lockdown measures have had on the fund's underlying investments and the wider economic environment. 2) The Fund holds a diversified portfolio, which should reduce the impact of stock market movements. 3) Asset allocation was reviewed during 2021, a new strategy was agreed to include private debt and affordable/social housing mandates. 4) Pension Fund Officers in frequent contact with Fund Managers and the Funds investment advisor.	2	**16**	22/02/2022
Asset and Investment Risk	10		Volatility caused by uncertainty regarding the withdrawal of the UK from the European Union. Supply chain shortages disrupting the economy.	4	3	1	8	3	**24**	**TREAT:** 1) Officers to consult and engage with advisors and investment managers. 2) Possibility of hedging currency and equity index movements, LGIM portfolio is GBP currency hedged. 4) The UK struck a trade deal with the EU in December 2020, the deal will be formally reviewed every 5 years.	2	**16**	22/02/2022
Asset and Investment Risk	11		London CIV has inadequate resources to monitor the implementation of investment strategy and as a consequence are unable to address underachieving fund managers.	3	3	2	8	3	**24**	**TREAT:** 1) Member presence on shareholder Committee responsible for the oversight of the CIV and can monitor and challenge the level of resources through that forum. Tri-Borough Director of Treasury & Pensions is a member of the officer Investment Advisory Committee which gives the Fund influence over the work of 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**	22/02/2022
Liability Risk	12		Impact of economic and political decisions on the Pension Fund's employer workforce. Government funding level affecting the Councils spending decisions.	5	2	1	8	3	**24**	**TREAT:** 1) Actuary uses prudent assumptions on future of employees within workforce. Employer responsibility to flag up potential for major bulk transfers outside of the Westminster Fund. The potential for a significant reduction in the workforce as a result of the public sector financial pressures may have a future impact on the Fund. 2) Need to make prudent assumptions about diminishing workforce when carrying out the triennial actuarial valuation, next valuation to take place at 31 March 2022.	2	**16**	22/02/2022

Resource and Skill Risk	13		Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding. Elections due to take place in May 2022, which may affect the composition of the Committee.	2	2	1	5	4	**20**	**TREAT:** 1) Succession planning process 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.	3	**15**	22/02/2022
Regulatory and Compliance Risk	14		There is a technical issue surrounding the accounting classification of the London CIV regulatory capital and can be resolved only by making amendments to the Shareholder Agreement and the company's Article of Association (Articles). There is a risk that the LCIV will not receive all 32 signatures, however it should be noted that no further capital will be called upon as a result of this process. As at 22 February 2022, 30 local authorities have agreed in principle to sign, however 2 haven't given any indication that they will sign.	2	2	1	5	3	**15**	**TOLERATE:** 1) London CIV to facilitate discussions with London Boroughs and gather feedback, before signed amendments to Shareholder Agreement and Articles. 30 local authorities have agreed to sign, with 2 confirmations still outstanding. 2) WCC obtained written agreement and legal advice to approve the necessary changes to the Shareholder Agreement and LCIV's Articles.	3	**15**	22/02/2022
Liability Risk	15		Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	4	2	1	7	2	**14**	**TOLERATE:** 1) Review "budgets" at each triennial valuation and challenge actuary as required. Charge capital cost of ill health retirements to admitted bodies at the time of occurring. Occupational health services provided by the Council and other large employers to address potential ill health issues early.	2	**14**	22/02/2022
Liability Risk	16		Impact of increases to employer contributions following the actuarial valuation, next valuation to take place on 31 March 2022.	5	5	3	13	2	**26**	**TREAT:** 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will assist where appropriate with stabilisation and phasing in processes.	1	**13**	22/02/2022
Liability Risk	17		There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments. The Fund currently has £100m in cash held within a short duration bond fund and LCIV Absolute Return Fund, which allows access at short notice.	5	4	3	12	2	**24**	**TREAT:** 1) Cashflow forecast maintained and monitored. 2) Cashflow position reported to committee quarterly. 3) Cashflow requirement is a factor in current investment strategy review, Fund is expected to be c.£25m cashflow negative from 2022/23 onwards.	1	**12**	22/02/2022

Regulatory and Compliance Risk	18		Changes to LGPS Regulations	3	2	1	6	3	**18**	**TREAT:** 1) Fundamental change to LGPS Regulations implemented from 1 April 2014 (change from final salary to CARE scheme). 2) Future impacts on employer contributions and cash flows will considered during the 2016 actuarial valuation process. 3) Fund will respond to 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**	22/02/2022
Regulatory and Compliance Risk	19		Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation.	3	3	5	11	2	**22**	**TREAT:** 1) Data encryption technology is in place which allow the secure transmission of data to external service providers. 2)WCC IT data security policy adhered to. 3) Implementation of GDPR. 4) Pension administration transition project team in place.	1	**11**	22/02/2022
Liability Risk	20		Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	5	3	3	11	2	**22**	**TREAT:** 1) Active investment strategy and asset allocation monitoring from Pension Fund Committee, officers and consultants. 2) Investment strategy review is currently underway with an approved switch from equities to affordable/social housing. 3) Setting of Fund specific benchmark relevant to the current position of fund liabilities. 4) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.	1	**11**	22/02/2022
Reputational Risk	21		Financial loss of cash investments from fraudulent activity.	3	3	5	11	2	**22**	**TREAT:** 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. 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. Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls).	1	**11**	22/02/2022
Reputational Risk	22		Failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage.	5	2	4	11	2	**22**	**TREAT:** 1) Officers maintain knowledge of legal framework for routine decisions. 2) Eversheds retained for consultation on non-routine matters.	1	**11**	22/02/2022
Liability Risk	23		Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.	5	3	3	11	2	**22**	**TREAT:** 1) Transferee admission bodies required to have bonds or guarantees in place at time of signing the admission agreement. Regular monitoring of employers and follow up of expiring bonds.	1	**11**	22/02/2022
Asset and Investment Risk	24		A change in government may result in new wealth sharing policies which could negatively impact the value of the pension fund assets.	5	5	1	11	2	**22**	**TREAT:** 1) Maintain links with central government and national bodies to keep abreast of national issues. Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood.	1	**11**	22/02/2022

Liability Risk	25		Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	4	4	2	10	2	**20**	**TREAT:** 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) No evidence in 2021/22 of members transferring out to DC schemes.	1	**10**	22/02/2022
Liability Risk	26		Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2	10	2	**20**	**TREAT:** 1) At time of appointment ensure advisers have appropriate professional qualifications and quality assurance procedures in place. Committee and officers scrutinise and challenge advice provided.	1	**10**	22/02/2022
Asset and Investment Risk	27		Financial failure of third party supplier results in service impairment and financial loss	5	4	1	10	2	**20**	**TREAT:** 1) Performance of third parties (other than fund managers) 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**	22/02/2022
Asset and Investment Risk	28		Failure of global custodian or counterparty.	5	3	2	10	2	**20**	**TREAT:** 1) At time of appointment, ensure assets are separately registered and segregated by owner. 2) Review of internal control reports on an annual basis. 3) Credit rating kept under review.	1	**10**	22/02/2022
Asset and Investment Risk	29		Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	**20**	**TREAT:** 1) Fund is reliant upon current adequate contract management activity. 2) Fund is reliant upon alternative suppliers at similar price being found promptly. 3) Fund is reliant on LGIM as transition manager. 4) Fund has the services of the London Collective Investment Vehicle (LCIV).	1	**10**	22/02/2022
Asset and Investment Risk	30		Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	5	3	2	10	2	**20**	**TREAT:** 1) Proportion of total asset allocation made up of equities, bonds, property funds, infrastructure and fixed income, 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.	1	**10**	22/02/2022
Resource and Skill Risk	31		Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	**20**	**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**	22/02/2022

Regulatory and Compliance Risk	32		Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	3	3	4	10	2	**20**	**TREAT:** 1) Publication of all documents on external website. 2) Managers 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**	22/02/2022
Reputational Risk	33		Inaccurate information in public domain leads to damage to reputation and loss of confidence.	1	1	3	5	3	**15**	**TREAT**: 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies to ensure that news is well managed. 3) Stage AGM every year.	2	**10**	22/02/2022
Liability Risk	34		Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution	5	3	2	10	1	**10**	**TOLERATE:** 1) Political power required to effect the change.	1	**10**	22/02/2022
Liability Risk	35		Scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	5	3	1	9	2	**18**	**TREAT:** 1) Review maturity of scheme at each triennial valuation. Deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions. 2) Cashflow position monitored monthly.	1	**9**	22/02/2022
Resource and Skill Risk	36		Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	4	3	2	9	2	**18**	**TREAT:** 1) External professional advice is sought where required. Knowledge and skills policy in place (subject to Committee Approval).	1	**9**	22/02/2022
Regulatory and Compliance Risk	37		Failure to comply with recommendations from the Local Pension Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.	1	3	5	9	2	**18**	**TREAT:** 1) Ensure that a cooperative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pension Board.	1	**9**	22/02/2022
Regulatory and Compliance Risk	38		Loss of flexibility to engage with Fund Managers and loss of elective professional status with any or all of the existing Fund managers and counterparties resulting in reclassification. (The Fund is a retail client to counterparties unless opted up).	3	2	2	7	2	**14**	**TREAT:** 1) More reliance on investment advisor to keep Officers and Committee updated. Officers are considering other financial institution outside of the current mandates to 'opt up' with. 2) Maintaining up to date information about the fund on relevant platforms. 3) Fund can opt up with prospective clients. 4) Keep quantitative and qualitative requirements under review to ensure that they continue to meet the requirements. There is a training programme and log in place to ensure knowledge and understanding is kept up to date. 5) Existing and new Officer appointments subject to requirements for professional qualifications and CPD.	1	**7**	22/02/2022

Regulatory and Compliance Risk	39		Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process.	2	2	3	7	2	**14**	**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**	22/02/2022
Regulatory and Compliance Risk	40		Pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	4	2	1	7	2	**14**	**TREAT:** 1) Maintain links with central government and national bodies to keep abreast of national issues. 2) Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood.	1	**7**	22/02/2022

City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**10 March 2022**
Classification:	**Public**
Title:	**Responsible Investment Statement 2022**
Wards Affected:	**None**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no immediate financial implications arising from this report.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1 Executive Summary

1.1 In late 2019, the Local Government Pension Scheme (LGPS) Scheme Advisory Board (SAB) issued draft guidance on Responsible Investment in the LGPS. This guidance outlined the duties of investment decision makers in LGPS administering authorities.

1.2 This paper introduces the 2022 Responsible Investment Statement for the Westminster Pension Fund, which is attached as Appendix 1 to this paper.

2 Recommendation

2.1 The Pension Fund Committee is requested to:

- Note and comment on the Responsible Investment (RI) Statement;
- Delegate authority to the Tri-Borough Director of Treasury and Pensions to publish the final RI Statement on the Council's website.

3 Background

3.1 The purpose of the Responsible Investment Statement is to make clear the Pension Fund's approach to investing responsibly. This includes the integration of environmental, social and governance (ESG) factors as part of the Pension Fund's investment strategy.

3.2 The aim of the Responsible Investment Statement is to demonstrate to scheme members the direction in which the Pension Fund is moving in terms of responsible investment, decarbonisation/climate change and other ESG related issues.

3.3 The statement covers in detail topics such as:

- **The investment horizon of the Fund:** this highlights the Fund's potential investment priorities over the long-term. This includes the commitment to affordable and social supported housing, renewable infrastructure and possible consideration of green bonds.

- **Carbon journey:** over the last two and half years, the Pension Fund has taken significant steps to reduce its carbon footprint by transitioning equities into ESG focused funds and diversifying into renewable infrastructure. Since June 2019, the Fund's average carbon to value invested has fallen by circa 43%.

- **Voting and engagement:** collaboration with key stakeholders in the investment community will be key in influencing companies to run their businesses more sustainably.

3.4 Several investment cases study examples have also been included in the RI statement to demonstrate how the Pension Fund has been implementing the policy.

3.5 This statement will be subject to regular, ongoing review.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Billie Emery bemery@westminster.gov.uk

BACKGROUND PAPERS: None

APPENDICES:

Appendix 1: Responsible Investment Statement 2022

City for All

Responsible Investment Statement

City of Westminster Pension Fund • 2022

City of Westminster

Table of Contents

Introduction

Responsible Investment is defined by the United Nation's 'Principles for Responsible Investment' document as an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and to generate sustainable, long term returns.

The City of Westminster Pension Fund is committed to being a responsible investor and a long-term steward of the assets in which it invests. The Fund has a fiduciary duty to act in the best interests of its beneficiaries and this extends to making a positive contribution to the long-term sustainability of the global environment.

There are a wide range of ESG issues, with none greater currently than climate change and carbon reduction. The Pension Fund recognises climate change as the biggest threat to global sustainability alongside its administering authority employer, Westminster City Council, which has committed itself to achieving carbon neutrality by 2030.

The Pension Fund acknowledges that the neglect of corporate social responsibility and poor attention paid to environmental, social and governance issues is more likely to lead to poor or reduced shareholder returns. Therefore, the ESG approach has become integral to the Fund's overall investment strategy and recognises ESG factors as central themes in measuring the sustainability and impact of the Fund's investments.

Investment Horizon

The City of Westminster Pension Fund Investment Strategy Statement (ISS) sets out the Fund's policy on investment, risk management, LGPS pooling and environmental, social and governance issues. Alongside this the Fund's core investment beliefs set out the foundation of discussions, regarding the structure of the Fund, its strategic asset allocation and the selection of investment managers, incorporating ESG factors into this decision-making process.

The Fund's investment priorities over the coming years will be centred around the following topics:

Renewable Infrastructure

- The Fund has committed a 6% asset allocation to renewable infrastructure, with two specialist managers selected. Target assets include solar power, onshore and offshore windfarms, battery storage and connection assets.
- These Funds are expected to draw down over 2022/23.

Real Estate

- The Fund has appointed two dedicated affordable and social supported housing managers, Man Group and Triple Point, with each allocated a 2.5% holding.
- Man Group will focus primarily on affordable housing, with Triple Point focusing on both affordable and social supported housing.

Green Bonds

- To help meet the UK target of net zero carbon emissions by 2050, the UK government issued its first green bonds during 2021 raising over £16bn for green projects.
- There is potential for a future review of the Fund's existing allocation to corporate bonds and exploring options available within the green bonds space.

Carbon Journey

The City of Westminster Pension Fund has committed to reducing its carbon emissions, alongside Westminster City Council. The Pension Fund commissioned a carbon mapping of the Fund’s equity and property investments as at 30 June 2019. This included metrics such as carbon intensity, carbon emissions, stranded assets and energy transition.

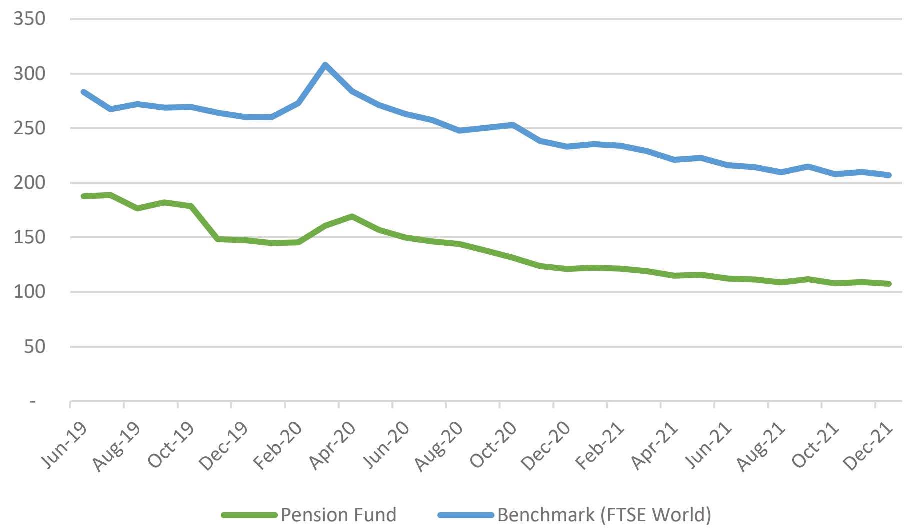
Since this mapping took place, the Fund transitioned its London CIV (LCIV) UK Equity allocation and Legal & General (LGIM) Global Passive Equities into the LCIV Global Sustain Fund and LGIM Future World Fund. The Global Sustain Fund seeks to provide a concentrated high-quality global portfolio of companies, however, excludes tobacco, alcohol, gambling, weapons, fossil fuels, and gas or electrical utilities. The LGIM Future World Fund tracks the L&G ESG Global Markets Index, whereby an Environmental, Social and Governance screening of companies takes place to remove those companies which do not meet the required ESG criteria.

Alongside this during late 2020, a 6% commitment was made towards investment within renewable infrastructure. A fund manager selection process took place during December 2020, with Macquarie and Quinbrook each selected to manage a 3% allocation. The Hermes Property mandate was sold during January 2021 to fund this new allocation. As at 31 December 2021, c.£20m has been invested within these renewable infrastructure funds.

During 2021, the Fund commissioned a review of its property mandates with a view to investing within social supported or affordable housing. Triple Point and Man Group were each appointed to manage a 2.5% allocation to affordable and social supported housing. These investments are expected to take place during 2022-2023. The Longview Global Equity fund was sold during December 2021, with these receipts to finance the affordable housing allocation.

The *carbon to value invested* metric is used to reflect how efficient companies are at creating shareholder value, relative to the carbon emissions produced. The following graph depicts the Fund’s carbon to value invested journey against the FTSE World Index, from 30 June 2019 to 31 December 2021. The weighted average carbon to value invested of the Fund has fallen by circa 40% during this time period.

Carbon to Value Invested



Please note the Pantheon infrastructure portfolio carbon emissions are not included within this graph, the Macquarie infrastructure fund emissions include only one of the Fund assets and the Quinbrook portfolio capitalises emissions over the life of assets, once these assets become operational they will be disclosed. As data becomes available, this will be incorporated into the analysis.

October 2019
TruCost Carbon Review as at 30 June 2019

November 2020
Investment in Global Sustain & Future World Funds

December 2020
Renewable Infrastructure manager selection

December 2021
Affordable and Social Supported Housing manager selections

The Greenhouse Gas (GHG) emissions of the Pension Fund are reported in tonnes of CO_2 (tCO_2e). These carbon emissions can be broken down into three reporting categories as follows:

- **Scope 1:** emissions directly attributable to a company e.g. vehicles
- **Scope 2:** indirect emissions relating to a company e.g. heating and electricity supply of buildings
- **Scope 3:** emissions not directly attributable to a company but those further up and down its value chain e.g. buying products from suppliers[1]

1 tonne of CO_2 is equal to…

1 month's emissions of the average UK person[2]

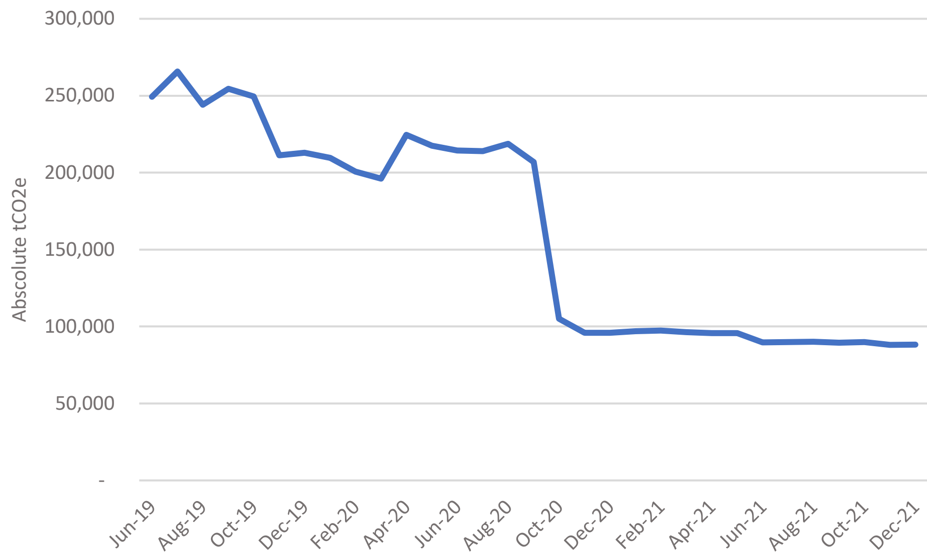
2.6 economy flights from Amsterdam to Rome[3]

6,000 km by Citroen Picasso model car[4]

The following chart plots the absolute tonnes of CO_2 emissions of the Pension Fund from 30 June 2019 to 31 December 2021. It is estimated that the Fund has reduced its CO_2 emissions by circa 65% over this period.

Where possible the Fund reports on scope 1, 2 and 3 emissions, however as this data can be difficult to collect, this may vary amongst the Fund's asset classes and managers.

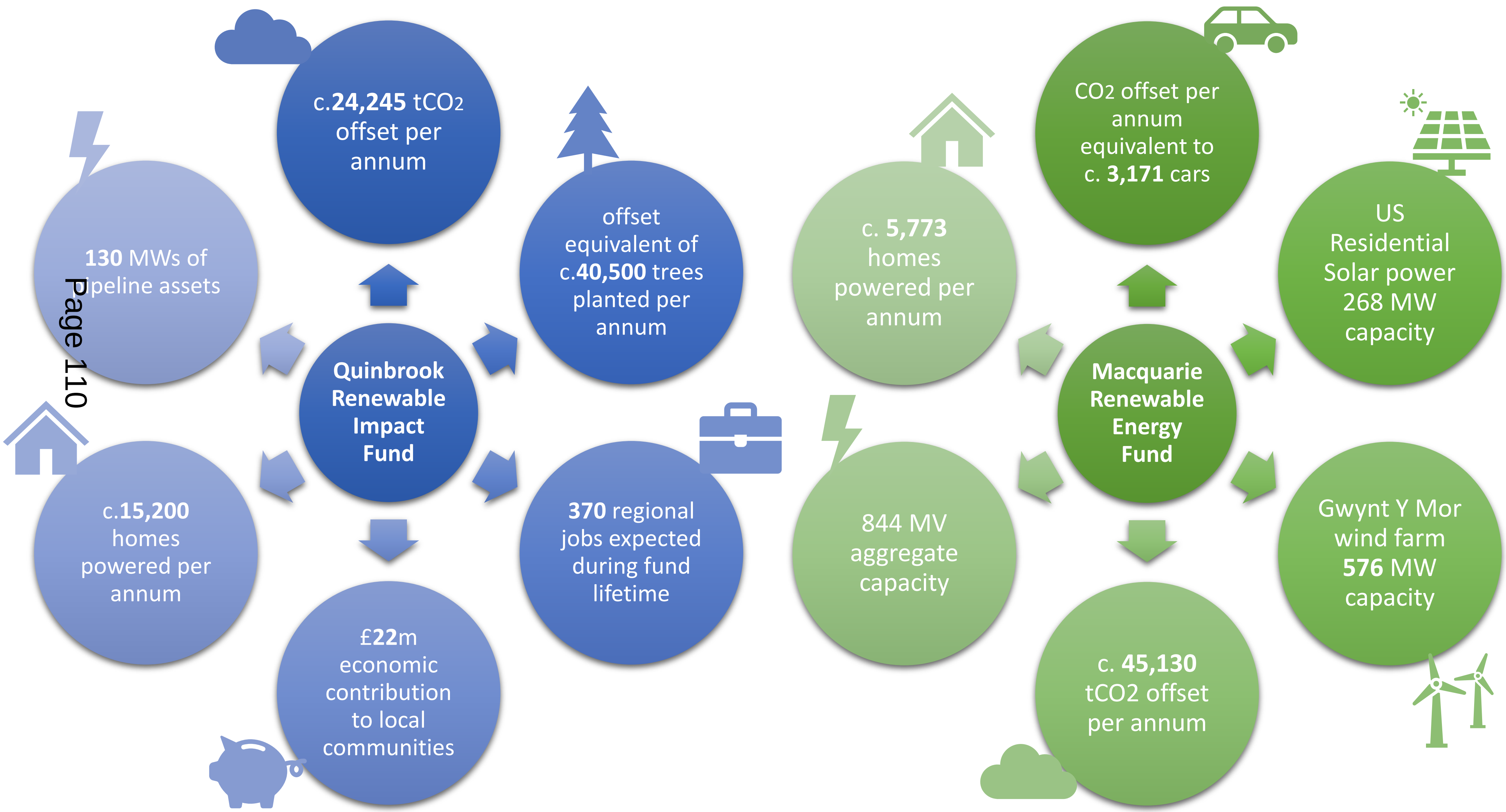
Absolute tCO2e per annum



Please note the Pantheon infrastructure portfolio carbon emissions are not included within this graph, the Macquarie infrastructure fund emissions include only one of the Fund assets and the Quinbrook portfolio capitalises emissions over the life of assets, once these assets become operational they will be disclosed. As data becomes available, this will be incorporated into the analysis.

1:https://www2.deloitte.com/uk/en/focus/climate-change/zero-in-on-scope-1-2-and-3-emissions.html?gclid=EAIaIQobChMIjsWNhfKu9QIVqejtCh3FSQ0lEAAYASAAEgLiIfD_BwE 2:https://www.nulacarbon.com/some-notes-on-climate-action/whats-in-a-tonne#:~:text=As%20an%20example%2C%20one%20tonne,person%20living%20in%20Sri%20Lanka! 3:https://www.climateneutralgroup.com/en/news/what-exactly-is-1-tonne-of-co2/ 4:https://www.planete-energies.com/en/medias/close/mechanisms-putting-price-carbon

Renewables Impact Modelling



Based on a fund target size of GBP 500 million and Westminster's commitment of GBP 60 million, and once pipeline is fully drawn down. Data based on a Fund portfolio of 467 MW solar, 746 MW BESS, 620 MVA Synchronous Condenser; the information is based on the Quinbrook Renewables Impact Fund Model. Please note all figures have been estimated, so may not be a true reflection of actual impact.

Based on Westminster's commitment of EUR 55 million, circa 3.4% of total fund size, and includes CO_2 offset estimates based on the two assets currently held in the fund. Please note all figures have been estimated, so may not be a true reflection of actual impact.

Task Force on Climate Related Financial Disclosures

The Department for Work and Pensions (DWP) has announced a phased introduction of the planned new mandatory measures that ensure trustees are legally required to assess and report on the financial risks of climate change within their investment portfolios.

Although not yet compulsory for public sector pension schemes, it is anticipated these regulations will be extended to the public sector and therefore the LGPS by 2023.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The proposed new measures will ensure that trustees are legally required to assess and report on the financial risks of climate change within their portfolios, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The Financial Stability Board's Task Force on Climate Related Financial Disclosures is a global, private, independent body formed in December 2015.

The Board has advised a number of TCFD recommendations in relation to climate change, which can be split into four thematic areas.

Governance: Establish and maintain oversight of relevant climate risks and opportunities for your scheme.

- Define clear roles and responsibilities for the management of climate-related risks/opportunities.
- Formulate governance policies, including roles and responsibilities in relation to climate change.
- Improve training and knowledge in relation to climate change.

Strategy: Identify climate risks and opportunities which will affect the scheme's investment strategy and consider the resilience of the strategy.

- Identify related risks and opportunities and define clear goals over the short, medium and long term.
- Conduct scenario testing for the scheme's assets and liabilities e.g. how a temperature rise of 1.5C to 2.0C will affect the Fund.

Risk Management: Establish and maintain processes to identify, assess and manage relevant climate risks and opportunities.

- Create a risk register of climate-related risks and maintain assessments over the short to long-term horizons.
- Incorporate these risks into the wider integrated risk management process.

Metrics and Targets: Select and monitor a minimum of three climate metrics for the scheme's investment portfolio, setting targets to measure performance against annually.

- Establish the quality of data available to identify an appropriate third climate metric for the scheme.
- Select at least one appropriate target and measure performance against and review annually.

Analysis as provided by Deloitte Total Reward and Benefits Limited.

ESG Case Studies

Environmental

Social

Governance

Environmental, Social and Governance factors are key indicators in measuring the sustainability and suitability of an investment. There is growing research which suggests, when integrated into business decisions and portfolio construction, these can offer stability in future returns.

The Fund expects managers to integrate ESG factors into investment analysis and decision making. Monitoring these effectively can assist with resolving issues at early stages through effective engagement with companies and board members. The Fund expects asset managers where possible to engage and collaborate with other institutional investors, as permitted by relevant legal codes to ensure the greatest impact.

The measurement of ESG performance is still developing and benefitting from significant improvements. There are several performance benchmarks and disclosure frameworks that exist to measure the different aspects of available ESG data which include carbon emissions and a variety of social impact scores.

Environmental: Residential Solar case study

The Macquarie Renewable Energy Fund has a 50% holding in a 268-megawatt portfolio of residential solar panels located across 18 US states.

The fund has invested in a portfolio of operating contracted residential solar assets, which are owned and managed by Sunrun Incorporated. The solar assets are diversified across the US, with over 36,000 homes powered. The majority of solar assets are located within 5 US states, with 47% of assets in California alone, this follows a state mandate requiring all new homes to have rooftop solar fitted from 2020.

The assets have a 35 year lifespan, with avoided emissions forecast at 164,000 tonnes of CO_2 per annum. This equates to c. 2,763 tonnes of CO_2 avoided per year for the City of Westminster Pension Fund.

Source: Macquarie Renewable Energy Fund

Social: Nintendo case study

The Pension Fund holds, Nintendo, within its LGIM Future World Equity portfolio. The company is a Japanese multinational video game company, with headquarters in Kyoto. LGIM's main focus within Japan remains greater diversity within company boards, particularly on the gender diversity front, with only 3% of the TOPIX 100 having at least 30% female board representation.

LGIM have been engaging with Nintendo for a number of years on this issue and have emphasized the need to improve diversity and independence of the board and increase discussion and disclosures on board diversity. Following on from this engagement, the company committed to appointing its first female board member and to increase the number of independent members. Both of which have since been fulfilled. Alongside this, Nintendo has improved its disclosures by publishing their annual report in English and included information on cross holdings. However, there is still further engagement needed on workforce flexibility, including maternity leave policy and commitment to increasing the female workforce to 25%.

Source: LGIM Active Ownership Report 2020

Governance: AJ Gallagher case study

Within the London CIV (Baillie Gifford) Global Alpha Equities portfolio, the Pension Fund has exposure to AJ Gallagher, a global insurance brokerage and risk management company. As part of the LCIV's strategy of holding companies to account for fiscal responsibility, they approached Baillie Gifford to engage with AJ Gallagher's executive management team to discuss fair taxation.

Over the last couple of years AJ Gallagher has purchased clean coal credits, which have substantially reduced its effective US taxation rate, whereby a company can reduce their tax liability by reducing their carbon, sulphur and nitrogen oxide emissions. Whilst acknowledging the positive benefits of this green taxation initiative on reducing greenhouse emissions, the LCIV expects managers to consider corporation tax as a social license rather than a cost to minimise.

The company have committed to implementing a fair taxation policy going forward and have signalled their intention to review their current approach, with the asset manager encouraged with the engagement so far.

Source: London CIV Stewardship Outcomes Report 2021

Voting & Engagement

The Committee has delegated the Fund's voting rights to the investment managers, who are required, where practical, to make considered use of voting in the interests of the Fund. The Committee expects the investment managers to vote in the best interests of the Fund. In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

The Fund will continue to collaborate with the London CIV on maintaining a shared voting policy for the equity managers on the London CIV platform and actively seek to align these policies with manager insights. Lobbying with other London CIV clients will give the Pension Fund greater control and impact over our voting choices and a centralised process will ensure our voting remains consistent and has the greatest impact.

The Pension Fund views engagement with companies as an essential activity and encourages companies to take positive action towards reversing climate change. The Westminster Pension Fund is a responsible owner of companies and cannot exert that positive influence if it has completely divested from all carbon intensive producing companies. The Pension Fund will continue to encourage positive change whilst officers will continue to engage with the investment managers on an ongoing basis to monitor overall investment performance, including carbon and other ESG considerations.

Engagement: Mizuho case study

As part of the LGIM Future World Fund, LGIM have been engaging with Mizuho Financial Group, a global bank based in Japan, over a number of years on climate-related issues.

LGIM have maintained continual engagement with the company as part of their Climate Impact Pledge and monitored the company's progress.

At Mizuho's 2020 AGM, LGIM supported a climate-related shareholder resolution for disclosure of a Paris-Aligned business strategy for the company. This was the first such resolution of its kind within the Japanese banking sector.

Following this, in June 2021, Mizuho published its first TCFD report ahead of its 2021 AGM, with the report committing to accelerate the banks coal phase-out by 10 years. Alongside this, Mizuho has addressed concerns over lack of scope 3 emissions disclosure and pledged to set and disclose interim scope 3 targets by the end of 2022.

MIZUHO

Source: LGIM Investment Report 31 December 2021

LCIV Global Sustain

53 Total Management Meetings

41 ESG Engagements

ESG Engagements by Topic:

30 Environment

22 Social

17 Governance

Of which, engagements on:

28 Climate Change

14 Diversity

5 Cyber Security

Source: Morgan Stanley ESG Report Q3 2021

LGIM Future World

800 Total number of engagements

584 Number of companies engaged with

ESG Engagements by Topic:

410 Environment

178 Social

385 Governance

Top 5 engagement topics:

1. Climate Impact Pledge
2. Remuneration
3. Company Disclosures
4. LGIM ESG Score
5. Climate Change

Source: LGIM Engagement Data to 30 September 21

LCIV Global Alpha

168 Total number of engagements

69 Number of management meetings

ESG Engagements by Topic:

41 Environment

33 Social

33 Governance

Of which, engagements on:

30 Climate Change

11 Diversity

12 Tax

Source: Baillie Gifford Engagements 2021

Connected Organisations

The Pension Fund recognises that significant value can be achieved through collaboration with other stakeholders. The Pension Fund works closely with its LGPS pool company, other LGPS funds and member groups such as the Local Authority Pension Fund Forum (LAPFF), Pensions and Lifetime Savings Association (PLSA) and ShareAction to ensure corporate interests are aligned with the Pension Fund's values.

The Pension Fund actively contributes to the engagement efforts of pressure groups, such as the Local Authority Pension Fund Forum (LAPFF) and requires investment managers to vote in accordance with the LAPFF's governance policies. In exceptional cases, investment managers will be required to explain their reason for not doing so, preferably in advance of the AGM.

Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum are a collection of 84 local authority pension funds and 7 asset pool companies, with assets under management of over £300bn, promoting the highest standard of governance with the aim of protecting the long-term value of pension funds. The LAPFF engage directly with companies, on behalf of all asset owners and pension fund trustee members, on issues such as executive pay, reliable accounting and a transition to a net carbon zero economy.

LAPFF Case Study

The LAPFF produce quarterly engagement reports, covering all ESG related issues from climate change, governance, human rights and cyber security.

Over the quarter to 30 September 2021, the LAPFF engaged with 82 companies, including Shell, Rio Tinto and the National Grid.

During early September 2021, LAPFF met with Shell's new Chairman to discuss concerns regarding the company's carbon trajectory, business strategy and financial performance.

LAPFF expressed their apprehensions over the company's poor returns to shareholders over the last 10 years and noted that net zero carbon objectives would not enable the company to achieve Paris-Aligned climate targets. LAPFF welcomed the Chair's willingness to engage, however, inconsistencies within their business and climate strategy persist.

Source: LAPFF Quarterly Engagement Report 30 September 2021

Pensions and Lifetime Savings Association

The City of Westminster Pension Fund is a member of the PLSA, who aim to raise industry standards, share best practice and support members. The PLSA works across a range of stakeholders including governments, regulators and parliament to help the implementation of sustainable policies and regulation. They represent pension schemes providing retirement income to more than 30m savers, with assets under management totalling £1.3tn, including those in the public and private sectors.

The PLSA provide an important source for training, support and guidance on regulations and pension support services.

PLSA Case Study

During January 2022, the PLSA published its response to the DWP proposals regarding a new Paris-Alignment portfolio metric that pension schemes will need to report in mandatory TCFD reports. As well as new guidance on Statements of Investment Principles and Implementation Statements.

The PLSA welcomed the proposals set out in the DWP consultation paper on Paris-Alignment metric to mandatory TCFD reports.

However, they expressed concerns on the timings, in that they do not allow sufficient time to enable trustees to appropriately prepare for an additional metric.

Source: PLSA Response to MHCLG's Consultant Paper

ShareAction

ShareAction is a registered charity who promotes responsible investment, working with investors to help influence how companies operate their business on a range of Environmental, Social and Governance (ESG) factors. This includes areas such as climate change, gender diversity, living wages, decarbonisation, biomass and healthy markets.

Healthy Markets Case Study

Since 2019, ShareAction has been working on a Healthy Markets coalition group. The Healthy Market Initiative aims to make food retailers and manufactures take accountability for their role and impact on people's diets. The City of Westminster is a member of the Healthy Markets coalition and along with other members, represents over $2 trillion in assets under management.

As per ShareAction research, 1 in 3 children and 2 in 3 adults are classified as overweight or obese, with over one million hospitalisations during 2019/20 linked to obesity. The four largest supermarket retailers account for two thirds of the UK's grocery market and 71% of packaged food and drink product sales in the UK are high in fat, salt or sugar.

ShareAction engage with target companies in a number of ways, including, investor-signed letters, meetings with target companies, questions posed at AGMs and shareholder resolutions once other avenues have been exhausted.

Source: https://api.shareaction.org/resources/reports/Healthy-Markets-Impact-Report.pdf

Committee Report

City of Westminster

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**10 March 2022**
Classification:	**Public (Appendices 2 and 5 are exempt)**
Title:	**Performance of the Council's Pension Fund**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1. EXECUTIVE SUMMARY

1.1 This report presents the performance of the Pension Fund's investments to 31 December 2021, together with an update of the funding position.

1.2 The Fund underperformed the benchmark net of fees by 0.8% over the quarter to 31 December 2021 and the estimated funding level was 103.0% as at 31 December 2021.

2. RECOMMENDATION

2.1 The Committee is asked to:

- Note the performance of the investments and the funding position.

- Note the Baillie Gifford Paris Aligned fund transition costs, with a view to deciding whether to transition the Global Alpha mandate into the Paris Aligned version.

- Approve that Appendices 2 and 5 to this report are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

3. BACKGROUND

3.1 This report presents a summary of the Pension Fund's performance to 31 December 2021 and estimated funding level (Appendix 3). The investment performance report (Appendix 1) has been prepared by Deloitte, the Fund's investment advisor.

3.2 The market value of investments increased by £84m to £1.959bn over the quarter to 31 December 2021, with the Fund returning 3.7% net of fees. The Fund underperformed the benchmark net of fees by 0.8% over the quarter, with the Baillie Gifford (LCIV) Global Alpha mandate being the main detractor to performance, returning 0.1% net of fees. This can be largely attributed to stock selection, with the manager being heavily weighted to healthcare, technology and consumer discretionary. The Fund's relative underperformance was partially offset by positive performance within the Morgan Stanley (LCIV) Global Equity Core, which outperformed the benchmark by 2.8% net of fees.

3.3 Over the 12-month period to 31 December 2021, the Fund underperformed its benchmark net of fees by 0.7% returning 12.3%. Again underperformance can be largely attributed to the Baillie Gifford (LCIV) Global Alpha Growth mandate, with the fund delivering its lowest relative return over a 12-month period since its addition to the London CIV platform. The Abrdn Long Lease Property fund has performed strongly over the one-year period, outperforming its benchmark by 15.7% net of fees. Over the longer three-year period to 31 December 2021, the Fund outperformed the benchmark net of fees by 0.5%, with Baillie Gifford being the major contributor. Longview underperformed its benchmark net of fees by -7.1% during this period.

3.4 The advisors continue to rate the fund managers favourably. The Westminster Pension Fund issued notice to fully disinvest from the Longview Global Equity fund during December 2021, with the proceeds settling in the Fund's cash account following quarter end in January 2022.

3.5 During the quarter, the London CIV appointed Chris Osbourne as a Senior Portfolio Manager. Chris has previous experience at Partners Group, where he was Assistant Vice President in Real Estate. In addition to this, two investment analysts are expected to join the London CIV during February 2022.

3.6 Following the previous Committee meeting on 16 December 2021, the expected transition costs for transferring into the Baillie Gifford Global Alpha Paris Aligned (PA) fund are attached at Appendix 5. The Committee is asked to note these costs with a view to deciding whether to transition the Global Alpha mandate into the Paris Aligned version.

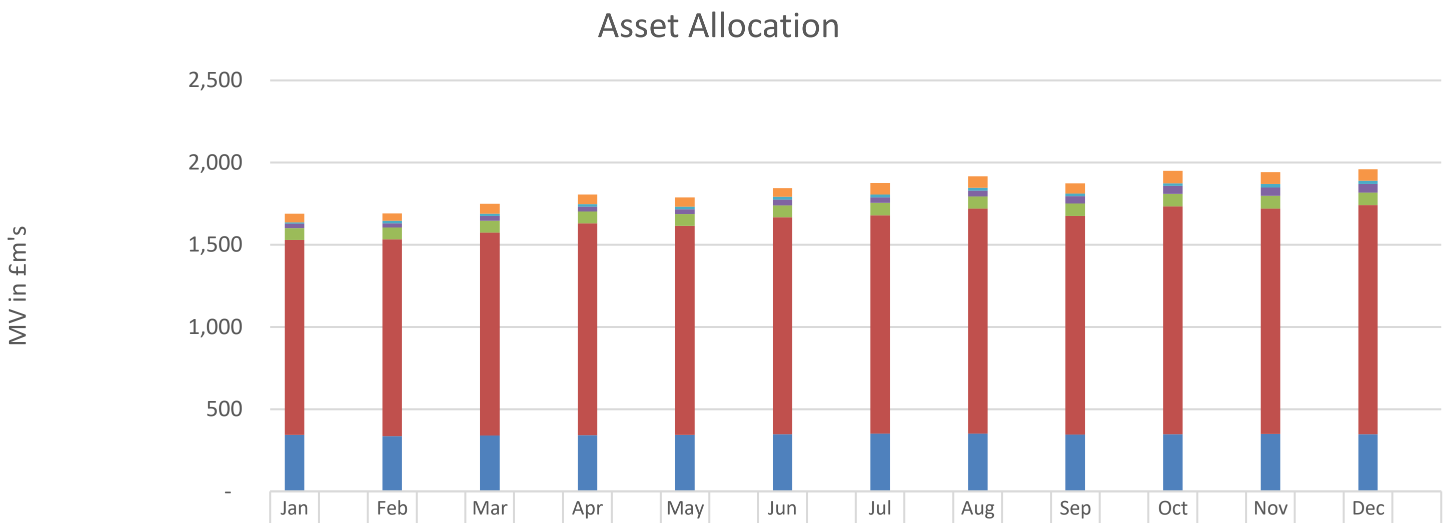
3.7 It should be noted that, as has been the case with the main Global Alpha fund, the Paris Aligned version has underperformed the benchmark over the quarter to 31 December 2021 and also since inception less than a year ago. The Paris Aligned Fund returned -0.19% net of fees over the quarter to 31 December 2021, with the PA version having greater weightings to healthcare, technology and consumer discretionary than the traditional fund offering. Attached at Appendix 4 is the Baillie Gifford Paris Aligned fund fact sheet as at 31 December 2021.

3.8 The estimated funding level for the Westminster Pension Fund has remained stable at 103.0% as at 31 December 2021 (103.0% at 30 September 2021). The Fund is estimated to be £59m in surplus, with assets of £1.959bn at 31 December 2021 and projected liabilities of £1.900bn. It should be noted that at the next valuation, 31 March 2022, future expected returns are anticipated to fall with inflation expectations to rise.

3.9 The Council plans to pay off its deficit by 2022, with a final payment of circa £13m due before 31 March 2022.

4. ASSET ALLOCATION AND SUMMARY OF CHANGES

4.1 The chart shows the changes in asset allocation of the Fund from 1 January 2021 to 31 December 2021. Please note asset allocations may vary due to changes in market value.



	Jan		Feb		Mar		Apr		May		Jun		Jul		Aug		Sep		Oct		Nov		Dec	
Affordable Housing	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Cash	54	3%	46	3%	59	3%	57	3%	56	3%	52	3%	70	4%	70	4%	62	3%	76	4%	72	4%	69	4%
Renewable Infrastructure	8	0%	14	1%	13	1%	15	1%	15	1%	17	1%	17	1%	17	1%	16	1%	15	1%	21	1%	21	1%
Infrastructure	26	2%	26	2%	30	2%	30	2%	29	2%	35	2%	34	2%	35	2%	46	2%	49	2%	52	3%	51	3%
Property	73	4%	73	4%	71	4%	72	4%	73	4%	73	4%	74	4%	75	4%	76	4%	76	4%	77	4%	77	4%
Equities	1,18	70%	1,19	71%	1,23	71%	1,28	71%	1,27	71%	1,32	72%	1,32	71%	1,36	71%	1,32	71%	1,38	71%	1,37	71%	1,39	71%
Fixed Income	343	20%	336	20%	340	19%	343	19%	344	19%	347	19%	351	19%	351	18%	346	18%	347	18%	350	18%	348	18%

Fixed Income · Equities · Property · Infrastructure · Renewable Infrastructure · Cash · Affordable Housing

*Fixed Income includes bonds, multi asset credit (MAC) and private debt
**Cash includes the NT ESG Ultra Short Bond Fund and Ruffer (LCIV) Absolute Return Fund

4.2 The current Westminster Pension Fund target asset allocation is 60% of assets within equities, 19% in fixed income, 6% in renewable infrastructure, 5% within infrastructure, 5% within property and 5% to affordable and social supported housing.

4.3 Capital calls for the Pantheon Global Infrastructure Fund took place during October and November 2021, with the fund circa 72% drawn as at 31 December 2021. A capital call also took place for Quinbrook during November 2021 and as at 31 December 2021, the Renewables Impact Fund was circa 29% drawn. The Macquarie Renewable Energy Fund was circa 13% drawn at 31 December 2021.

4.4 The sale of the Longview Global Equity fund took place during December 2021, with £50m transitioned into the London CIV (Ruffer) Absolute Return Fund in January 2022.

4.5 The value of Pension Fund investments managed by the LCIV as at 31 December 2021 was £958m, representing 49% of Westminster's investment assets. A further £460m continues to benefit from reduced management fees, through Legal and General having reduced its fees to match those available through the LCIV.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Billie Emery pensionfund@westminster.gov.uk

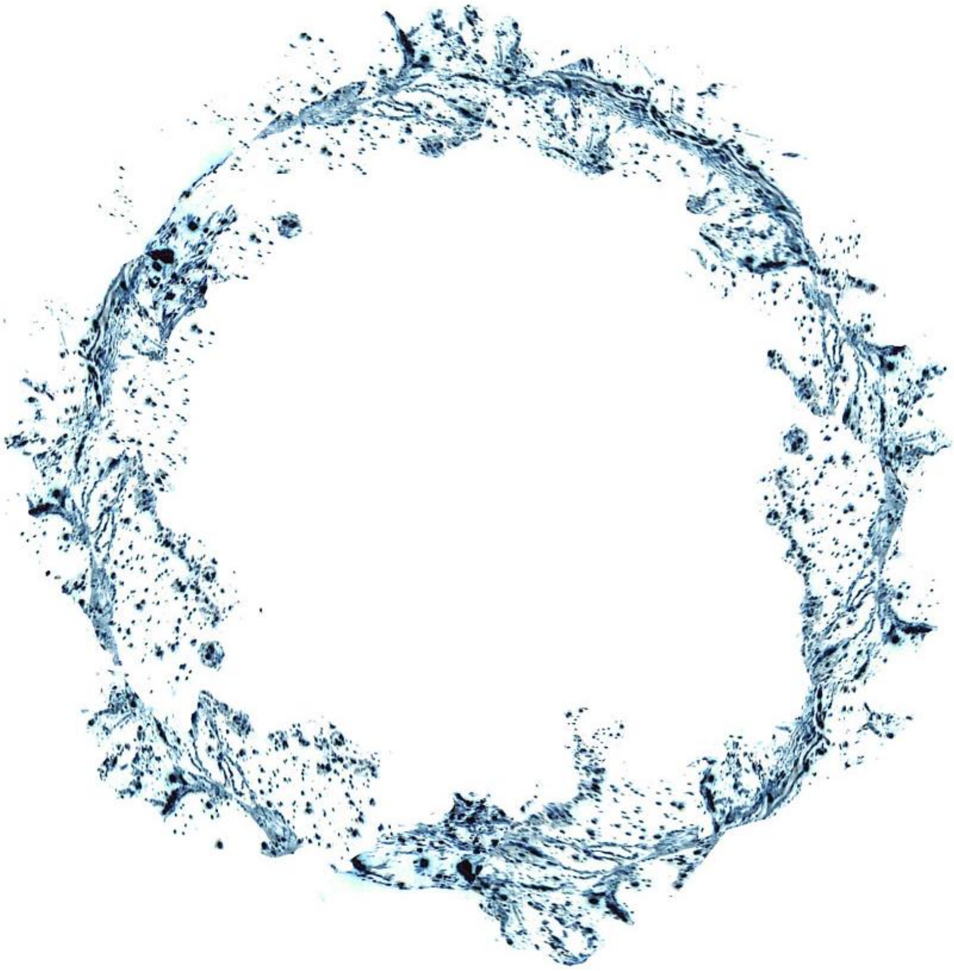
Background Papers: None

Appendices:

Appendix 1: Deloitte Investment Report, Quarter Ending 31 December 2021
Appendix 2: Deloitte Investment Report, Fee Benchmarking (exempt)
Appendix 3: Hymans Robertson Funding Level Update at 31 December 2021
Appendix 4: Baillie Gifford Paris Aligned Fact Sheet at 31 December 2021
Appendix 5: Baillie Gifford Paris Aligned Transition Costs (exempt)

This page is intentionally left blank

Deloitte.



City of Westminster Pension Fund

Investment Performance Report to 31 December 2021

Deloitte Total Reward and Benefits Limited
February 2022

Contents

1 Market Background

Global Equities

Global equities posted positive returns over the final quarter of 2021, with investors focusing on economic resilience and strong corporate earnings. The emergence of the Omicron variant triggered a reasonable degree of market volatility from late November onwards. By quarter end, investor fears had largely subsided with data suggesting that the rate of hospitalisations was meaningfully lower. With further lockdown provisions looking less likely, investor attention returned to high inflation and falling unemployment with a tightening of monetary policy appearing all but inevitable. As expected, the Bank of England raised the UK base rate whilst the Federal Reserve agreed an accelerated programme of tapering during December.

Over the fourth quarter of 2021, global equity markets performed positively with the FTSE All World Index returning 7.0% in local currency terms. Performance across most global regions was positive with the exception of Japan, which delivered the lowest return of -1.4% (local terms), the Asia Pacific region (excluding Japan), and Emerging Market equities. China accounted for much of the weakness in the Asia Pacific region with the government in Beijing pressing ahead with its interventionist approach despite obvious signs of economic weakness and the distress caused by Evergrande and other property developers.

UK equities delivered a positive return of 4.2% over the quarter, underperforming the US and other European markets. Negative relative performance was largely due to the emergence of Omicron and the flow of investor funds away from the economically sensitive sectors which dominate the UK index. However, encouraging news around Omicron meant that, during December, a number of sectors were able to recoup the sharp losses sustained in the initial sell-off in late November.

Government bonds

UK nominal gilt yields finished the quarter higher at shorter maturities as investors priced in a faster pace of rate rises with the Bank of England forced to take action to combat high inflation. UK consumer price inflation increased to 5.1% over the year to November 2021, its highest level since 2012. In contrast, nominal gilt yields at maturities in excess of 8 years fell with investors seemingly fearing the economically dampening effects of higher interest rates in the short term. The All Stocks Gilts Index delivered a return of 2.4% over the quarter, whilst the longer-dated Over 15-year Index delivered a return of 5.6%.

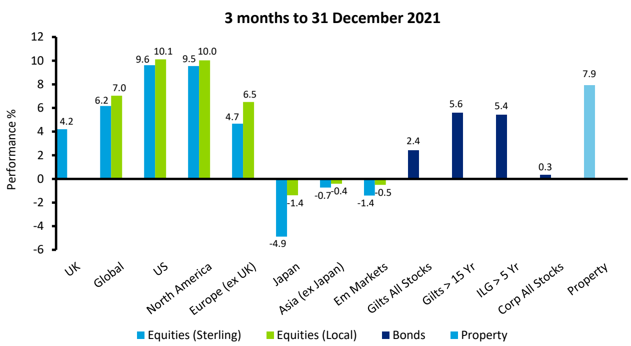
Real yields on index-linked gilts moved in a similar fashion to their nominal equivalents falling by up to 20 bps for all but the shorter maturities. The All Stocks Index-Linked Gilts Index delivered a return of 4.9% over the fourth quarter.

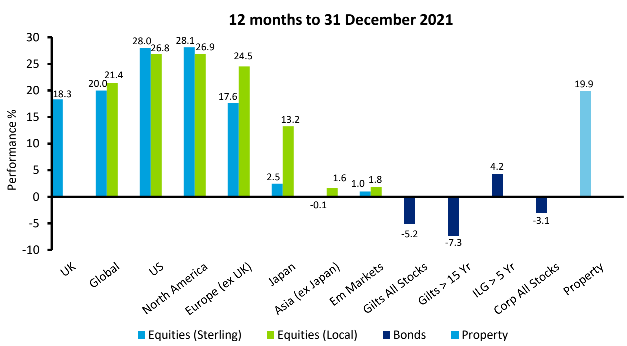
Corporate bonds

Credit spreads on sterling denominated corporate bonds increased slightly over the fourth quarter. Whilst corporate earnings remain strong, tighter monetary policy is expected to prove detrimental to corporate issuers. The iBoxx All Stocks Non-Gilt Index returned 0.3% over the three months to 31 December 2021, underperforming gilts of equivalent duration.

Property

The MSCI UK All Property Index delivered a return of 7.9% over the fourth quarter, and a return of 19.9% over the 12 months to 31 December 2021. The industrial sector continues to lead the way with a quarterly return of 13.5%, benefitting from trends including the switch to online shopping. The retail sector was, however, the second-highest performing sector over 2021, delivering a return of 14.6%. Investors appear to have taken advantage of low valuations across the sector with the retail warehouse and supermarket sub-sectors outperforming.





2 Total Fund

2.1 Investment Performance to 31 December 2021

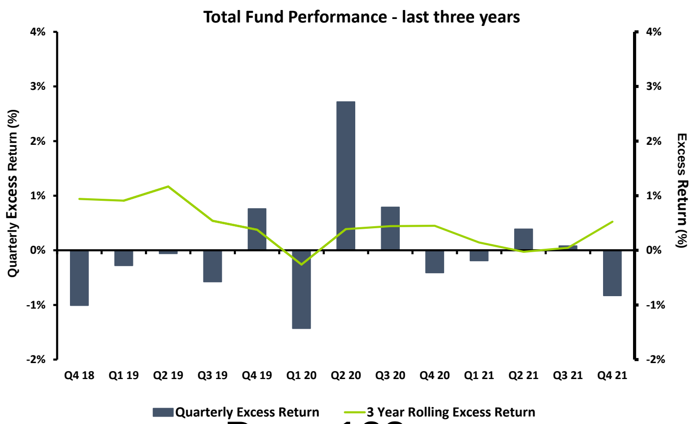
The following table provides a summary of the performance of the Fund's managers.

Manager	Asset Class	Last Quarter (%)		Last Year (%)		Last 3 Years (% p.a.)		Since inception (% p.a.)	
		Fund Net of fees	B'mark	Fund Net of fees	B'mark	Fund Net of fees	B'mark	Fund Net of fees	B'mark
LGIM	Global Equity (Future World)	7.1	7.1	21.6	21.3	n/a	n/a	25.4	25.1
LCIV	Global Equity (Global Alpha Growth)	0.1	6.2	8.9	19.6	22.6	17.9	16.2	13.2
LCIV	Global Equity (Global Equity Core)	9.0	6.2	20.3	19.6	n/a	n/a	23.4	27.7
Longview	Global Equity	2.5	7.1	19.3	22.7	12.1	19.2	12.5	13.7
Insight[1]	Buy and Maintain	0.5	-0.3	-2.3	-2.3	5.4	3.3	5.7	4.6
LCIV	Multi Asset Credit	1.0	1.0	6.2	4.1	4.9	4.6	4.0	4.6
abrdn[4]	Property	4.0	2.9	12.5	-3.2	7.3	5.2	n/a	5.8
Pantheon[2]	Global Infrastructure	0.8	2.0	22.7	8.1	n/a	n/a	7.9	9.1
Macquarie[3]	Global Renewable Infrastructure	6.1	0.0	n/a	n/a	n/a	n/a	-10.0	0.1
Quinbrook[3]	UK Renewable Infrastructure	1.3	0.0	n/a	n/a	n/a	n/a	4.7	0.1
Total		3.7	4.5	12.3	13.0	13.5	13.0	n/a	n/a

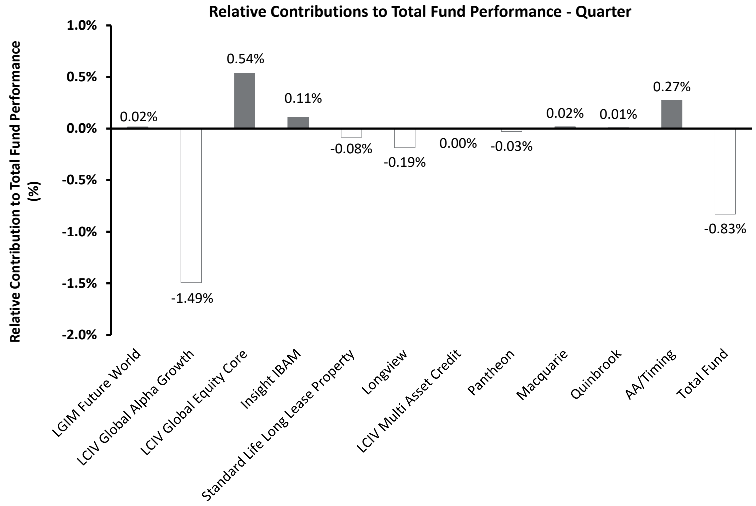
Source: Northern Trust. Figures may not tie due to rounding.
[1]Insight Buy and Maintain Fund was incepted on 9 April 2018. Since inception returns and benchmark returns reflect a combination of Insight Buy & Maintain Fund returns and benchmark returns from date of inception to 31 December 2021, and Insight IM (Core) Fund returns and benchmark returns from inception date 30 September 2011 until inception of the Buy and Maintain Fund.
[2]Pantheon Global Infrastructure Fund performance is calculated by Northern Trust with a 60 calendar day lag, based on Pantheon net asset value in USD which Northern Trust converts to GBP. As such, performance provided is to end October 2021 and includes the impact of fluctuations in the USD to GBP exchange rate.
[3]Macquarie and Quinbrook performance is calculated with a one quarter lag. In addition, Macquarie net asset value and cashflows are in EUR which Northern Trust converts to GBP, therefore estimated performance includes the impact of fluctuations in the EUR to GBP exchange rate.
[4]The Standard Life Long Lease Property Fund, managed by abrdn, performance quoted in the table has been provided by abrdn and differs from the figures provided by Northern Trust. We provide detail behind the differences experienced in Section 11. The figures provided by abrdn have not been used in calculating the Total Fund performance, and therefore the Total Fund performance quoted above and throughout this report may be slightly understated.

Over the quarter to 31 December 2021, the Fund delivered a positive absolute return of 3.7% on a net of fees basis, underperforming the fixed weight benchmark by 0.8%. Over the longer one year and three year periods to 31 December 2021, the Fund delivered positive absolute returns of 12.3% and 13.5% p.a. respectively on a net of fees basis, underperforming the fixed weight benchmark by 0.7% over the one year period and outperforming by 0.5% p.a. over the three year period. The positive absolute returns over the year continue to be attributed to the sustained recovery in global equity and wider capital markets following the initial outbreak of COVID-19.

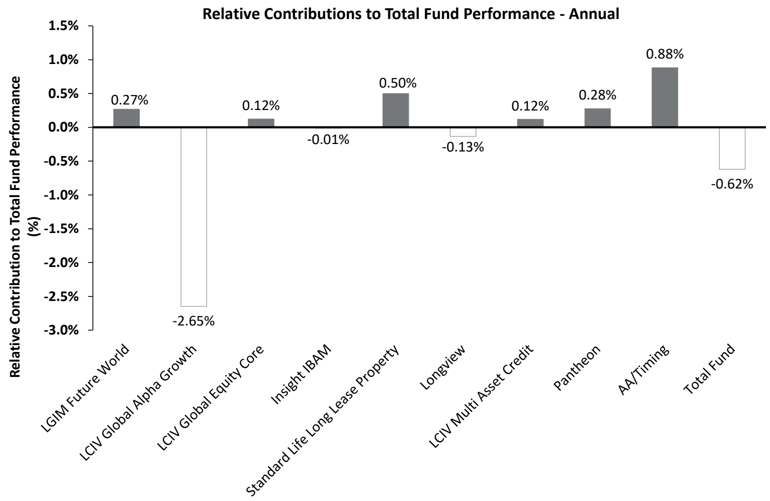
The chart below shows the relative performance of the Fund over the quarter and last three years, highlighting that the rolling three-year performance is ahead of the benchmark. Please note that performance is shown net of fees versus the benchmark.



2.2 Attribution of Performance to 31 December 2021



Over the fourth quarter of 2021, the Fund underperformed its fixed weight benchmark by 0.8%, with underperformance primarily driven by the LCIV Global Alpha Growth Fund, having considerably underperformed the wider global equity market over the three-month period owing largely to stock selection. The Fund's relative underperformance was partially offset by the LCIV Global Equity Core Fund, having outperformed its benchmark over the fourth quarter of 2021 with the strategy's bias to high quality stocks proving beneficial for the second quarter in succession .



The Fund underperformed its benchmark by 0.6% on a net of fees basis over the year to 31 December 2021. Underperformance can largely be attributed to the LCIV Global Alpha Growth Fund, with the sub-fund, managed by Baillie Gifford, delivering its worst relative return over a calendar year since its addition to the London CIV platform, despite delivering a positive return on an absolute basis over the twelve month period. The positive attribution represented by the "AA/Timing" bar reflects the impact of the Fund's underweight infrastructure and renewable infrastructure allocations and overweight equity position relative to the fixed weight benchmark, with the infrastructure and renewable infrastructure funds' bencharks delivering relatively flat returns over the year while each of the three equity mandates delivered positive returns on an absolute basis.

2.3 Asset Allocation as at 31 December 2021

The table below shows the assets held by manager and asset class as at 31 December 2021.

Manager	Asset Class	End Sept 2021 (£m)	End Dec 2021 (£m)	End Sept 2021 (%)	End Dec 2021 (%)	Benchmark Allocation (%)
LGIM	Global Equity (Passive - Future World)	429.7	460.3	22.9	23.5	20.0
LCIV	Global Alpha Growth	456.5	455.7	24.4	23.3	20.0
LCIV	Global Equity Core	366.9	399.8	19.6	20.4	20.0
Longview	Global Equity	75.8	77.8	4.0	4.0	0.0
	Total Equity	**1,328.9**	**1,393.6**	**70.9**	**71.1**	**60.0**
Insight	Buy and Maintain	243.9	245.2	13.0	12.5	13.5
LCIV	Multi Asset Credit	101.7	102.7	5.4	5.2	5.5
	Total Bonds	**345.6**	**347.9**	**18.4**	**17.8**	**19.0**
abrdn	Long Lease Property	76.1	76.7[3]	4.1	3.9	5.0
Man GPM	Affordable Housing	-	-	-	-	2.5
Triple Point	Affordable Housing / Supported Living	-	-	-	-	2.5
	Total Property	**76.1**	**76.7**	**4.1**	**3.9**	**10.0**
Pantheon[1]	Global Infrastructure	45.9	51.0	2.4	2.6	5.0
Macquarie[2]	Global Renewable Infrastructure	5.5	5.8	0.3	0.3	3.0
Quinbrook[2]	UK Renewable Infrastructure	10.1	14.7	0.5	0.8	3.0
	Total Infrastructure and Renewable Infrastructure	**61.5**	**71.6**	**3.3**	**3.7**	**11.0**
LCIV	Absolute Return	-	-	-	-	0.0
	Cash	62.0	69.0	3.3	3.5	0.0
	Total Cash and Cash Management	**62.0**	**69.0**	**3.3**	**3.5**	**0.0**
Total		**1874.4**	**1,958.8**	**100.0**	**100.0**	**100.0**

Source: Northern Trust
Figures may not sum due to rounding
[1]Pantheon Global Infrastructure Fund valuation is provided by Northern Trust with a 60 calendar day lag, based on Pantheon net asset value in USD which Northern Trust converts to GBP.
[2]Macquarie and Quinbrook valuations are provided by Northern Trust with a one quarter lag, updated for known cashflows over the reporting period. In addition, Macquarie net asset value and cashflows are in EUR which Northern Trust converts to GBP. Quinbrook net asset value includes an additional £3.8m which is held in a custody account following receipt of equalisation payments since inception.
[3]The Long Lease Property Fund valuation has been provided by Northern Trust, based on data provided by abrdn. We are in the process of querying the figure due to discrepancies we have noticed.

The total value of the Fund's invested assets, including cash, stood at c. £1,958.8m as at 31 December 2021, representing an increase of c. £84.4m over the fourth quarter of 2021.

Affordable Housing / Supported Living

Having agreed to make a 5% strategic allocation to affordable housing / supported living, following a manager selection exercise on 29 November 2021, at the 16 December 2021 Committee Meeting the Committee agreed to split the allocation approximately equally between the Man GPM Community Housing Fund and the Triple Point Impact Housing Fund, committing to invest either 2.5% of the total Fund portfolio value or £45m to each mandate, depending which is higher at the date of commitment to each manager, to be funded from the Fund's cash and equity allocation. Following quarter end, a £50m commitment to Man GPM was confirmed and Man GPM issued a drawdown request for £24.6m to be paid by 14 February 2022, which on this occasion was funded from the Fund's in-house cash allocation. Following payment, the Fund's commitment to the Man GPM Community Housing Fund is c. 47% drawn for investment. The Triple Point Impact Housing Fund is expected to launch over the second quarter of 2022 and, at the time of writing, the Fund is yet to commit a confirmed investment amount to the product.

Longview and Cash Management

At the 16 December 2021 Committee Meeting, the Committee agreed to sell the residual amount invested in the Longview Global Equity Fund. The Committee agreed to use the proceeds, which totaled £77.8m as at 31 December 2021, to allocate £50m to the LCIV Absolute Return Fund with the remainder to be held in cash, for liquidity purposes with both the Absolute Return Fund and the cash allocation to be used to meet future drawdown requests from the Fund's infrastructure, renewable infrastructure and residential housing mandates. The LCIV Absolute Return Fund's investment objective is to achieve low volatility and positive returns in all market conditions, from an actively managed multi-asset portfolio with a primary focus on capital preservation. Resultantly, the Fund issued a redemption notice to disinvest from the Longview Global Equity Fund across two tranches on 21 and 22 December 2021, with the proceeds settling in the cash account following quarter end in January 2022 and, on 21 January 2021, £50m was invested in the LCIV Absolute Return Fund.

Portfolio Rebalancing

In addition, at the 16 December 2021 Committee Meeting, the Committee agreed to rebalance the Fund's investment portfolio to be closer in line with the strategic benchmark. As such, it was agreed to top-up the Standard Life Long Lease Property Fund, managed by abrdn, by £22m and the Quinbrook Renewables Impact Fund by £10m, funded from equity holdings and cash. The additional £22m investment to the Long Lease Property Fund is expected to be drawn by abrdn by the end of March 2022.

Infrastructure and Renewable Infrastructure

Over the quarter, Pantheon issued two further capital calls of $4.6m for payment by 7 October 2021 and $2.1m for payment by 10 November 2021, taking the Fund's total unfunded commitment to c. $28.1m. These capital calls were funded from the Fund's in-house cash allocation. After completing two further investments over the quarter, the Pantheon Global Infrastructure Fund III is now fully deployed. Pantheon anticipates that the Fund's commitment will be fully drawn by the end of 2022, with modest sized calls expected over the first half of 2022 and more sizeable capital calls over the third and fourth quarters of the year.

As noted in the table above, the value of the Fund's investment in the Quinbrook Renewables Impact Fund is estimated with a one quarter lag. Based on the current drawdown position as at 27 January 2022, Quinbrook has drawn £16.4m for investment of the Fund's £60m commitment.

Similarly, the value of the Fund's investment in the Macquarie Renewable Energy Fund 2 is estimated in the table above based on the valuation as at 30 September 2021. Based on the current drawdown position as at 14 February 2022, the remaining unfunded commitment stands at €43.0m, with the Fund's total contribution at €12.0m.

2.4 Yield analysis as at 31 December 2021

The table below shows the yield as reported by the managers on each of the Fund's investments.

Manager	Asset Class	Yield as at 31 Dec 2021
LGIM	Global Equity (Passive – Future World)	1.71%
LCIV	Global Equity (Global Alpha Growth)	0.80%*
LCIV	Global Equity (Global Equity Core)	1.18%
Longview	Global Equity	1.58%
Insight	Buy and Maintain	2.02%
LCIV	Multi Asset Credit	5.45%*
abrdn	Long Lease Property	3.85%
	Total	**1.60%**

**LCIV funds' yields are provided by the underlying managers (Baillie Gifford, Morgan Stanley and CQS).*

3 Summary of Manager Ratings

The table below summarises Deloitte's ratings of the managers employed by the Fund and triggers against which managers should be reviewed.

Manager	Mandate	Triggers for Review	Rating
LGIM	Global Equity (Passive – Future World)	Major deviation from benchmark returns Significant loss of assets under management	1
Baillie Gifford	LCIV Global Equity (Global Alpha Growth)	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	1
Morgan Stanley Investment Management	LCIV Global Equity (Global Equity Core)	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	1
Longview	Global Equity	Loss of key personnel Change in investment approach Lack of control in growth of assets under management	2
Insight	Buy and Maintain	Departure of any of the senior members of the investment team	1
CQS	LCIV Multi Asset Credit	Significant changes to the investment team responsible for the fund	1
abrdn	Property	Les Ross leaving the business or ceasing to be actively involved in the fund without having gone through an appropriate hand-over A build up within the fund of holdings with remaining lease lengths around 10 years Investment in lower yielding or poorer quality assets than expected	1
Man GPM	Affordable Housing	Significant changes to the investment team responsible for the Fund	1
Triple Point	Affordable Housing	Significant changes to the investment team responsible for the Fund	1
Pantheon	Global Infrastructure	Significant changes to the investment team responsible for the fund	1
Macquarie	Global Renewable Infrastructure	Significant changes to the investment team responsible for the fund	1
Quinbrook	UK Renewable Infrastructure	Significant changes to the investment team responsible for the fund	1
Ruffer	LCIV Absolute Return	Departure of either of the co-portfolio managers from the business Any significant change in ownership structure	1

3.1 London CIV

Business

The London CIV had assets under management of £13,877m within the 15 sub-funds (not including commitments to the primate markets strategies) as at 31 December 2021 an increase of £1,302m over the quarter primarily as a result of two investors seeding the Passive Equity Progressive Paris Aligned (PEPPA) Sub Fund in early December and new investors into the LCIV Global Bond Sub Fund, LCIV Diversified Growth Sub Fund and LCIV MAC Sub Fund.

As at 31 December 2021, the total assets under oversight, including passive investments held outside the London CIV platform, stood at £29.6bn, an increase of c. £3.7bn over the quarter. Cumulative additional commitments to the London CIV's private market funds totaled £250.0m over the fourth quarter of 2021, with total commitments raised by the private market funds standing at £2.0bn of which £744m had been drawn as at 31 December 2021.

The London CIV anticipates that the PIMCO Diversified Income Strategy will be incorporated into the LCIV Multi Asset Credit Sub Fund, which the City of Westminster Pension Fund holds an allocation to, from February 2022.

LCIV Passive Equity Progressive Paris Aligned ("PEPPA") Sub Fund

The Passive Equity Progressive Paris Aligned ("PEPPA") Sub Fund launched on 1 December 2021, having received FCA approval and having agreed the terms of the IMA with the investment manager, State Street Global Advisors (SSGA). Two London Borough investors provided seed capital to the PEPPA Sub Fund, with the Sub Fund's assets under management standing at £533m as at 31 December 2021. The London CIV expects demand for the passive low carbon equity strategy to total between £0.9bn and £1.1bn.

The PEPPA Sub Fund's investment objective is to track the performance of the S&P Developed Ex-Korea LargeMidCap Paris-Aligned Climate Index with a tracking error of less than 0.5% p.a. The Index has c. 800 holdings with no exposure to Korea or Emerging Markets. The Sub Fund implements a low carbon factor-based investment approach, targeting the following factors: carbon intensity; climate alignment; green revenues; and ESG scoring, omitting coal, oil and gas, and all UN exclusions from the portfolio.

Personnel

Over the quarter, Chris Osborne joined London CIV as a Senior Portfolio Manager, focusing on property. Chris joins the London CIV from Partners Group where he was Assistant Vice President in Real Estate, having spent 9 years at the firm.

Following quarter end, two investment analysts have accepted offers to join the London CIV, starting in February 2022.

***Deloitte view* –** We are continuing to monitor developments on the business side as well as the new fund launches.

3.2 LGIM

Business

As at 30 June 2021, Legal & General Investment Management ("LGIM") had assets under management ("AuM") of c. £1,327bn, an increase of c. £48bn since 31 December 2020. Note, LGIM provides AuM updates biannually. LGIM's AuM as at 31 December 2021 will not be available until later in the quarter.

Personnel

During December 2021, Howie Li was appointed as Global Head of Index and ETFs to lead the next phase of growth of LGIM's Index business. Howie will be responsible for the global development of LGIM's Index and ETF businesses going forward. Meanwhile, Fadi Zaher has been appointed as Head of Index Solutions.

In addition, over the fourth quarter of 2021 David Barron has returned to Chicago as Head of US Index Solutions and will be reporting directly to John Bender who will be taking on the new role of Chief Investment Officer, LGIM America. The remaining members of the US Index team will report to Dave Barron. LGIM believes these changes will allow LGIM to work more collaboratively across its investment teams in all locations, particularly aligning LGIM's investment teams in Chicago and London to strengthen the firm's ambition of being an industry leading provider of investment solutions.

Deloitte View **-** We continue to rate Legal & General positively for its passive investment management capabilities.

3.3 Baillie Gifford

Business

As at 31 December 2021, Baillie Gifford held c. £336bn in assets under management, representing a decrease of c. £10bn over the quarter primarily as a result of negative market returns. The Global Alpha strategy held assets under management of c. £57bn as at 31 December 2021, remaining relatively unchanged over the three-month period.

Personnel

There were no significant team or personnel changes over the quarter to 31 December 2021.

Following quarter end, Baillie Gifford announced that Julia Angeles, Jenny Davis, Lorna Kennedy, Linda Lin, Milena Mileva, Peter Singlehurst, Michael Stirling-Aird and Tom Walsh will all be promoted to Partner on 1 May 2022. While current Partners, James Anderson, Gerard Callahan, Lynn Dewar and Angus Franklin will retire from the firm on 30 April 2022.

Deloitte view **-** We continue to rate Baillie Gifford positively for its equity capabilities.

3.4 Morgan Stanley Investment Management

Business

The LCIV Global Equity Core Fund held assets under management of c. £601m as at 31 December 2021, an increase of c. £49m over the quarter.

As at 31 December 2021, the Morgan Stanley Global Sustain Fund, which the LCIV Global Equity Core Fund is based upon, held assets under management of c. $5.1bn, representing an increase of c. $0.6bn over the fourth quarter of 2021 as a result of positive market movements.

Personnel

Over the fourth quarter of 2021, the International Equity team announced the hire of Marte Borhaug as an Executive Director, Portfolio Manager and the team's Head of Sustainable Outcomes. Marte joins from Aviva Investors where she was Global Head of Sustainable Outcomes. Marte has 12 years of experience within the sustainability industry in both private and public sector initiatives and will help drive Morgan Stanley's sustainability strategy.

Deloitte View - We continue to rate Morgan Stanley Investment Management positively for its active equity capabilities.

3.5 Longview

Business

Longview held assets under management of c. £14.3bn as at 31 December 2021, a decrease of c. £0.4bn over the fourth quarter of 2021, with c. £0.9m of net outflows from the firm over the quarter.

Personnel

In December 2021, Tom Kieszkowski joined Longview as a Research Analyst and, after five years in Guernsey, Michael Hunt, Managing Director of Longview Partners (Guernsey) Limited, returned to the Longview Partners London office, where he spent the first four years of his Longview career.

Following quarter end, on 1 January 2022, Amy Scupham joined Longview Partners (USA) LLC as Head of Distribution (Americas) and Kate Campbell, who joined Longview Guernsey in 2016, became Managing Director of Longview Partners (Guernsey) Limited with Stuart Tostevin, who joined Longview Guernsey in 2014, taking on Michael's responsibilities as the Head of Group Risk.

Deloitte view **–** We have removed Longview's Global Equity strategy from our rated manager list following the departure of the co-founder and CIO Ramzi Rishani. As such, going forward, we will not be recommending the Longview Global Equity strategy to clients. The City of Westminster Pension Fund has issued notice to fully disinvest from the Longview Global Equity Fund over the quarter, with the proceeds settling in the Fund's designated cash account following quarter end in January 2022.

3.6 Insight

Business

Insight's assets under management stood at c. £867bn as at 31 December 2021, an increase of c. £30bn over the quarter primarily as a result of positive market returns over the three-month period.

Over the fourth quarter of 2021, the Insight Buy and Maintain Fund's assets under management remained relatively stable, standing at c. £3.2bn as at 31 December 2021.

Personnel

Insight made no changes to its Buy and Maintain Fund team over the fourth quarter of 2021.

Deloitte view – We rate Insight positively for its Fixed Income capabilities but continue to monitor how growth is being managed across the business.

3.7 CQS

Business

CQS held c. $21.6bn in assets under management as at 31 December 2021, an increase of c. $0.2bn over the quarter. The CQS Credit Multi Asset Fund's assets under management decreased by c. $0.1bn to c. $11.4bn over the fourth quarter of 2021.

Personnel

There were no specific team or personnel changes to the Credit Multi Asset Fund team over the quarter to 31 December 2021.

Deloitte View - We continue to rate CQS positively for its multi asset credit capabilities.

3.8 abrdn

Business

The Standard Life Long Lease Property Fund, managed by abrdn, had a total fund value of c. £3.4bn as at 31 December 2021, an increase of c. £0.1bn since 30 September 2021.

COVID-19 Impact:

abrdn continues to work with its tenants to discuss deferment arrangements where necessary. As at 14 February 2022, the Long Lease Property Fund had collected 99.8% of its Q4 2021 rent with none of the Long Lease Property Fund's rental income subject to deferment arrangements.

Personnel

There were no significant team or personnel changes over the quarter to 31 December 2021.

Deloitte View – We continue to rate abrdn positively for its long lease property capabilities.

3.9 Man GPM

Business

Man GPM held a total of c. $3.6bn in assets under management as at 31 December 2021, including commitments, an increase of c. $0.1bn over the quarter. The Community Housing Fund's NAV stood at c. £37.5m as at 30 September 2021, an increase of £22.6m over the third quarter of 2021, with the Fund's NAV at 31 December 2021 not yet available.

Following a second close during January 2022 where one new investor (City of Westminster Pension Fund) committed to the Fund and one existing client topped up their commitment, commitments to the Community Housing Fund now total £190m. The Fund's total capacity is £400m.

Man GPM issued a £24.6m capital call to the City of Westminster Pension Fund, consisting of £22.0m to fund investments into the portfolio, £1.7m for fund expenses and £0.9m to cover equalisation payments to the current investors of the Community Housing Fund, to be paid by 14 February 2022. Following payment, the Fund's commitment to the Man GPM Community Housing Fund is c. 47% drawn for investment.

Personnel

In October 2021, Poly Bradshaw joined Man GPM as a dedicated Project Manager, reflecting Man GPM's commitment to building out the team over time. Poly has joined from London & Quadrant and will be immediately involved in the ongoing delivery of all sites in contract.

Deloitte view – We continue to rate Man GPM for its affordable housing capabilities.

3.10 Triple Point

Business

The Impact Housing Fund is expected to launch over the second quarter of 2022 and, at the time of writing, the Fund is yet to commit a confirmed investment amount to the product.

As at 31 December 2021, Triple Point held £2.8bn in assets under management.

In addition to the City of Westminster Pension Fund's proposed £45-50m commitment, the Impact Housing Fund has received an additional commitment of £10m over the fourth quarter of 2021.

Personnel

There were no significant team or personnel changes over the quarter to 31 December 2021.

Deloitte view – We continue to rate Triple Point for its affordable housing and supported living capabilities.

3.11 Pantheon

Business

Pantheon held c. $81bn in assets under management as at 30 September 2021, an increase of c. $4bn over the quarter since 30 June 2021.

Following the final close in March 2019, the Global Infrastructure III Fund had $2.2bn in committed assets. The Global Infrastructure III Fund had completed 41 deals as at 31 December 2021, with $2,290m in closed or committed deals as at 31 December 2021 and is fully committed.

Pantheon does not plan to add any further investments to the portfolio and, going forward, capital calls will be used to pay off the short-term credit facility and to finance additional capital drawn by the fund's existing investments.

Personnel

Over the quarter, Samayita Das, Principal within Pantheon Ventures, left the firm to join Goldman Sachs as a Vice President. Samayita, based in San Francisco, had worked with Pantheon for over 5 years.

Deloitte View **-** We continue to rate Pantheon positively for its global infrastructure capabilities.

3.12 Macquarie

Business

Macquarie held assets under management of $A736bn as at 30 September 2021, an increase of c. $A43bn over the third quarter. At the time of writing, Macquarie's assets under management as at 31 December 2021 is not yet available.

On 28 January 2021, the Macquarie Renewable Energy Fund 2 ("MGREF2") reached final close with total commitments of €1.64bn across 32 investors, exceeding the initial fundraising target of €1-1.5bn. As at the end of the fourth quarter of 2021, the Macquarie Renewable Energy Fund 2 has committed €217.5m across two deals, representing 13% of commitments in total with a third transaction completing following quarter end, in February 2022, with an expected deployment of €190 million in equity.

During August 2021, Macquarie informed investors in MGREF2 of its intention to replace the current Alternative Investment Fund Manager ("AIFM"), Green Investment Group ("GIG"), with Macquarie Infrastructure and Real Assets ("MIRA"). Over the fourth quarter, MIRA was officially appointed as the AIFM, with effect from 1 December. MIRA is a Macquarie group entity which is also authorised and regulated by the Financial Conduct Authority in the UK. This change was proposed in order to reduce the number of regulated entities within the Macquarie group in Europe. Macquarie confirmed that following the replacement of GIG by MIRA, there shall be no change to the management fees charged to investors in the MGREF2, nor to the composition of the investment committee of the MGREF2.

Over the fourth quarter of 2021, Macquarie announced that GIG would operate as part of Macquarie Asset Management ("MAM") from 1 April 2022. The change enables MAM to create an enhanced team within its Real Assets division which is focused on providing access to green investment opportunities at greater scale and pace to drive the global transition to net zero. The combined teams will focus on developing, constructing and operating renewable energy projects, as well as fostering new emerging technologies and solutions – delivering decarbonisation solutions for the benefit of clients and Macquarie's portfolio companies. There are no organisational or leadership changes within MAM as a result of GIG joining, and GIG will operate as part of the Real Assets division of MAM, under the continued leadership of Leigh Harrison (Global Head of MAM Real Assets), with the GIG team being led by Mark Dooley.

Personnel

In November 2021, Macquarie announced that Martin Bradley will become Head of Real Assets in EMEA. Martin joined Macquarie in 2013 to support the firm's presence in utilities and networks, and has successfully overseen a large number of transitions within emerging markets and supported the establishment of a number of new investment funds. Macquarie believes that Martin brings a wealth of experience to the role and offers strong continuity to the EMEA team.

Additionally, in November 2021, Jiri Zrust, a Senior Managing Director in the EMEA MAM Real Assets business resigned to pursue opportunities outside of Macquarie. Jiri made significant contributions to the business over his 10 years with Macquarie as part of his role as lead of the Country Coverage team, and more recently as lead of the Energy Transition and Social Infrastructure team, in EMEA.

Deloitte View - We continue to rate Macquarie positively for its global renewable infrastructure capabilities.

3.13 Quinbrook

Business

Over the quarter, as part of a wider rebalancing of the investment portfolio, the City of Westminster Pension Fund committed an additional £10m to the Quinbrook Renewables Impact Fund.

As at 31 December 2021, a total of £260m has been committed to the Renewables Impact Fund, an increase of £10m over the quarter following the City of Westminster Pension Fund's additional commitment, accounting for 52% of the Fund's target. Quinbrook is confident that momentum will continue and plans to conduct rolling closes throughout 2022.

The Renewables Impact Fund has deployed a total of £104.6m into the investment portfolio as at 31 December 2021, representing 40% of commitments in total. Although this total is subject to confirmation at Quinbrook's annual audit in March 2022.

Personnel

Over the fourth quarter, in October 2021, Raimund Grube joined Quinbrook's US team as an Operating Partner. Raimund is largely experienced within the IPP industry, with a background in power, renewables, private equity and water. Raimund has a working history with the Quinbrook founders and trusted relationships with members of the Quinbrook US investment team and will support origination and asset management processes across all Quinbrook portfolio companies.

In November 2021, Alicia Bowry joined the UK Finance and Operations team as a manager. Prior to joining Quinbrook, Alicia was a Client Account Manager with SS&C, working on fund establishment, operations and reporting. Alicia was also a team leader at Quinbrook's current fund administrator, IQEQ, prior to SS&C.

In addition, Fiona Reynolds, previously CEO of PRI in London, and Kurt Akers, former Head of the Tangible Assets program with Washington State Investment Board, joined Quinbrook's Advisory Board in October 2021. Quinbrook anticipates that these appointments will strengthen the firm's collective abilities and expertise in climate policy, ESG, responsible investment, institutional investor engagement and strategic positioning.

In November 2021, Dennis Mou, Associate in the US office, and in December 2021, Sejal Parmar, Finance and Operations Manager in the UK office, both left their respective roles.

Deloitte View - We continue to rate Quinbrook positively for its global renewable infrastructure capabilities.

3.14 Ruffer

Business

Following quarter end, the Fund invested £50m in the LCIV Absolute Return Fund on 21 January 2021. The LCIV Absolute Return Fund, managed by Ruffer, aims to achieve low volatility and positive returns in all market conditions, from an actively managed multi-asset portfolio with a primary focus on capital preservation.

As at 31 December 2021, Ruffer held c. £24.0bn in assets under management, an increase of c. £0.8bn over the quarter.

Personnel

Over the quarter, Ruffer's CEO, Clemmie Vaughan, decided not to return to her role following maternity leave. Clemmie officially stepped down as CEO on 15 October 2021 and will remain a partner at Ruffer until March 2022 to support a full handover. From January 2021, Chris Bacon has been appointed as CEO and Miranda Best has been appointed as Deputy CEO, pending regulatory approval. Both Chris and Miranda are joining the board of Ruffer LLP having jointly lead the firm as interim co-CEOs during Clemmie's maternity leave. Chris joined Ruffer from Rothschild in 2017 and has been a Senior Adviser at the firm. Miranda joined Ruffer in 2005 as Head of Investments.

David Ballance, co-manager of the Absolute Return Fund since 2006 and leading member of Ruffer's institutional client team, has announced his intention to retire on 31 March 2022. Jos North, who joined Steve Russell and David in managing the Absolute Return Fund in 2019 and sits on Ruffer's asset allocation committee, will continue to co-manage the strategy, while Henry Maxey and Jonathan Ruffer will continue to lead the investment process. David's individual client relationships have been transitioned across Ruffer's institutional team.

Deloitte view – The Ruffer product is distinctive within the universe of diversified growth managers with the manager willing to take contrarian, long term positions, where necessary drawing on the expertise of external funds. We will continue to monitor the Absolute Return Fund and the portfolio management team going forward following David Ballance's departure, but we are comfortable that the portfolio management team, supported by Henry Maxey and Jonathan Ruffer, continues to be appropriate.

4 London CIV

4.1 Investment Performance to 31 December 2022

At 31 December 2021, the assets under management within the 15 sub-funds of the London CIV stood at £13,877m, with a further combined £2.0m committed to the London CIV's private market funds. The total assets under oversight (which includes passive investments held outside of the CIV platform) increased by c. £3.7bn to c. £29.6bn over the quarter. The table below provides an overview of the sub-funds currently available on the London CIV platform.

Sub-fund	Asset Class	Manager	Total AuM as at 30 Sept 2021 (£m)	Total AuM as at 31 Dec 2021 (£m)	Number of London CIV clients	Inception Date
LCIV Global Alpha Growth	Global Equity	Baillie Gifford	2,730	2,642	11	11/04/16
LCIV Global Alpha Growth Paris Aligned	Global Equity	Baillie Gifford	1,377	1,375	6	13/04/21
LCIV Global Equity	Global Equity	Newton	787	782	3	22/05/17
LCIV Global Equity Core	Global Equity	Morgan Stanley Investment Management	552	601	2	21/08/20
LCIV Global Equity Focus	Global Equity	Longview Partners	964	1,001	5	17/07/17
LCIV Emerging Market Equity	Global Equity	Henderson Global Investors	582	557	7	11/01/18
LCIV Sustainable Equity	Global Equity	RBC Global Asset Management (UK)	1,246	1,468	8	18/04/18
LCIV Sustainable Equity Exclusion	Global Equity	RBC Global Asset Management (UK)	430	481	3	11/03/20
LCIV PEPPA	Global Equity	State Street Global Advisors	n/a	533	2	01/12/2021
LCIV Global Total Return	Diversified Growth Fund	Pyrford	244	230	3	17/06/16
LCIV Diversified Growth	Diversified Growth Fund	Baillie Gifford	695	912	8	15/02/16
LCIV Absolute Return	Diversified Growth Fund	Ruffer	1,117	1,205	10	21/06/16
LCIV Real Return	Diversified Growth Fund	Newton	181	187	2	16/12/16
LCIV MAC	Fixed Income	CQS	1,174	1,215	13	31/05/18
LCIV Global Bond	Fixed Income	PIMCO	496	689	7	30/11/18
Total			**12,575**	**13,877**		

Source: London CIV

Over the quarter to 31 December 2021, there were two seed investors into the Passive Equity Progressive Paris Aligned (PEPPA) Sub Fund, totaling £533m, whilst one new investor was added to the LCIV Diversified Growth Sub Fund, one new investor was added to the LCIV Multi Asset Credit Sub Fund and two new investors were added to the LCIV Global Bond Sub Fund, alongside positive net flows into the LCIV Sustainable Equity Sub Fund from an existing investor.

4.2 Private Markets

The table below provides an overview of the London CIV's private markets investments as at 30 September 2021.

Sub-fund	Total Commitment as at 30 Sept 2021 (£'000)	Called to Date (£'000)	Undrawn Commitments (£'000)	Fund Value as at 30 Sept 2021 (£'000)	Number of London CIV clients	Inception Date
LCIV Infrastructure Fund	399,000	122,061	276,939	124,154	6	31/10/2019
LCIV Inflation Plus Fund	202,000	35,772	166,228	35,393	3	11/06/2020
LCIV Renewable Infrastructure Fund	682,500	51,606	630,894	48,442	10	29/03/2021
LCIV Private Debt Fund	290,000	91,552	198,448	94,435	3	29/03/2021
The London Fund	195,000	22,917	172,083	21,662	2	15/12/2020

Source: London CIV

5 LGIM – Global Equity (Passive – Future World)

Legal and General Investment Manager ("LGIM") was appointed to manage a global equity portfolio with a passive ESG approach, with the objective of replicating the performance of the Solactive L&G ESG Global Markets Index benchmark. The manager has an annual management fee based on the value of assets.

5.1 Passive Global Equity – Investment Performance to 31 December 2021

	Last Quarter (%)	One year (%)	Since Inception (% p.a.)
LGIM Future World Global Equity Index Fund – GBP Currency Hedged	7.1	21.6	25.4
Solactive L&G ESG Global Markets Index	7.1	21.3	25.1
MSCI World Equity Index – GBP Hedged	8.0	24.4	27.9
Relative (to Benchmark)	0.1	0.3	0.3

Source: Legal & General Investment Management

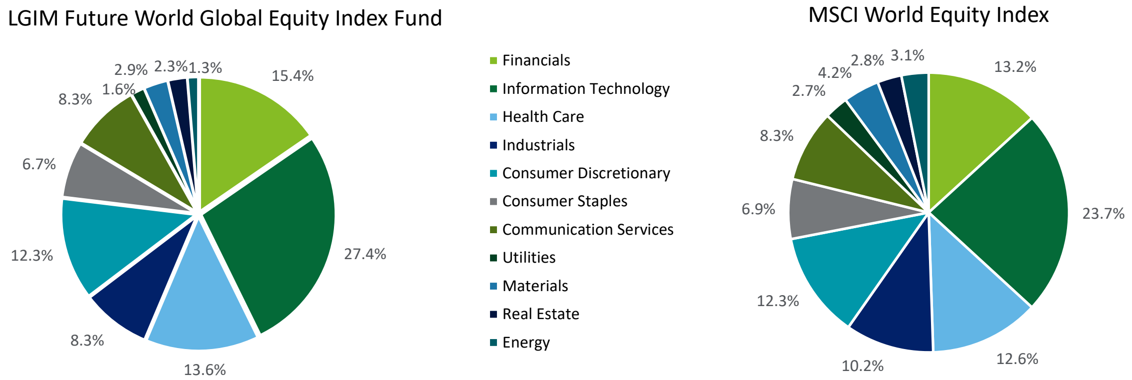
The Fund offers equity exposure while incorporating ESG 'tilts' through LGIM-designed indices. Note, LGIM designs the ESG indices and Solactive are used as the benchmark calculation agent. The tilting mechanism aims to reduce exposure to companies associated with 'poor' ESG practices and to provide greater exposure to those that have stronger ESG credentials. LGIM believes that integrating ESG considerations into the investment process can help to mitigate long-term risk and has the potential to improve long-term financial outcomes.

The LGIM Future World Global Equity Index Fund – GBP Currency Hedged slightly outperformed its Solactive L&G ESG Global Markets Index benchmark over the quarter to 31 December 2021, delivering an absolute return of 7.1% on a net of fees basis, but underperformed the MSCI World Equity Index – GBP Hedged by 0.9% over the three-month period, with the strategy's selective stock allocation mechanism proving detrimental over the quarter.

Over the one-year period to 31 December 2021, the LGIM Future World Global Equity Index Fund – GBP Currency Hedged delivered a strong absolute return of 21.6% on a net of fees basis, outperforming its Solactive L&G ESG Global Markets Index benchmark by 0.3%, while underperforming the MSCI World Equity Index – GBP Hedged by 2.8% on a net of fees basis. The Fund's large positive absolute return over the year can be attributed to the widely sustained recovery in global equity markets following the onset of the COVID-19 pandemic over the first quarter of 2020, with global equity markets delivering positive returns over each of the four separate quarters to 31 December 2021.

5.2 Portfolio Sector Breakdown at 31 December 2021

The below charts compare the relative weightings of the sectors in the LGIM Future World Global Equity Index Fund and the MSCI World Equity Index as at 31 December 2021.



Source: LGIM

The LGIM Future World Global Equity Index Fund has a larger allocation to financials and information technology than the MSCI World Equity Index, whilst the lower allocation to industrials, materials and energy represents the ESG tilt applied by the LGIM strategy.

6 LCIV – Global Alpha Growth

Baillie Gifford was appointed to manage an active Global Equity mandate from 18 March 2014, held as a sub-fund under the London CIV platform from 11 April 2016. The manager is remunerated on an asset-based fee, reflecting the total value of assets invested in the strategy across the Tri-borough. The target is to outperform the benchmark by 2-3% p.a. on a gross of fees basis over rolling 5-year periods.

6.1 Global Alpha Growth – Investment performance to 31 December 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Net of fees	0.1	8.9	22.6	16.2
MSCI AC World Index	6.2	19.6	17.9	13.2
Relative	-6.1	-10.7	4.6	3.0

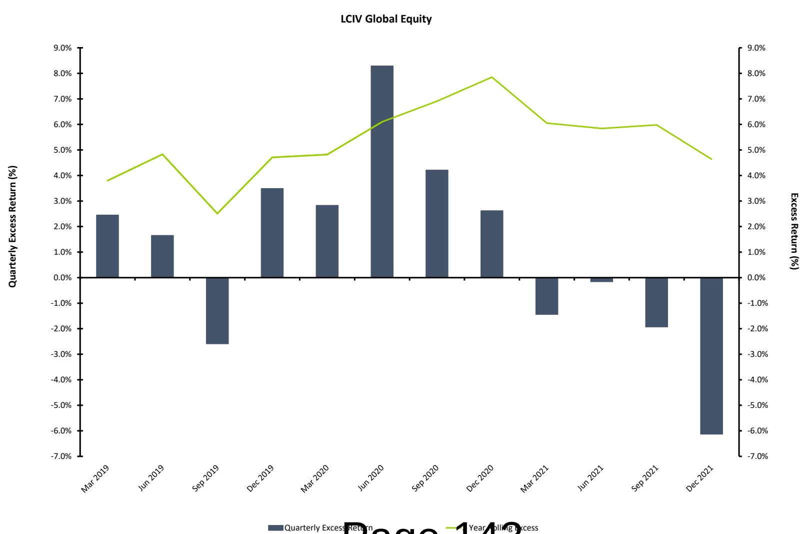
Source: Northern Trust. Relative performance may not tie due to rounding.
Inception date taken as 18 March 2014

Over the fourth quarter of 2021, the LCIV Global Alpha Growth Fund, managed by Baillie Gifford, delivered an absolute return of 0.1% on a net of fees basis, underperforming its MSCI AC World Index benchmark by 6.1% over the period. Over the one-year and annualised three-year periods to 31 December 2021, the strategy delivered positive returns of 8.9% and 22.6% p.a. respectively, but underperformed the benchmark by 10.7% over the year, while outperforming the benchmark by 4.6% p.a. over the longer three-year period. The LCIV Global Alpha Growth Fund's relative underperformance over the year to 31 December 2021 reflects the sub-fund's worst calendar year relative return since its inception onto the London CIV platform.

While underperformance over the fourth quarter of 2021 can be partially attributed to an overall market rotation into value-driven stocks, specifically within the energy sector where the Global Alpha Growth Fund has limited exposure, the strategy has also significantly underperformed the wider growth market – with the MSCI World Growth Index returning 7.6% over the quarter to 31 December 2021.

Stock selection considerably contributed to underperformance over the quarter. While technology-backed consumer discretionary companies have, historically, provided meaningful contributions to positive returns for the strategy, particularly over the initial periods of the COVID-19 pandemic, the LCIV Global Alpha Growth Fund suffered heavy losses from a number of these positions over the fourth quarter of 2021. Particularly SEA Limited, the online content, e-commerce and payments company which was the strategy's largest holding at the start of the quarter, which fell in value by c. 30% over the quarter following an announcement from Tencent, one of the largest shareholders, that they will be reducing the size of their holding by c. 2%.

The graph below shows the net quarterly returns and the rolling three-year excess returns relative to the benchmark. The fund's current three-year excess return is ahead of the target (+2% p.a.), having outperformed the benchmark by 4.6% p.a. over the three-year period to 31 December 2021.



The manager's decision to invest in a portfolio of companies at various stages of the growth cycle has proved beneficial since the onset of the pandemic, but this positioning has detracted from performance over the third and fourth quarters of 2021. However, Baillie Gifford continues to hold conviction in those positions which have recognised short-term volatility, citing the manager's belief in the stocks' long-term potential.

Over the quarter, the Global Alpha strategy introduced some changes within its investment process. Having introduced four "Growth Profiles" (Stalwart, Rapid, Cyclical and Latent) in 2009 to guide stock selection and portfolio management, Baillie Gifford has decided to discontinue the Latent profile, citing that it offers little contribution to diversification and has delivered materially lower levels of outperformance than its counterparts. This will not result in any changes to the holdings within the portfolio, rather Baillie Gifford will no longer explicitly seek Latent Growth opportunities, and the current Latent Growth holdings will be re-classified under the Cyclical Growth bucket.

Simultaneously, Ballie Gifford will refresh the titles of the growth profiles to better reflect the way the businesses are likely to grow, rather than the rate of growth. As such, 'Stalwart Growth' will become 'Compounders', 'Rapid Growth' will become 'Disrupters' and 'Cyclical Growth' will become 'Capital Allocators'. Again, these changes will not lead to any change to the underlying holdings in the investment portfolio or any meaningful change in the overall growth or risk characteristics of the portfolio.

6.2 Positioning Analysis

The top ten holdings in the portfolio account for c. 24.6% of the fund and are detailed below.

Top 10 holdings as at 31 December 2021	Proportion of Baillie Gifford Fund
Prosus Nv	3.0%
Microsoft	2.9%
Moody's	2.8%
Anthem Com	2.8%
Martin Marietta Materials	2.7%
Alphabet	2.7%
Taiwan Semiconductor Manufacturing	2.1%
Amazon	2.0%
SEA	1.9%
Shopify	1.8%
Total	**24.6%**

Source: London CIV
Figures may not sum due to rounding

6.3 Performance Analysis

The table below represents the top five contributors to performance over the quarter to 31 December 2021.

Top 5 contributors as at 31 December 2021	Contribution (%)
Tesla Inc	+0.59
Anthem Com	+0.50
Martin Marietta Materials	+0.48
Teradyne	+0.46
Microsoft	+0.45

Tesla continues to be one of the strategy's best performers, having provided the largest contribution to positive performance over the fourth quarter of 2021 following strong Q4 2021 earnings with revenue exceeding analyst predictions amid increasing levels of vehicle deliveries.

The table below represents the top 5 detractors to performance over the quarter to 31 December 2021.

Top 5 detractors as at 31 December 2021	Contribution (%)
Moderna	-0.80
SEA	-0.77
Doordash	-0.33
Peloton Interactive Inc	-0.26
Oscar Health Inc	-0.26

After two successive quarters as the LCIV Global Alpha Growth Fund's largest contributor to positive returns, Moderna, the US pharmaceutical company, was the largest contributor to negative performance over the fourth quarter of 2021. Moderna's detraction over Q4 is largely attributed to shipment delays, prompting a reduction in 2021 revenue guidance, although Baillie Gifford continues to hold conviction in the stock and believes the downward pressure on stock price will be short lived.

SEA, as mentioned above, was also one of the largest detractors to performance, alongside Doordash, a US food ordering and delivery platform which performed poorly as investors grew nervous surrounding the company's heavy reinvestment of earnings.

7 LCIV – Global Equity Core

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 31 October 2020. The aim of the fund is to outperform the MSCI AC World Index.

7.1 Global Equity Core – Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Since Inception (% p.a.)
Net of fees	9.0	20.3	23.4
Benchmark (MSCI World Net Index)	6.2	19.6	27.7
Global Franchise Fund (net of fees)	9.4	24.0	25.3
Net Performance relative to Benchmark	2.8	0.6	-4.3

Source: Morgan Stanley and Northern Trust. Relative performance may not tie due to rounding.

The LCIV Global Equity Core Fund delivered a positive return of 9.0% on a net of fees basis over the quarter to 31 December 2021, outperforming the MSCI World Net Index by 2.8%. Over the longer twelve-month period to 31 December 2021, the strategy has outperformed its benchmark by 0.6%, delivering a positive absolute return of 20.3% on a net of fees basis.

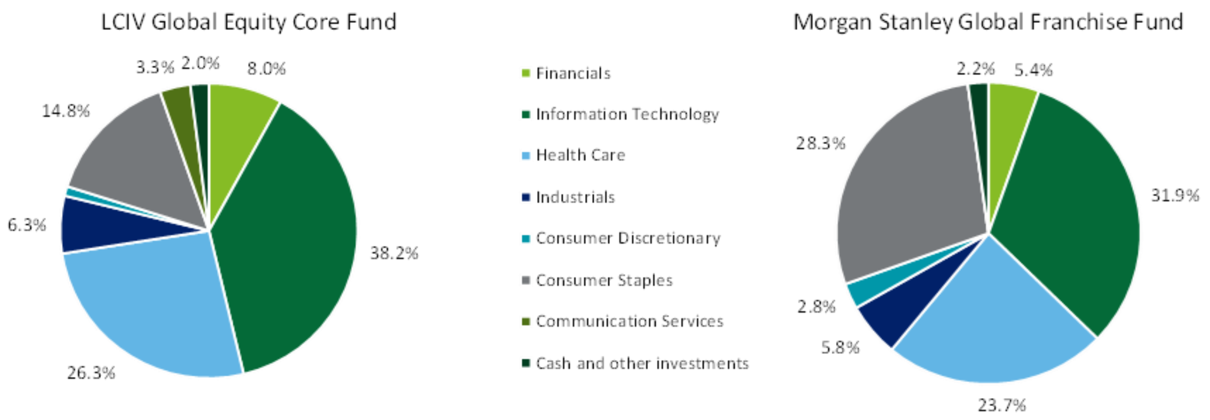
The LCIV Global Equity Core Fund's portfolio is predominantly comprised of quality franchises with strong recurring cash flows, and the strategy therefore has a low allocation to cyclical stocks. The LCIV Global Equity Core Fund has outperformed the wider market over the fourth quarter of 2021 with the stable earnings profile and high-quality characteristics of the underlying stocks proving favourable, relative to cyclical companies.

Outperformance was boosted by the strategy's sector allocation, with the LCIV Global Equity Core Fund's overweight information technology and underweight communication services and financials positions proving beneficial. The strategy's stock selection also contributed to outperformance over the quarter, with Microsoft and Accenture in particular posting positive earnings as both companies continued to expand their businesses ahead of anticipated future trends.

The LCIV Global Equity Core 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 a number of small differences in the characteristics of the two funds. The LCIV Global Equity Core Fund underperformed the Global Franchise Fund by 0.4% over the quarter, with underperformance largely attributed to a lower allocation to consumer staples companies, with beverage and tobacco companies benefitting from increased global social activity, having been adversely impacted by previous social distancing measures.

7.2 Portfolio Sector Breakdown at 31 December 2021

The charts below compare the relative weightings of the sectors in the LCIV Global Equity Core Fund and the Morgan Stanley Global Franchise Fund as at 31 December 2021.



Source: London CIV and Morgan Stanley

The Global Equity Core 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. 9% to tobacco stocks as at 31 December 2021. The Global Equity Core Fund is restricted from investing in tobacco, and hence holds a substantially smaller allocation to consumer staples.

7.3 Performance Analysis

The table below summarises the Global Equity Core Fund portfolio's key characteristics as at 31 December 2021, compared with the Morgan Stanley Global Franchise Fund.

	LCIV Global Equity Core Fund	Global Franchise Fund
No. of Holdings	38	31
No. of Countries	7	5
No. of Sectors*	6	6
No. of Industries*	18	13

*Not including cash

Source: London CIV and Morgan Stanley

Holdings

The top 10 holdings in the Global Equity Core Fund account for c. 47.7% of the strategy and are detailed below.

Global Equity Core Fund Holding	% of NAV
Microsoft	7.3
Visa	5.5
SAP	5.0
Reckitt Benckiser	5.0
Accenture	4.9
Baxter International	4.1
Becton Dickinson	4.1
Danaher	4.1
Thermo Fisher Scientific	3.9
Abbott Laboratories	3.9
Total	**47.7***

Global Franchise Fund Holding	% of NAV
Microsoft	9.2
Philip Morris	7.6
Reckitt Benckiser	6.4
Visa	5.6
Danaher	5.1
Accenture	5.0
Thermo Fisher Scientific	4.8
Procter & Gamble	4.8
SAP	4.7
Abbott Laboratories	4.6
Total	**57.6***

*Note figures may not sum due to rounding

Source: London CIV and Morgan Stanley

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

8 Longview – Global Equity

Longview was appointed on 15 January 2015 to manage an active global equity mandate. The manager's remuneration is based on the value of assets invested across the Tri-borough. The expectation is that the fund will outperform the benchmark by 3% p.a.

8.1 Active Global Equity – Investment Performance to 31 December 2021

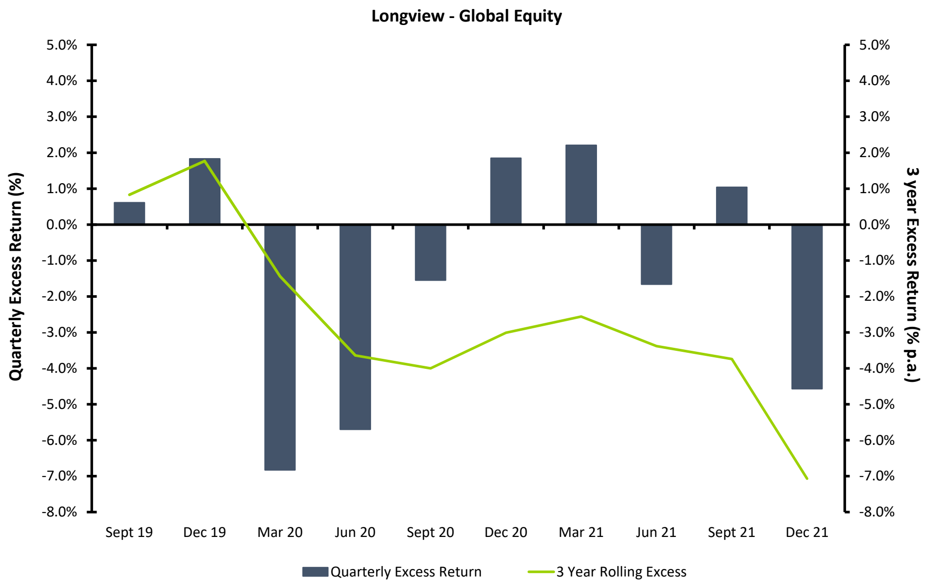
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Net of fees	2.5	19.3	12.1	12.5
MSCI World Index	7.1	22.7	19.2	13.7
Relative	-4.6	-3.4	-7.1	-1.2

Source: Northern Trust. Relative performance may not tie due to rounding.
Inception date 15 January 2015

Over the quarter to 31 December 2021, the Longview Global Equity Fund delivered a positive absolute return of 2.5% on a net of fees basis, underperforming its MSCI World Index benchmark by 4.6%. Longview has underperformed its benchmark by 3.4% over the year to 31 December 2021, delivering a positive absolute return of 19.3% on a net of fees basis over the period, and has underperformed its benchmark by 7.1% p.a. over the longer three-year period.

The City of Westminster Pension Fund has issued notice to fully disinvest from the Longview Global Equity Fund over the quarter, with the proceeds settling in the Fund's designated cash account following quarter end in January 2022.

The fund targets an outperformance of 3% p.a. over rolling three-year periods. The chart below shows the quarter and rolling three-year returns.



The extent of the Global Equity Fund's relative underperformance over the fourth quarter of 2021 represents the strategy's worst quarterly return, relative to the MSCI-based benchmark, since the onset of the COVID-19 pandemic. Longview has primarily attributed the underperformance over the quarter to stock selection within IT and Consumer Staples. Within the IT sector, Longview states that not owning Apple, Microsoft and NVIDIA contributed over 2% to relative underperformance against the MSCI World Index benchmark, with the majority of the payments industry within the sector providing a further drag on relative performance. While within the Consumer Staples sector, Henkel struggled in the light of cost inflation and Asahi, Sysco and US Foods detracted as their respective governments introduced additional social distancing measures in response to the rapid spread of the Omicron variant.

Longview continues to position the portfolio with a relative over-exposure to companies which the manager feels are sensitive to social distancing measures, and therefore likely to benefit most when such measures are lifted. Longview maintains a conviction that these holdings continue to be undervalued and feels that the portfolio is well positioned to benefit from a return towards greater normality, but the manager retains an expectation that COVID-19 associated volatility will continue to be present in the market for some time, citing the risk of the spread of further COVID-19 variants.

The Global Equity Fund made one new portfolio acquisition and one sale over the fourth quarter of 2021. Longview added Heineken N.V. to the portfolio over the quarter, citing the growing and relatively predictable nature of the brewing industry with Heineken operating a diversified portfolio of over 300 brands. Meanwhile, Longview sold out of Henkel over the quarter, following disappointing performance across the consumer staples business since early 2019. This poor performance was followed by inventory problems in North America and China and more recent input cost pressures, resulting in uncertainty surrounding the company's sustainability of returns.

8.2 Performance Analysis

The tables below represent the top five and bottom five contributors to performance over the fourth quarter of 2021.

Top Five Contributors for Q4 2021	Contribution (%)
W.W. Grainger	+0.86
UnitedHealth	+0.84
IQVIA	+0.38
Marsh & McLennan	+0.26
TJX Companies	+0.24

W.W. Grainger delivered the strategy's largest contribution to outperformance over the fourth quarter, following strong performance from its rapidly growing online business Zoro in the US and MonotaRO in Japan. Grainger has thus far successfully expanding its US online self-service offering, launched in 2011, which continues to grow in registered users. UnitedHealth also delivered a large contribution to positive performance over the quarter, with the company's fast-growing subsidiary operations providing an advantage relative to other health insurers.

Medtronic was the Fund's largest detractor to relative performance over the fourth quarter, with the company reporting slightly lower than expected results for the three months to the end of October as demand was hit by slower medical device procedure volumes, primarily in the US, due to COVID-19 and hospital staff shortages. Additionally, in December, the stock's shares fell by c. 6% in response to a warning letter received from the US Food and Drug Administration by the company's diabetes business in California, following an inspection related to product recalls. Charter Communications also detracted from relative performance over the quarter, as a result of slowing broadband net subscriber growth in the US.

Top Five Detractors for Q4 2021	Contribution (%)
Medtronic	-0.94
Charter Communications	-0.77
Fidelity Natl Info Services	-0.51
Henkel	-0.51
Asahi Group	-0.48

9 Insight – Buy and Maintain

Insight was appointed to manage a buy and maintain credit portfolio. The fund aims to invest in predominantly investment grade credit which the manager believes can be held to maturity. The manager's fee is based on the value of assets.

9.1 Buy and Maintain Fund - Investment Performance to 31 December 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Non Gilts - Net of fees	0.5	-2.3	5.4	5.7
iBoxx £ Non-Gilt 1-15 Yrs Index	-0.3	-2.3	3.3	4.6
Relative	0.9	-0.1	2.0	1.1

Source: Northern Trust. Relative performance may not tie due to rounding.
Inception date taken as 12 April 2018

The Insight Buy and Maintain Fund delivered a positive return of 0.5% on a net of fees basis over the fourth quarter of 2021, outperforming its temporary iBoxx non-gilt benchmark by 0.9%. The Buy and Maintain Fund delivered a negative absolute return of 2.3% on a net of fees basis over the year to 31 December 2021, slightly underperforming the benchmark by 0.1% but delivered a positive absolute return of 5.4% p.a. on a net of fees basis over the three years to 31 December 2021, outperforming its benchmark by 2.0% p.a.

The longer duration of the Buy and Maintain Fund, relative to the benchmark, proved beneficial over the quarter, with longer dated yields falling. The Buy and Maintain Fund outperformed the iBoxx non-gilt benchmark over the three-month period as the short-dated gilt yields underlying the benchmark rose over the quarter as markets began to price in the likely rate hikes in response to increasing inflationary pressures.

Over the quarter, Insight purchased a new green bond from NatWest that scored highly on Insight's selection criteria and a green bond issued by Finnish municipality financing company Kuntarahoitus Oyj.

Insight has confirmed that there were no defaults within the Buy and Maintain portfolio over the fourth quarter of 2021.

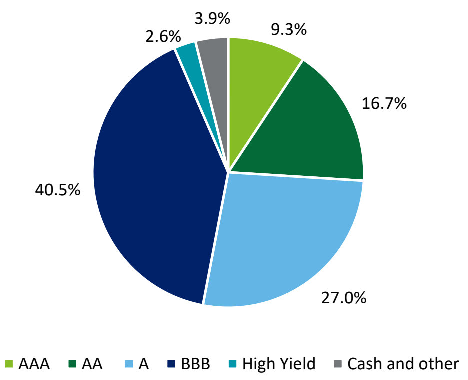
9.2 Performance Analysis

The table below summarises the Buy and Maintain portfolio's key characteristics as at 31 December 2021.

	30 Sept 2021	31 Dec 2021
Yield (%)	1.9	2.0
No. of issuers	173	170
Modified duration (years)	8.5	8.7
Spread duration (years)	7.9	7.8
Government spread (bps)	103	114
Swaps spread (bps)	86	84
Largest issuer (%)	3.2	2.1
10 largest issuers (%)	12.4	12.2

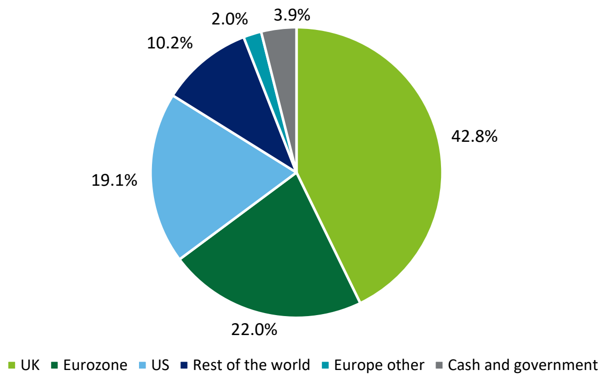
Source: Insight

The graph below shows the split of the Buy and Maintain portfolio by credit rating.

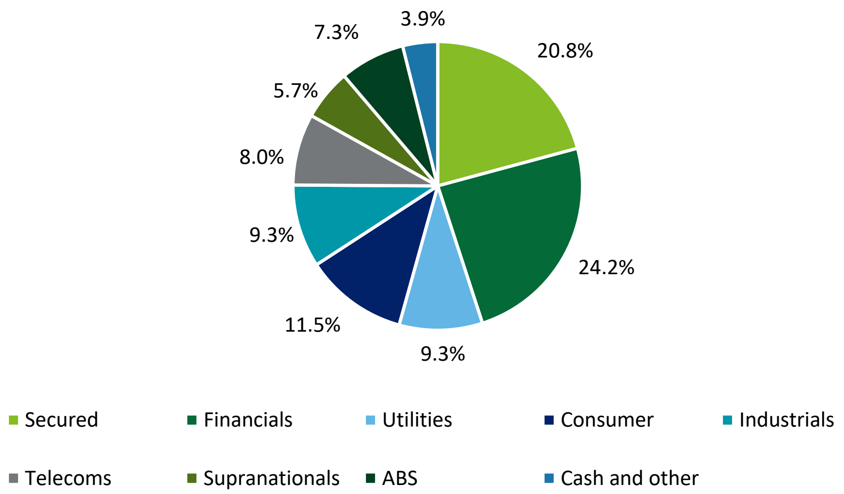


As at 31 December 2021, the fund's investment grade holdings made up c. 93.5% of the portfolio, a decrease of c. 0.9% over the quarter. The fund remains predominantly invested in BBB and A rated bonds.

The graph below shows the split of the Buy and Maintain portfolio by country as at 31 December 2021.



The graph below shows the split of the Buy and Maintain portfolio by sector as at 31 December 2021.



The table below shows the top 10 issuers by market value as at 31 December 2021.

Issuer name	Rating*	Holding (%)
UK Treasury	AA	2.1
Taurus	AAA	1.4
Municipality Finance Plc	AAA	1.3
Wellcome Trust Ltd	AAA	1.2
Db Master Finance Llc	BBB	1.1
Cellnex Telecom	BB	1.1
Natwest Group Plc	AAA	1.1
Industrial Bank of Korea	AA	1.0
Orsted	BBB	1.0
Realty Income Corp	A	1.0

Ratings provided by Insight

10 LCIV – Multi Asset Credit

CQS was appointed to manage a multi asset credit mandate, under the London CIV platform, in October 2018 with the aim of outperforming the 3-month Sterling LIBOR benchmark by 4% p.a. An annual fee covers the manager's and the London CIV platform management fees.

10.1 Multi Asset Credit – Investment Performance to 31 December 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
CQS – MAC –Net of fees	1.0	6.2	4.9	4.0
3 Month Libor + 4%	1.0	4.1	4.6	4.6
Relative	0.0	2.2	0.3	-0.6

Source: Northern Trust
Inception date taken as 30 October 2018

Over the fourth quarter of 2021, the Multi Asset Credit Fund, managed by CQS, delivered an absolute return of 1.0% on a net of fees basis, performing in line with its cash-based benchmark. Over the year to 31 December 2021 the strategy outperformed the benchmark by 2.2%, delivering a positive absolute return of 6.2% on a net of fees basis, while over the long three year period to 31 December 2021 the Multi Asset Credit Fund has returned 4.9% p.a. on a net of fees basis, outperforming the cash-based benchmark by 0.3% p.a.

The Multi Asset Credit Fund's bias towards floating rate secured loans, relative to fixed rate high yield bonds, continued to prove beneficial over the fourth quarter of 2021, having provided the strategy's largest contribution to positive returns over the remainder of the year to date, driven by interest income from Europe and the US amid a supportive macro-economic backdrop. CQS increased the strategy's allocation to floating rate secured loans further over the quarter, seeking to mitigate interest rate duration risks and price volatility.

Despite experiencing volatility over the fourth quarter of 2021, the strategy's loans portfolio was relatively flat over the quarter, with European loans outperforming their US counterparts, while the Multi Asset Credit Fund's convertible bonds exposure provided robust returns against the backdrop of positive equity market returns. Meanwhile, owing to the strong underlying fundamentals of such positions, CQS' asset backed securities exposure, which CQS increased its allocation to over the quarter, also delivered a modest contribution to performance, with income from the strategy's European CLOs and high yield allocations sufficient to offset mark-to-market volatility.

CQS experienced 25 credit rating downgrades over the quarter to 31 December 2021, representing c. 1.8% of the portfolio, with no defaults occurring over the period. The Multi Asset Credit Fund portfolio recognised 35 credit rating upgrades over the quarter, representing c. 3.4% of the portfolio.

10.2 Portfolio Analysis

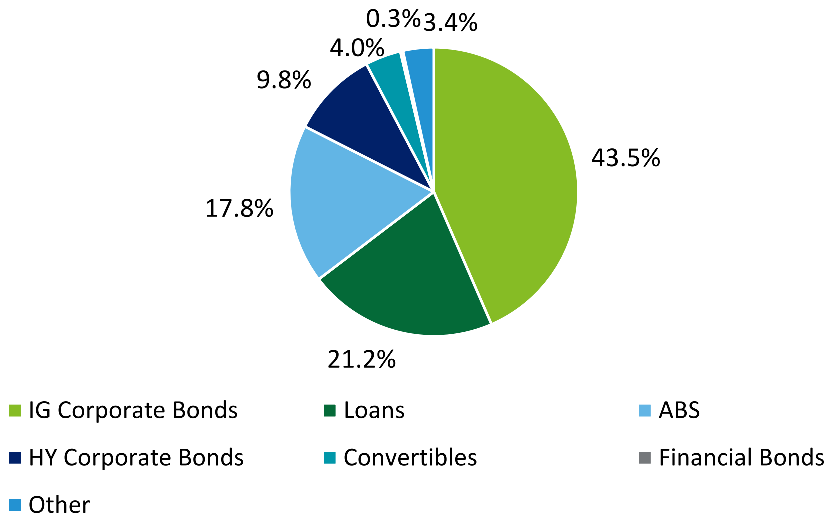
The table below summarises the Multi Asset Credit Fund portfolio's key characteristics as at 31 December 2021.

	30 Sept 2021	31 Dec 2021
Weighted Average Bond Rating	B+	B+
Long Bond Equivalent Exposure with Public Rating (%)	89.4	87.2
Investment with Public Rating (%)	89.0	87.8
Yield to Maturity (%)	5.0	5.5
Spread Duration	3.8	3.6
Interest Rate Duration	1.2	1.2

Source: London CIV

10.3 Asset Allocation

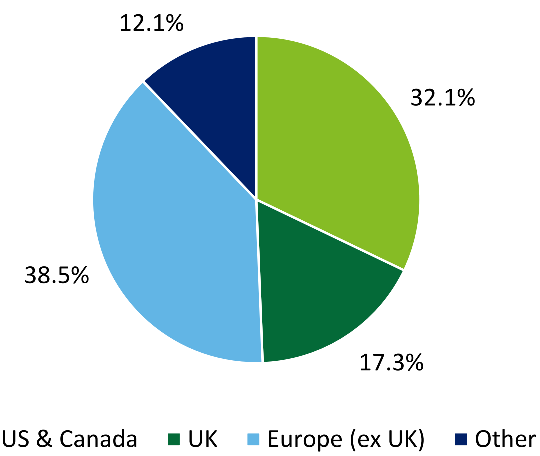
The asset allocation split of the Multi Asset Credit Fund as at 31 December 2021 is shown below.



Source: London CIV

10.4 Country Allocation

The graph below shows the regional split of the LCIV Multi Asset Credit Fund as at 31 December 2021.



Source: London CIV

11 abrdn – Long Lease Property

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.

11.1 Long Lease Property – Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)	Since Inception (% p.a.)
abrdn - Net of fees	4.0	12.5	7.3	8.2	n/a
Benchmark	2.9	-3.2	5.2	4.4	5.8
Relative	1.1	15.7	2.1	3.2	n/a

Source: abrdn and Northern Trust. Relative performance may not tie due to rounding.

Since inception: 14 June 2013

The Long Lease Property Fund performance quoted in the table above has been provided by abrdn and differs from the figures provided separately by Northern Trust. The performance figures provided by Northern Trust are based on valuation and unit price data provided to Northern Trust by abrdn, however we have been made aware that the 31 December 2021 unit price provided by abrdn was incorrect and Northern Trust has subsequently provided understated performance figures for the Long Lease Property Fund.

Based on the performance figures provided by abrdn, the Standard Life Long Lease Property Fund, managed by abrdn, delivered an absolute return of 4.0% on a net of fees basis over the fourth quarter of 2021, outperforming the FT British Government All Stocks Index Benchmark by 1.1%.

Over the fourth quarter of 2021, the Long Lease Property Fund has underperformed the wider property market, as measured by the MSCI (formerly IPD Monthly) UK All Property Index, by 3.1%, largely as a result of the strategy's underweight position to the industrial and retail warehousing sectors relative to the wider property market, with both sectors performing well over the quarter to 31 December 2021 owing to continued yield compression. The strategy has outperformed the wider property market over the longer term, with long term performance continuing to be aided by the portfolio's stronger tenant credit quality and long, inflation linked leases, and the lack of any high street or shopping centre exposure with these sectors particularly impacted by the COVID-19 outbreak.

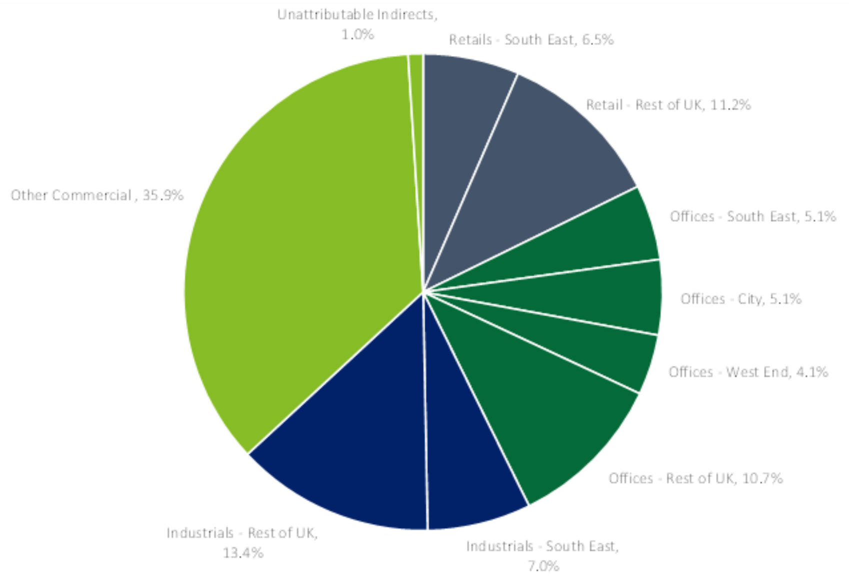
Positive performance over the quarter can be largely attributed to capital growth within the portfolio, particularly in the supermarket sector, with the major supermarket operators continuing to report strong trading owing in part to the continued heightened use of online shopping. The remainder of the Long Lease Property Fund's retail portfolio saw values fall over the quarter, particularly the strategy's pub and leisure sector assets.

After removing the material valuation uncertainty clause and lifting the suspension on trading during the third quarter of 2020, the Long Lease Property Fund continues to trade as normal.

Rent collection statistics improved slightly over the fourth quarter of 2021 as abrdn realised Q4 collection rates of 99.8% (as at 14 February 2022). Over the fourth quarter of 2021, none of the Long Lease Property Fund's rental income was subject to deferment arrangements, with 0.2% unpaid or subject to ongoing discussions with tenants. As at 14 February 2022, abrdn had collected 97.6% of its Q1 2022 rent, with no income subject to deferment arrangements and 2.4% of rent unpaid or subject to ongoing discussions with tenants.

11.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 31 December 2021 is shown in the graph below



Source: abrdn.

The Long Lease Property Fund completed no further acquisitions over the fourth quarter of 2021. abrdn, however, estimates a further investment pipeline of up to £1.15bn exists with a number of off market opportunities being actively tracked and a number of openly marketed opportunities of rarely available assets coming to market. abrdn has strong conviction in its ability to deploy capital through 2022, considering the current pipeline.

Q4 2021 and Q1 2022 rent collection, split by sector, as at 14 February 2022 is reflected in the table below:

Sector	Proportion of Fund as at 31 December 2021 (%)	Q4 2021 collection rate (%)	Q1 2022 collection rate (%)
Alternatives	6.0	100.0	93.0
Car Parks	3.7	100.0	100.0
Car Showrooms	3.2	100.0	100.0
Hotels	7.8	100.0	100.0
Industrial	14.7	100.0	92.0
Leisure	3.3	94.0	95.0
Public Houses	5.5	100.0	100.0
Offices	29.6	100.0	98.0
Student Accommodation	8.1	100.0	100.0
Supermarkets	18.2	100.0	100.0
Total	**100.0**	**99.8**	**97.6**

The leisure sector has expressed the poorest rental collection statistics over the fourth quarter of 2021 and the first quarter of 2022 as at 14 February 2022, with the industrial sector also expressing poor rental collection statistics over Q1 2022 as at 14 February 2022.

abrdn has stated that the majority of the Long Lease Property Fund's underlying tenants have reverted to paying rent as per their lease terms, with no Q4 2021 or Q1 2022 rental income subject to deferment arrangements as at 14 February 2022.

abrdn has now collected 99.8% of 2020 rents and 99.1% of 2021 rents, with the majority of outstanding rent in 2021 reduced to a small number of tenants. There has been no write-off of any outstanding rent, or rent-free periods agreed.

The table below shows details of the top ten tenants in the fund measured by percentage of net rental income as a 31 December 2021:

Tenant	% Net Income	Credit Rating
Whitbread	5.6	BBB
Viapath	5.0	AA
Tesco	5.0	BBB
Sainsbury's	4.6	BB
Marston's	4.4	BB
Asda	3.8	BBB
Salford University	3.6	A
Secretary of State for Communities	3.5	AA
QVC	3.4	BB
Lloyds Bank	3.3	AA
Total	**42.2***	

*Total may not equal sum of values due to rounding

The top 10 tenants contributed 42.2% of the total net income of the Fund as at 31 December 2021. Of which 13.4% of the net income came from the supermarket sector, with Tesco, Sainsbury's and Asda continuing to make up a significant proportion of the Fund at quarter end.

The unexpired lease term decreased from 25.7 years as at 30 September 2021 to 25.5 years as at 31 December 2021. The proportion of income with fixed, CPI or RPI rental increases increased by c. 0.8% over the quarter to 91.9%. abrdn expects this measure to increase further over 2022 as pre-let projects and pipeline deals complete.

As at 31 December 2021, 0.9% of the Fund's NAV is invested in ground rents via an indirect holding in the abrdn Ground Rent Fund, with 17.3% of the Fund invested in income strip assets.

12 Man GPM – Affordable Housing

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

12.1 Community Housing Fund – Investment Performance to 31 December 2021

Capital Calls and Distributions

The Fund committed £50m to Man GPM in January 2022.

Man GPM issued one capital call following quarter end:

- A capital call of £24.6m, consisting of £22.0m to fund investments into the investment portfolio, £1.7m for fund expenses and £0.9m to cover equalisation payments to the current investors of the Community Housing Fund, for payment by 14 February 2022.

As such, as at 14 February 2022, the Fund's remaining unfunded commitment stood at c. £26.3m with the Fund's £50m commitment c. 47% drawn for investment.

Activity

Man GPM agreed terms on one project over the fourth quarter of 2021:

- Chilmington, Ashford – a forward fund of 225 homes compromised of 132 houses and 93 flats in a well-connected market town with 85% affordable rent targeted at key worker and shared ownership households. The investment has been completed and Man GPM is holding discussions on a 10 year operating lease to a local Housing Association. Gross project cost of £71m.

In addition to the Campbell Wharf project, where terms were agreed over the third quarter of 2021, Man GPM also agreed terms on two projects over the third quarter of 2021 with the deals announced by Man GPM later in Q4:

- Towergate, Milton Keynes – a forward fund of 55 homes embedded within a larger development scheme totaling 150 homes. The development targets 100% shared ownership affordable rent targeted at key worker and median income households. The investment has been completed and Man GPM is holding discussions on a 10 year operating lease to a local Housing Association. Gross project cost of £18m.

- Coombe Farm, Saltdean – a forward fund of 71 homes comprised of a mixture of new houses and bungalows with 83% of homes being made available for discounted rental or affordable home ownership. The deal is a repeat investment with a developer already known to the Fund. The investment has been completed and Man GPM is in advanced discussions on a 10 year operating lease to a local Housing Association. Gross project cost of £25m.

Man GPM has stated that all projects are proceeding broadly in-line with expectations.

Pipeline

As at 31 January 2022, Man GPM's pipeline investment opportunities included four late-stage investment opportunities with an estimated gross cost of £103m in which negotiations are in place with the vendor, alongside two favourable investment opportunities with an estimated combined gross project cost of £82m where Man GPM holds a positive view on returns and investment thesis, having completed initial due diligence, with an offer not yet accepted by the vendor.

12.2 Investments Held

The table below shows a list of the projects currently undertaken by the Man GPM Community Housing Fund as at 31 December 2021.

Investment	Number of Homes	Number of Affordable Homes	Expected Total Commitment – Gross (£m)	Expected Total Commitment – Net (£m)	Total Capital Drawn and Invested to Date (£m)
Alconbury Weald	95	95 (100%)	22.4	12.0	4.8
Grantham	227	186 (82%)	38.0	17.0	4.8
Lewes	41	39 (95%)	12.9	10.5	1.2
Campbell Wharf	79	79 (100%)	21.5	10.1	TBC
Towergate	55	55 (100%)	18.1	6.5	TBC
Saltdean	71	59 (83%)	24.8	9.6	TBC
Chilmington	225	192 (85%)	70.8	30.6	TBC
Total	**793**	**705 (89%)**	**208.5**	**96.3**	**TBC**

Source: Man GPM

13 Pantheon – Global Infrastructure Fund III

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

13.1 Global Infrastructure - Investment Performance to 31 December 2021

Capital Calls and Distributions

The Fund committed $91.5m to Pantheon in February 2019.

Over the quarter, Pantheon issued two capital calls and one distribution:

- A capital call of $4.6m for payment by 7 October 2021, representing c. 5.0% of the Fund's total commitment;
- A capital call of $2.1m for payment by 10 November 2021, representing c. 2.3% of the Fund's total commitment; and
- A distribution of $6.4m for payment by 30 December 2021, consisting of $3.8m return of capital, $2.0m realised gain and $0.6m dividend income.

The remaining unfunded commitment as at 31 December 2021 was c. $28.1m, with the Fund's $91.5m commitment c. 69% drawn for investment.

Activity

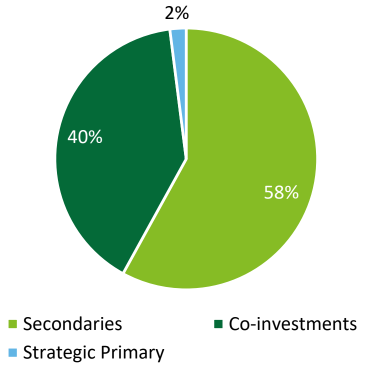
The PGIF III completed two new investments over the fourth quarter:

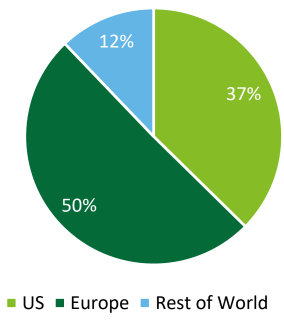
- One secondary global transportation project, Project Aquarius, with a commitment value of c. $73.8m; and
- One co-investment waste-to-energy project, Covanta, with a commitment value of c. $53m.

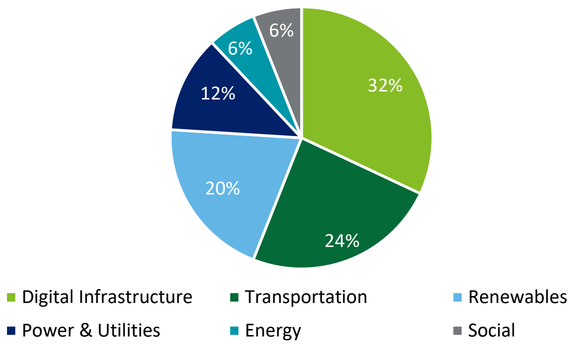
Following completion of these transactions, the Global Infrastructure Fund III is now fully deployed. Going forward, capital calls will be used to pay off the short-term credit facility and to finance additional capital drawn by the fund's existing investments.

13.2 Asset Allocation

The charts below show the current diversification by strategy, geography and sector in PGIF III as at 30 September 2021. Data as at 31 December 2021 will not be available until later in the quarter.







Source: Pantheon

The target geographic diversification is 30-50% North America, 40-60% Europe and 3-15% Asia and others. The PGIF III also aims to be 15-20% energy infrastructure (midstream), 20-30% energy infrastructure (power/utility), 20-30% transportation, 10-20% PPP/social infrastructure and 10-20% other.

13.3 Investments Held

The table below shows a list of the investments held by PGIF III as at 30 September 2021.

Project Name	Geography	Sector	Type	Deal Size ($m)	Commitment Date
Roger	Europe	Diversified Infrastructure	Secondary	29	Dec 17
TRAC Domestic	North America	Transportation	Co-investment	12	Dec 17
Naturgy	Europe	Energy Infrastructure	Co-investment	33	May 18
Luton Airport	Europe	Transportation	Co-investment	24	May 18
Invenergy	North America	Energy Infrastructure	Co-investment	35	Aug 18
VTG	Europe	Transportation	Co-investment	64	Sep 18
Inti	Europe	Energy Infrastructure	Secondary	23	Dec 18
Megabyte	North America	Digital Infrastructure	Secondary	76	Dec 18
Hivory	Europe	Digital Infrastructure	Co-investment	34	Dec 18
Fairway	Global	Diversified Infrastructure	Secondary	53	Dec 18
Proxiserve	Europe	Energy Infrastructure	Co-investment	32	Mar 19
Springbank	North America	Transportation	Secondary	60	May 19
ORYX Midstream	North America	Energy Infrastructure	Co-investment	65	May 19
Gatwick Airport	Europe	Transportation	Secondary	66	Jun 19
Kookaburra	APAC	Diversified Infrastructure	Secondary	61	Jul 19
Sullivan	Global	Diversified Infrastructure	Secondary	121	Jul 19
GlobalConnect	Europe	Digital Infrastructure	Secondary	67	Dec 19
McLaren	Global	Diversified Infrastructure	Secondary	53	Jan 20
IFT	Europe	Digital Infrastructure	Co-investment	67	Jan 20
Zayo	North America	Digital Infrastructure	Co-investment	66	Mar 20
Energy Assets Group	Europe	Energy Infrastructure	Co-investment	37	Apr 20
Viridor	Europe	Energy Infrastructure	Co-investment	49	July 20
Taurus	Europe	Energy Infrastructure	Co-investment	26	Oct 20
Thor	North America	Digital Infrastructure	Co-investment	52	Oct 20
Kapany	Europe	Diversified Infrastructure	Secondary	128	Nov 20
Megabyte II	North America	Digital Infrastructure	Secondary	51	Nov 20
Epsilon	Europe	Diversified Infrastructure	Co-investment	68	Dec 20
MapleCo	Europe	Energy Infrastructure	Co-investment	43	Jan 21
Emerald	North America	Energy Infrastructure	Secondary	48	March 21
Teemo	Europe	Digital Infrastructure	Co-investment	26	April 21
Kinetic	APAC	Transportation	Co-investment	45	April 21
Blue Jays	North America	Diversified	Secondary	119	May 21
Aurora	Global	Social	Secondary	147	Pending
Ermewa	Europe	Transportation	Co-investment	68	Pending
Anthem	Global	Diversified	Secondary	109	Pending
Aquarius	Global	Transportation	Secondary	74	Pending

14 Macquarie – Renewable Energy Fund 2 ("MGREF2")

Macquarie was appointed to manage a global renewable infrastructure mandate following the manager selection exercise in December 2020. The manager has an annual management fee on undrawn and invested assets, alongside a performance fee.

14.1 MGREF2 - Investment Performance to 31 December 2021

Capital Calls and Distributions

The Fund committed €55m to Macquarie in December 2020.

Macquarie issued no further capital calls over the fourth quarter of 2021, but issued one capital call following quarter end:

- Macquarie issued a capital call for €4.7m, consisting of €4.5m to fund an investment into the portfolio and €0.2m for transaction costs relating to the investment, for payment by 14 February 2022.

The remaining unfunded commitment as at 14 February 2022 was c. €43.0m, with the Fund's total contribution at c. €12.0m and the Fund's €55m commitment c. 22% drawn.

Activity

The MGREF2 reached an agreement to acquire 90% of the French solar energy platform Apex Energies SAS ("Apex Energies") on 16 November 2021, with MGREF2 expecting to deploy c. €190 million of equity into the investment. The transaction is expected to complete by mid-February 2022, with customary approvals already secured. Apex Energies is a leading rooftop solar energy platform in France which manages an operational portfolio of 92MW across over 530 sites. The group's development pipeline is 2.2GW, which includes over 900MW of rooftop and 1.3GW of ground-mounted projects.

As at 31 December 2021, MGREF2 has committed 19% to solar assets against a 30% solar cap. However, following quarter end, Macquarie took a proposal to increase the solar cap to the Investors Prudential Review Committee ("IPRC") with MGREF2's pipeline providing more solar opportunities in the near term and amid the expectation that MGREF2 is unlikely to achieve the original aim of investing 50-75% of total commitments in offshore wind. Subsequently, the IPRC consented to an increase in the solar investment allocation from 30% of total commitments to 60% of total commitments.

Macquarie has commented that deployment has been slower than expected due to some increased challenges, such as the significant entrance of large oil & gas companies and the increased focus of large utilities into the renewable infrastructure market universe.

Macquarie has stated it is pleased with the performance of the current portfolio assets, but acknowledges that the pace of capital deployment is below where the manager would like it to be. Macquarie has confirmed that it will continue to display price discipline when considering any investment opportunities. Macquarie remains optimistic and states that it is continuing to explore opportunities for the Fund to deploy its remaining capital with several opportunities currently in the due diligence phase. The current deal pipeline includes offshore wind farms in the North Sea and several wind and solar platform opportunities.

14.2 Projects

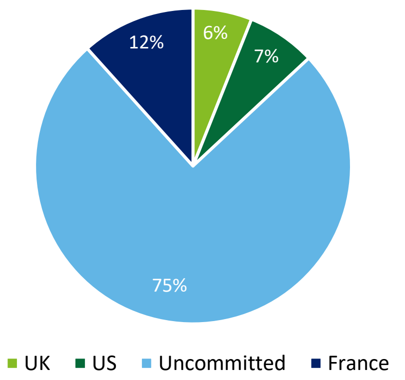
The table below shows a list of the investments held by the MGREF2 as at 31 December 2021.

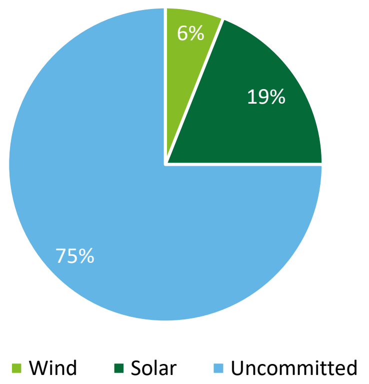
Project Name	Fund Ownership	Investment Date	Sector	Location	Gross Value (£m)
Gwynt y Môr	100%	Jan-20	Onshore wind	UK	121.6
US Residential Solar Co	50%	Oct-20	Solar	US	131.8
Total					**253.3**

Source: Macquarie

14.3 Asset Allocation

The charts below show the current diversification by geography and sector in the MGREF2 as at 31 December 2021, following the strategy's initial investments.





Source: Macquarie

The target geographic diversification is 60-75% Western Europe (<30% UK), with the remainder invested primarily across North America and Asia (USA, Canada, Japan, Taiwan, Mexico (<15%), also Australia and New Zealand). The MGREF2 also aims to primarily consist of offshore wind assets, with Macquarie feeling it has a competitive advantage in this space given its experience and relationships already gained, with the overall portfolio also featuring onshore wind and solar PV allocations (solar was initially viewed as more of an opportunistic allocation, but solar is now expected to make up a larger proportion of the portfolio, compared with the initial target allocations set by Macquarie).

15 Quinbrook – Renewables Impact Fund

Quinbrook was appointed to manage a UK renewable infrastructure mandate following the manager selection exercise in December 2020. The manager has a base annual management fee and a performance fee.

15.1 Renewables Impact Fund - Investment Performance to 31 December 2021

Capital Calls and Distributions

The City of Westminster Pension Fund committed £50m to Quinbrook in December 2020 with the Fund committing an additional £10m to Quinbrook in December 2021.

Over the fourth quarter of 2021, Quinbrook issued two capital calls:

- A capital call of £2.8m, consisting of a £2.6m capital contribution and a £0.2m contribution to cover management fees, for payment by 15 October 2021; and
- A capital call of £5.5m, consisting of a £5.4m capital contribution and a £0.1m contribution to cover management fees, for payment by 30 November 2021.

Following quarter end, Quinbrook issued an additional capital call and equalisation notice:

- A capital call of £2.3m, consisting of a £2.1m equalisation payment following the Fund's additional £10m commitment at the fifth close, and a £0.2m contribution to cover management fees and interest, for payment by 27 January 2022.

As such, as at 27 January 2022, following payment of this drawdown notice, the remaining unfunded commitment stands at c. £43.6m, with the Fund's total commitment at c. £16.4m.

Activity

On 1 October 2021, Quinbrook completed the acquisition of Project Fortress, a consented 350MW solar and battery storage project in Kent, which is estimated to require c. £270m of capital to construct. Quinbrook expects to commence construction of the project over the first half of 2022, and expects the project to be operational in late 2023 or early 2024. Once operational, Fortress is expected to be the largest single site solar PV installation in the UK, more than three times the size of the UK's next largest consented solar PV project.

Following quarter end, Quinbrook announced that it has completed construction and commission of a new synchronous condenser installation at Rassau, in Ebbw Vale, South Wales as part of Project Rassau. The synchronous condenser is expected to support the stable decarbonisation of electricity supply as the UK increases its uptake of variable renewables in the move towards Net Zero targets. The construction and commissioning was completed on 15 February 2022.

Pipeline

The Renewables Impact Fund has a pipeline of investment opportunities which Quinbrook believes represent key gaps in the market, where the manager believes core demand creates a need for greater use of such assets.

Quinbrook has been unable to provide an update with regards to its pipeline projects as at quarter end. However as at October 2021, Quinbrook remained in negotiations to provide renewable energy solutions to a major UK water supply operator.

As reported last quarter, Quinbrook's affiliate, Private Energy Partners ("PEP") has a pipeline of projects that are exclusively dedicated to the Renewables Impact Fund. PEP's pipeline totals 175.5MW of solar PV, 118.5MW of battery storage projects and 600MVAr of grid support projects with an estimated capital requirement in excess of £150m. PEP's pipeline complements the pipeline already secured by Quinbrook and those deals that are under exclusivity, providing a diverse array of opportunities from which Quinbrook can select for the Renewables Impact Fund's invested portfolio.

15.2 Projects

The table below shows a list of the investments held by the Quinbrook Renewables Impact Fund as at 31 December 2021.

Project Name	Fund Ownership	Investment Date	Technology	Location	Net investment (£m)
Project Rassau (first project from the Reggie Portfolio)	100%	Dec-20	Synchronous Condenser	UK	35.6
Reggie Portfolio	100%	Dec-20	Synchronous Condenser	UK	6.2
Project Fortress	100%	Oct-21	Solar and Battery Energy Storage	UK	35.2
Habitat	100%	Nov-21	Battery Optimisation	UK	27.6
Total					104.6

Source: Quinbrook

Please note that the figures quoted above are provisional, and are subject to confirmation at Quinbrook's annual audit in March 2022.

16 LCIV – Absolute Return

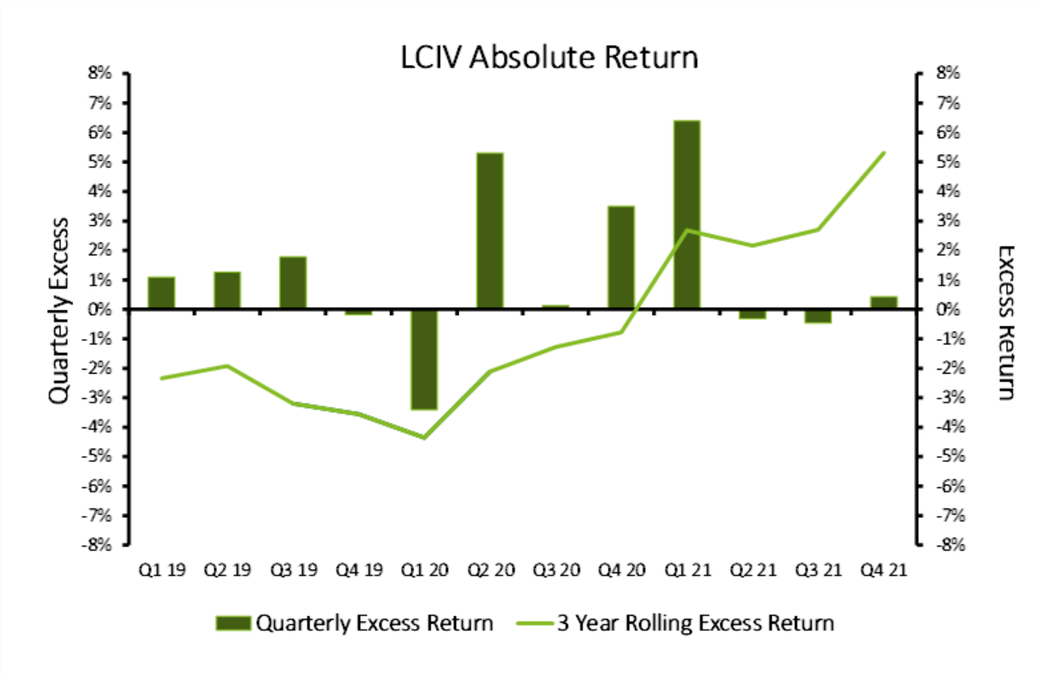
Ruffer was appointed to manage an absolute return mandate, held as a sub-fund under the London CIV platform, from 21 January 2022, with the aim of outperforming the 3 month Sterling LIBOR benchmark by 4% p.a. The manager has a fixed fee based on the value of assets. The manager has an annual management fee.

16.1 Absolute Return Fund - Illustrative Investment Performance to 31 December 2021

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)
Net of fees	*1.5*	*10.3*	*9.7*	*4.6*
Target	*1.0*	*4.1*	*4.4*	*4.5*
Net performance relative to Target	*0.4*	*6.2*	*5.3*	*0.1*

Source: Northern Trust. Relative performance may not tie due to rounding.

The City of Westminster Pension Fund invested £50m in the LCIV Absolute Return Fund following quarter end, in January 2022. As such, please note that the performance of the LCIV Absolute Return Fund displayed in the table above and the chart below is for illustration purposes only.



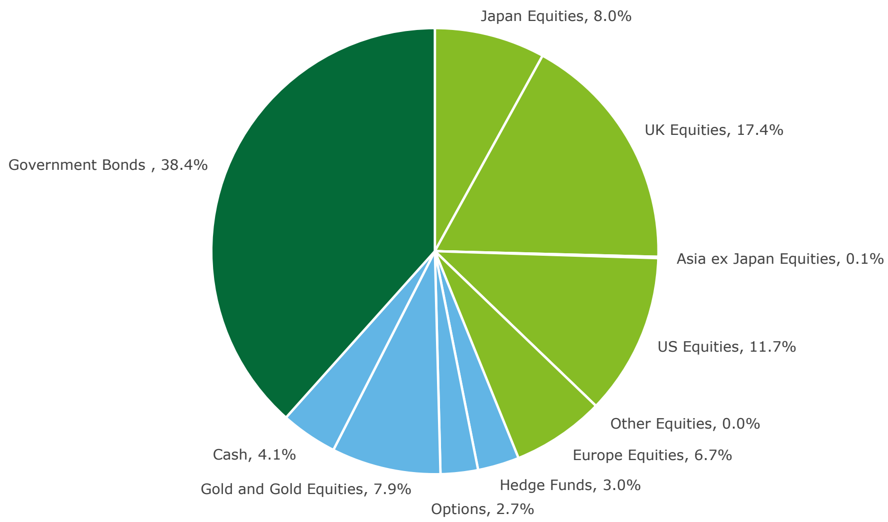
Over the quarter to 31 December 2021, the Absolute Return Fund returned 1.5% on a net of fees basis, outperforming its LIBOR+4% target by 0.4%. The strategy has delivered a strong absolute return of 10.3% on a net of fees basis over the year to 31 December 2021, outperforming its target by 6.2%. Over the longer three and five year periods to 31 December 2021, the strategy has delivered positive returns of 9.7% p.a. and 4.6% p.a. respectively on a net of fees basis, outperforming the LIBOR-based target by 5.3% p.a. and 0.1% p.a. respectively.

The Absolute Return Fund outperformed its target over the quarter with the manager's strategic positioning proving relatively successful in navigating the beginning of the withdrawal of COVID-related monetary support alongside the impacts of the Omicron variant. Positive returns were primarily driven by the strategy's UK inflation-linked bonds exposure, with the strategy's short-dated bonds benefitting from rising near-term inflation expectations while long-dated bonds benefitted from the decline in longer term yields. The LCIV Absolute Return Fund's equity allocation also contributed positively to returns over the three-month period, particularly the strategy's c. 5% allocation to global pharmaceuticals and healthcare stocks, whose defensive characteristics proved beneficial as the Omicron variant emerged over the fourth quarter.

However, the Fund's equity protection and credit protection strategies detracted from performance somewhat over the quarter. In addition, Ruffer reduced the Absolute Return Fund's exposure to gold and gold producers over the third quarter of 2021, with these sectors performing well over the fourth quarter.

16.2 Asset Allocation

The chart below represents the asset allocation of the LCIV Absolute Return Fund portfolio as at 31 December 2021.



Source: London CIV

Appendix 1 – Fund and Manager Benchmarks

The tables in this Appendix detail the benchmarks and outperformance targets, for the Total Fund and each individual manager.

Total Fund

Inception: 1 June 2006. Current benchmark allocation effective from 25 March 2015.

Manager	Asset Class	Long Term Strategic Benchmark Allocation (%)	Benchmark	Outperformance Target	Inception Date
LGIM	Future World Global Equity	20.0	Solactive ESG Global Markets Index	Passive	15/10/20
Baillie Gifford	LCIV Global Alpha Growth	20.0	MSCI AC World Index	+2.0% p.a. (net of fees)	18/03/14
Morgan Stanley	LCIV Global Equity Core	20.0	MSCI AC World Index (net dividends reinvested)	Generate total returns (comprising of both capital growth and income) over a 5-10 year period	30/10/20
Longview	Global Equity	0.0	MSCI World (GBP) Index	To outperform the benchmark over a market cycle	15/01/15
Insight	Buy and Maintain	13.5	Insight Custom Benchmark	n/a	12/04/18
CQS	Multi Asset Credit	5.5	3 Month Libor	+4% p.a. (net of fees)	30/10/18
abrdn	Property	5.0	FTSE Gilts All Stocks Index +2% p.a.	+0.5 p.a. (net of fees)	14/06/13
Man GPM	Affordable Housing	2.5	3 Month Libor	+4% p.a. (net of fees)	14/02/22
Triple Point	Affordable Housing / Supported Living	2.5	TBC	TBC	n/a
Pantheon	Global Infrastructure	5.0	3 Month Libor	+8% p.a. (net of fees)	15/04/19
Macquarie	Global Renewable Infrastructure	3.0	3 Month Libor	TBC once fully drawn for investment	08/02/21
Quinbrook	UK Renewable Infrastructure	3.0	3 Month Libor	TBC once fully drawn for investment	25/01/21
Ruffer	LCIV Absolute Return Fund	-	3 Month Libor	+4% p.a. (net of fees)	21/01/22
	Total	100.0			

Appendix 2 – Manager Ratings

Based on our manager research process, we assign ratings to the investment managers for specific products or services. The ratings are based on a combination of quantitative and qualitative factors, where the inputs for the qualitative factors come from a series of focused meetings with the investment managers. The ratings reflect our expectations of the future performance of the particular product or service, based on an assessment of:

- The manager's business management;
- The sources of ideas that go to form the portfolio ("alpha generation");
- The process for including the ideas into the portfolio ("alpha harnessing"); and
- How the performance is delivered to the clients.

On the basis of the research and analysis, managers are rated from 1 (most positive) to 4 (most negative), where managers rated 1 are considered most likely to deliver outperformance, net of fees, on a reasonably consistent basis. Managers rated 1 will typically form the basis of any manager selection short-lists.

Where there are developments with an investment manager that cause an element of uncertainty we will make the rating provisional for a short period of time, while we carry out further assessment of the situation.

Appendix 3 – Risk Warnings & Disclosures

- Past performance is not necessarily a guide to the future.
- The value of investments may fall as well as rise and you may not get back the amount invested.
- Income from investments may fluctuate in value.
- Where charges are deducted from capital, the capital may be eroded or future growth constrained.
- Investors should be aware that changing investment strategy will incur some costs.
- Any recommendation in this report should not be viewed as a guarantee regarding the future performance of the products or strategy.

Our advice will be specific to your current circumstances and intentions and therefore will not be suitable for use at any other time, in different circumstances or to achieve other aims or for the use of others. Accordingly, you should only use the advice for the intended purpose.

Our advice must not be copied or recited to any other person than you and no other person is entitled to rely on our advice for any purpose. We do not owe or accept any responsibility, liability or duty towards any person other than you.

Deloitte Total Reward and Benefits Limited is authorised and regulated by the Financial Conduct Authority.

Deloitte.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

City of Westminster Pension Fund

December 2021 quarterly funding update

HEADLINE

31 December 2021	Ongoing Funding (£m)
Assets	1,959
Liabilities	1,900
Surplus/(deficit)	59
Funding level	103%

Summary

This funding update is provided to illustrate the estimated funding position as at 31 December 2021, for the City of Westminster Pension Fund (“the Fund”).

At the last formal valuation, the Fund reported (smoothed) assets of £1,411m and liabilities of £1,431m. This represented a deficit of £20m and equates to a funding level of 99%. Since the valuation the funding level has increased by 4% to 103%.

Investment returns of c.35% over the period since the valuation have been higher than expected. However, the outlook for future expected investment returns (‘the discount rate’) has fallen (from 4.8% p.a. to 4.1% p.a.) and future inflation expectations have risen, increasing the value placed on liabilities.

Since the valuation contributions have been more than the cost of accrual of new benefits. A full breakdown of the impact of these changes on the funding deficit is included in the tables below.

Should you have any queries please contact me.

Steven Scott

Steven Scott FFA

Funding Level

31 December 2021	Ongoing Funding (£m)
Assets	1,959
Liabilities	1,900
Surplus/(deficit)	59
Funding level	103%

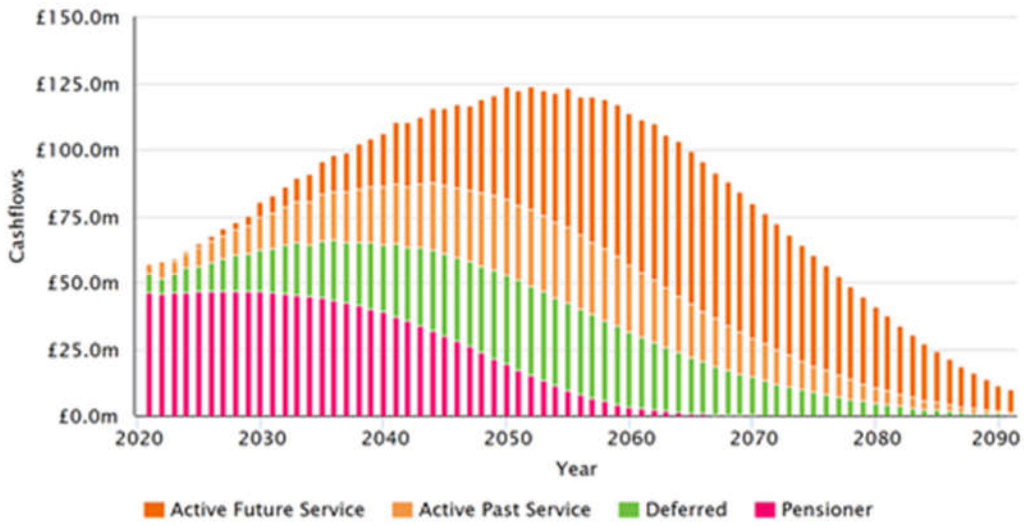
Analysis of surplus

Surplus/(deficit)	£m
Surplus/(deficit) as at 31/03/2019	(20)
Contributions (less benefits accruing)	97
Interest on surplus/(deficit)	3
Excess return on assets	334
Change in inflation & expected future investment return	(355)
Surplus/(deficit) as at 31/12/2021	59

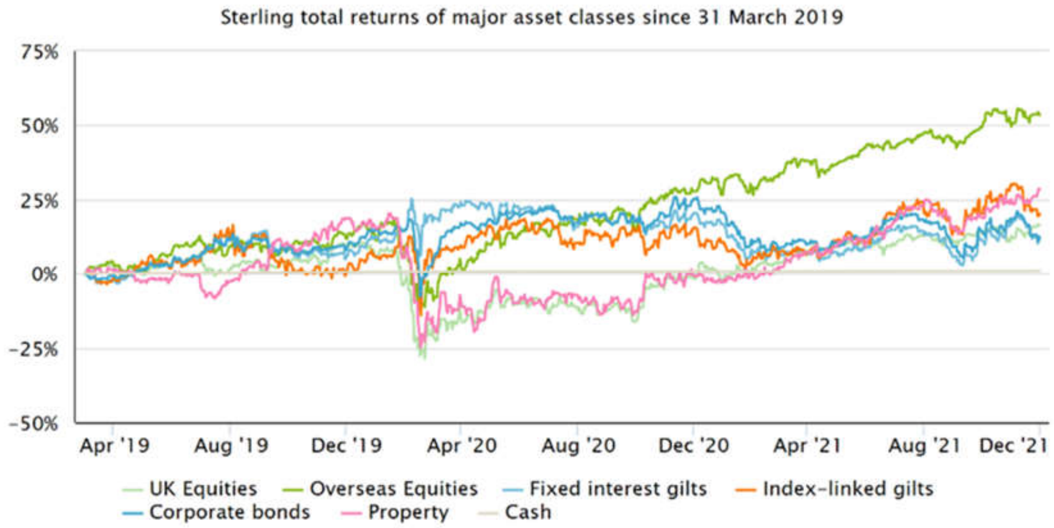
Assumptions and market indicators

	31 March 2019	30 September 2021	31 December 2021
Financial assumptions	% p.a.	% p.a.	% p.a.
Pension increases (CPI)	2.65%	3.02%	2.93%
Salary increases	3.65%	4.02%	3.93%
Discount rate	4.84%	4.39%	4.14%
Price Index			
FTSE All Share	3,978	4,059	4,208
FTSE 100	7,279	7,086	7,385

Projected cashflows



Index returns



Sensitivity matrix

Sensitivity Matrix as at 31 December 2021 for Ongoing funding basis (£m)

Shift in equity level (using FTSE 100 levels as proxy)

Shift in expected future investment return (% p.a.)	5,169 -30%	5,908 -20%	6,646 - 10%	7,385	8,123 + 10%	8,861 + 20%	9,600 + 30%
+0.6	(272)	(109)	53	216	379	541	704
+0.4	(321)	(158)	4	167	329	492	655
+0.2	(373)	(211)	(48)	115	277	440	602
0.0	(428)	(266)	(103)	59	222	384	547
-0.2	(487)	(325)	(162)	1	163	326	488
-0.4	(549)	(387)	(224)	(62)	101	264	426
-0.6	(615)	(453)	(290)	(128)	35	197	360

less than 50% | 50% - 85% | 85% - 95% | 95% - 100% | 100% - 105% | 105% - 115% | greater than 115%

Reliances and limitations

This report was commissioned by and is addressed to City of Westminster in their capacity as the Administering Authority and is provided to assist in monitoring certain funding and investment metrics. It should not be used for any other purpose. It should not be released or otherwise disclosed to any third party except as required by law or with our prior written consent, in which case it should be released in its entirety. **Decisions should not be taken based on the information herein without written advice from your consultant.** Neither I nor Hymans Robertson LLP accept any liability to any other party unless we have expressly accepted such liability in writing.

The method and assumptions used to calculate the updated funding position are consistent with those disclosed in the documents associated with the last formal actuarial valuation as at 31 March 2019 and “Funding update report as at 30 September 2021” (dated November 2021), although the financial assumptions have been updated to reflect known changes in market conditions. The calculations contain approximations and the accuracy of this type of funding update declines with time from the valuation; differences between the position shown in this report and the position which a new valuation would show can be significant. It is not possible to assess its accuracy without carrying out a full actuarial valuation. This update complies with Technical Actuarial Standard 100.

Fund Information Sheet

LCIV Global Alpha Growth Paris Aligned Fund

Fund Overview

December 2021

The LCIV Global Alpha Growth Paris Aligned Fund operates a bottom-up, long-term global equity growth process that is also consistent with the objectives of the Paris Climate Agreement. The Sub-fund has a long-term investment horizon and an annual turnover typically less than 20%, implying holding periods for each stock of over five years on average. Stocks are picked on the basis of fundamental attractions, irrespective of location. Industry and regional exposures are a residual of the stock selection process. The focus is on companies that can deliver above-average earnings growth. An additional process is applied to screen out carbon intensive companies that do not, or will not, play a role in the transition to a low carbon future. The final portfolio, investing between 70 and 120 stocks, is well diversified and very different from the index.

Investment Objective

The objective of the Sub-fund is to exceed the rate of return of the MSCI All Country World Index by 2-3% per annum on a gross fee basis over rolling five year periods. The Sub-fund also aims to have a weighted average greenhouse gas intensity that is lower than that of the MSCI ACWI Climate Paris Aligned Index.

Investment Policy

The Sub-fund will invest at least 90% in shares of companies and equity like instruments. The Sub-fund will be actively managed by the Investment Manager, and is not constrained by the Index which means that the Sub-fund does not have to invest in the same components of the Index or in the same weights. The Sub-fund can invest in companies in any country and in any sector, subject to any exclusions identified by the Investment Manager's screening processes.

The purpose of the Investment Manager's screening processes is to ensure that the Sub-fund invests in a way which is, in the Investment Manager's opinion, in alignment with the Paris Climate Agreement by screening out carbon intensive companies that do not, or will not, play a role in the transition to a low-carbon future. Firstly, the Investment Manager applies a quantitative screening process to screen out companies with particular levels of exposure to the fossil fuels industry. The Sub-fund may not invest in companies that generate more than 10% of revenues from the extraction and/or production of coal, oil and/or gas. The Sub-fund also may not invest in companies that generate more than 50% of revenues from services provided to coal, oil and/or gas extraction and/or production. The Investment Manager receives data on companies' fossil fuel exposure from a third party.

As the quantitative screening process is focused only on screening out companies with particular levels of revenue exposure to fossil fuels, carbon intensive companies from other industries or sectors will remain within the possible investment universe. The Investment Manager then applies its qualitative screening process to the remaining companies. The purpose of this screening process is to identify those companies that, in the Investment Manager's opinion, will not play a role in the transition to a low carbon future.

Fund Summary

Asset Class:	Global Equities
Portfolio Manager:	Baillie Gifford & Co
Launch Date:	13/04/2021
* Investment Objective:	MSCI All Country World Gross Index (in GBP)+2%
** Benchmark:	MSCI All Country World Gross Index (in GBP)
Fund Currency:	GBP
Fund Price:	101.10p
Fund Size:	£1,374.7m

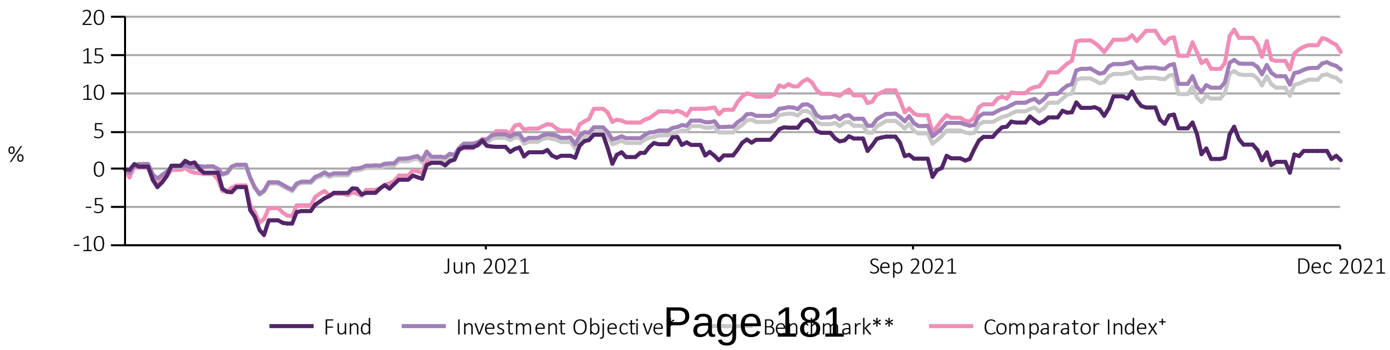
Source: London CIV data as at 31 December 2021

Net Performance	Current Quarter %	1 Year %	Since Inception p.a. %†
Fund	(0.19)	n/a	1.20
Investment Objective*	6.72	n/a	13.18
Relative to Investment	(6.91)	n/a	(11.98)
Benchmark**	6.18	n/a	11.58
Relative to Benchmark	(6.37)	n/a	(10.38)

Performance figures since inception have been annualised for any Sub-funds that have been live for longer than 12 months.

The Investment Manager will consider whether the company provides an essential service (for example, agriculture) and also whether the company can and has shown a commitment to preparing for the low-carbon economy through, for example, its emissions reporting, carbon policies and targets. Carbon intensive companies that do not fulfil the qualitative screening process will be screened out. Non-carbon intensive companies that do not fulfil the criteria of the qualitative screening process may be screened out at the discretion of the Investment Manager.

Performance Since LCIV Fund Inception

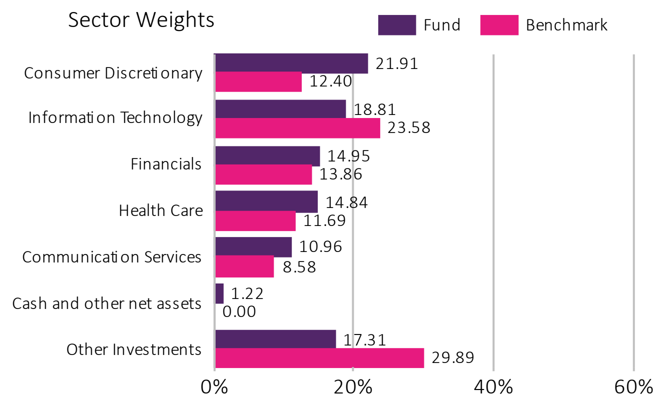


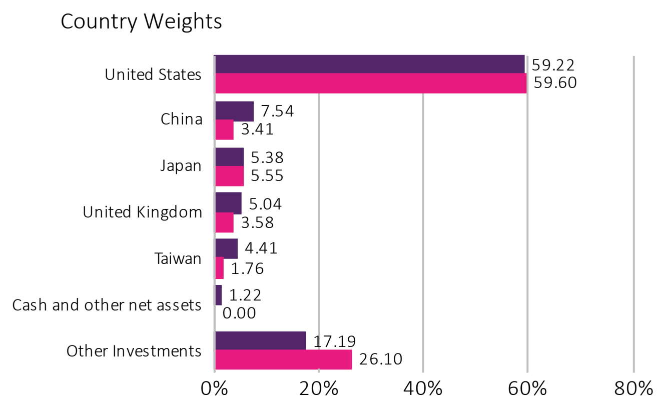
Source: Fund prices calculated based on published prices. Benchmarks obtained from Bloomberg. All performance reported net of fees and charges with distributions reinvested.

LCIV Global Alpha Growth Paris Aligned Fund

Key Statistics	
Number of Holdings	94
Number of Countries	22
Number of Sectors	9
Number of Industries	32

Source: London CIV data as at 31 December 2021





Source: London CIV data as at 31 December 2021

Top Ten Equity Holdings	
Security Name	**% of NAV**
Prosus Nv	3.37
Anthem Com	3.13
Moody's	3.12
Microsoft	3.09
Alphabet Inc Class C	3.03
Taiwan Semiconductor Manufacturing	2.37
Amazon.com	2.25
Shopify	2.06
SEA	2.04
Tesla Inc	1.97

Top Five Contributors	
Security Name	**% Contribution**
Tesla Inc	+0.34
Anthem Com	+0.18
Teradyne	+0.15
Microsoft	+0.15
Trade Desk	+0.14

Top Five Detractors	
Security Name	**% Detraction**
Moderna	(0.50)
SEA	(0.24)
Doordash	(0.18)
Chegg	(0.08)
Peloton Interactive Inc	(0.06)

Source: London CIV data as at 31 December 2021

** Investment Objective: MSCI All Country World Gross Index (in GBP)+2%*

*** Benchmark: MSCI All Country World Gross Index (in GBP)*

+ The Comparator Index Index MSCI Growth Index Net Total Return is not the stated Sub-fund objective, but has been selected as an appropriate index given the style of the Sub-fund.

† The objective target return outperformance is compounded daily therefore the index return plus the outperformance may not equal the objective target.

Important Information

Issued by London LGPS CIV Limited, authorised and regulated by the Financial Conduct Authority, firm reference number 710618. London CIV is the trading name of London LGPS CIV Limited.

This material is issued by London CIV and is for limited distribution. No other person should rely upon the information contained within it.

Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and you may not get back the amount you invest.

This document is provided for information purposes only, please ensure that you review the latest Prospectus prior to making any investment decision. For further information including details on fees and expenses or to enquire about subscribing for units, please contact: clientservice@londonciv.org.uk

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Agenda Item 11

Document is Restricted

This page is intentionally left blank

Committee Report

City of Westminster

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**10 March 2022**
Classification:	**General Release (Appendix 1 is exempt)**
Title:	**Private Debt Investment Manager Selection**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund (the Fund) and this is a charge to the General Fund.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptrigs@westminster.gov.uk** **020 7641 4136**

1. EXECUTIVE SUMMARY

1.1 This paper summarises the approach taken for shortlisting appropriate Private Debt/Direct Lending managers for the Fund. Three suitable investment managers presented to the Pension Fund Committee on 10 March 2022, with the manager appointment decision to be agreed.

2. RECOMMENDATIONS

2.1 That the Pension Fund Committee decides and approves:

- The selection of a Private Debt Investment Manager to invest the Fund's 6% allocation.

- Approve that Appendix 1 to this report is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).

3. BACKGROUND

3.1 At the Pension Fund Committee meeting of 16 December 2021, it was decided to proceed with the selection of a Private Debt investment manager. The mandate will be designated a six percent (circa £112m) asset allocation to be funded from the existing fixed income allocation. The Committee agreed to split the fixed income allocation of 19% amongst LCIV's Multi Asset Credit, Insight's bond fund and the new private debt allocation.

3.2 Shortlisted managers have been invited to present to the Pension Fund Committee on 10 March 2022, with a final decision on selection to be taken.

3.3 There is a wide range of private debt opportunities available within the current market. These strategies provide loans direct to businesses requiring capital, typically mid-market companies who are unable to raise debt through bond markets. The returns typically consist of an upfront fee and floating rate interest payments, which are usually priced at the Sterling Overnight Index Average (SONIA) rate plus a margin. Private debt instruments usually offer higher yields than traditional fixed income investments. The asset class also provides additional diversification within the fixed income allocation, with returns displaying a low correlation to traditional markets.

3.4 Generally, direct lending can be either secured, unsecured or Unitranche.

- Secured debt is backed by an asset, whereby the lender takes ownership of the asset if a default occurs.
- Unsecured debt is not asset backed and therefore, in the event of default, the lenders' recovery will depend on the debt seniority.
- Unitranche debt combines a mix of both secured and unsecured debt into one single loan term.

3.5 Investing within a Private Debt mandate provides the following benefits to the Fund:

- Diversification from mainstream asset classes, with low correlation to global equity markets.
- Access to higher yields compared to traditional asset classes.
- Stable performance throughout market cycles, with a large proportion of returns generated through contractual income.

4. CONSIDERATIONS AND RECOMMENDATIONS

4.1 The Fund's investment advisor, Deloitte, has prepared a report on the managers shortlisted for interview, attached in Appendix 1. The purpose of this report is to provide a summary of the managers and strategies considered as part of the selection exercise.

4.2 The following considerations should be taken in regard to a new manager selection:

- **Organisation:** well established track record within asset class, with future commitments.
- **Team and Process:** the team and its experience within the asset class.
- **Credit and default risk:** strong risk management and internal controls, targeting the correct credit space.
- **Fees:** appropriate fees which reflect the quality and risk/return profile of the mandate.
- **Drawdowns:** a strong pipeline of opportunities, so drawdowns take place in a timely manner.
- **Fund restrictions:** restrictions on maximum exposure to certain regions, sectors or credit quality.
- **ESG:** assurances of the ESG credentials and processes within the organisation.

4.3 Under Regulation 10(e) of the Public Contracts Regulations 2015 (the Regulations), any fees or charges in relation to the arrangements or a financial professional service contract proposed the Council's chosen Private Debt Investment Manager is a specific exclusion in relation to financial services in connection with the issue, sale, purchase or transfer of securities or other financial instruments within the meaning of the Financial Services and Markets Act 2000. Therefore, procurement of such financial services is not subject to the rules of the Regulations.

4.4 The Committee is recommended to appoint a Private Debt Investment Manager, as presented at the meeting on 10 March 2022, to invest the Pension Fund's six percent allocation to Private Debt.

If you have any questions about this report, or wish to inspect one of the background papers, please contact the report author:

Billie Emery bemery@westminster.gov.uk

BACKGROUND PAPERS: None

APPENDICES:
Appendix 1: Deloitte Private Debt Manager Selection (exempt)

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank