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Committee Agenda

Title:	**Pension Fund Committee**
Meeting Date:	**Thursday 27th October, 2022**
Time:	**6.30 pm**
Venue:	**Rooms 18.01, 18.02 and 18.03 - 18th Floor, 64 Victoria Street, London, SW1E 6QP**
Members:	**Councillors:** Patricia McAllister (Chair) Robert Eagleton Ed Pitt Ford Ryan Jude

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.

An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Jack Robinson-Young: Committee and Councillor Coordinator.

Email: jrrobinson@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)

Stuart Love
Chief Executive
25th October 22

CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a hybrid meeting of the **Pension Fund Committee** held on **Thursday 23rd June, 2022**, Rooms 18.06 - 18.08 - 18th Floor, 64 Victoria Street, London, SW1E 6QP and via Microsoft Teams.

Members Present: Councillors Patricia McAllister (Chair), Ed Pitt Ford, Robert Eagleton, Ryan Jude.

Also Present: Phil Triggs (Tri-Borough Director of Treasury and Pensions), Sarah Hay (Pensions Officer), Diana McDonnell-Pascoe (Pensions Project Manager), Gerald Almeroth (Executive Director of Finance Resources), Billie Emery (FM Pensions), Matthew Hopson (Strategic Investment Manager), Chris Murphy (Baillie Gifford), Tim Gooding (Baillie Gifford), Jonny Moore (Deloitte), Kevin Humpherson (Deloitte), Lee Witham (Director of People Services), Rob Treich (London LGPS CIV Ltd), Harry Lamprinopoulos (London LGPS CIV Ltd), Andrew Lowe (Hampshire Pension Services) and Jack Robinson-Young (Cabinet and Councillor Coordinator).

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 MINUTES

RESOLVED:

3.1 That the minutes of the meeting held on 10 March 2022 be signed by the Chair as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

4.1 Sarah Hay, the Strategic Pension Lead, presented the report and advised the Committee of the Key Performance Indicators (KPIs) for Hampshire Pension Services (HPS) for the period February 2022 to April 2022. The Committee was pleased to note that HPS reported 100% compliance within the agreed KPI in each month.

4.2 The Committee was informed that there was an outstanding employer issue as a school had outsourced their catering contract without notifying the Committee. There has been communication regarding this, but at time of the Committee there was insufficient information for actuarial calculations, but a meeting has been arranged. Councillors questioned how this can be avoided in future and the Strategic Pension Lead explained they have planned to engage with Human Resources teams and Business Managers for those in the fund to explain the procedure.

4.3 The Strategic Pension Lead also sought approval for £6,000 to be signed off for the improvement of data scores.

RESOLVED:

4.4 That the Committee noted the report and approved the £6,000 for the improvement of data scores.

5 COWPF LGPS PROJECTS AND GOVERNANCE UPDATE

5.1 Diana McDonnell-Pascoe, Pensions Project Manager, presented the report and the Committee was advised of the various projects and governance activities being undertaken by the Pensions and Payroll Team to improve the administration of the COWPF LGPS.

5.2 The Committee was informed that the current website is being reviewed as to its suitability with areas such as Equality, Diversity and Inclusion, Value for Money and content under review.

5.3 The Committee was informed of the Funds responsibility to Guaranteed Minimum Pension (GMP) which are mainly around ensuring they are correctly recorded, and records are rectified to ensure correct benefits. The Committee was then informed that reconciliations are complete and there are no outstanding decisions, but some member records will require updating or corrections. The Fund is currently working with HPS and Mercer to enter the rectification phase, estimated to take seven months with the cost of £33,000 agreed at the Committee on December 16th. Despite choosing Mercer to deliver this project, the Fund management were aware of some supplementary costs charged by HPS and the software supplier CIVICA. The data has now been provided and HPS have asked CIVICA for an estimation of costs on the project which has come back at £18,000. This brings the total cost to £51,200 which is considerably lower than the alternative project cost of £81,400 with £62,400 for HPS to deliver the project and Mercer to rectify the data at a cost of £19,000. The Committee were pleased with the transparency of the costs of consultants and the overall cost effectiveness of engaging CIVICA.

RESOLVED:

5.4 The Committee noted the report and approved the £18,000 for CIVICA and the removal of the third-party legacy systems.

6 BAILLEE GIFFORD PRESENTATION

6.1 Chris Murphy from Baillee Gifford presented to the Committee explaining that there had been some detractions in their stock contributors mainly arising from a combination of COVID supply chain shocks and the war in Ukraine leading to difficulties in the energy sector. Regarding the war in Ukraine, the Committee were informed that markets have held up, but growth has been badly hit with money moving towards more stable funds.

6.2 Explaining the agility of the fund to the Committee, they highlighted one particular stock, Peloton, they had bought and then as the stock proved unfavourable, quickly sold. On Russian-linked funds such as Sberbank, the Committee questioned as to why these had not been sold. It was explained that due to the sanctions imposed, they could not be sold but had been reduced down to 0 and would be sold at the earliest opportunity.

RESOLVED:

6.3 That the Committee noted the report.

7 PERFORMANCE OF THE COUNCIL'S PENSION FUND

7.1 Phil Triggs, Tri Borough Director of Treasury and Pensions, presented to the Committee with an update of the funding position. The market value of investments decreased to £1.859bn which is a reduction of £100m over the quarter to 31 March 2022. The Committee was also informed that the Council had paid off its deficit during 2022, with final payments of £80m made during 2021/22.

7.2 Representatives from Deloitte then presented their Annual Report to the Committee and were questioned on Quinbrook – Renewables Impact Fund. The Committee sought answers as to why there was a heavy reliance on battery storage, to which Deloitte representatives could not answer at Committee but would endeavour to reply to Members as to why.

RESOLVED:

7.3 That the Committee noted the report and the performance of the investments and funding position. The Committee also approved Appendix 2 be not published on the basis that the contents have information in relation to the financial or business affairs for any particular person as set out in the Local Government Act of 1972.

8 FUND FINANCIAL MANAGEMENT

8.1 Phil Triggs, Tri Borough Director of Treasury and Pensions informed the Committee that the risk register is divided into two sections, governance and pensions administrations. The Committee were also made aware that the cashflow forecast for the next three years has been updated with a stable bank position.

8.2 The Tri Borough Director explained the Risk Register Monitoring system which details the current top five risks with details on their trends as of June 2022. He went on to explain that payments and receipts had remained stable, and Officers will continue to keep the cash balance under review.

RESOLVED:

8.3 That the Committee noted the top five risks for the Pension Fund and the cashflow position for the pension fund bank account as well as cash held at custody, the rolling twelve-month forecast and the three-year forecast.

9 PENSION FUND ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2021-22

9.1 Phil Triggs, Tri Borough Director of Treasury and Pensions presented the report detailing the current market value of the Fund at £1.858bn as of March 2022 which is an increase of £428.2m from equities in the Fund performing particularly well. The Fund returned 3.6% over the financial year to 31 March 2022, underperforming its benchmark by -3.5% net of fees as a result of poor performance of global equity and fixed income portfolios.

9.2 The Pension Fund has benefited from the continuation of the deficit recovery contributions which has improved cash flow, the Fund received £80m in deficit recovery contributions during 2021-22. £56m of this was paid to Northern Trust to hold at custody.

9.3 The Committee was also made aware that the Pensions Administration service transitioned from Surrey County Council to Hampshire Pension Services from 8 November 2021 and as a result, costs increased largely due to the transition by 65% to £1.617m. Following the transition, service level KPI's are now consistently at 100% each month.

RESOLVED:

9.4 The Committee noted the report and Pension Fund accounts for 2021-22.

9.5 The Committee also approved the draft Pension Fund Annual Report for 2021-22 and delegated the completion and approval of the final document to the Tri-Borough Director of Treasury and Pensions, in consultation with the Chair of the Committee.

10 PENSION FUND BUSINESSS PLAN OUTTURN

10.1 Phil Triggs, Tri Borough Director of Treasury and Pensions presented to the Committee outlining the actual costs for the year to 31 March 2022. He informed the Committee that the business plan included covered the following areas: administration, communication, actuarial/funding, Pension Fund Committee

Members, financial and risk management, investment and the Local Pension Board. The outturn demonstrates that all actions set have been achieved and the Pension Fund remains in a strong position.

10.2 As previously mentioned, administration costs have increased due to the transition over to Hampshire Pension Service however these are largely one-off. Governance and oversight expenses were broadly in line with previous years, but investment management costs had increased by 30% as a result of increased transaction cost disclosure from the LGPS Cost Transparency Code, an increase in asset market values and the transitioning of investments to more complex asset classes.

RESOLVED:

10.3 The Committee noted the business plan included and the costs for the 3 years to 2021-22.

10.4 The Committee also approved Appendix 2 be not published on the basis that the contents have information in relation to the financial or business affairs for any person as set out in the Local Government Act of 1972.

11 TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) RISK CONSIDERATIONS

11.1 The Tri Borough Director of Treasury and Pensions informed the Committee that as of February 2021, the Pensions Schemes Act had received Royal Assent and is expected to directly affect the LGPS as the Act covers climate risk governance and reporting for the private sector scheme. These measures ensure trustees are legally requirement to assess and report on financial risks of climate change in portfolios in line with the TCFD.

11.2 The Committee was informed of the TCFD recommendations in relation to climate change which are governance, strategy, risk management and metrics and targets. These are both physical risks such as damage to infrastructure and transition risks such as changes to domestic policy or changes in consumer behaviour.

11.3 The Committee enquired about the impact climate may have on companies in areas that were particularly susceptible to the effects of rising sea levels for example. Kevin Humpherson from Deloitte explained that this would be defined as a physical risk and would be documented for forward planning.

RESOLVED:

11.4 The Committee noted the attached TCFD climate risk consideration.

12 UK STEWARDSHIP CODE 2020

12.1 The Committee was informed from the Tri Borough Director of Treasury and Pensions on the principles of the Stewardship Code and the process on becoming a signatory of the Code. The principles were released in 2010, updated in 2020, and are directed at institutional investors holding voting rights in UK companies. The aim is to make shareholders actively engage in corporate governance in the interests of their beneficiaries. To become a signatory of the Code, a Stewardship Report must be submitted to the FRC showing how the principles of the code have been applied during the previous twelve months.

12.2 The Chair of the committee commented that this was a very high accolade to achieve, with very few of the total 86 funds involved receiving this and took a total of 5 months to put together.

RESOLVED:

12.3 The Committee noted the report.

The Meeting ended at 21:30.

CHAIR: ______________________ **DATE** ____________________

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City of Westminster

Pension Fund Committee

Date:	**27th October 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:	**£26,860**

1. Introduction

1.2 This report provides a summary of the performance of Hampshire Pension Services (HPS) with the Key Performance Indicators (KPIs) for the period May 2022 to September 2022. In Section 3 I have covered of some data issues and projects that we are working on to improve our data. This includes the backlog work where cases have increased with potentially additional costs. I ask the committee if I can commit £22057.11 to possible address tracing working with HPS as part of our continued data improvement. In Section 4 I update the Committee on a Cyber Security Issue, lastly in section 5 a brief update on a couple of employer issues referenced previously and an update on the National Fraud Initiative (NFI).

2.1 KPI Performance

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

2.3 This paper covers the period of May 2022 until 30th of September 2022.

2.4 KPI performance for each month is within each partnership report. HPS report 100% compliance within the agreed KPI in each month. 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.

2.5 Below I have summarised the cases completed in each category per month.

KPI	Target Days	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Active Retirement	15 days	4	2	7	3	11
Deferred Retirement	15 days	17	16	19	25	17
Estimates	15 days	42	27	51	60	41
Deferred Benefits	30 days	16	26	32	58	39
Transfers In & Out	15 days	1	4	1	6	0
Divorce	15 days	2	2	2	2	0
Refunds	15 days	7	2	10	15	9
Rejoiners	20 days	5	1	0	2	5
Interfunds	15 days	21	15	21	31	13
Death Benefits	15 days	13	6	18	12	8
Grand Total		**128**	**101**	**161**	**214**	**143**

2.6 It is important to monitor the overall case volumes to help ensure that no work backlogs are building up. The Committee will want to note the increased workload being processed in July and August. This is mainly because the fund chased employers to respond to queries as a result of the annual returns submitted for the year 21/22. The response from employers overall was positive although we still have some responses outstanding. The case work did reduce in September as employer responses reduced. The work on hold in September is 279 cases. These are cases where HPS need a response from the member or employer to process. We need to make sure the cases on hold are reduced in the next few months to ensure we don't build up another backlog.

2.7 The fund strategy working with HPS is to increase the interaction the fund has with members via the member portal. In the last Committee report I updated that at the end of April we had 20.42% of members signed up to the member portal. This has now increased to 27.63% as at the end of September as broken down below. I am pleased that the portal is being accessed more. There is also an employer's portal which we ask employers to use to send HPS member

Portal	Opted IN
Active	35.09%
Deferred	20.60%
Pensioner	29.15%
TOTAL	27.63%

2.8 In May through to September there were six compliments received by HPS made by members and outlined below. There were also four complaints outlined below in 2.9 to 2.12 with the detail of each issue.

September Compliments were *"quick reply"* and *“Simply clarified the situation and saved me money. Happy Days."* In July the compliment received was *"prompt, efficient and friendly service".* In June the compliment received was “Timely way of working and ensuring I've not been forgotten!" In May HPS had two compliments “*Thank you for sending me a paper copy of my p60 form. This is a big help as I can’t access it online. I need to send a copy to Merton Benefits service, so your help is much appreciated”* and secondly “*Lady in question Adele Beston, remained helpful and courteous in face of my grumpiness, change the half hour expiry time on e-mailed access codes to take account of e-mail delivery delays. Better still get rid of access codes.*”

2.9 Complaint responded to in September received in August concerned a member complaining about the delays in dealing with her transfer out request. The member left one on the Academy Schools on the 31st of December 2021 and immediately asked about a transfer, but the school did not supply her leaving details to the fund until the 18th of May 2022. Even then the leaving form was not completed correctly and HPS had to query the data with the nominated payroll provider. The member was sent the transfer calculation and discharge forms on the 27th of June 2022. The member completed the transfer forms and returned with payment forms and a document from Scottish Widows as the potential receiving scheme with relevant questions on the 27th of July 2022. On the 9th of July however HPS received a new joiner form from the employer from the same individual. You can’t transfer out of the LGPS whilst you contribute to it, Scottish Widows were advised when they chased the transfer that this was the situation. The member complained and confirmed that they were not active with the employer and the employer confirmed their error in sending a starter form through for her. HPS updated Scottish Widows on the 5th of September 2022 that the member had long term benefits in the LGPS and was not entitled to a refund. Scottish Widows currently will not accept the transfer until the member receives independent financial advice. Although the main issues here were caused by the employer and their contractors HPS acknowledge that if the documents sent back 27th of July 2022 had been checked more quickly and that the new joiner received on the 9th of July had been flagged at this point it may have resolved the issue more quickly for the member. It’s vital though that transfers are not rushed and correct that Scottish Widows ask the member to seek Independent Financial Advice before the transfer completes.

2.10 In August there was a complaint from a headteacher of a school where they had agreed to pay for an express estimate for a 65-year-old member of staff being made redundant. The estimate came back, and I reviewed it and picked up that it did not contain costs which was flagged to the employer and HPS. The team dealing with the case at HPS initially advised costs did not apply, costs always apply where someone is being made redundant before their state pension age although they reduce the closer the member gets to state pension age. There is a known issue with UPM in that it was not calculating costs correctly members after their 65th birthday. HPS admitted the case should have been dealt with more quickly and the charge for the estimate was voided. UPM has just been updated on the 13th of October to amend this calculation issue so it should not be happen going forward.

2.11 In June a member complained because HPS had destroyed an original wedding certificate they had sent in. There was also a complaint that the members address had not been amended to their second home. HPS paid for the certificate to be replaced but the member had not originally asked for their correspondence address to be updated to their second home.

2.12 A compliant received in May was from a member who had opted out of online services in December 2021 but had not received any contact since then including his payslip and p60. The reason that he had not had additional contact from HPS is that the address record was on the system as not known. HPS have acknowledged that the process when someone opts out of online contact should include making sure the address record and other contact information on the record is correct.

3. Data Scores and Data Work

3.1 I remind the Committee that each year we have to report our data scores to the Pension Regulator. The first data we measure is “common data” This will include standard information that all funds hold for members, including address details, date of birth, NI number. The second is “scheme specific” and will include items that only defined benefit schemes have including service lines, Career Revalued Earnings (CARE) pay, whole time pay etc. Our last data scores are set out below.

Common Data	72%
Scheme Specific	87%

3.2 The next data scores will be provided to us by HPS on the 11th of November 2022 and we are expecting to see an improvement on those scores as validation of the work fund has been doing in the last 12 months.

3.3 The backlog project of 446 unprocessed leavers was temporarily put on hold until the start of October as employers had not returned leaver forms to the fund to complete the cases. The internal team focussed initially on chasing missing data as a result of this year’s annual return exercise and then the leaver forms for the backlog cases. I am pleased to say that the response in general has been very good, the workload increases that HPS had in July and August was due to responses the fund had to chasers. The employers with backlog cases were asked to provide responses by the 30th of September or the fund would consider charges under our Pension Administration Strategy (PAS). The employers with the most cases have either now sent in all or most of their leaver forms. However, there are a couple of schools who have not responded yet and we are considering charges now where there is no engagement.

3.4 The backlog work originally 446 cases have increased as at the 30th of September to 536 cases. This is because, pre-April 2021 leavers were uncovered following the annual returns and the employers have now sent in those leaver forms. HPS are assimilating post April 21 leavers into their BAU work. The original costs for the backlog work agreed with HPS were £23,800 based on 446 cases. I have not had revised costing from HPS yet and the backlog will probably increase further because as above not all employers have returned their data so that cases can be identified. Based on the above rate per case though overall I would estimate costs could increase to £28,603 if backlog numbers remain at 536. I would ask the Pension Committee to approve the additional £4803.00 if HPS request this to clear the backlog.

3.5 The backlog work was resumed at the start of October with forms now sent back from employers. 94 of the original backlog cases had already been completed before the project was paused in the summer.

3.6 The tables below show the original number and breakdown of queries identified following the end of year returns and the position as of the 14th of October 2022. The internal team working with the HPS employer team has been constantly chasing employers to submit their missing data in the summer months. Many employers have completely cleared their queries and their has been good engagement from the biggest schools payroll providers as well clearing their outstanding data. The remaining queries are primarily with a few employers, St Marylebone School has 18 missing new starter forms and 5 leavers. St Marylebone has been chased more than six times and is not engaging with the pension team. The Head Teacher has been notified that the fund will be raising an initial PAS charge of £100 which is effectively the charge for one missing new starter and one missing leaver form and asked to please respond. If there is still no response, we will be raising a second PAS invoice that covers all the outstanding data.

Total Queries identified						
Starters	**Leavers**	**Missing Data**	**Add Conts**	**Pay ***	**Other**	**Total ***
300	205	215	0	143	55	775

Outstanding Queries at 14/10/2022						
Starters	**Leavers**	**Missing Data**	**Add Conts**	**Pay ***	**Other**	**Total ***
34	5	33	0	6	0	78

3.7 At the last Pension Committee meeting I asked the Committee to agree to spend up to £6000 on address tracing with Target that HPS would manage for us. The £6000 was money effectively we had not used on a prior project we ran with Target and closed down when we moved the service last year to Hampshire Pension Services (HPS). HPS commenced tracing on two specific groups of people that had not been traced previously. The First group is 1025 preserved refund records, the second is 1026 preserved benefit records where we have lost contact with the member.

3.8 In the initial trace identified 13 of the preserved refund members had died and 5 of the deferred had also died. HPS are now contacting the next of kin to settle any sums due and bring any dependent pensions into payment if applicable. Target identified 341 records as living as stated in their last known address and these records have been updated accordingly.

3.9 The initial tracing exercise has cost £2,379.16 within the £6000 already agreed. Target identified for both groups combined 941 records would require an IDV trace as outlined below with a cost of £4657.95 and that a further 751 records will require a full trace the cost for these would be £15020.00.

3.10 I have paused further tracing pending agreement with the Pension Committee. The combined cost of the IDV traces and the full traces is £19,677.95. The balance left over from the £6000 is £3620.84. A decision needs to be made on further tracing. Potentially there are three options, close the exercise now without further work but we will have 1692 records with no valid contact address on the record. Option two, we could potentially ask HPS to ask Target to complete the IDV traces which are cheaper to complete per member and the fund will potentially then spend £7037.11 in total on tracing or option three agree to the relevant tracing required for all 1692 records and the fund would have paid up to £22,057.11 to complete the exercise.

3.11 The Committee should note that address data impacts our common data score outlined above in 3.1. In the September partnership report our fund membership including the preserved refunds is 19,709 so approximately 8.58% of the membership we don’t have a valid address for currently in these groups. If we want to continue to improve the data common data score significantly I would recommend we ask HPS to complete the full tracing exercise on behalf of the fund.

3.12 Below is a brief explanation of what each trace entails:

IDV1 - For those addresses found with a high grade match to the original address and lots of recent activity there, Target will send a letter letting them know that we have found their new address and will be updating their records in the next 7 days. They have the opportunity to contact Target if they haven't found the correct address but the rate of this is very low.

IDV2 - Lower grade match where name and date of birth match records but less activity. These cases will have letters sent to the new address, inviting the member to call in where they will be taken through a level of security before confirming the address details.

Full Trace - Any records that were negative after the Auto Trace or the IDV process would be recommended for a Full Trace. This is a manual investigation to find and verify a new address for your members.

4 Cyber Security

4.1 On Saturday 24th September, Hampshire County Council (HCC) IT received a warning of suspicious activity on the UPM Member Portal, from the security alerting platform.

4.2 The connection attempt was blocked by one of the security layers in place at Hampshire, and immediate pro-active action was instigated to prevent risk of ongoing unauthorised access and potential data loss.

4.3 Following consultation with the Hampshire Director of Corporate Operations, both the Member Portal and the Employer Hub were blocked from access from the internet, as a preventative measure until the vulnerability could be fully investigated with the application provider (Civica). HPS advised Westminster on Monday the 26th of September of the issue. Both the Member Portal and the Employer Hub subsequently remained 'unavailable' to service users for 9 days.

4.4 Hampshire IT department and Civica have worked together since this time and kept Westminster informed, to determine whether the malicious third party had accessed any data from the UPM system itself. They have concluded this review and have found no evidence, in any log, that any data was accessed. This workstream is now complete.

4.5 Hampshire IT and Civica agreed several fixes and additional preventative measures to remove the exploited vulnerability and safeguard the Member and Employer Portals, and these were implemented on 27th September; they were then subjected to a rigorous testing regime to ensure that the vulnerability could no longer be exploited, as set out below.

4.6 On Thursday 27th October, Civica ran a series of internal tests whilst on site at HCC, from which they concluded with a high degree of confidence, that the measures implemented were effective and operating as anticipated.

4.7 On Friday 28th October, the Member Portal was brought back online for a period of circa 20 minutes; during this time an employee within Hampshire's IT department, who is trained as an Ethical hacker, worked remotely outside of the corporate network and attempted to exploit the vulnerability as an 'unauthenticated user', using the same 'access route' that the criminal 3rd party had used. He failed in his attempt to exploit the vulnerability, which gave a level of assurance that the vulnerability had been nullified.

4.8 On Monday 3rd October, a specialist external security testing company (2-Sec) were appointed/deployed (the same company who had identified the vulnerability in their original penetration testing), with the sole purpose of testing the vulnerability and seeking to exploit it as an unauthenticated user (and with considerable prior knowledge of what they were seeking to exploit). 2-Sec have since confirmed that they were unable to exploit the vulnerability. The Member Portal was live during the duration of the penetration test but was again taken down on completion of the testing, to enable a formal decision to be made on whether HPS could now make both the Employer Hub and Member Portal available again over the internet.

4.9 On Tuesday the 4th of October, the Hampshire Director of Corporate Operations, based on the advice of the Head of IT Delivery, the IT Infrastructure Operations Manager and the Head of Pensions, took the decision to make both the Member Portal and Employer Hub available again over the internet (i.e. make them 'live' for Member and Employer access). As part of this decision, it was also agreed to turn 'geo-blocking' back on for the Member Portal (it was already in use for the Employer Hub). The funds employers were advised that the Employer Hub was available.

4.10 Geo-blocking effectively prevents access from certain geographical areas of the world. Initially the Geo-blocking would only allow access the Member Portal from the UK and the European Economic Area (EEA). However, this has now been extended to include America, Canada, Australia and New Zealand. Any of our members that reside outside of this zone will not be able to access the Member Portal going forward and HPS are going to contact anyone this impacts and ask them to make contact via phone or e-mail. HPS have advised that across all their various funds only 100 members currently are registered living in an area that will now be blocked. The Geo-blocking is necessary for our cyber security as most hacking attempts originate outside of the areas that HPS have cleared for access. The attempt that caused the above security issue was identified as originating in Singapore.

4.11 HPS have now included a regular slot on cyber security in the partnership report. HPS has regular penetration testing as part of Hampshire's annual testing each December, but they are looking to have a separate testing set up each summer which we support. We will be working with HPS to make sure that any identified cyber risks identified through regular testing are mitigated quickly. The risk register has been updated to highlight the ongoing risk of attempted hacking. It's important that the Member Portal and the Employer Hub are used.

5 Employer Updates / Other Admin Issues

5.1 The two Multiple Academy Trust (MAT) employers are still waiting a response from the Fund on their request to have Westminster Pension Fund as a one choice option. I know that the Committee are waiting training on Admission Agreements so I have not updated further in this paper until training is completed.

5.2 The Funds data has been uploaded for the Biannual National Fraud Initiative (NFI). This is an exercise that will match our pension fund data with other public and private data sources to identify potential fraud. The last NFI exercise identified some deceased fund members we were unaware of including one pensioner where a significant overpayment was identified. I will update the Pension Committee as we have any updates but it may be some time before anything comes back to the fund.

5.3 Finally an update on Compass. The Fund has agreed with Compass the terms of an admission agreement but were waiting on Harris Academy St John's Wood to approve from their perspective as they underwrite the risk. This should be resolved shortly.

6. Summary

6.1 In Section 2, I covered the KPI data for the period May through September 2022 is 100% within the agreed target. The workload did increase in July and August and there is an increased number of cases on hold. This is due to increased workloads following chasing of missing data identified in the annual return exercise.

6.2 In section 3, I advise the Pension Committee of the increase in the backlog cases as additional Pre-April 2021 leavers were identified following the annual return exercise. The backlog in total is now 536, I ask the Pension Committee to let me agree additional costs as long as they are proportional to the original cost of £23,800 for HPS to clear 446 cases.

6.3 Additionally in section 3, I update the Pension Committee on the address Tracing work, I need the Pension Committee to confirm what additional tracing I can request if at all for the remaining preserved refunds and preserved benefit records. With a potential maximum spend £22057.11.

6.4 In section 4, I covered a cyber security issue that closed the Member Portal and the Employer Hub for 9 days.

6.5 Finally I advised the committee that the funds data has just been submitted for the biannual NFI check and that further admission agreement requests will be pended until the members have the relevant training.

Pension Fund Committee

Date:	**27th October 2022**
Classification:	**General**
Title:	**LGPS Projects & Governance Update**
Report of:	**Diana McDonnell-Pascoe** Pension Project and Governance Lead, People Services
Wards Involved:	**All**
Policy Context:	**Service Delivery**
Financial Summary:	**£5,000**

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 City of Westminster Pension Fund (COWPF) Local Government Pension Scheme (LGPS).

2. Current Projects

This section has been segregated into Statutory Projects and Non-Statutory Projects in order to underline our priorities. Current statutory projects are the Guaranteed Minimum Pension project and the McCloud project. Both projects are data driven and require a high degree of focus, scrutiny, and accuracy as they, at their conclusion, will affect pension benefits and pensions in payment. These projects are progressing well, and the highest priority project is the GMP project because we require all calculations to be completed by February 2023 so we can make the required benefits changes in advance of Pensions increases in the next financial year. The McCloud project is progressing at a steady yet more cautious pace because there is a high degree of manual review of the legacy data prior to providing the data to HPS in the format required.

2.1. Statutory Projects

2.2. Guaranteed Minimum Pension (GMP)

There are three stages to this project. Data Reconciliation, Data Analysis, and Data Rectification. Mercer completed the Data Reconciliation exercise with HMRC when our administration contract was with Surrey County Council. In August 2022, after receiving further data from our new administration providers, Hampshire Pension Services, Mercer commenced the data analysis portion of this project. We are expecting this phase to be completed mid-November and the rectification piece to start immediately afterwards. Our overall objective is to have the Data Rectification phase completed by February 2023 so that we can ensure our pensioners have any changes to their benefits calculated and put into payment, along with Pensions increases, in April 2023. We are planning our communications strategy now so that we have all letters / communications ready to send to our pensioners once the calculations have been completed. We are working closely with HPS to ensure the communications are accurate and timely.

2.2.1. 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 benefits recalculation is in two phases. Phase 1 requires the collection of data on eligible members and Phase 2 is the recalculation of benefits of eligible members. Once the benefits have been recalculated, the members will be contacted and informed as to the changes, if applicable, to their benefits.

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

Zuzana has a monthly meeting with relevant HPS colleagues to monitor the employers and progress on the project on the Pension Fund's behalf. All employers are working with current and legacy payroll systems and providers to obtain the data required and there is slower progress with some employers due to the complexity of obtaining the data required.

HPS have received 20 of 37 completed service/break data sets from Westminster employers and initial data checks have been completed on all the data sets received. This represents 17.36% of the membership populate who are likely to require McCloud remedy. There are 17 employers yet to provide data. The HPS team are working with Westminster to encourage these employers to provide this as soon as possible. HPS have received 21 of 39 completed service/data sets from Westminster employers: for the period 1st April 2021 - 31st March 2022. This represents 15.32% of the membership who are likely to require McCloud remedy.

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

In this workstream we are collecting the McCloud data for Westminster City Council as an employer. We have three legacy payroll systems (Oracle, Agresso and CIPHR) and the current payroll system, IBC, to obtain the data from.

Current progress is as follows:

- Our IBC data has been collated and shared with HPS.
- Sarah Hay (BT Agresso) and Tracey Fuller (CIPHR) are manually reviewing the data already collated from the BT and CIPHR legacy systems. This is a highly intensive and manual process and is taking time to complete.
- We have completed the necessary Data Protection Impact Assessment and the CIPHR SQL database is being imported into the corporate data warehouse in preparation for the development of the PowerBI Interface. This work-strand is progressing in parallel with the manual review by TF.

- We have decided to pause on retrieving the Oracle data as the priority is to work through the data sets that we have got and get a working prototype of the PowerBI Interface before deciding our approach with Oracle. We expect to review this again in Q4 of this financial year and have a clearer approach on how to expedite this data retrieval.
- We have been updating HPS at a monthly meeting on McCloud so that they are apprised of our progress.

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

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

2.3. Non-Statutory Projects

2.3.1. Pension Website Review

There has been significant progress on the review since the last Committee with the following outcomes achieved.

- I held two user-centred focus groups in September facilitated by Neil Samson, an experienced user researcher with WCC's Customer Experience team and Marta Costa, an intelligence analyst with the Strategy and Intelligence team. Both focus groups were attended by various members of staff, staff network leads from the Women's Network, Able Network, Rainbow Network, and Multi-Faith Network as well as representatives from the Unison and GMB unions. We also had a communications representative, Mandy Judd, from our partners, Hampshire Pension Services at both sessions.
- I had a technical review with Jessica Jones, Department Lead Digital - Creative Services and two officers in her team, Kieren Mollison, and Roger Patel, regarding the feasibility of the website content moving to and being maintained on the council website as well has discussing content creation and how best to use web traffic analytics to support our development.

- I had a meeting with and received a quote from Jonathan Hassell of Hassell Inclusion with respect to auditing our Accessibility provision and providing training in digital content creation. Hassell Inclusion were retained by www.autism.org.uk to audit and develop their digital inclusion for their website which has specific functionality targeted towards the neurodiverse.
- Additionally, I contacted and had various replies from the Alzheimers Society, Age UK and Dementia UK offering assistance or directing me to people who could assist me with my enquiries.
- A full report and recommendation for direction of travel in strategy for our digital offering is being prepared and will be presented at the December 2022 Pension Committee Meeting. However, and in summary, the Value for Money review has understood and recognised the following points for consideration.

Firstly, the Fund has three main sources of information for members, pensioners, employers and interested parties i.e., a single webpage on the Council website dedicated to the Pension Fund and two external websites that are dedicated to the LGPS i.e. COWPF LGPS and HCC LGPS. These websites and their content are maintained and updated by different officers in different teams (and different organisations) and serve distinct but conceivably overlapping audiences. I feel at this stage in the review and post the user feedback we have received that, with due consideration, we can reduce these sources of information from three to two and achieve this by moving relevant COWPF LGPS information from the current COWPF LGPS website to a new and dedicated section of the Westminster Council website. I have worked with Kieren Mollison, Senior Multimedia Content Officer to mock up a near replica of the existing website on the Council site and although it needs developing, I believe it to be broadly equivalent to the existing COWPF LGPS site. This similarity is important because user feedback on the accessibility and ease of use of the current website praised the clean graphics, abundance of white space and clearly delineated menus.

Secondly, any digital offering we provide will need to be supported and resourced appropriately because in order to ensure value to our core audiences, we will need to be able to maintain and monitor content creation and provision, ensure appropriate technical support to the Pensions Team, satisfy evolving accessibility requirements as well as ensuring innovation, development and future-proofing in a world where most transactions and information is increasingly accessed and retrieved from online and digital sources. Cyber-Security is also a major factor in our decision making. Therefore, all research into changing from our specialist hosting service, Hymans Robertson, to a generic hosting service, e.g., Go Daddy, to save money has been discarded because we need specialist support and so would need to buy it in thus negating any cost saving. However, by moving to the Council website, we expect to have the cost saving we were targeting and the support of trained officers in the content and technical ability that we need. The only caveat to this is that Hymans Robertson provides updates to certain information on the website by default and we will need to ensure that these updates are supported in some way should we move from them.

Thirdly, and most importantly, we have recognised the need to have a proper digital communications strategy that services our users and provides information and resources in the best possible way to our members, pensioners, employers, and other interested parties including the media. Therefore, we will continue our user research (and expand it to include employers and pensioners) and develop a distinct digital comms strategy in partnership with Hampshire Pension Services, the relevant Comms and Intelligence teams at the Council and any suitable external subject matter experts. This is important because without evidence-based research and a comprehensive strategy, we will not be certain to continue to provide good service to our users and, we could miss opportunities to showcase the Fund's Environment, Social and Governance work and updates or refinements to the Scheme's news, legislation changes, guidance, and resources.

In conclusion, I feel that we can certainly provide better value for money by decommissioning the current website and moving the relevant content to a curated part of the Council's website. I feel we will benefit greatly from partnering with the council's user research, strategy and intelligence and digital services teams. However, as this move will take significant co-ordination with our council colleagues and include careful project and communications planning, further user research etc, we will be unable to decommission the website before the annual renewal fee is due at the beginning of November 2022.

Therefore, I ask the Committee’s approval to extend our licence period for an additional year so that we can plan accordingly. At the time of writing this paper, we have not received the additional year’s prices, but I expect it to fall in the range of minimum £4,000 - £5,000 maximum. I will present further on this project at the next Committee meeting.

3. Upcoming Projects

3.1. Pensions Dashboards

As presented in my last paper, the Pensions Dashboard as per the programme initiated by The Money and Pensions Service (MaPS), will become a priority project in the next financial year when we go to stage between April 2023 and September 2024. We are reviewing progress on this with HPS at each monthly partnership meeting and they are currently in the tender process to appoint a digital partner. There is no further update on this currently and I will update the Committee on this in due course.

4. Summary

4.1. The Guaranteed Minimum Pension project data analysis phase is underway, and rectification calculations are due to start mid-November and conclude in February ahead of Pensions Increases.

4.2. The McCloud project is continuing with Zuzana Fernandes working with Employers, particularly schools, to submit their data to Hampshire Pensions Services as quickly as possible. The internal “WCC as an employer” work is continuing with the current IBC payroll data already submitted and efforts continuing in extracting and verifying the data from the legacy systems. We also have begun work to import the CIPHR data sets into the corporate data warehouse and development work on the PowerBI interface will commence shortly. I expect to have a more detailed update at the next meeting.

4.3. The Pensions Website review is past its first stage and initial conclusions are that it would be best to decommission the existing website and move relevant content to www.westminster.gov.uk. However, as this will need to be a defined project with significant internal stakeholders, I would ask the Committee’s approval to renew the licence with Hymans Robertson so that the move and decommission can be planned. The cost is expected to be between £4k and £5k.

4.4. The Pensions Dashboard, as per the programme initiated by The Money and Pensions Service (MaPS), will be a priority project in the next financial year. COWPF LGPS will need to supply data to the dashboard, and we will work with HPS and Civica to connect to the dashboard when it is time for us to be staged. The staging period will be between April 2023 and September 2024; however, we will need to work on preparing the connections between now and then.

City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**27 October 2022**
Classification:	**General Release**
Title:	**Actuarial Valuation: Initial Outcome**
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 paper introduces the initial results of the 2022 triennial actuarial valuation process for the Westminster City Council Pension Fund, which are further discussed in Appendix 1, as set out by the pension fund actuary, Hymans Robertson (Hymans).

1.2 The key highlights are:

- The whole funding level has risen to 128% from the 99% level in 2019, which is broadly due to the excellent investment returns over the period, as well as the Council's additional deficit recovery payments.

- The major changes to the 2022 actuarial financial assumptions are an increase CPI inflation which is linked to pension payments and salary increases. The discount rate is expected to remain the same.

2. RECOMMENDATIONS

2.1 That the Pension Fund Committee note and comment on the initial outcome result, with the expectation of receiving a final actuarial report and draft funding strategy statement in the March 2023 cycle.

3. INITIAL ACTUARIAL RESULTS

3.1 In the period from 2019 to 2022, the Pension Fund has increased its overall funding level from 99% to 128%. The main drivers for this improvement are the significant investment returns and significant, additional deficit recovery payments received from the Council.

3.2 The funding level for Westminster City Council (as a single employer) stands at 111%, improving from 86% previously. Specifically, the effect of strong asset returns and the significant secondary contributions have helped to improve the funding position.

4. CHANGES TO ACTUARIAL ASSUMPTIONS

4.1 A number of assumptions are made during the triennial actuarial valuation process, with the two most significant being longevity projections and the discount rate used to value liabilities.

4.2 The actuarial analysis suggests a long-term trend of 1.5% annual improvements in longevity, when adjusted for the LGPS this leads to a reduction in liability values. Alongside this, the COVID-19 pandemic has resulted in reduced longevity since 2020, although the reduction in liabilities attributable to the pandemic is estimated to be only circa 0.1% to 0.2%.

4.3 The real discount rate, a proxy for the real investment return, has remained stable at 4.8%. The discount rate is set with reference to the likelihood of the Fund’s investment return achieving a certain level of return over the next 20 years. Based on the Hymans analysis as at 31 March 2022, the Fund’s assets have a 67% likelihood of returning 4.8% per annum over the next 20 years.

4.4 As a result of the financial changes and demographic changes above, the net decrease to the Fund’s overall contribution rate is expected to be circa 1.1%, falling from 17.9% to 16.8%.

5 NEXT STEPS

5.1 The next steps for the Pension Fund Committee will be to agree a Funding Strategy Statement at the next Pension Fund Committee meeting in 2023, in tandem with receipt of the final actuarial valuation report and new investment strategy statement in March 2023.

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: Initial Actuarial Valuation Outcome 2022

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City of Westminster Pension Fund

Actuarial valuation at 31 March 2022

Initial results

Steven Scott FFA

Catherine McFadyen FFA

14 October 2022
For and on behalf of Hymans Robertson LLP

Hymans Robertson LLP is authorised and
regulated by the Financial Conduct Authority

Use the menu bar above to navigate to each section.

Contents

In this report:

A glossary of technical terms used in this report can be found in Appendix 5

Executive summary

Funding position

The reported funding position has improved from 99% as at 31 March 2019 to 128% as at 31 March 2022.

The required investment return to be 100% funded is now 3.3% pa (4.9% pa at 2019).

The likelihood of the Fund’s investment strategy achieving the required return is 82% (64% at 2019).

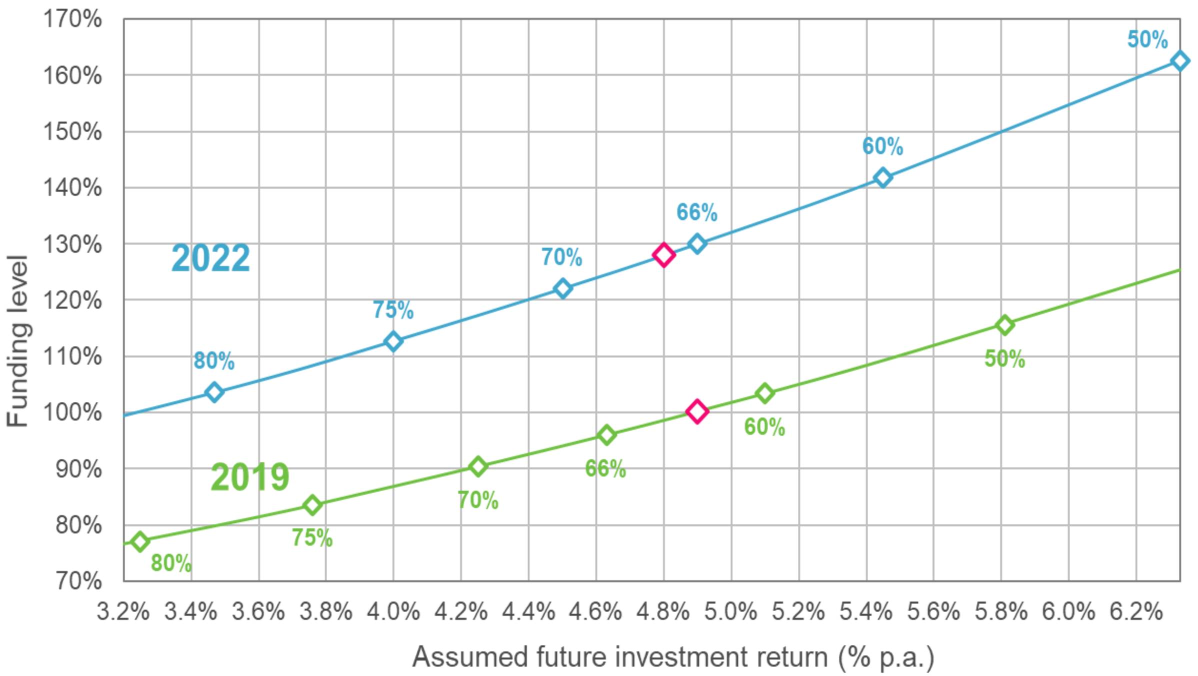
Changes since the last valuation

Factors driving funding position improvement are:

- stronger than expected investment returns
- significant additional contributions made following the 2019 valuation

These have more than offset the effect of the higher short to medium-term inflation expectations.

The Covid-19 pandemic has seen a higher level of mortality in the membership than expected. However, the funding impact on liabilities has not been significant.



HYMANS # ROBERTSON

The valuation process

The valuation process

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   Spring 2022
2. Assumptions advice
   Q2 2022
3. Data provision
   Summer 2022
4. Funding Strategy Statement
   Summer 2022
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   NOW
6. Employer risk management
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7. Employer results
   Q4 2022
8. Employer discussions
   Q1 2023
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   March 2023

HYMANS # ROBERTSON

Initial results

This report:

- presents the funding position of the City of Westminster Pension Fund ("the Fund") on the valuation date of 31 March 2022
- explains why the funding position has changed since the last valuation in 2019
- shows the sensitivity of the funding position

There are two main actions:

1. Understand the fund-level funding position, noting this does not directly drive individual employer contribution rates.

2. Identify risks to explore and consider options for management.

HYMANS # ROBERTSON

Data and assumptions

Data

We have used the below data provided by the Administering Authority:

- Membership data uploaded to the DataPortal on 15 July 2022
- Cashflow data uploaded to the DataPortal on 27 July 2022
- Investment data, provided over the intervaluation period

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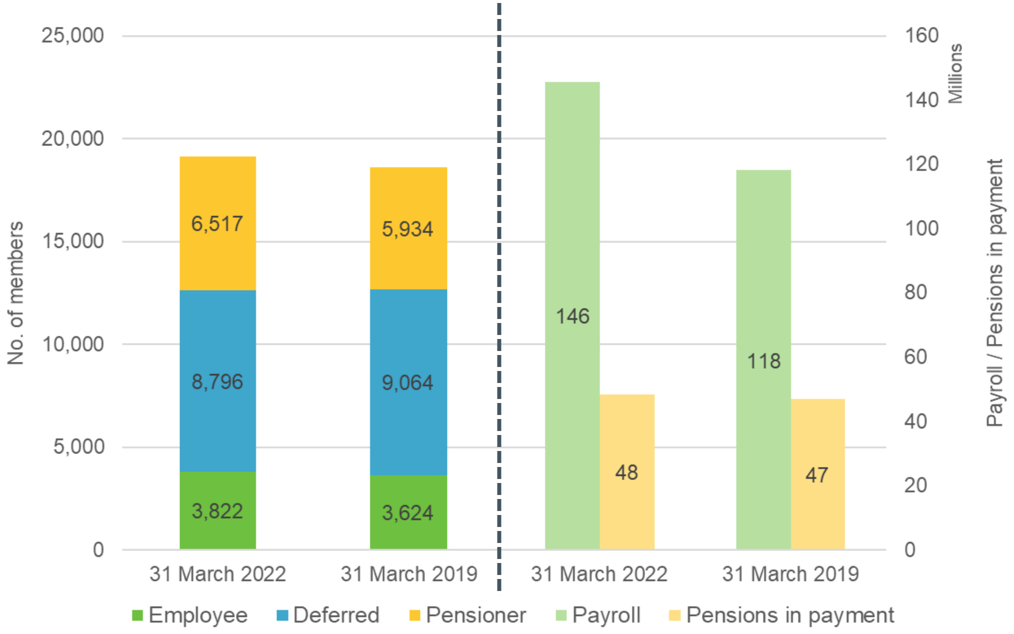
The data provided to us for the purpose of the 2022 valuation was incomplete and we have had to make various assumptions to supplement this to make it appropriate for use at the 2022 valuation. We can only estimate missing elements of membership data and these use of these estimates limits the reliability of the valuation results.

The adjustments we have made to the data are designed to ensure that the funding position meets the requirement for us to value these liabilities prudently.

For the avoidance of doubt, the resulting valuation positions are suitable on which to base calculations of contribution rates for all employers for the period from 1 April 2023 to 31 March 2026.

Future valuations carried out using more accurate data may lead to a difference in the past service funding position.

Membership summary



The figures in this report are based on our understanding of the benefit structure of the LGPS in England and Wales as at 31 March 2022. Details can be found at http://www.lgpsregs.org/.

Assumptions

To set and agree assumptions for the valuation, the Administering Authority commissioned an assumption setting paper – 'City of Westminster Pension Fund – Actuarial Valuation at 31 March 2022 – Advice on assumptions'. The assumptions represent the 'best estimate' of future expectations – that means we estimate there is a 50% chance that future events will be better or worse than the assumption. The discount rate is the exception, as it includes the margin of prudence required by the LGPS Regulations.

Financial assumptions

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Summary of assumptions used for measuring the funding level, compared to last valuation on 31 March 2019

Assumption	31 March 2022	Required for	31 March 2019
Discount rate	4.8% pa	To place a present value on all the benefits promised to scheme members at the valuation date. The Fund's assets are estimated to have a 67% likelihood of returning above the discount rate over the next 20 years.	4.8% pa
Benefit increases/CARE revaluation	2.7% pa	To determine the size of future benefit payments.	2.6% pa
Salary increases	3.7% pa	To determine the size of future final-salary linked benefit payments.	3.6% pa

Assumptions

Demographic assumptions

Longevity

Whole fund average life expectancies from age 65, with 2019 comparison.

	31 March 2022	31 March 2019
Male pensioner	22.3 years	21.7 years
Male non-pensioner	23.6 years	23.1 years
Female pensioner	24.7 years	24.3 years
Female non-pensioner	26.2 years	25.8 years

Pensioners are assumed to be aged 65 at the respective valuation date and non-pensioners are assumed to be aged 45.

Other demographic assumptions

Death in service	See sample rates in Appendix 2
Retirements in ill health	See sample rates in Appendix 2
Withdrawals	See sample rates in Appendix 2
Promotional salary increases	See sample rates in Appendix 2
Commutation	50% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits
50:50 option	0.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option
Retirement age	The earliest age at which a member can retire with their benefits unreduced
Family details	A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependent of a female member is assumed to be 3 years older than her.

Further information on these assumptions can be provided upon request.

Assumptions

Benefit structure

Results are based on our understanding of the benefit structure of the LGPS in England and Wales on 31 March 2022 – see www.lgpsregs.org. However, there are areas of uncertainty and potential change.

McCloud

Benefits accrued by certain members between 2014 and 2022 may increase following the McCloud case, which ruled that transitional protections introduced in 2014 for older members were discriminatory. We've made an allowance for the cost of these potential improvements, based on the guidance issued by Department of Levelling Up, Housing and Communities on 22 March 2022. We expect minimal impact for most employers.

Cost sharing mechanism

Benefits could change because of the 2020 cost cap valuation; the outcome is currently unknown. There is also an ongoing legal challenge to the 2016 cost cap valuation. We have assumed that there will be no changes required to the benefit structure due to cost cap.

Guaranteed Minimum Pension equalisation and revaluation

We have assumed the Fund will pay all increases on GMP for members with a State Pension retirement date after 5 April 2016, as we did in the 2019 valuation.

Other legal cases

Benefits could change as a result of other legal challenges (eg the Goodwin case affecting partner pensions). Given the lack of information about possible benefit changes and their relatively small impact, we have made no allowance for these changes.

Fund-level results

Projected future benefit payments

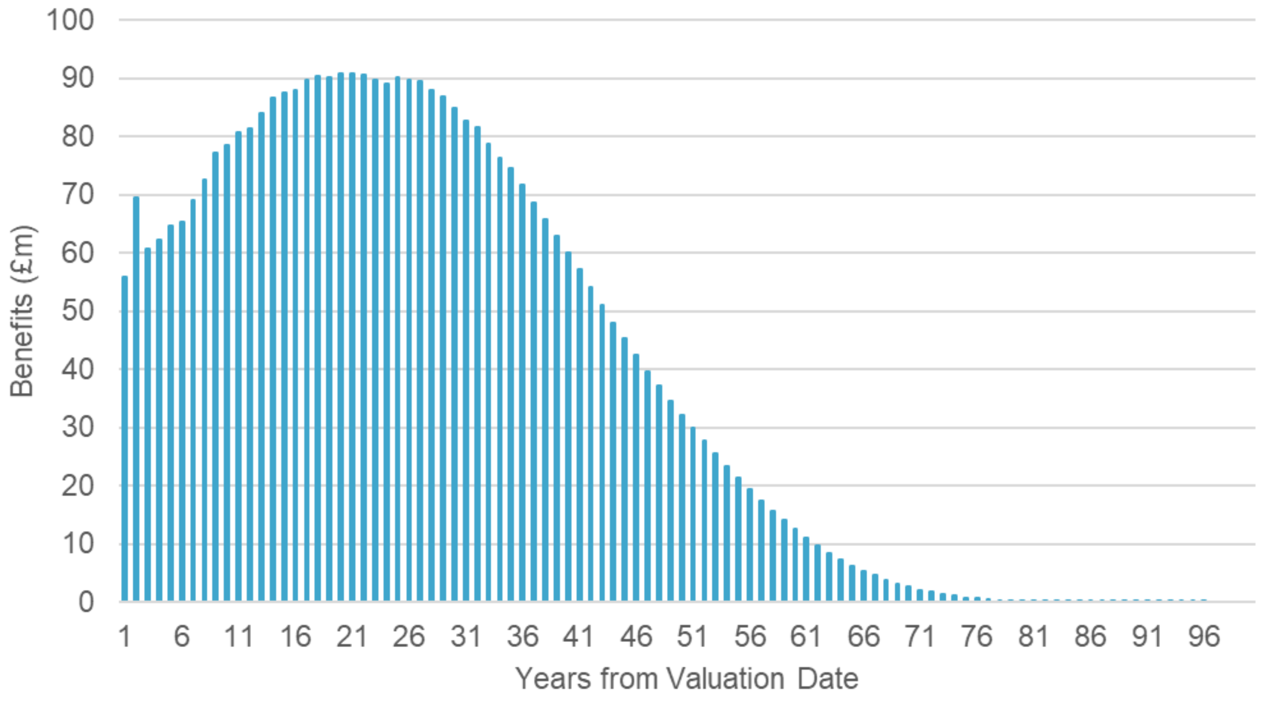
Combining membership data and the assumptions allows us to project future benefit payments for all benefits accrued up to 31 March 2022.

The projection will be different from the last valuation due to:

1. Events between 2019 and 2022 which were different from expectations – reflected in the updated membership data.
2. Estimates of the future which have changed – reflected in the updated assumptions.

Notes about the model:

The cashflow peak in Year 2 is a feature of the cashflow model, which assumes all active members older than their retirement age retire 1 year after the valuation date. The dips in cashflow in years 22 and 23 correspond with changes in state pension age.



Funding position as at 31 March 2022

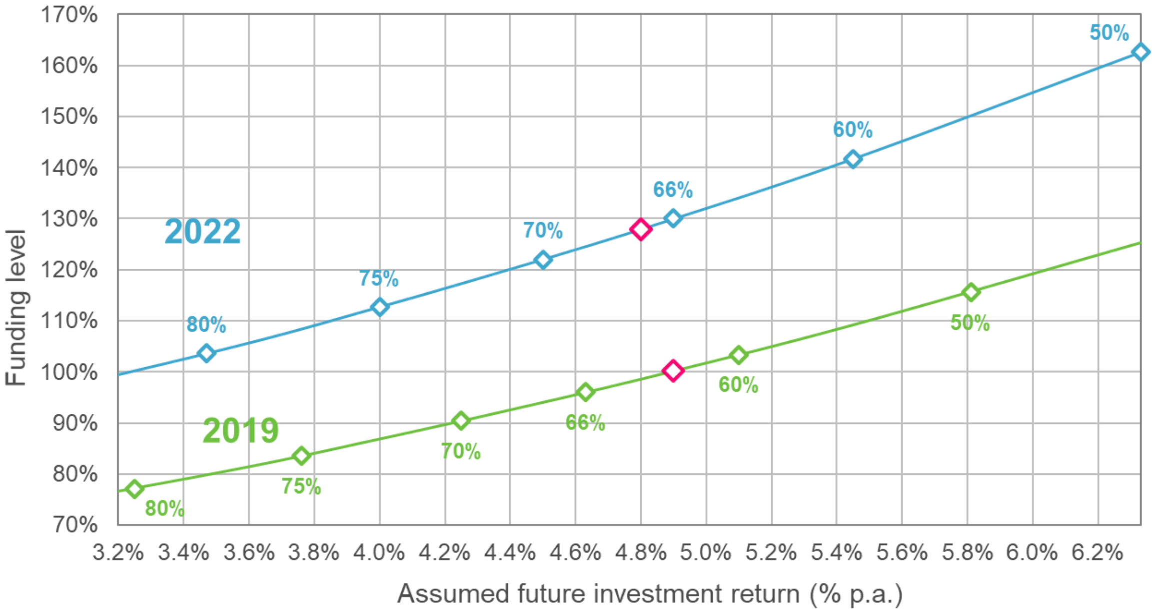
We can place a single value on all the future projected benefit payments for current members, called the liabilities. Comparing the liabilities to the market value of the Fund's assets at the valuation date provides the funding level (assets divided by liabilities).

To calculate the liabilities, we discount the benefit payments with an assumed future investment return (the 'discount rate'). Future investment returns are uncertain, so we calculate the liabilities and funding level across a range of future investment returns.

To help stakeholders better understand funding risk, we also calculate the likelihood of the Fund's investment strategy achieving certain levels of return.

- The reported funding position has improved from 99% as at 31 March 2019 to 128% as at 31 March 2022.
- The funding level is 100% if future investment returns are c.3.3% pa
- The likelihood of the Fund's assets yielding at least this return is around 82%.
- The comparator at 2019 was a return of 4.9% pa which had a likelihood of 64%.
- There is a 50% likelihood of an investment return of 6.3% pa. So the best-estimate funding level is 163% at 31 March 2022 (116% at 2019).

Funding level across a range of future investment returns



Figures on each line show the likelihood of the Fund's assets exceeding that return at the valuation date

Single funding position as at 31 March 2022

The chart on the previous page provides stakeholders with a better understanding of the funding position. However, we are still required to report a single funding position at 31 March 2022.

To report a single funding level and funding surplus/deficit for the 2022 valuation, a discount rate of 4.8% pa has been used. There is a 67% likelihood associated with a future investment return of 4.8% pa.

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This table details the liabilities, split by member status and the market value of assets at the valuation date. The results at the 2019 formal valuation are shown for comparison.

The funding level and surplus/deficit figures provide a high-level snapshot of the funding position on 31 March 2022. There are limitations:

- The liabilities are calculated using a single set of assumptions about the future, so are very sensitive to the choice of assumptions.
- The market value of assets changes daily

Valuation Date	31 March 2022	31 March 2019
Past Service Liabilities	**(£m)**	**(£m)**
Employees	364	323
Deferred Pensioners	375	392
Pensioners	727	716
Total Liabilities	**1,466**	**1,431**
Assets	**1,876**	**1,411**
Surplus/(Deficit)	**410**	**(20)**
Funding Level	**128%**	**99%**

Important: *the reported funding level does not directly drive employers' contribution rates. Contribution rates consider how assets and liabilities will evolve over time in different economic scenarios and reflect each employer's funding profile and covenant.*

Changes since the last valuation

Events between 2019 and 2022

Financial

	Expected	Actual	Difference	Impact on funding position
Investment returns				
3 year period	15.1%	27.5%	12.4%	+£181m
Annual	4.8% pa	8.4% pa	3.6% pa	

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The Fund's expenses (in relation to non-investment activities) over the last 3 years have totalled £4.6m. This figure is equivalent to 1.0% of the Fund's total pensionable pay. We will make allowance for the Fund's expenses by adding an allowance of 1.0% of pay to employer contribution rates from 1 April 2023.

Membership

	Expected	Actual	Difference	Impact on funding position
Pre-retirement				
Early leavers	491	1,683	1,192	+£9m
Ill-health retirements	12	8	-4	+£0m
Salary increases	3.6% pa	5.7% pa	2.1% pa	-£17m
Post-retirement				
Benefit increases	2.3% pa	1.8% pa	-0.6% pa	+£20m
Pension ceasing	£3.2m	£3.2m	£0.0m	+£1m

The most significant external event since the last valuation was the Covid-19 pandemic. The experience analysis shows that sadly, there were a higher than expected number of deaths. However, the impact on the funding position has been small, likely due to the age profile of the excess deaths and the level of pension.

Changes since the last valuation

Future expectations

Factor	What does it affect?	What's changed?	Impact on liabilities
Future investment returns	The rate at which future benefit payments are discounted back, ie the discount rate assumption	Future investment return expectations are broadly unchanged.	No impact
Inflation	The rate at which pensions in payment and deferment and CARE pots increase	Significant increase in short-term future inflation expectations.	Increase of £28m
Salary increases	The rate at which future salaries increase. This affects benefits that are still linked to final salary, ie accrued before 1 April 2014	No material change since last valuation given competing factors e.g. tighter budgetary conditions vs. strong job market and pressure from National Living Wage increases.	Decrease of £3m
Current life expectancy	How long we expect people to live for based on today's current observed mortality rates.	Slight reduction in life expectancy based on current observed data (not allowing for Covid-related excess deaths)	Decrease of £15m
Future improvements in life expectancy	How we expect life expectancies to change (increase) in the future.	Uncertainty about effectiveness of mitigations against life expectancy increases in the LGPS i.e. State Pension Age increases and Cost Cap. Need to better reflect wider pension and insurance industry long-term expectations.	Decrease of £1m

Reconciling the overall change in funding position

The tables below provide insight into the funding position changes between 31 March 2019 and 31 March 2022. Firstly, the changes we expect to happen, which relate mostly to items on the asset side. Then the impact of actual experience, which mainly affects the liabilities.

Expected development

Change in the surplus/deficit position	Assets	Liabilities	Surplus / Deficit
	£m	£m	£m
Last valuation at 31 March 2019	**1,411**	**1,431**	**(20)**
Cashflows			
Employer contributions paid in	207	0	207
Employee contributions paid in	33	0	33
Benefits paid out	(171)	(171)	0
Net transfers into / out of the Fund			
Other cashflows (e.g. Fund expenses)	(6)	0	(6)
Expected changes			
Expected investment returns	221	0	221
Interest on benefits already accrued	0	212	(212)
Accrual of new benefits	0	112	(112)
Expected position at 31 March 2022	**1,695**	**1,584**	**111**

* We have insufficient data to value the impact on the liabilities as a result of transfers in/out

Impact of actual events

Change in the surplus/deficit position	Assets	Liabilities	Surplus / Deficit
	£m	£m	£m
Expected position at 31 March 2022	**1,695**	**1,584**	**111**
Events between 2019 and 2022			
Salary increases greater than expected	0	17	(17)
Benefit increases greater than expected	0	(20)	20
Early leavers less than expected	0	(9)	9
McCloud remedy	0	1	(1)
Other membership experience, including mortality, commutation and ill health.	0	(74)	74
Higher than expected investment returns	181	0	181
Changes in future expectations			
Investment returns	0	0	0
Inflation	0	28	(28)
Salary increases	0	(3)	3
Longevity	0	(17)	17
Other demographic assumptions	0	(41)	41
Actual position at 31 March 2022	**1,876**	**1,466**	**410**

Numbers may not sum due to rounding

Sensitivity and risk analysis

Valuation results depend on actuarial assumptions made about the future. By their nature, these assumptions are uncertain which means it's important to understand their sensitivity and risk levels.

Financial assumptions

How results vary with the assumed future investment return is set out on page 14. Future inflation is currently very uncertain, the impact of varying levels is set out below. Note that these sensitivities show the impact of small long term changes to inflation. A

CPI Assumption	Surplus/ (Deficit)	Funding Level
% pa	**(£m)**	**%**
2.5%	452	132%
2.7%	410	128%
2.9%	367	124%

Regulatory, Administration and Governance risks

Potential risks include changes in central government legislation which may affect the future cost of the LGPS; failures in administration processes leading to incorrect data; and inaccuracies in actuarial calculations. These risks should be included in the Fund's risk register and monitored and managed as part of its ongoing risk management framework.

Demographic assumptions

The main demographic risk is that people live longer than expected. The table below shows the impact of longevity rates improving at a faster rate (1.75% pa vs 1.5% pa used in the results).

Long term rate of improvement	Surplus/ (Deficit)	Funding Level
% pa	**(£m)**	**%**
1.5%	410	128%
1.75%	400	127%

Climate change risk

Results may materially change due to the impact of climate change, because of transition and physical risks. We have not quantified the risk exposure here and will do so on the Fund's instruction.

Initial employer results

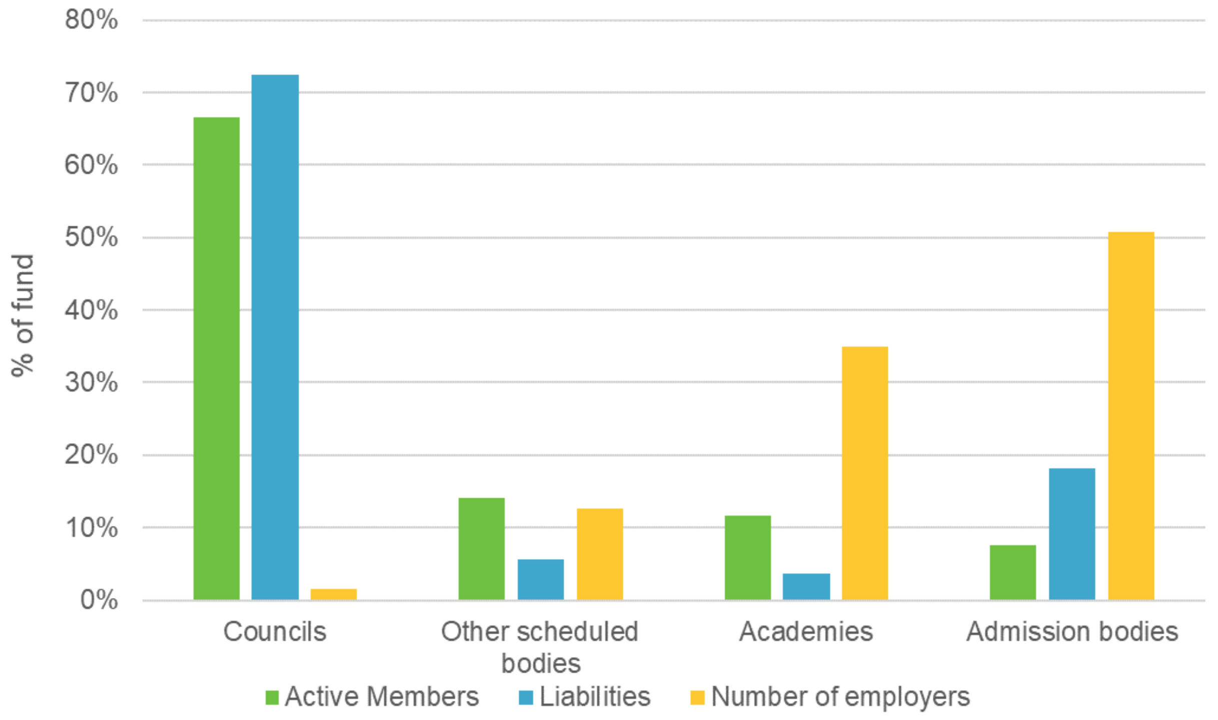
Focusing on employers

Whole-fund level results give a useful overview of the Fund’s health but are not the valuation’s most important output.

In reality, the Fund is funded at individual employer level. Each employer is responsible for funding the benefits earned by their current and ex-staff. As at 31 March 2022 there are around 60 individual employers in the Fund.

The next stage of the valuation is to prepare funding positions and review contribution rates for each individual employer in the Fund. There is a significant range and diversity of employers, so we will work with the Fund to make sure the funding strategy recognises this diversity and is flexible enough to cater for employers’ differences.

Fund employers by type



Results are based on initial draft employer results. These may change during the employer results preparation stage of the valuation.

Individual employer funding levels

The Fund is composed of around 60 employers, each of which has its own funding position and contribution plan. The Fund's overall funding position is the combination of all these employers' results.

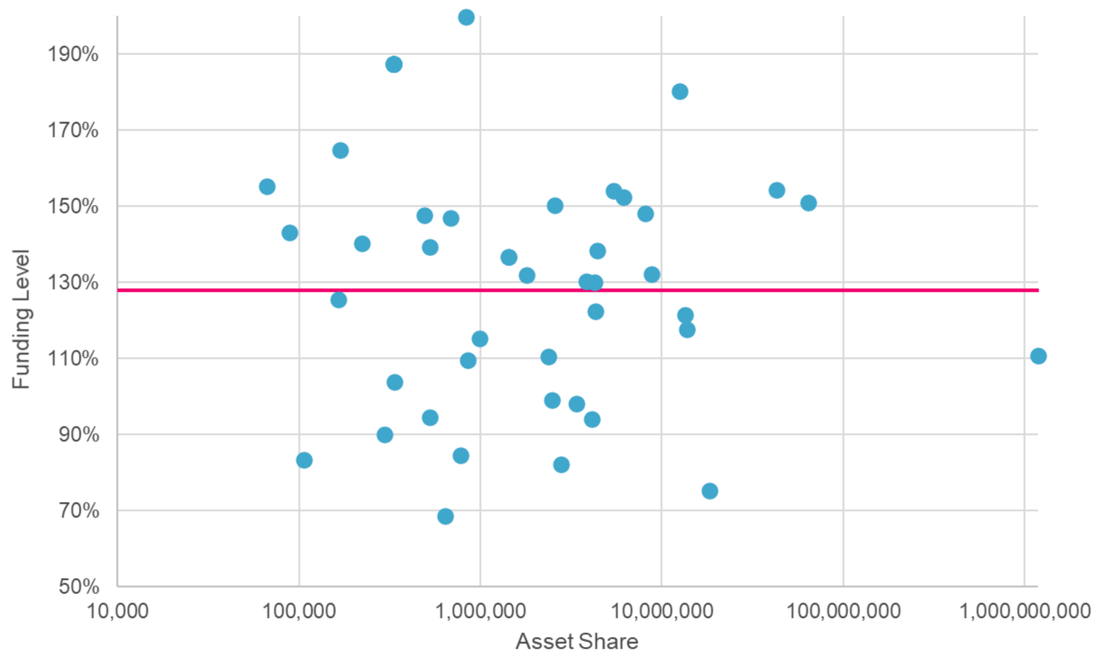
This chart shows the range of employer funding positions. Each dot represents an employer code and shows:

- The employer's share of the Fund assets, horizontal scale (NB this is a logarithmic scale, to accommodate the great range in size of employer from smallest to largest).
- The employer's funding level on 31 March 2022, vertical scale.

The red line is the Fund's overall funding level and shows that it does **not** relate to the average of the employer results. Instead, the whole Fund position is driven by the largest employers (right-hand side of the chart).

This shows the importance of considering individual employer results as well as the whole Fund position.

Employer funding level vs asset share



Results are based on initial draft employer results. These may change during the employer results preparation stage of the valuation.

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Decisions and next steps

Decisions and next steps

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1

Discuss funding risks and agree any further exploration or consideration.

2

Confirm that no changes are needed to valuation data or assumptions.

3

Prepare individual employer valuation results for discussion with Officers.

Appendices

APPENDIX 1

Deriving future investment return likelihoods

To derive the distribution of future investment returns and obtain associated likelihoods, we use the Fund's long-term investment strategy and our Economic Scenario Service (ESS) model. The ESS uses statistical models to generate a future distribution of year-on-year returns for each asset class, eg UK equities. The ESS reflects correlations between asset classes and wider economic variables (eg inflation). In the short-term (first few years), the models are fitted with current financial market expectations. Over the longer-term, models are built around our views of fundamental economic parameters, for example equity risk premium, credit-spreads and long-term inflation.

Fund's long-term investment strategy

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Asset class	Allocation
Equities	60%
Property	10%
Fixed Income	19%
Alternatives	11%
Total	**100.0%**

ESS individual asset class return distributions at 31 March 2022

		Annualised total returns													
		Cash	UK Equity	Developed World ex UK Equity	Private Equity	Property	UK Infrastructure Debt	Unlisted Infrastructure Equity	Developed World Equity	Multi Asset Credit (sub inv grade)	Absolute Return Bonds (inv grade)	Direct Lending (private debt) GBP Hedged	CorpMedium A	Inflation (CPI)	17 year yield
5 years	16th %'ile	0.7%	-2.7%	-3.2%	-5.0%	-2.5%	-1.7%	-1.1%	-3.1%	0.3%	0.5%	0.8%	-1.5%	2.3%	1.1%
	50th %'ile	1.5%	5.5%	5.3%	9.5%	4.0%	2.0%	5.7%	5.4%	3.1%	2.0%	5.8%	1.5%	3.9%	2.1%
	84th %'ile	2.3%	13.9%	14.0%	24.1%	11.0%	5.6%	12.9%	13.9%	5.7%	3.4%	10.7%	4.2%	5.5%	3.3%
10 years	16th %'ile	0.8%	-0.4%	-0.7%	-1.2%	-0.6%	-0.3%	0.7%	-0.6%	1.7%	0.9%	2.7%	-0.1%	1.6%	1.1%
	50th %'ile	1.8%	5.7%	5.6%	9.4%	4.4%	2.2%	5.9%	5.6%	3.5%	2.3%	6.0%	1.6%	3.3%	2.5%
	84th %'ile	2.9%	11.6%	11.7%	20.1%	9.5%	4.3%	11.2%	11.6%	5.2%	3.7%	9.2%	3.2%	4.9%	4.3%
20 years	16th %'ile	1.0%	1.7%	1.5%	2.4%	1.4%	1.2%	2.6%	1.6%	2.8%	1.4%	4.3%	1.1%	1.2%	1.3%
	50th %'ile	2.4%	6.2%	6.1%	10.0%	5.0%	2.7%	6.5%	6.1%	4.4%	2.9%	6.8%	2.1%	2.7%	3.2%
	84th %'ile	4.0%	10.6%	10.8%	17.6%	8.9%	4.2%	10.6%	10.8%	6.0%	4.6%	9.2%	3.2%	4.3%	5.7%
	Volatility (Disp) (1 yr)	0%	20%	20%	31%	15%	9%	15%	20%	7%	3%	12%	8%	1%	

APPENDIX 2

Sample rates for demographic assumptions

Males

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	404.31	813.01	0	0	0	0
25	117	0.17	267.06	537.03	0	0	0	0
30	131	0.2	189.49	380.97	0	0	0	0
35	144	0.24	148.05	297.63	0.1	0.07	0.02	0.01
40	150	0.41	119.2	239.55	0.16	0.12	0.03	0.02
45	157	0.68	111.96	224.96	0.35	0.27	0.07	0.05
50	162	1.09	92.29	185.23	0.9	0.68	0.23	0.17
55	162	1.7	72.68	145.94	3.54	2.65	0.51	0.38
60	162	3.06	64.78	130.02	6.23	4.67	0.44	0.33
65	162	5.1	0	0	11.83	8.87	0	0

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Females

Age	Salary Scale	Death Before Retirement	Withdrawals		Ill Health Tier 1		Ill Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.1	352.42	467.37	0	0	0	0
25	117	0.1	237.14	314.44	0.1	0.07	0.02	0.01
30	131	0.14	198.78	263.54	0.13	0.1	0.03	0.02
35	144	0.24	171.57	227.38	0.26	0.19	0.05	0.04
40	150	0.38	142.79	189.18	0.39	0.29	0.08	0.06
45	157	0.62	133.25	176.51	0.52	0.39	0.1	0.08
50	162	0.9	112.34	148.65	0.97	0.73	0.24	0.18
55	162	1.19	83.83	111.03	3.59	2.69	0.52	0.39
60	162	1.52	67.55	89.37	5.71	4.28	0.54	0.4
65	162	1.95	0	0	10.26	7.69	0	0

APPENDIX 3

Inflation expectations

Current inflation is significantly above the Bank of England target (2% pa) and recent norms. It is likely this will mean a high 2023 pension increase (based on September 2022 CPI inflation).

Current expectations are that inflation pressures will be short-term and move back to normal in the longer-term. The inflation assumption we have used reflects this pattern and allows for the short-term spike – see the blue line on the chart.

The assumption noted in this report is an average of the blue line over the approximate duration of the Fund's liabilities.

Increased uncertainty and risk

There is a lot of uncertainty around both the level of future short-term inflation and how long the period of higher inflation will last. We will continue to work with the Fund to monitor actual and future expected inflation as more information emerges.

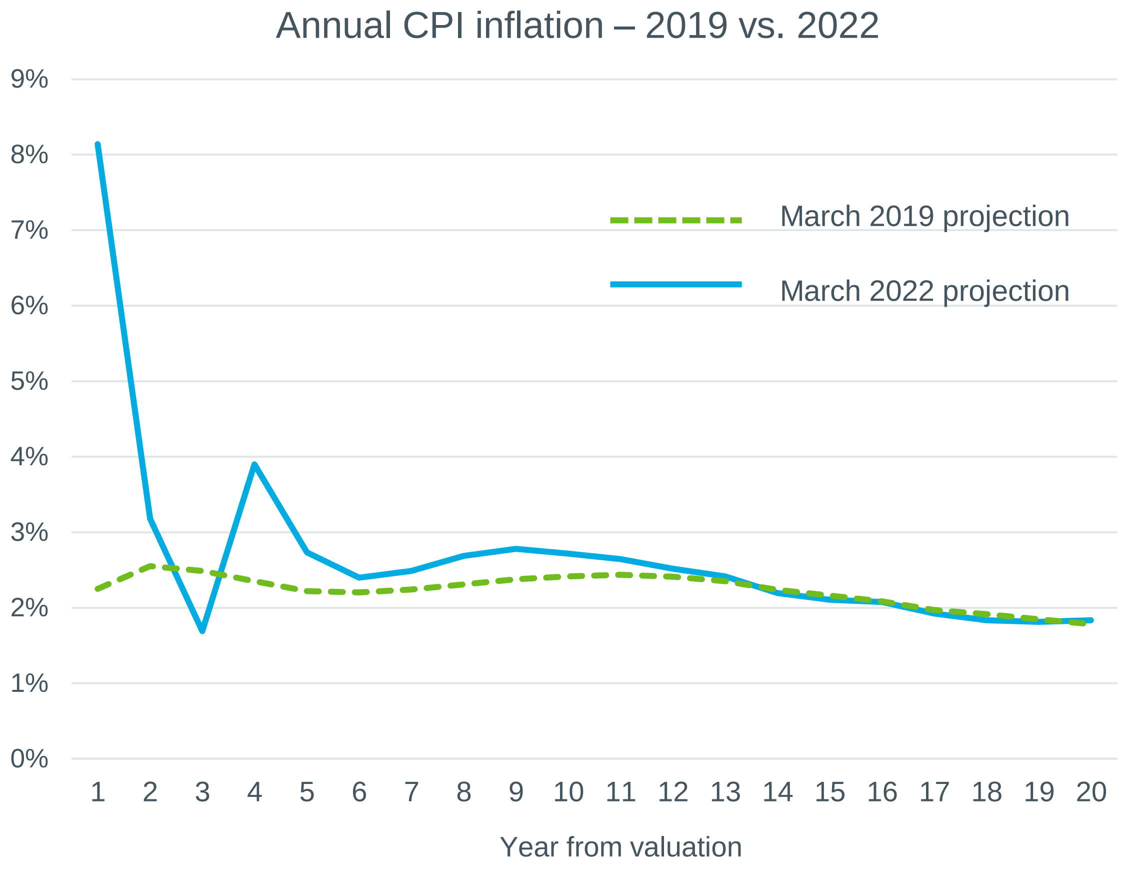

Chart shows median expected annual CPI inflation from ESS model.

APPENDIX 4

Reliances and limitations

We have been commissioned by City of Westminster ("the Administering Authority") to carry out a full actuarial valuation of the City of Westminster Pension Fund ("the Fund") as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 ("the Regulations").

This paper is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of:

- presenting the current funding position using a range of actuarial assumptions
- explaining why the funding position has changed since the previous valuation in 2019
- showing the sensitivity of the funding position.

It has not been prepared for any other purpose and should not be used for any other purpose.

The Administering Authority is the only user of this advice. Neither we nor Hymans Robertson LLP accept any liability to any party other than the Administering Authority unless we have expressly accepted such liability in writing. The advice or any part of it must not be disclosed or released in any medium to any other third party without our prior written consent. In circumstances where disclosure is permitted, the advice may only be released or otherwise disclosed in its entirety fully disclosing the basis upon which it has been produced (including any and all limitations, caveats or qualifications).

This information can be used by the Administering Authority to support the development of the funding strategy and to identify and understand areas of potential risk that it may wish to explore or mitigate during the valuation process.

Technical Actuarial Standards apply to this advice, and have been complied with where material and to a proportionate degree. They are:

- TAS100; and
- TAS300.

Note that this report does not comply with paragraphs 12 (b) or (c) of TAS 300, regarding future projections of funding level and its volatility. The figures in this report provide a notification of the whole Fund funding position, rather than individual employer positions. Therefore, we do not believe the exclusion of the information under these paragraphs is material.

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APPENDIX 5

Glossary

Term	Explanation
50:50 option	An option for LGPS members to pay half contributions and earn half the retirement benefit (pre-retirement protection benefits are unreduced).
Baseline longevity	The rates of death (by age and sex) in a given group of people based on current observed data.
Club Vita	A firm of longevity experts we partner with for longevity analysis. They combine data from thousands of pension schemes and use it to create detailed baseline longevity assumptions at member-level, as well as insight on general longevity trends and future improvements.
Commutation	The option for members to exchange part of their annual pension for a one-off lump sum at retirement. In the LGPS, every £1 of pension exchanged gives the member £12 of lump sum. The amounts that members commute is heavily influenced by tax rules which set an upper limit on how much lump sum can be taken tax-free.
CPI inflation	The annual rate of change of the Consumer Prices Index (CPI). The CPI is the UK government’s preferred measure of inflation and is the measure used to increase LGPS (and all other public sector pension scheme) benefits each year.
Demographic assumptions	Assumptions concerned with member and employer choices rather than macroeconomic or financial factors. For example, retirement age or promotional salary scales. Demographic assumptions typically determine the timing of benefit payments.
Discount rate	A number used to place a single value on a stream of future payments, allowing for expected future investment returns.
ESS	Economic Scenario Service - Hymans Robertson’s proprietary economic scenario generator used to create thousands of simulations of future inflation, asset class returns and interest rates.

APPENDIX 5

Glossary

Term	Explanation
Funding position	The extent to which the assets held by the fund at 31 March 2022 cover the accrued benefits ie the liabilities. The two measures of the funding position are: • the funding level - the ratio of assets to liabilities; and • the funding surplus/deficit - the difference between the asset and liabilities values.
Inflation	Prices tend to increase over time, which is called inflation. Inflation is measured in different ways, using a different 'basket' of goods and mathematical formulas.
Liabilities	An employer's liability value is the single value at a given point in time of all the benefit payments expected to be made in future to all members. Benefit payments are projected using demographic and financial assumptions and the liability is calculated using a discount rate.
Longevity improvements	An assumption about how rates of death will change in future. Typically we assume that death rates will fall and life expectancies will improve over time, continuing the long-running trend.
Prudence	To be prudent means to err on the side of caution in the overall set of assumptions. We build prudence into the choice of discount rate by choosing an assumption with a prudence Level of more than 50%. All other assumptions aim to be best estimate.
Prudence Level	A percentage indicating the likelihood that a discount rate assumption will be achieved in practice, based on the ESS model. The higher the prudence level, the more prudent the discount rate is.
Withdrawal	Refers to members leaving the scheme before retirement. These members retain an entitlement to an LGPS pension when they retire, but are no longer earning new benefits.

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City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**27 October 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 30 September 2022 for the Pension Fund bank account and cash held at custody (Northern Trust). The bank position continues to be stable.

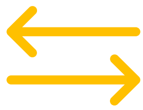
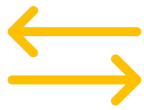
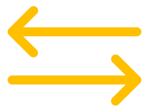
2. Recommendations

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

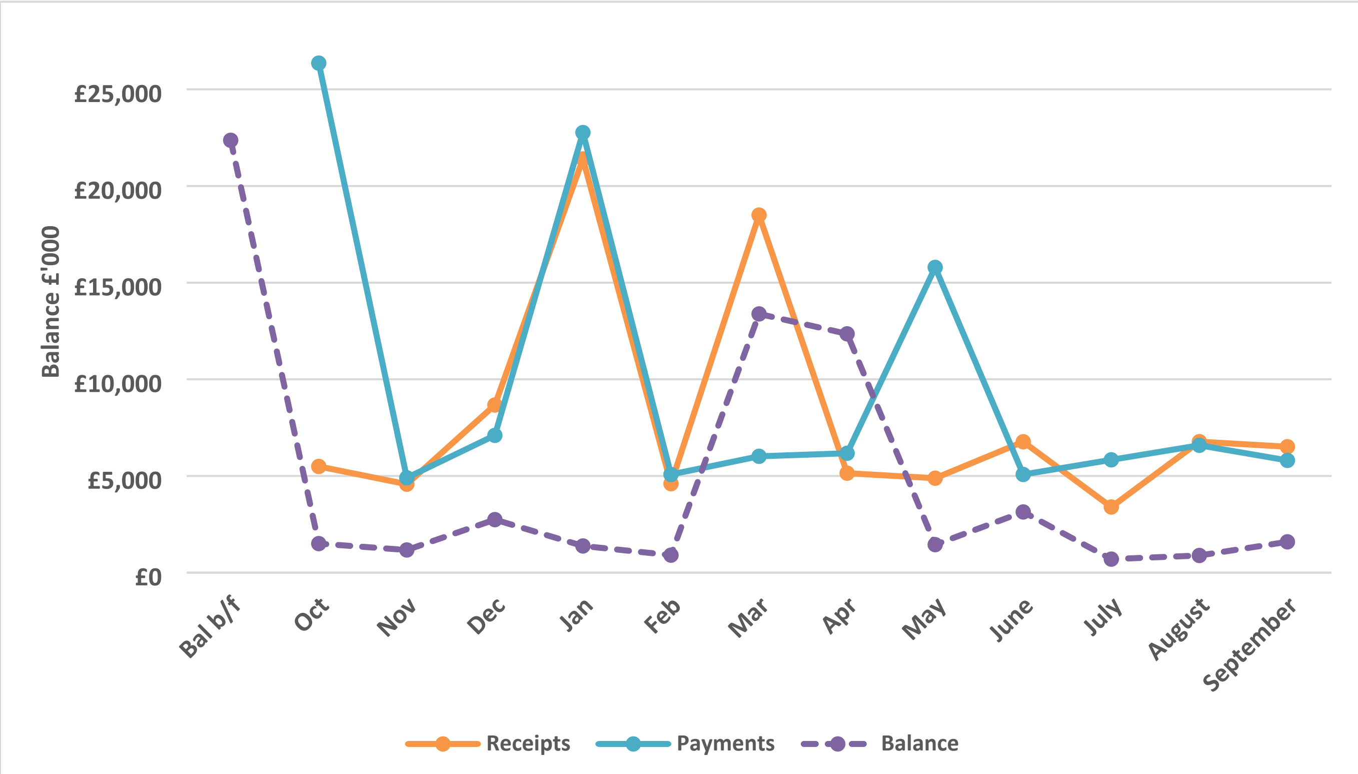
3.1 The risk register is divided into two sections: investment and pensions administration. The risk groups have been updated to reflect the CIPFA guidance on risk categories. The current top five risks to the Pension Fund, as updated in September 2022, are highlighted in the table below:

CIPFA Risk Group	Risk Rank	Risk Description	Trending
Liability Risk	1st/40	Price inflation is significantly more than anticipated in the actuarial assumptions. Inflation continues to rise in the UK and globally due to labour shortages, supply chain issues, and high energy prices. CPI was 9.9% in the year to August 2022. The government's energy relief package for domestic households is expected to have a significant downward pressure on CPI.	
Asset and Investment Risk	2nd/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 £1.86m. The Fund returned -4.83% net of fees in the year to 31 August 2022, slightly outperforming the benchmark by 0.33% net of fees. Much of this underperformance can be attributed to the equity and fixed income mandates.	
Asset and Investment Risk	3rd/40	Increased risk to global economic stability. Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with volatility in oil and commodity prices, as well as the weakening of the pound. Leading to tightened financial conditions, reduced risk appetite and raised credit risks. Geo-political risk as a result of events and political uncertainty.	
Asset and Investment Risk	4th/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. TCFD regulations impact on LGPS schemes currently unknown but expected to come into force during 2023.	
Administrative and Communicative Risk	1st/16	The increase in online hacking poses a continual risk to members personal data, as well as potential disruption issues for members accessing the online pension portal. In these instances, Hampshire Pension Services would need to take the portal offline to ensure the system and data is secure.	**NEW**

4. Cashflow Monitoring and Forecasted Cashflows

4.1 The balance on the Pension Fund's Lloyds bank account at 30 September 2022 was £1.6m. 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 October 2021 to 30 September 2022.



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. The Council made a final deficit recovery payment to the Pension Fund during March 2022. During the quarter, the Fund withdrew £6m from cash at custody to maintain a positive cash balance.

4.4 The Pension Fund held £4.1m in cash with the global custodian, Northern Trust, as at 30 September 2022. 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 following table shows the cash inflows and outflows within cash at custody for the three-month period from 1 July 2022 to 30 September 2022.

Cash at Custody	**July**	**Aug**	**Sep**
	£000	**£000**	**£000**
	Actual	**Actual**	**Actual**
Balance b/f	**16,351**	**4,295**	**7,598**
Distributions	881	142	2,734
Deficit Recovery	0	0	0
Sale of assets	0	35,000	0
Interest	209	7	10
Cash withdraw	(2,000)	(2,000)	(2,000)
Foreign Exchange Gains/Losses	177	14	96
Purchase of Assets	(11,156)	(29,860)	(4,330)
Miscellaneous	11	(0)	0
Management fees	(178)	0	23
Balance c/f	**4,295**	**7,598**	**4,131**

4.5 Over the quarter, capital calls relating to the Pantheon Global Infrastructure fund, Quinbrook Renewables Impact mandate, Macquarie Renewable Infrastructure fund, Man Group Community Housing Fund and CVC Credit Private Debt fund took place. During August 2022, sales of £25m and £10m took place within the Insight Buy and Maintain Bond fund and NT Ultra Short Bond fund respectively, to fund these capital calls.

4.6 Following the expected increase in the cashflow deficit, Officers have switched the majority of funds from accumulating to distributing share classes. Therefore, going forward, we can expect the level of distributions to increase.

4.7 The total cash balance, including the Pension Fund Lloyds bank account and cash at custody, is shown below for the period from 1 July 2022 to 30 September 2022. The total cash balance as at 30 September 2022 was £5.7m.

Cash at custody & Bank account	**Jul**	**Aug**	**Sep**
	£000	**£000**	**£000**
	Actual	**Actual**	**Actual**
Balance b/f	**19,491**	**4,994**	**8,486**
Cash outflows	(16,983)	(36,433)	(10,113)
Cash inflows	2,486	39,925	7,352
(Withdraw)/Deposit from custody to bank account	(2,000)	(2,000)	(2,000)
Withdraw/(Deposit) from bank account to custody	2,000	2,000	2,000
Balance c/f	**4,994**	**8,486**	**5,725**

4.8 The following table illustrates the expected cashflow for the 12-month period from 1 April 2022 to 31 March 2023 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%. Pension payments are linked to CPI-inflation.

Current Account Cashflows Actuals and Forecast for period April 2022 - March 2023:

	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	*Oct-22*	*Nov-22*	*Dec-22*	*Jan-23*	*Feb-23*	*Mar-23*	*Total*
	£000	£000	£000	£000	£000	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	
	Actual	Actual	Actual	Actual	Actual	Actual	*F'cast*	*F'cast*	*F'cast*	*F'cast*	*F'cast*	*F'cast*	
Balance b/f	**13,383**	**12,353**	**1,448**	**3,140**	**699**	**888**	***1,594***	***854***	***1,115***	***1,375***	***1,636***	***1,396***	***£000s***
Contributions	4,647	3,285	5,755	840	3,318	3,735	*3,274*	*3,274*	*3,274*	*3,274*	*3,274*	*3,274*	*41,226*
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	497	1,600	1,015	556	1,458	777	*520*	*520*	*520*	*520*	*520*	*520*	*9,020*
Pensions	(3,587)	(3,641)	(3,613)	(3,647)	(3,627)	(3,656)	*(3,637)*	*(3,637)*	*(3,637)*	*(3,637)*	*(3,637)*	*(3,637)*	*(43,592)*
HMRC Tax Payments	(615)	(675)	(666)	(653)	(672)	(674)	*(634)*	*(634)*	*(634)*	*(634)*	*(634)*	*(634)*	*(7,761)*
Transfers out, lump sums, death grants, refunds & misc. payments	(1,966)	(1,337)	(647)	(1,484)	(2,138)	(1,453)	*(1,095)*	*(1,095)*	*(1,095)*	*(1,095)*	*(1,095)*	*(1,095)*	*(15,594)*
Expenses	(6)	(137)	(152)	(52)	(150)	(23)	*(167)*	*(167)*	*(167)*	*(167)*	*(167)*	*(167)*	*(1,525)*
Net cash in/(out) in month	**(1,030)**	**(905)**	**1,692**	**(4,441)**	**(1,811)**	**(1,294)**	***(1,739)***	***(1,739)***	***(1,739)***	***(1,739)***	***(1,739)***	***(1,739)***	***(18,226)***
Withdrawal/(deposit) from custody cash	0	(10,000)	0	2,000	2,000	2,000	*1,000*	*2,000*	*2,000*	*2,000*	*1,500*	*2,000*	*6,500*
Deficit Recovery Contributions	0	0	0	0	0	0	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Balance c/f	**12,353**	**1,448**	**3,140**	**699**	**888**	**1,594**	***854***	***1,115***	***1,375***	***1,636***	***1,396***	***1,657***	

4.9 The three-year cashflow forecast for 2022/23 to 2024/25 for the Pension Fund's Lloyds bank account is shown below. Forecast cashflows are calculated using the previous year's cashflows which are then inflated by 2%, with pensions payable linked to CPI-inflation.

Three Year Cashflow Forecast for 2022/23 to 2024/25:

	2022/23	2023/24	2024/25
	£000	£000	£000
	F'cast	F'cast	F'cast
Balance b/f	**13,383**	**542**	**761**
Contributions	39,291	40,077	40,878
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	6,236	6,361	6,488
Pensions	(43,642)	(48,006)	(50,406)
HMRC Tax	(7,614)	(7,766)	(7,921)
Transfers out, lump sums, death grants, refunds & misc. payments	(13,136)	(13,399)	(13,667)
Expenses	(2,008)	(2,048)	(2,089)
Net cash in/(out) in year	**(20,873)**	**(24,781)**	**(26,717)**
Withdrawal/(deposit) from custody cash	8,000	25,000	27,000
Deficit Recovery Contributions	32	0	0
Balance c/f	**542**	**761**	**1,044**

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

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BACKGROUND PAPERS: None

APPENDICES:

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

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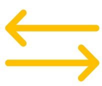
Appendix 1 - Tri Borough Risk Management Scoring Matrix		
Scoring (Impact)		
Impact Description	Category	Description
1 Very Low	Cost/Budgetary Impact	£0 to £25,000
	Impact on life	Temporary disability or slight injury or illness less than 4 weeks (internal) or affecting 0-10 people (external)
	Environment	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

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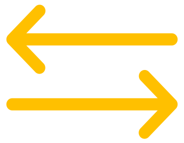
Pension Fund Risk Register - Administration Risk													
Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Reviewed
				Fund	Employers	Reputation	Total						
Administrative and Communicative Risk	1		The increase in online hacking poses a continual risk to members personal data, as well as potential disruption issues for members accessing the online pension portal. In these instances, Hampshire Pension Services would need to take the portal offline to ensure the system and data is secure.	4	2	5	11	3	**33**	**TREAT:** 1) The Hampshire Pension Portal has several layers of security in place to ensure the security of member data and access to the portal. 2) HPS undertake penetration testing on a regular basis in conjunction with Civica to ensure any risks/weaknesses in the systems security is identified and rectified. 3) Civica undertake upgrades and maintenance to the pension portal on a continual basis.	2	**22**	04/10/2022
Administrative and Communicative Risk	2		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 the 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**	27/09/2022
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**	27/09/2022
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**	27/09/2022
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**	27/09/2022
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**	27/09/2022
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**	27/09/2022
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**	27/09/2022
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**	27/09/2022

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**	27/09/2022
Administrative and Communicative Risk	11		Poor reconciliation process leads to incorrect contributions.	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.	2	**8**	27/09/2022
Administrative and Communicative Risk	12		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. HPS have their own COWPF Bank Account which is reconciled. COWPF transferred to HPS on the 8th of November 2021 there have never been any issues in running the pension payroll or paying the pensions on time.	1	**7**	27/09/2022
Administrative and Communicative Risk	13		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**	27/09/2022
Administrative and Communicative Risk	14		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**	27/09/2022
Administrative and Communicative Risk	15		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**	27/09/2022
Administrative and Communicative Risk	16		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**	27/09/2022

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						
Liability Risk	1		Price inflation is significantly more than anticipated in the actuarial assumptions. Inflation continues to rise in the UK and globally due to labour shortages, supply chain issues, and high energy prices. CPI was 9.9% as at 31 August 2022.	5	3	2	10	5	**50**	**TREAT:** 1) The fund holds investments in bonds, inflation linked long lease property and other real assets to mitigate CPI risk. Moreover, equities will also provide a degree of inflation protection. 2) The Pension Fund has increased its holdings within infrastructure and intends to increase allocations to property into 2022. 3) Officers continue to monitor the increases in CPI inflation on an ongoing basis. 4) Short term inflation is expected due to a number of reasons on current course.	4	**40**	27/09/2022
Asset and Investment Risk	2		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 £1.86m. The Fund returned -4.83% net of fees in the year to 31 August 2022, slightly outperforming the benchmark by 0.33% net of fees. Much of this underperformance can be attributed to the equity and fixed income mandates.	5	3	3	11	4	**44**	**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. 6) The Committee invited Baillie Gifford to attend the Committee meeting on 23 June 2022, the asset manager reafirmed their committement to growth-oriented investment.	3	**33**	27/09/2022
Asset and Investment Risk	3		Increased risk to global economic stability. Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with volatility in oil and commodity prices, as well as the weakening of the pound. Leading to tightened financial conditions, reduced risk appetite and raised credit risks. Geo-political risk as a result of events and political uncertainty.	3	4	3	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) The City of Westminster Pension Fund can report that as at 23rd August 2022, the value of investments to Russia or Ukraine within the Pension Fund's asset classes is valued at zero. 5) Currency hedging takes place within the LGIM Future World Fund and LCIV Absolute Return Fund, this will offer some protection against the weakening of the pound.	3	**30**	27/09/2022

Asset and Investment Risk	4		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 released for 2022. 6) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance.	3	**27**	27/09/2022
Liability Risk	5		Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others. Current economic conditions will cause strain on smaller employers.	5	3	3	11	3	**33**	**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.	2	**22**	27/09/2022
Liability Risk	6		Scheme members live longer than expected leading to higher than expected liabilities.	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	**22**	27/09/2022
Asset and Investment Risk	7		Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	5	3	2	10	3	**30**	**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.	2	**20**	27/09/2022
Liability Risk	8		Employee pay increases are significantly more than anticipated for employers within the Fund. Persistently high inflation will potentially lead to unexpectedly high pay awards.	4	4	2	10	3	**30**	**TREAT** 1) Fund employers should monitor own experience. 2) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review. 3) Employers to made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014). 4) Employee pay rises currently remain below inflation.	2	**20**	27/09/2022

Asset and Investment Risk	9		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**	27/09/2022
Resource and Skill Risk	10		Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	4	3	2	9	3	**27**	**TREAT:** 1) External professional advice is sought where required. Knowledge and skills policy in place (subject to Committee Approval) 2) Comprehensive training packages will be offered to members.	2	**18**	27/09/2022
Regulatory and Compliance Risk	11		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.	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**	27/09/2022
Asset and Investment Risk	12		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**	27/09/2022
Asset and Investment Risk	13		Volatility caused by uncertainty regarding the withdrawal of the UK from the European Union. Supply chain shortages disrupting the economy. Uncertainty remains regarding the Northern Ireland Protocol.	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 mandate is currently GBP hedged. 3) The UK has exited the EU and the transition period has come to an end. There is still the potential for volatility implementing some of the post-Brexit agreements once Covid becomes less of an issue.	2	**16**	27/09/2022
Asset and Investment Risk	14		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**	27/09/2022

Liability Risk	15		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**	27/09/2022
Resource and Skill Risk	16		Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding. Following local elections, which took place in May 2022, the composition of the Committee has changed.	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**	27/09/2022
Regulatory and Compliance Risk	17		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 23 August 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**	27/09/2022
Liability Risk	18		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**	27/09/2022
Liability Risk	19		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**	27/09/2022

Liability Risk	20		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.£22m cashflow negative from 2022/23 onwards.	1	**12**	27/09/2022
Regulatory and Compliance Risk	21		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**	27/09/2022
Regulatory and Compliance Risk	22		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**	27/09/2022
Liability Risk	23		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**	27/09/2022
Reputational Risk	24		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**	27/09/2022
Reputational Risk	25		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**	27/09/2022
Asset and Investment Risk	26		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**	27/09/2022

Liability Risk	27	⇆	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**	27/09/2022
Liability Risk	28	⇆	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**	27/09/2022
Asset and Investment Risk	29	⇆	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**	27/09/2022
Asset and Investment Risk	30	⇆	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**	27/09/2022
Asset and Investment Risk	31	⇆	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**	27/09/2022
Resource and Skill Risk	32	⇆	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**	27/09/2022
Regulatory and Compliance Risk	33	⇆	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**	27/09/2022
Reputational Risk	34	⇆	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**	27/09/2022
Liability Risk	35	⇆	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**	27/09/2022

Liability Risk	36		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**	27/09/2022
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**	27/09/2022
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**	27/09/2022
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**	27/09/2022
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**	27/09/2022

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City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**27 October 2022**
Classification:	**Public (Appendices 2 and 3 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 30 June 2022, together with an update on the London CIV.

1.2 The Fund returned -7.6% net of fees over the quarter to 30 June 2022, performing broadly in line with the benchmark.

2. RECOMMENDATION

2.1 The Committee is asked to:

- Note the performance of the investments.

- Approve that Appendices 2 and 3 to this report are 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 This report presents a summary of the Pension Fund's performance to 30 June 2022. The investment performance report (Appendix 1) has been prepared by Deloitte, the Fund's investment advisor.

3.2 The market value of investments decreased by £132m to £1.728bn over the quarter to 30 June 2022, with the Fund returning -7.6% net of fees. The Fund performed broadly in line with the benchmark, with the equity mandates and fixed income portfolios being the main detractors to performance. Much of this underperformance can be attributed to continued heightened inflationary concerns alongside the supply chain disruption caused by the ongoing conflict in Ukraine and strict lockdown measures in China.

3.3 The Fund's underperformance was partially offset by strong outperformance of benchmarks within the Abrdn long lease property fund and Pantheon Global Infrastructure, which outperformed by 9.1% and 15.4% net of fees respectively.

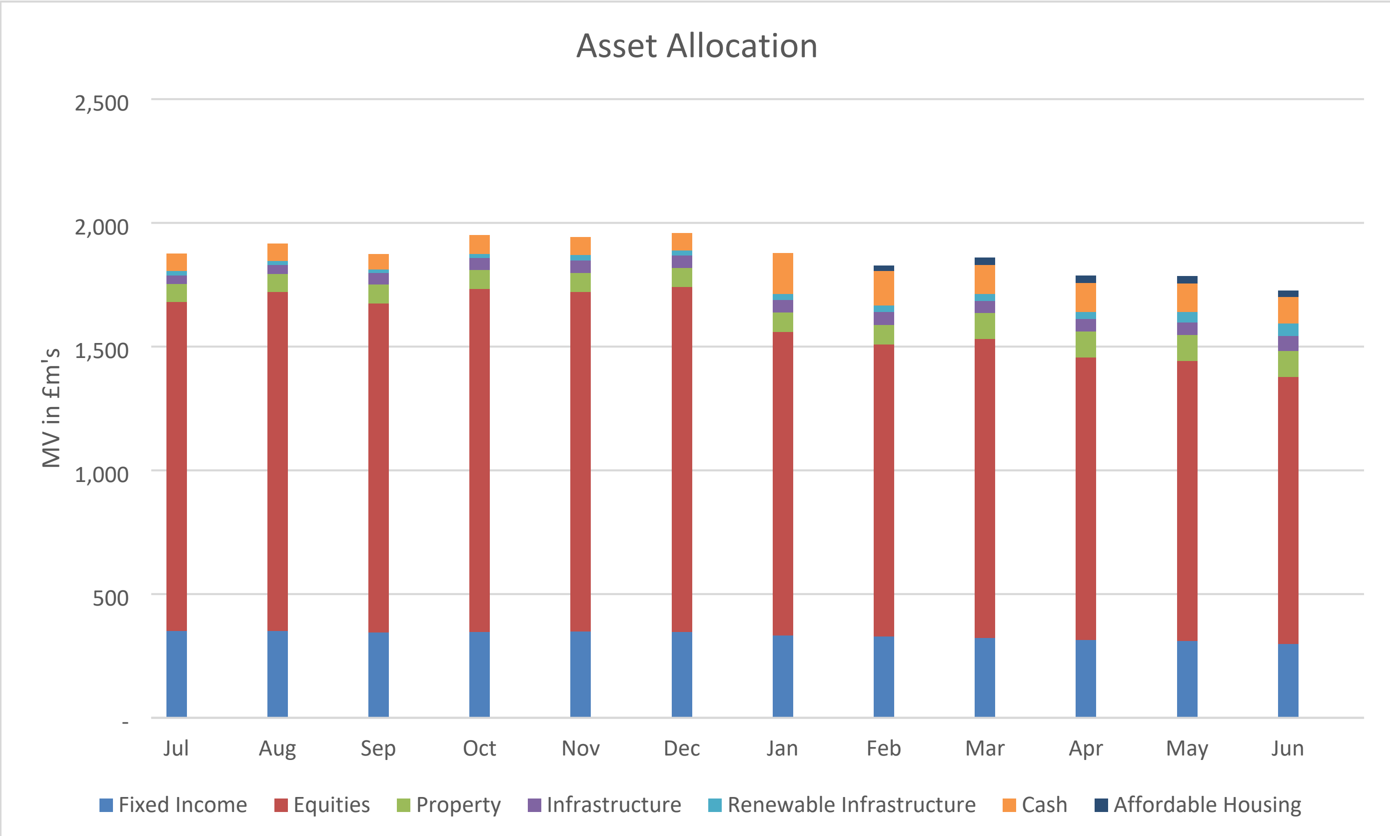
3.4 Over the 12-month period to 30 June 2022, the Fund underperformed its benchmark net of fees by -3.5% returning -9.4%. This underperformance can be largely attributed to the Baillie Gifford (LCIV) Global Alpha Growth mandate, with the strategy's large-cap growth stock bias proving detrimental as investors sought safety in value-oriented parts of the market.

3.5 The Abrdn long lease property fund has again performed strongly over the one-year period, outperforming its benchmark by 25.8% net of fees, owing to a rise in gilt yields over the year with the fund benchmarked against Gilts +2%. Alongside this, the Pantheon infrastructure fund and Macquarie renewable infrastructure mandate have returned 33.5% and 16.8% net of fees, respectively. Over the longer three-year period to 30 June 2022, the Fund slightly underperformed the benchmark net of fees by 0.4%.

3.6 It should be noted that Deloitte continue to rate the fund managers favourably. However, given the significant underperformance of the Baillie Gifford Global Alpha, Deloitte will be hosting a meeting with senior management at Baillie Gifford to discuss strategy during October 2022.

4. ASSET ALLOCATION AND SUMMARY OF CHANGES

4.1 The chart shows the changes in asset allocation of the Fund from 1 July 2021 to 30 June 2022. Please note asset allocations may vary due to changes in market value.



*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 socially supported housing.

4.3 During the quarter to 30 June 2022, capital calls for the Pantheon Global Infrastructure fund and Macquarie Renewable Infrastructure fund took place. There was also an equalisation within the Quinbrook Renewables Impact mandate.

5. LONDON CIV UPDATE

5.1 The value of City of Westminster Pension Fund investments directly managed by the London CIV as at 30 June 2022 was £839m, representing 49% of Westminster's investment assets. A further £377m continues to benefit from reduced management fees, through Legal and General having reduced its fees to match those available through the LCIV.

5.2 During April 2022, Mike O'Donnell announced he would be stepping down from his role as CEO from March 2023. Following the quarter end, Dean Bowden was appointed as the successive London CIV CEO, with an anticipated start date of November 2022. Mike will support Dean in the period of transition before stepping back from the full time role. Dean joins the London CIV from Quilter Investors where he was most recently CEO and Director of Quilter Investors Portfolio Management and Managing Director and Director of Quilter Investors Limited.

5.3 As at 30 June 2022, the London CIV had £24.7bn of assets under management of which £13bn are directly managed by the London CIV. This equates to 57% of total London LGPS assets, with a target of 71% pooled by 2025.

5.4 During the quarter, the London CIV undertook 38 meetings/engagements with Client Funds, including meet the manager sessions, seed investor group discussions and monthly business updates.

5.5 All London CIV funds, that Westminster are invested, were on normal monitoring at quarter end. During the second quarter, the London CIV carried out an in-depth annual review of the LCIV Global Alpha Growth Fund (Baillie Gifford), with London CIV remaining confident in the investment process but acknowledging that there could have been better management of investment risk.

5.6 The realignment of the London CIV Multi Asset Credit (MAC) mandate commenced in February 2022, with the introduction of PIMCO as a second manager alongside CQS. The addition of PIMCO extends the range of credit instruments targeted by the fund, increases the level of diversification of risk and mitigates manager-specific risk. This transition was successfully completed as scheduled on 31 July 2022. Aggregate annual management fee savings of 5bps are expected following the introduction of PIMCO.

5.7 Please see the London CIV quarterly investment report as at 30 June 2022, attached at appendix 3.

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 30 June 2022
Appendix 2: Deloitte Investment Report, Fee Benchmarking (exempt)
Appendix 3: London CIV Quarterly ACS Investment Report at 30 June 2022 (exempt)

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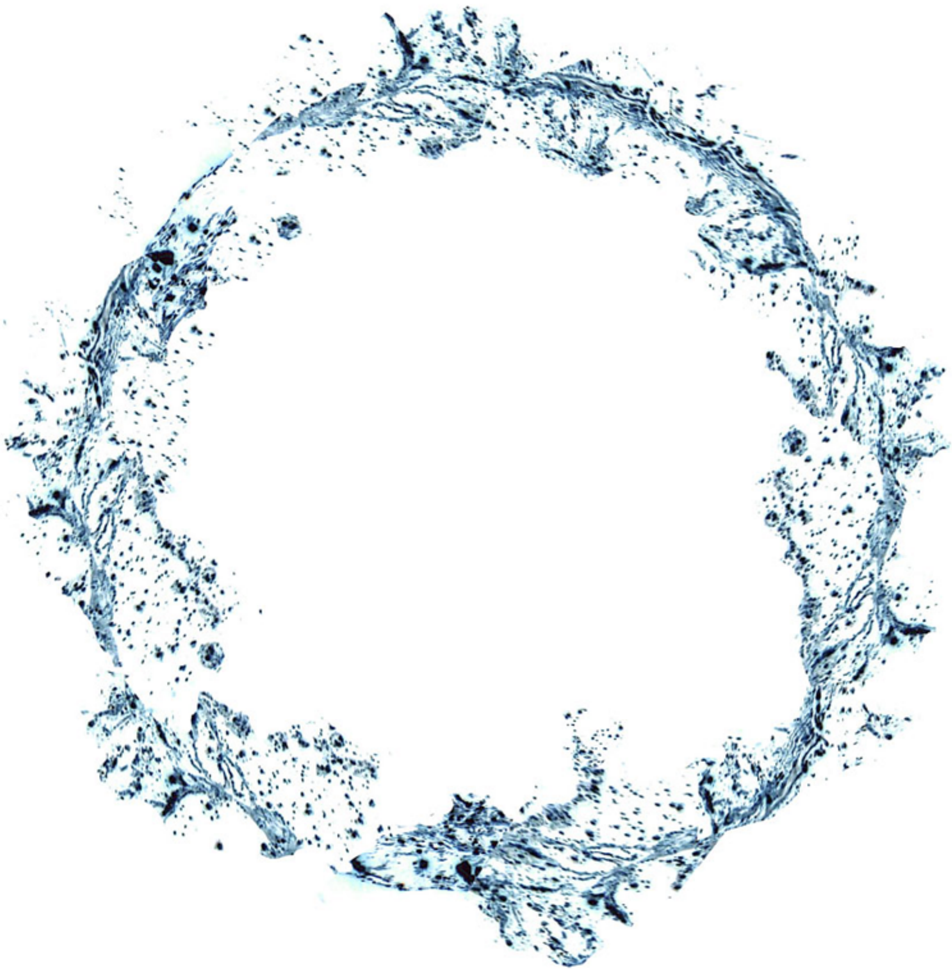
Deloitte.



City of Westminster Pension Fund

Investment Performance Report to 30 June 2022

Deloitte Total Reward and Benefits Limited
October 2022

Contents

1 Market Background

Global Equities

Inflation continued to move higher across many major economies over the quarter causing investors to price in further interest rate rises and an increased risk of recession. Consumer confidence deteriorated in response to rising prices and manufacturing growth slowed worldwide as Russia's invasion of Ukraine and strict lockdown measures in China continued to disrupt supply chains. Over the second quarter of 2022, both the Federal Reserve and Bank of England hiked interest rates putting further pressure on the consumer. Despite its recent interventions, the Bank of England continues to warn of rising inflation, raising its estimate of peak CPI from 10% to 11%.

Over the second quarter of 2022, global equity markets fell sharply in response to the growing risk of recession. The FTSE All World Index returned -13.3% in local currency terms. Performance across all global regions was negative. US equities saw the sharpest decline due in part to the Federal Reserve's aggressive interest rate rises. The FTSE All World USA Index returned -16.6% in local currency terms over the quarter.

European markets returned -10.4% over the quarter in local currency terms, as the war in Ukraine continued and concerns grew over potential gas shortages. With inflation rising across the eurozone, the European Central Bank announced its intention to raise interest rates for the first time in 10 years when it meets in July. Despite the easing of lockdown restrictions across China, the FTSE All World Asia Pacific ex-Japan performed negatively, returning -7.1%. Japanese markets finished the quarter lower as the yen weakened sharply against the US dollar, the FTSE All World Japan returned -3.7% in local currency terms. Emerging Market equities also performed negatively over the quarter, returning -7.3% in local currency terms.

Government bonds

UK nominal gilt yields increased over the second quarter across all maturities as investors priced in further rate rises. UK consumer price inflation reached 9.4% over the 12 months to 30 June 2022, with the Bank of England forecasting that CPI will reach 11% in late 2022. The Bank of England pressed ahead with rate rises with the UK base rate reaching 1.25% by the end of the quarter. The All Stocks Gilts Index delivered a return of -7.4% over the quarter, whilst the longer-dated Over 15-year Index delivered a return of -14.2%.

Real yields on index-linked gilts increased by a greater extent than their nominal equivalents as inflation expectations fell in response to an assumed deterioration in future economic growth. The All Stocks Index-Linked Gilts Index delivered a return of -17.5% over the second quarter.

Corporate bonds

Credit spreads on sterling denominated investment grade corporate bonds widened over the quarter in response to the combination of monetary policy tightening and a weaker economic outlook. The iBoxx All Stocks Non-Gilt Index returned -6.8% over the three months to 30 June 2022.

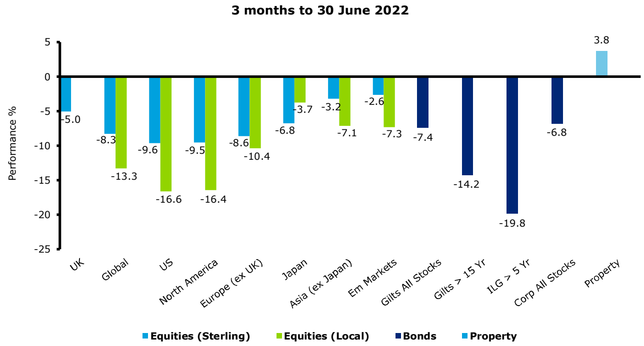
Property

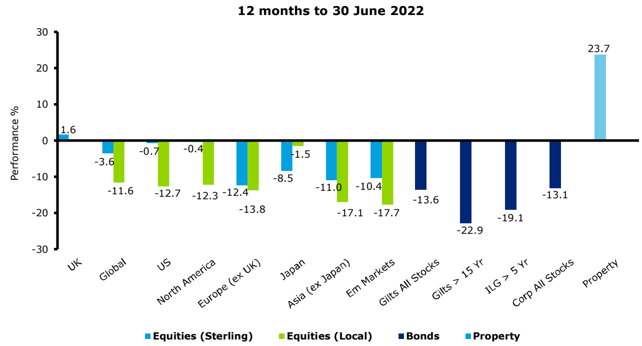
The MSCI UK All Property Index delivered a return of 3.8% over the second quarter of 2022, and a return of 23.7% over the 12 months to 30 June 2022. The industrial sector continues to lead the way with a quarterly return of 5.1%, whilst the office sector continued to underperform, returning 1.7%. The retail sector was the second-highest performing sector over the quarter, delivering a return of 3.8%.

Responsible Investing

The war in Ukraine has highlighted the heavy dependence of many European countries on Russian oil and gas, whilst supply chain disruption and surging agricultural costs have increased the threat of a global food security crisis. The MSCI World ESG Focus Index delivered a return of -16.3% over the three-month period underperforming the wider MSCI World Index by c. 0.2%, largely due to being overweight the technology sector and underweight outperforming oil and gas stocks.

Over the quarter, the U.S. Securities & Exchange Commission (SEC) proposed new rules requiring listed companies to publish climate related reporting, broadly following the Task Force on Climate-Related Financial Disclosures (TCFD) framework. If enacted, the proposal would require reporting on climate related risks, governance, carbon emissions and other climate related risks.





2 Total Fund

2.1 Investment Performance to 30 June 2022

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)	-13.4	-13.4	-12.2	-12.3	n/a	n/a	4.4	4.3
LCIV	Global Equity (Global Alpha Growth)	-12.1	-8.6	-23.4	-4.2	5.5	7.9	11.6	10.8
LCIV	Global Equity (Global Equity Core)	-6.0	-8.6	-1.6	-4.2	n/a	n/a	7.4	10.7
Insight[1]	Buy and Maintain	-7.7	-4.6	-14.2	-9.8	-1.9	-1.3	4.0	3.5
LCIV	Multi Asset Credit	-7.6	1.3	-7.5	4.5	0.0	4.5	0.7	4.6
abrdn	Property	2.2	-6.9	14.1	-11.7	8.3	-1.5	8.5	3.9
Man GPM	Community Housing	3.7	0.3	n/a	n/a	n/a	n/a	-7.4	0.4
Pantheon[2]	Global Infrastructure	17.6	2.2	33.5	8.5	13.4	8.6	13.9	9.1
Macquarie[3]	Global Renewable Infrastructure	12.0	0.3	16.8	0.5	n/a	n/a	0.7	0.4
Quinbrook[3]	UK Renewable Infrastructure	0.1	0.3	-1.2	0.5	n/a	n/a	8.2	0.4
LCIV	Absolute Return	-4.2	1.0	n/a	n/a	n/a	n/a	-1.1	1.8
Total		-7.6	-7.6	-9.4	-5.9	4.6	5.0	n/a	n/a

Source: Northern Trust. Figures may not tie due to rounding.

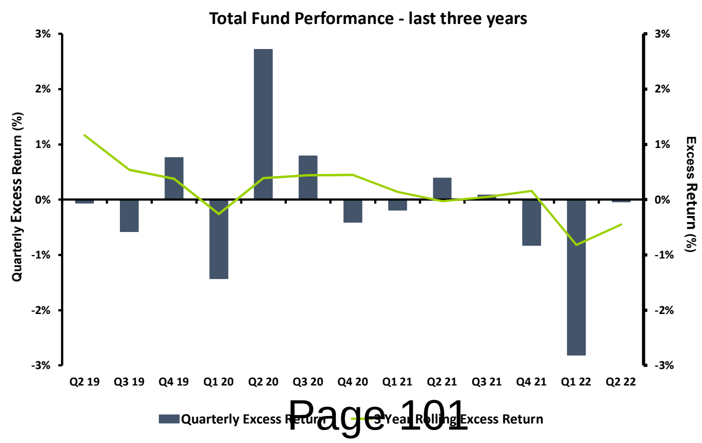
[1]Insight Buy and Maintain Fund was incepted on 9 April 2018. Since inception returns and benchmark returns reflect a combination of Insight Buy & Maintain Fund returns and benchmark returns from date of inception to 30 June 2022, and Insight IM (Core) Fund returns and benchmark returns from inception 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 April 2022 and includes the impact of fluctuations in the USD to GBP exchange rate.

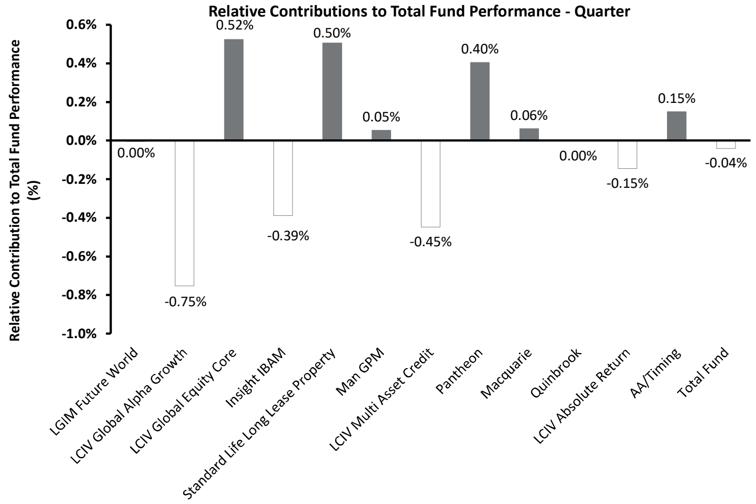
[3]Macquarie and Quinbrook performance is calculated with a one quarter lag. In addition, Macquarie net asset value and cashflows are in EUR which Northern Trust converts to GBP, therefore estimated performance includes the impact of fluctuations in the EUR to GBP exchange rate.

The Fund delivered a negative absolute return of -7.6% on a net of fees basis over the second quarter of 2022, performing broadly in line with the fixed weight benchmark. The negative absolute return over the quarter, for the second quarter in succession, can be largely attributed to poor performance across global equity and wider capital markets, primarily due to continued heightened inflationary concerns alongside the supply chain disruption caused by ongoing conflict in Ukraine and strict lockdown measures in China. Over the one year period to 30 June 2022, the Fund delivered a negative absolute return of -9.4% but delivered a positive return of 4.6% p.a. over the longer three year period on a net of fees basis, underperforming the fixed weight benchmark by 3.4% and 0.5% p.a. over the year and three year periods respectively (relative performance does not correspond to the figures in the table above due to rounding).

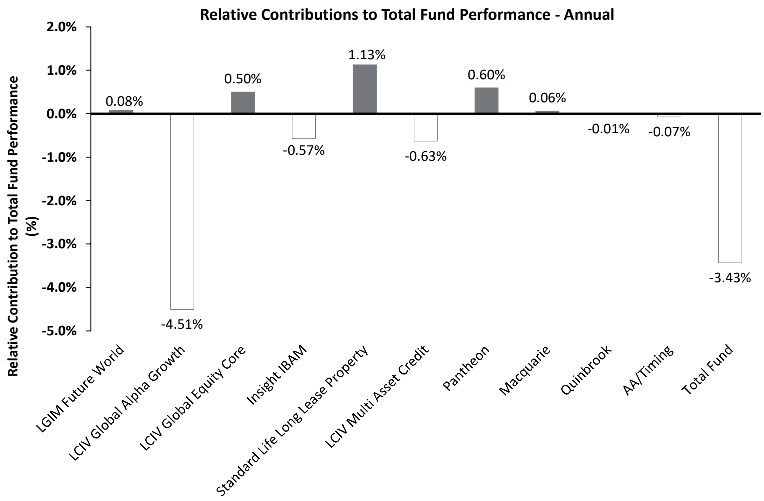
The chart below shows the relative performance of the Fund over the quarter and last three years, highlighting that the rolling three-year performance remains below the benchmark over the quarter. Please note that performance is shown net of fees versus the benchmark.



2.2 Attribution of Performance to 30 June 2022



The Fund performed broadly in line with its fixed weight benchmark over the second quarter of 2022. Underperformance was primarily driven by the LCIV Global Alpha Growth Fund, having underperformed its benchmark for the sixth quarter in succession with the strategy's large-cap growth stock bias continuing to prove detrimental as investors continue to seek safety in value-oriented parts of the market. The Insight Buy and Maintain Fund and the LCIV Multi Asset Credit Fund also detracted from relative performance, with Insight's longer duration relative to its iBoxx-based benchmark harming relative returns while the LCIV Multi Asset Credit Fund underperformed its cash-plus target against an unfavourable backdrop across the credit market. Underperformance was primarily offset by the LCIV Global Equity Core Fund, having outperformed its MSCI benchmark over the quarter, the Standard Life Long Lease Property Fund, managed by abrdn, having outperformed its gilts-based benchmark over the quarter owing to a noticeable rise in gilt yields over the three-month period, and Pantheon, with the infrastructure strategy delivering a strong positive return versus its cash-plus target over the quarter.



Over the year to 30 June 2022, the Fund underperformed its benchmark by 3.4% on a net of fees basis. Underperformance can largely be attributed to the LCIV Global Alpha Growth Fund with the sub-fund, managed by Baillie Gifford, having considerably underperformed its benchmark over the year to 30 June 2022, largely due to a general "flight to quality" within the wider market. Underperformance was partially offset by the Standard Life Long Lease Property Fund owing to a rise in gilt yields over the year.

2.3 Asset Allocation as at 30 June 2022

The table below shows the assets held by manager and asset class as at 30 June 2022.

Manager	Asset Class	End March 2022 (£m)	End June 2022 (£m)	End March 2022 (%)	End June 2022 (%)	Benchmark Allocation (%)
LGIM	Global Equity (Passive - Future World)	435.1	376.9	23.4	21.8	20.0
LCIV	Global Alpha Growth	399.0	349.9	21.5	20.3	20.0
LCIV	Global Equity Core	374.7	352.4	20.2	20.4	20.0
Longview	Global Equity	-	-	-	0.0	0.0
	Total Equity	1,208.8	1,079.2	65.0	62.5	60.0
Insight	Buy and Maintain	229.0	211.3	12.3	12.2	7.0
LCIV	Multi Asset Credit	94.1	86.9	5.1	5.0	6.0
CVC Credit	European Direct Lending	-	-	-	-	6.0
	Total Bonds	323.1	298.2	17.4	17.3	19.0
abrdn	Long Lease Property	103.7	106.0	5.6	6.1	5.0
Man GPM	Affordable Housing	29.5	26.1	1.6	1.5	2.5
TBC	Affordable Housing / Supported Living	-	-	-	-	2.5
	Total Property	133.2	132.1	7.2	7.6	10.0
Pantheon[1]	Global Infrastructure	49.0	59.1	2.6	3.4	5.0
Macquarie[2]	Global Renewable Infrastructure	9.8	23.8	0.5	1.4	3.0
Quinbrook[2]	UK Renewable Infrastructure	18.2	27.4	1.0	1.6	3.0
	Total Infrastructure and Renewable Infrastructure	77.0	110.4	4.1	6.4	11.0
LCIV	Absolute Return	51.6	49.4	2.8	2.9	0.0
	Cash[3]	65.7	58.1	3.5	3.4	0.0
	Total Cash and Cash Management	117.3	107.5	6.3	6.3	0.0
Total		1,859.5	1,727.5	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]Includes cash held in the in-house cash allocation and the Northern Trust ESG Ultra Short Bonds Fund.

The total value of the Fund's invested assets, including cash, stood at c. £1,727.5m as at 30 June 2022, representing a decrease of c. £132.0m over the second quarter of 2022.

Fixed Income Portfolio

Following a manager selection exercise on 10 March 2022, the Committee agreed to invest in the CVC Credit European Direct Lending III Fund and committed a total of £110m across the main fund (£85m) and the co-investment vehicle (£25m).

Following quarter end, CVC Credit issued its first drawdown requests for £17.4m and £3.9m to be drawn into the main fund and the co-investment vehicle respectively by 28 July 2022. These requests were funded entirely from the Insight Buy and Maintain Fund.

Affordable Housing / Supported Living

Over the quarter, Man GPM issued a distribution of £4.5m to the Fund on 3 May 2022, including an equalisation payment of £0.2m. Following quarter end, Man GPM issued a drawdown request for £3.0m for payment by 12 July 2022. Following payment, as at 12 July 2022 the Fund's total commitment is c. 60% drawn for investment.

Infrastructure and Renewable Infrastructure

The Pantheon Global Infrastructure Fund III investment portfolio is now fully deployed. Pantheon anticipates that the Fund's commitment will be approximately fully drawn by the end of 2022. Over the quarter, Pantheon issued a net capital call of $1.8m for payment by 21 June 2022, which consisted of a c. $2.7m capital contribution, offset by a c. $0.9m distribution and, following quarter end, Pantheon issued a net drawdown request for $4.2m to be paid by 9 September 2022, consisting of a $5.5m capital call offset by a $1.4m distribution of capital. Following payment, the Fund's $91.5m commitment is c. 80% drawn for investment.

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 23 August 2022 following a capital call of £9.2m in May 2022 and a capital call of £8.5m following quarter end in August, Quinbrook has drawn £34.2m of the Fund's £60m commitment for investment.

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 June 2022. Based on the current drawdown position as at 25 August 2022 following a capital call of €5.2m in May and a capital call of €9.4m in June, the remaining unfunded commitment stands at €28.4m, with the Fund's total contribution at €26.6m.

Cash Management

With the exception of the CVC Credit drawdown request, each of the above-mentioned drawdown requests were funded from residual cash held in the Fund's in-house cash allocation. Given the extent of drawdown requests issued in recent periods, the Fund's investment in the Standard Life Long Lease Property Fund, managed by abrdn, and the Insight Buy and Maintain Fund were switched to income distributing shareclasses over the second quarter of 2022 in order to provide additional income. In addition, the in-house cash allocation has been topped up via a £10m redemption from the Northern Trust ESG Ultra Short Bonds Fund in August, which forms part of the Fund's cash account in the table above, as reported by Northern Trust.

2.4 Yield analysis as at 30 June 2022

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 March 2022
LGIM	Global Equity (Passive – Future World)	1.82%
LCIV	Global Equity (Global Alpha Growth)	1.26%*
LCIV	Global Equity (Global Equity Core)	1.42%
Insight	Buy and Maintain	4.10%
LCIV	Multi Asset Credit	8.62%
abrdn	Long Lease Property	3.81%
LCIV	Absolute Return	1.34%*
	Total	**2.55%**

**LCIV Global Alpha Growth, LCIV Global Equity Core and LCIV Absolute Return Fund yields are provided by the underlying managers (Baillie Gifford, Morgan Stanley and Ruffer).*

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
Insight	Buy and Maintain	Departure of any of the senior members of the investment team	1
CQS & PIMCO	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
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 £12,126m within the 16 sub-funds (not including commitments to the private markets strategies) as at 30 June 2022, a decrease of £1,080m, primarily as a result of negative market returns over a volatile quarter. The positive net flows over the quarter can be partially attributed to the impact of three investors seeding the LCIV Alternative Credit Fund.

As at 30 June 2022, the total assets under oversight, including passive investments held outside the London CIV platform, stood at £24.7bn, a decrease of c. £2.0bn over the quarter. As at 30 June 2022, total commitments raised by the private market funds stood at £2.2bn of which £808m had been drawn.

Following quarter end, in July 2022, the re-alignment of the LCIV Multi Asset Credit Sub Fund, which the Fund currently invests in, to introduce the PIMCO Diversified Income Fund to sit alongside CQS as part of a two-manager structure was completed in line with schedule.

Personnel

In April 2022, Mike O'Donnell, Client Director and CEO, announced he has informed the London CIV Board of his intention to retire from the role at the end of March 2023. Mike intends to step back from a full-time role, exploring an alternative challenge. Mike will remain in his role until March 2023 and will support the London CIV during the transition period. Following quarter end, in August 2022, the London CIV announced that Dean Bowden has been appointed as London CIV CEO in succession to Mike O'Donnell. The appointment is subject to FCA approval, with Dean set to join the London CIV in November 2022 and spend a few weeks working with Mike to fully integrate himself into the role before formally taking over. Dean brings considerable experience of the asset management and broader investment and savings industry, having spent much of his career with Quilter (formerly Old Mutual and Skandia), most recently as CEO and Director of Quilter Investors Portfolio Management and Managing Director and Director of Quilter Investors Limited, while also undertaking the role of Quilter's Group Head of Responsible Investment where he had responsibility for the design of the Group responsible investment and responsible business strategies.

In May 2022, the London CIV announced four new hires. Naomi Brown joined the Fund Accounting Team, Christiana Omoroga joined the Risk and Compliance Team, Marie-Chantel Ahagbuje joined the Governance Team and Victoria Morris joined the Client Services Team.

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 2022, Legal & General Investment Management ("LGIM") had assets under management ("AuM") of c. £1,290m, a decrease of c. 131bn since 31 December 2021. Note, LGIM provides AuM updates biannually.

Personnel

Within the Index team, LGIM welcomed 5 new joiners over the second quarter of 2022:

- Karan Bhanot, ETF Investment Strategist;
- Rory Loader, ETF Business Relationship Analyst;
- Matthew McCarthy, ETF Portfolio Manager;
- Thomas Yunus, ETF Portfolio Manager; and
- Steven Grieve, Fixed Income Fund Manager.

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

3.3 Baillie Gifford

Business

As at 30 June 2022, Baillie Gifford held c. £231bn in assets under management, representing a decrease of c. £46bn over the quarter primarily as a result of negative market returns alongside investor flows out of some of Baillie Gifford's equity strategies. The Global Alpha strategy held assets under management of c. £39bn as at 30 June 2022, representing a decrease of c. £7bn over the quarter.

Personnel

There were no significant personnel changes to the Global Alpha Fund over the second quarter of 2022.

Deloitte view - We note the significant underperformance of the Global Alpha Growth Fund. We are holding a meeting with senior members of the Baillie Gifford team responsible for the strategy in October and will provide an update to the Committee at the 27 October 2022 Committee Meeting.

3.4 Morgan Stanley Investment Management

Business

The LCIV Global Equity Core Fund held assets under management of c. £529m as at 30 June 2022, a decrease of c. £34m over the quarter.

As at 30 June 2022, the Morgan Stanley Global Sustain Fund, which the LCIV Global Equity Core Fund is based upon, held assets under management of c. $3.8bn, representing a decrease of c. $1.1bn over the second quarter of 2022, primarily as a result of negative market movements.

Changes to the LCIV Global Equity Core Fund

Following quarter end, taking effect in August 2022, the Sub-Fund's investment policy has been amended to formalise the strategy's ''quality" focus of investing and the responsible investment parameters applied by the investment manager. Specifically, the revised policy:

- Formalises the objective of achieving a lower greenhouse gas ("GHG") emissions intensity than the MSCI All Country World Index; and

- Extends fossil fuel and related omissions and introduces a GHG emissions intensity filter.

The manager has also increased the range for the number of stocks typically held from 25-40 to 25-50. This is aligned to the investment manager's approach to portfolio construction.

The Sub-Fund is already fully compliant with the revised investment policy, as such no transactional activity or re-alignment is required in the light of these changes.

Personnel

There were no significant personnel changes to the Morgan Stanley Global Sustain Fund over the second quarter of 2022.

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

3.5 Insight

Business

Insight's assets under management stood at c. £725bn as at 30 June 2022, a decrease of c. £92bn over the quarter primarily as a result of negative market returns over the three-month period.

The Insight Buy and Maintain Fund's assets under management decreased by £0.3bn over the second quarter of 2022, to c. £2.7bn as at 30 June 2022.

Personnel

There were no significant team or personnel changes over the quarter to 30 June 2022.

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

3.6 abrdn

Business

The Standard Life Long Lease Property Fund, managed by abrdn, had a total fund value of c. £3.5bn as at 30 June 2022, remaining relatively unchanged over the 3 month period since 31 March 2022.

Personnel

There were no significant team or personnel changes over the quarter to 30 June 2022.

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

3.7 Man GPM

Business

Man GPM held a total of c. $3.2bn in assets under management as at 31 March 2022, including commitments, a decrease of c. $0.2bn over the quarter. The Community Housing Fund's NAV stood at c. £88.0m as at 31 December 2021, an increase of £50.5m over the fourth quarter of 2021. Data as at 30 June 2022 was unavailable at the time of writing.

Commitments to the Community Housing Fund now total £220m, with a further £5m of commitments under documentation as at the end of May 2022. The Fund's total capacity is £400m.

Over the quarter, Man GPM issued a distribution of c. £4.5m to the Fund on 3 May 2022, including an equalisation payment of £0.2m to reflect the impact of new investors committing to the strategy at the most recent close. In addition, following quarter end, Man GPM issued a capital call of £3.0m to the Fund for payment by 12 July 2022. As such, the Fund's total commitment is c. 60% drawn for investment following the capital call as at 12 July 2022.

Personnel

There were no significant personnel changes over the second quarter of 2022.

Deloitte view – We continue to rate Man GPM for its affordable housing capabilities. While Ian Jackson's departure does not trigger a Key Person Event, we will monitor any implications his departure may have on fund raising and deployment within the strategy.

3.8 Pantheon

Business

Pantheon held c. $88bn in assets under management as at 31 March 2022, an increase of c. $4bn since 31 December 2021.

Following the final close in March 2019, the Global Infrastructure III Fund had $2.2bn in committed assets. The Global Infrastructure III Fund has completed 41 deals, with $2.2bn in closed or committed deals as at 30 June 2022 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

There were no significant team or personnel changes over the quarter to 30 June 2022.

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

3.9 Macquarie

Business

Macquarie held assets under management of €523bn as at 31 March 2022.

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.

The Green Investment Group ("GIG") commenced operations as part of Macquarie Asset Management ("MAM") on 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

There were no significant team or personnel changes over the quarter to 30 June 2022.

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

3.10 Quinbrook

Business

As at 30 June 2022, a total of £260m has been committed to the Renewables Impact Fund, accounting for 52% of the Fund's target, with no further closes taking place over the quarter. Quinbrook is confident that momentum will continue and plans to conduct rolling closes throughout the remainder of 2022.

The Renewables Impact Fund has deployed a total of £127.8m into the investment portfolio as at 30 June 2022, representing 49% of commitments in total.

Personnel

Over the second quarter of 2022, Ariana Brighenti and Gavin O'Brien joined Quinbrook. Ariana joined Quinbrook's Capital Formation team as an Associate (UK) at the end of June 2022, prior to joining Quinbrook Ariana was part of the LGPS sales team at BlackRock. Gavin joined Quinbrook as an Analyst (US) from KPMG in Dallas where he was a Senior Associate in KPMG's Infrastructure & Capital Projects Advisory Practice.

Meanwhile in June 2022, Charlie Miller-Sterling, an associate in the UK capital formation team, left his role.

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

3.11 Ruffer

Business

As at 30 June 2022, Ruffer held c. £26.0bn in assets under management, remaining broadly unchanged over the quarter.

Personnel

There were no significant personnel changes to the Ruffer Absolute Return Fund over the second quarter of 2022.

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 continue to rate Ruffer and the strategy.

4 London CIV

4.1 Investment Performance to 30 June 2022

At 30 June 2022, the assets under management within the 16 sub-funds of the London CIV stood at £12,126m, with a further combined £2.2m committed to the London CIV's private market funds. The total assets under oversight (which includes passive investments held outside of the London CIV platform) decreased by c. £2.0bn to c. £24.7bn 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 31 March 2022 (£m)	Total AuM as at 30 June 2022 (£m)	Number of London CIV clients	Inception Date
LCIV Global Alpha Growth	Global Equity	Baillie Gifford	2,314	1,890	9	11/04/16
LCIV Global Alpha Growth Paris Aligned	Global Equity	Baillie Gifford	1,175	1,033	6	13/04/21
LCIV Global Equity	Global Equity	Newton	747	684	3	22/05/17
LCIV Global Equity Core	Global Equity	Morgan Stanley Investment Management	563	529	2	21/08/20
LCIV Global Equity Focus	Global Equity	Longview Partners	893	849	5	17/07/17
LCIV Emerging Market Equity	Global Equity	Henderson Global Investors	523	547	8	11/01/18
LCIV Sustainable Equity	Global Equity	RBC Global Asset Management (UK)	1,344	1,226	8	18/04/18
LCIV Sustainable Equity Exclusion	Global Equity	RBC Global Asset Management (UK)	437	400	3	11/03/20
LCIV PEPPA	Global Equity	State Street Global Advisors	504	501	2	01/12/21
LCIV Global Total Return	Diversified Growth Fund	Pyrford	228	223	3	17/06/16
LCIV Diversified Growth	Diversified Growth Fund	Baillie Gifford	952	841	9	15/02/16
LCIV Absolute Return	Diversified Growth Fund	Ruffer	1,308	1,124	10	21/06/16
LCIV Real Return	Diversified Growth Fund	Newton	179	176	2	16/12/16
LCIV MAC	Fixed Income	CQS & PIMCO	1,008	1,153	12	31/05/18
LCIV Global Bond	Fixed Income	PIMCO	639	590	7	30/11/18
LCIV Alternative Credit	Fixed Income	CQS	391	360	3	31/01/22
Total			**13,206**	**12,126**		

Source: London CIV

Over the quarter to 30 June 2022, notable transactions included investment into the LCIV MAC Fund, LCIV Emerging Market Equity Fund and LCIV Passive Equity Progressive Paris-Aligned (PEPPA) Fund.

4.2 Private Markets

The table below provides an overview of the London CIV's private markets investments as at 31 March 2022.

Sub-fund	Total Commitment as at 31 March 2022 (£'000)	Called to Date (£'000)	Undrawn Commitments (£'000)	Fund Value as at 31 March 2022 (£'000)	Number of London CIV clients	Inception Date
LCIV Infrastructure Fund	399,000	168,261	230,739	183,934	6	31/10/2019
LCIV Inflation Plus Fund	213,000	206,262	6,738	202,070	3	11/06/2020
LCIV Renewable Infrastructure Fund	853,500	188,822	664,678	199,536	13	29/03/2021
LCIV Private Debt Fund	540,000	219,726	320,274	230,764	7	29/03/2021
The London Fund	195,000	24,983	170,017	24,268	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 30 June 2022

	Last Quarter (%)	Last Year (%)	Since Inception (% p.a.)
LGIM Future World Global Equity Index Fund – GBP Currency Hedged	-13.4	-12.2	4.4
Solactive L&G ESG Global Markets Index	-13.4	-12.3	4.3
MSCI World Equity Index – GBP Hedged	-13.1	-11.4	5.7
Relative (to Benchmark)	0.0	0.1	0.1

Source: Northern Trust and Legal & General Investment Management

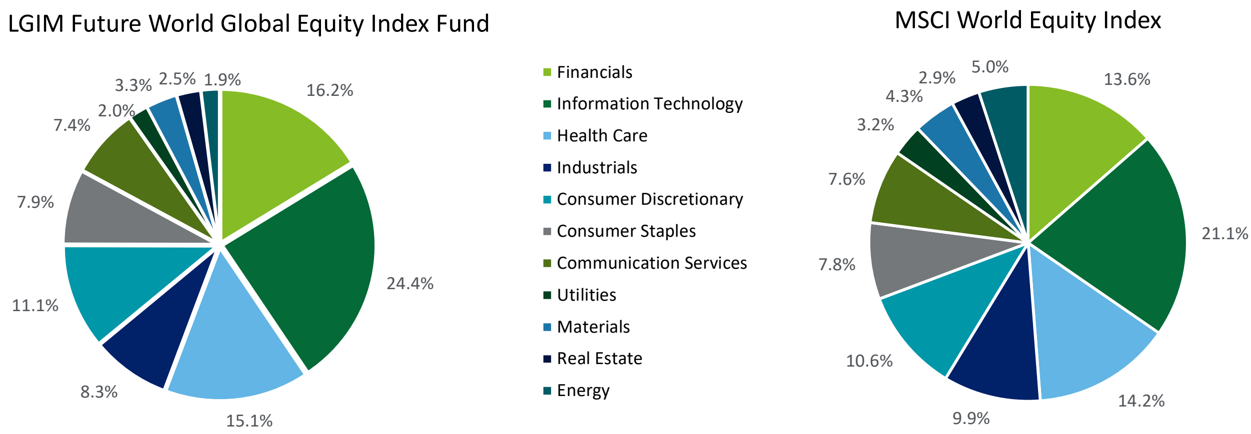
The Fund offers equity exposure while incorporating ESG 'tilts' through LGIM-designed indices. Note, LGIM designs the ESG indices and Solactive are used as the benchmark calculation agent. The tilting mechanism aims to reduce exposure to companies associated with 'poor' ESG practices and to provide greater 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 performed in line with its Solactive L&G ESG Global Markets Index benchmark over the quarter to 30 June 2022, delivering an absolute return of -13.4% on a net of fees basis, but underperformed the MSCI World Equity Index – GBP Hedged by 0.3% over the three-month period.

Over the one-year period to 30 June 2022, the LGIM Future World Global Equity Index Fund – GBP Currency Hedged delivered an absolute return of -12.2% on a net of fees basis, outperforming its Solactive L&G ESG Global Markets Index benchmark by 0.1%, while underperforming the MSCI World Equity Index – GBP Hedged by 0.8% on a net of fees basis with the strategy's under allocation to the energy sector proving detrimental over the year.

5.2 Portfolio Sector Breakdown at 30 June 2022

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 30 June 2022.



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 30 June 2022

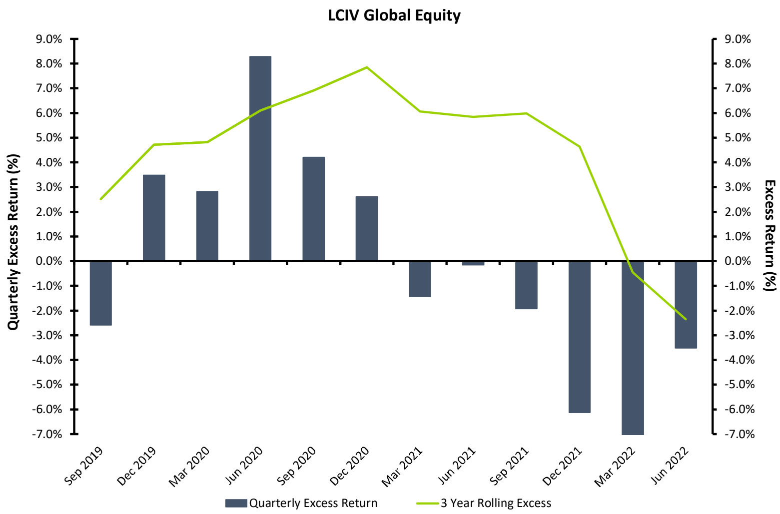
	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Last 5 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Net of fees	-12.1	-23.4	5.5	8.2	11.6
MSCI AC World Index	-8.6	-4.2	7.9	8.5	10.8
Relative	-3.5	-19.2	-2.4	-0.2	0.8

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

Over the second quarter of 2022, the LCIV Global Alpha Growth Fund, managed by Baillie Gifford, delivered a negative absolute return of -12.1% on a net of fees basis, underperforming its MSCI AC World Index benchmark by 3.5% as growth-oriented equities continued to perform poorly against rising interest rates and heightened inflation.

Over the one-year and annualised three-year periods to 30 June 2022, the strategy delivered returns of -23.4% and 5.5% p.a. respectively, considerably underperforming the benchmark by 19.2% over the year, and by 2.4% p.a. over the longer three-year period.

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 remains below the target (+2% p.a.) over the quarter, having underperformed the benchmark by 2.4% p.a. over the three-year period to 30 June 2022.



It can be recognised from the chart above that, on a net of fees basis, the LCIV Global Alpha Growth Fund has underperformed its benchmark for the sixth quarter in succession. The manager, Baillie Gifford, has attributed the recent significant levels of underperformance to a number of factors. Particularly, against a backdrop of supply chain disruption, interest rate rises and heightened inflation, investment markets continue to recognise a significant 'flight-to-value' trend as cautious sentiment towards growth stocks continues to grow. The LCIV Global Alpha Growth Fund invests predominantly in early stage and large-cap growth oriented stocks, with this bias proving beneficial during the periods of economic recovery following the onset of the COVID-19 pandemic. However, such is the extent of the switch in market sentiment, characterised by the swing towards value-oriented stocks, the negative impact on the strategy's performance has more than offset the noticeable gains achieved throughout 2020.

The sharp increase in interest rates by both the US Federal Reserve and Bank of England, in addition to causing investors to adopt a more cautious approach, has resulted in investments with longer durations and larger projected cashflows (which are typical characteristics of growth stocks) being attributed a reduced modelled present value. Baillie Gifford does, however, continue to analyse its underlying portfolio and is confident that the majority of underlying businesses in the portfolio are performing well operationally and remain resilient, rather the broader environment has provided the largest source of headwinds and detraction to performance. Despite this perceived breakdown in relationship between underlying earnings growth rates and share price return, Baillie Gifford continues to remain disciplined in its processes, expanding investment time horizons where appropriate and continuing to focus on the underlying fundamental characteristics of the investment portfolio.

Consistent with the above, Cloudflare and Shopify were among the largest detractors from performance at a stock level, both of which have incorporated heavy spending in the short term with the aim of securing future growth. Additionally, TradeDesk and SEA Limited detracted from performance, with Baillie Gifford categorising the companies as having strong growth prospects but a high sensitivity to consumer sentiment.

The strategy's underweight allocation to the oil and gas, banking and pharmaceutical sectors relative to the wider global equity benchmark has also been a key contributor to recent underperformance. In addition, the Global Alpha Growth Fund's overweight exposure to China, relative to the wider market, has significantly detracted from performance. China's zero-tolerance policy towards COVID-19 has continued to disrupt supply chains and negatively impacted sentiment as Shanghai, the country's financial capital, reinstated lockdown procedures over the early stages of 2022. Furthermore, the Communist Party ruling aimed at aligning Chinese internet companies' interests with those of the broader society placed further regulatory pressure on Chinese companies with a significant online presence, of which the Fund has exposure to.

Such is the extent of the macroeconomic impact on the strategy's investment portfolio, the manager has been unable to ascertain the extent to which underperformance can be attributed to individual stock selection decisions. That said, Baillie Gifford acknowledges that the portfolio managers have got some decisions wrong, based on current positioning, with Peloton being the most high profile example.

Baillie Gifford confirmed that the Fund's standard risk measures, including tracking error and portfolio beta, have increased as a result of increased share price volatility and divergence from the benchmark. The Fund's management team have, however, reviewed and analysed the portfolio's resiliency to periods of rising inflation and the robustness of the underlying business' balance sheets, and the manager does not see any cause for concern within the portfolio.

Despite the magnitude and speed of recent underperformance, which the manager admits is disappointing, Baillie Gifford has confirmed that the portfolio managers will continue to follow the same process and conviction within its stock selection and portfolio management. Baillie Gifford implements a bottom-up approach to investing, agnostic of the wider benchmark, and the Fund's active share statistics have remained relatively stable over the past three years.

6.2 Positioning Analysis

The top ten holdings in the portfolio account for c. 29.3% of the fund and are detailed below.

Top 10 holdings as at 30 June 2022	Proportion of Baillie Gifford Fund
Anthem Com	4.2%
Prosus Nv	3.4%
Microsoft	3.2%
Reliance Industries	2.9%
Alphabet Inc Class C	2.9%
Moody's	2.8%
Service Corporation International	2.7%
Martin Marietta Materials	2.6%
Arthur J Gallagher	2.5%
Taiwan Semiconductor Manufacturing	2.2%
Total	29.3%

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 30 June 2022.

Top 5 contributors as at 30 June 2022	Contribution (%)
Prosus Nv	+0.74
LI Auto Inc. ADR	+0.38
Service Corporation International	+0.25
AIA Group	+0.22
Meituan Dianping	+0.21

The largest contributor to positive performance, Prosus Nv, an internet based service company and investment group benefited from increased valuations having published strong revenue growth and profitability in their annual accounts.

The table below represents the top 5 detractors to performance over the quarter to 30 June 2022.

Top 5 detractors as at 30 June 2022	Contribution (%)
Amazon.com	-0.67
Tesla Inc	-0.58
Cloudflare Inc	-0.56
Shopify	-0.52
Illumina	-0.49

Amazon significantly detracted from performance as consumer spending reduced due to increasing inflationary pressures across the globe.

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 30 June 2022

	Last Quarter (%)	Last Year (%)	Since Inception (% p.a.)
Morgan Stanley – Net of fees	-6.0	-1.6	7.4
Benchmark (MSCI World Net Index)	-8.6	-4.2	10.7
Global Franchise Fund (net of fees)	-4.9	2.3	10.1
Net Performance relative to Benchmark	2.6	2.5	-3.3

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

The LCIV Global Equity Core Fund delivered a negative return of -6.0% on a net of fees basis over the quarter to 30 June 2022, outperforming the MSCI World Net Index by 2.6%. Over the longer twelve-month period to 30 June 2022, the strategy has outperformed its benchmark by 2.5%, delivering an absolute return of -1.6% on a net of fees basis.

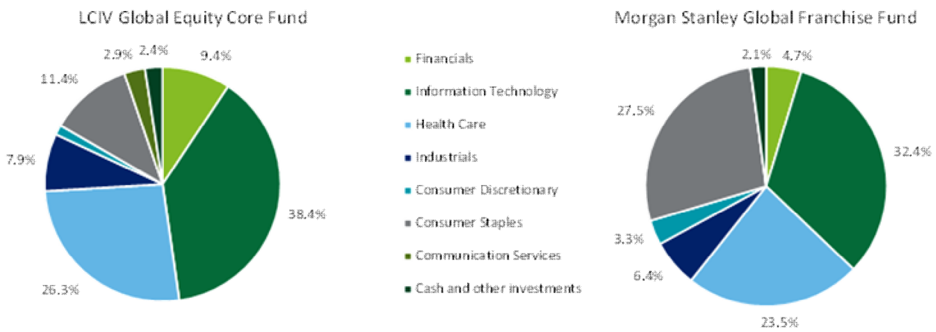
The LCIV Global Equity Core Fund's portfolio is predominantly comprised of quality franchises with strong recurring cash flows, and the strategy therefore has a low allocation to cyclical stocks. The strategy's bias to high quality companies contributed positively to performance over the second quarter, predominately the strategies successful stock selection within information technology and an overweight allocation to healthcare. A lower exposure to 'cyclicals' through an underweight allocation to consumer discretionary and overweight in consumer staples also contributed positively to performance.

The LCIV Global Equity Core Fund made one addition to the portfolio during the quarter, being an investment in Paypal after the stock had previously fallen in value by almost 70% from its previous peak following a slowdown in revenue growth and more competition, with the investment manager considering the stock now offered attractive value for money at the significantly discounted stock price.

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 1.1% over the quarter, with underperformance largely attributed to a lower allocation to consumer staples companies, with beverage and tobacco companies continuing to benefit from increased global social activity, having been adversely impacted by previous social distancing measures.

7.2 Portfolio Sector Breakdown at 31 June 2022

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 30 June 2022.



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. 8.6% to tobacco stocks as at 30 June 2022. 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 30 June 2022, compared with the Morgan Stanley Global Franchise Fund.

	LCIV Global Equity Core Fund	Global Franchise Fund
No. of Holdings	40	33
No. of Countries	8	5
No. of Sectors*	7	6
No. of Industries*	16	13

*Not including cash

Source: London CIV and Morgan Stanley

Holdings

The top 10 holdings in the Global Equity Core Fund account for c. 47.4% of the strategy and are detailed below.

Global Equity Core Fund Holding	% of NAV
Microsoft	6.8
Visa	5.9
Reckitt Benckiser	5.2
Accenture	4.7
Danaher	4.6
SAP	4.6
Thermo Fisher Scientific	4.3
Abbott Labatories	3.9
Baxter International	3.7
Becton Dickinson	3.7
Total	47.3*

Global Franchise Fund Holding	% of NAV
Microsoft	8.7
Philip Morris	7.6
Reckitt Benckiser	6.9
Visa	5.9
Danaher	5.4
Accenture	4.8
Thermo Fisher Scientific	4.8
SAP	4.5
Abbott Laboratories	4.4
Baxter International	3.8
Total	57.0*

*Note figures may not sum due to rounding

Source: London CIV and Morgan Stanley

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

8 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.

8.1 Buy and Maintain Fund - Investment Performance to 30 June 2022

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Last 5 Years (% p.a.)	Since Inception (% p.a.)
Insight Non Gilts - Net of fees	-7.7	-14.2	-1.9	0.2	4.0
iBoxx £ Non-Gilt 1-15 Yrs Index	-4.6	-9.8	-1.3	0.3	3.5
Relative	-3.2	-4.5	-0.6	-0.1	0.5

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 negative return of -7.7% on a net of fees basis over the second quarter of 2022, underperforming its temporary iBoxx non-gilt benchmark by 3.2%. The Buy and Maintain Fund delivered a negative absolute return of -14.2% on a net of fees basis over the year to 30 June 2022, underperforming the benchmark by 4.5%, and an absolute return of -1.9% p.a. on a net of fees basis over the three years to 30 June 2022, underperforming its benchmark by 0.6% p.a.

Negative returns over the quarter continue to be largely attributed to the sharp rise in UK government bond yields, with central banks implementing further hikes over the quarter and investors pricing in further future expected rate rises, and the widening of credit spreads in response to the conflict in Ukraine, commodity shortages and heightened inflation. The longer duration of the Buy and Maintain Fund, relative to the benchmark, proved detrimental over the quarter, with longer dated yields rising by a greater extent than shorter maturity counterparts.

Over the second quarter of 2022, Insight added Brazilian pulp and paper company Suzano to the portfolio via a sustainability-linked bond that pays an increased coupon if industrial water or women in leadership targets are unfulfilled. Insight also participated in new issuance from Telereal, a securitisation of BT telephony exchanges.

Insight has confirmed that there were no defaults within the Buy and Maintain portfolio over the second quarter of 2022.

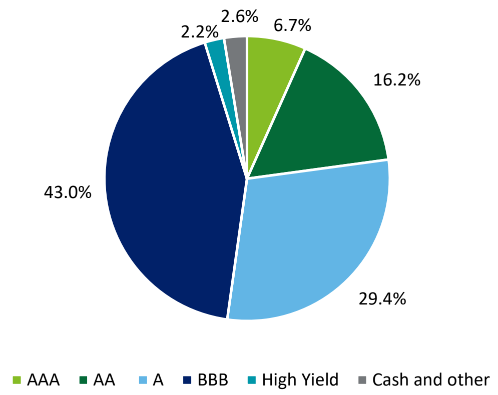
8.2 Performance Analysis

The table below summarises the Buy and Maintain portfolio's key characteristics as at 30 June 2022.

	31 March 2022	30 June 2022
Yield (%)	3.1	4.1
No. of issuers	173	169
Modified duration (years)	8.1	7.5
Spread duration (years)	7.9	7.2
Government spread (bps)	152	205
Swaps spread (bps)	138	185
Largest issuer (%)	1.1	1.2
10 largest issuers (%)	9.9	8.7

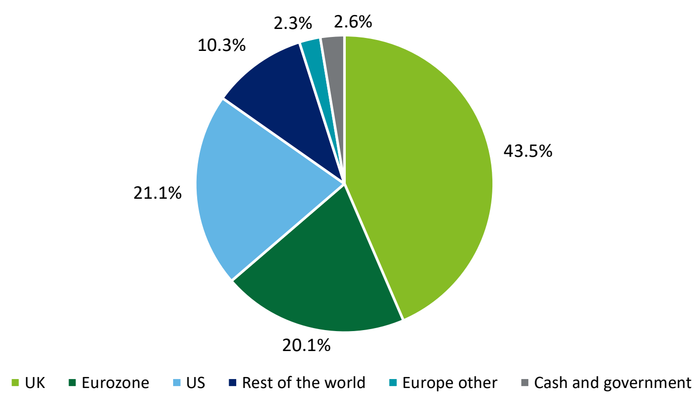
Source: Insight

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

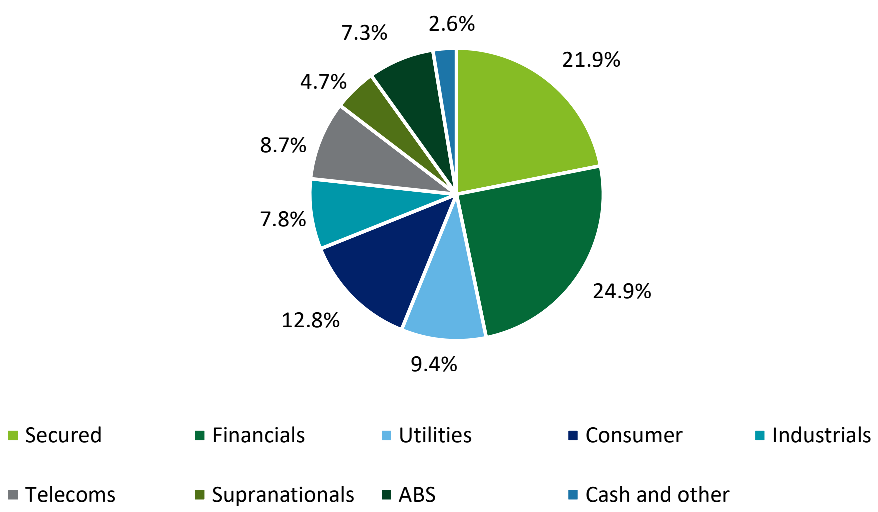


As at 30 June 2022, the fund's investment grade holdings made up c. 95.3% of the portfolio, a decrease of c. 1.5% over the quarter. The fund remains predominantly invested in BBB and A rated bonds.

The graph below shows the split of the Buy and Maintain portfolio by country as at 30 June 2022.



The graph below shows the split of the Buy and Maintain portfolio by sector as at 30 June 2022.



The table below shows the top 10 issuers by market value as at 30 June 2022.

Issuer name	Rating*	Holding (%)
DBs Group Holdings Ltd	AA	1.2
Municipality Finance	AA	1.2
Natwest Group Plc	BBB	1.1
Last Mile Logistics Plan	AA	1.1
Nestle Finance Intl	AA	1.1
Industrial Bank of Korea	AA	1.1
UK Treasury	AA	0.6
British Air	A	0.5
Db Master Finance	BBB	0.5
Telereal Securitisation	AA	0.4

Ratings provided by Insight

9 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 SONIA benchmark by 4% p.a. PIMCO was added as an additional manager to the Fund on 28 February 2022. An annual fee covers the managers' and the London CIV platform management fees.

9.1 Multi Asset Credit – Investment Performance to 30 June 2022

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
CQS & PIMCO – MAC –Net of fees	-7.6	-7.5	0.0	0.7
3 Month SONIA + 4%	1.3	4.5	4.5	4.6
Relative	-8.9	-12.0	-4.5	-4.0

Source: Northern Trust
Inception date taken as 30 October 2018

The re-alignment of the LCIV MAC Sub Fund to create a two-manager structure which commenced on 28 February 2022, introducing the PIMCO Diversified Income Fund to sit alongside CQS, was completed following quarter end in July 2022.

Over the second quarter of 2022, the Multi Asset Credit Sub Fund delivered an absolute return of -7.6% on a net of fees basis, underperforming its cash-based benchmark by 8.9%. Over the year to 30 June 2022, the strategy underperformed the benchmark by 12.0%, delivering a negative absolute return of -7.5% on a net of fees basis, while over the long three year period to 30 June 2022 the Multi Asset Credit Fund has delivered an annualised flat return on a net of fees basis, underperforming the cash-based benchmark by 4.5% p.a.

The strategy considerably underperformed its cash-based target over the quarter with credit spreads widening and underlying bond yields continuing to rise sharply across all maturities across the credit spectrum, owing primarily to the impacts of heightened inflation, the conflict in Ukraine and a backdrop of interest rate rises. High yield credit was the largest detractor from performance over the second quarter, with European high yield in particular facing increased volatility owing to heightened recessionary risks. The Sub Fund's loans exposure also detracted from performance as volatility and growth concerns increased over the quarter.

Over the quarter, having been the Sub Fund's largest detractor to performance over the first quarter of 2022, the MAC Sub Fund's financials exposure was also a large detractor to performance over Q2 2022. In particular, European financials suffered due to macro headwinds. In addition, despite strong underlying fundamentals, the strategy's asset backed securities positioning continued to be negatively impacted by the conflict in Ukraine and the portfolio's exposure to European CLOs that faced significant repricing over the period.

The Multi Asset Credit Sub Fund experienced 26 credit rating downgrades over the quarter to 30 June 2022, representing c. 3.1% of the portfolio, with one default occurring over the period. LoewenPlay, the second largest arcade operator in Germany, defaulted following worsening conditions in EU capital markets, and it was agreed to refinance the company via a restructuring. The Multi Asset Credit Sub Fund portfolio recognised 16 credit rating upgrades over the quarter, representing c. 2.3% of the portfolio.

9.2 Portfolio Analysis

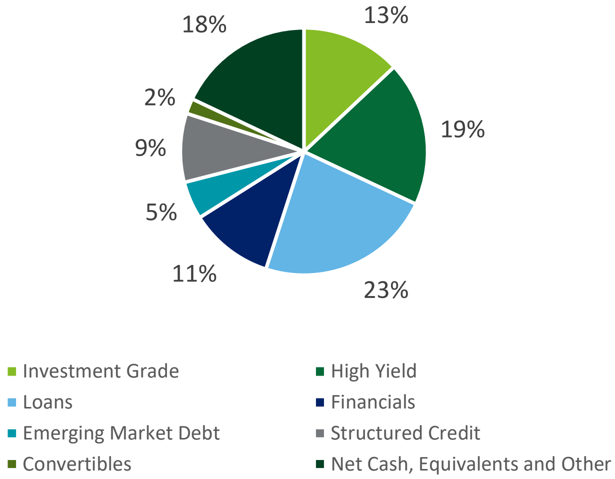
The table below summarises the Multi Asset Credit Sub Fund portfolio's key characteristics as at 30 June 2022.

	31 March 2022	30 June 2022		
	LCIV MAC	PIMCO	CQS	LCIV MAC
Weighted Average Bond Rating	B+	A	B+	BB+
Yield to Maturity (%)	7.1	7.0	9.9	8.6
Spread Duration	3.5	4.2	3.3	3.7
Interest Rate Duration	1.1	4.8	0.9	2.7

Source: London CIV

9.3 Asset Allocation

The asset allocation split of the Multi Asset Credit Sub Fund as at 30 June 2022 is shown below.

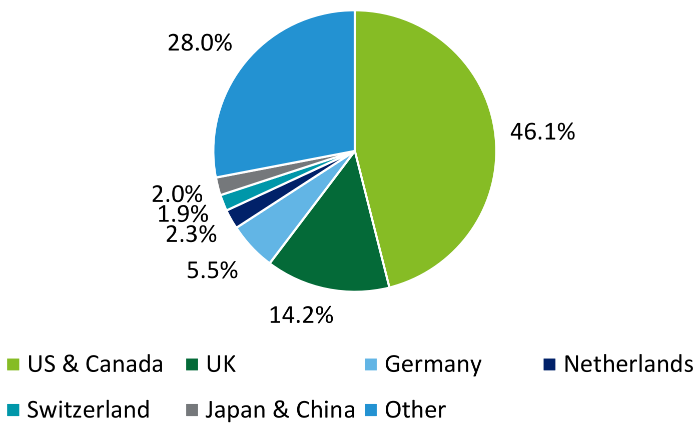


Source: London CIV

As the MAC Sub Fund transitions towards a 50:50 split between CQS and PIMCO, we would expect the strategy's overall credit quality to increase via a significant decrease in leveraged loans exposure and a c. 15% allocation to investment grade credit added to the portfolio. The net cash, equivalents and other allocation includes instruments used as part of the transition.

9.4 Country Allocation

The graph below shows the regional split of the LCIV Multi Asset Credit Sub Fund as at 30 June 2022.



Source: London CIV

10 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.

10.1 Long Lease Property – Investment Performance to 30 June 2022

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Five Years (% p.a.)	Since Inception (% p.a.)
abrdn - Net of fees	2.2	14.1	8.3	8.2	8.5
Gilts All Stocks + 2.0% p.a.	-6.9	-11.7	-1.5	1.2	3.9
Relative	9.1	25.8	9.8	7.0	4.7

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

Since inception: 14 June 2013

The Standard Life Long Lease Property Fund, managed by abrdn, delivered an absolute return of 2.2% on a net of fees basis over the second quarter of 2022, outperforming the FT British Government All Stocks Index Benchmark by 9.1%.

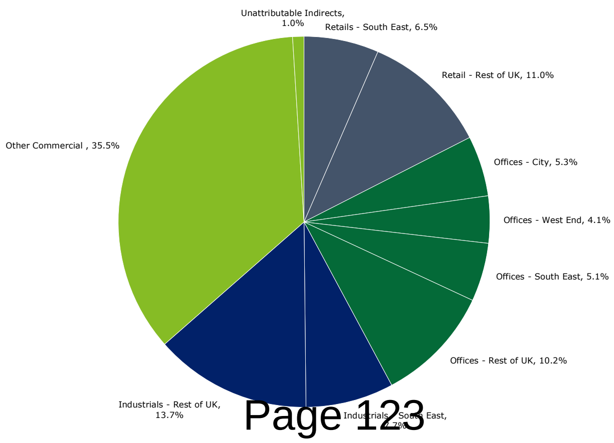
Over the quarter to 30 June 2022, the Long Lease Property Fund delivered a positive absolute return but underperformed the wider property market, largely as a result of the Fund’s underweight position to the industrial and retail warehousing sectors relative to the wider property market, with both sectors performing well over the first quarter of 2022. The strategy’s longer-term performance is closer in line with the wider property market, but the Fund has slightly underperformed the IPD-based benchmark over the three-year period owing largely to the relative under-allocation to high performing sectors such as industrials. The Fund’s longer-term performance does, however, continue to be aided by the portfolio’s stronger tenant credit quality the high proportion of long-term 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 absolute performance over the quarter can be attributed primarily to capital growth within the portfolio, particularly in the strategy’s alternatives sector investments with the portfolio’s hotel valuations recognising a significant uplift in value, and in the Long Lease Property Fund’s retail portfolio with a number of the strategy’s leisure sector assets in London increasing in value.

Rent collection statistics remained relatively unchanged over the second quarter of 2022 as abrdn realised Q2 collection rates of 98.2% (as at 15 August 2022). Over the second quarter of 2022, none of the Long Lease Property Fund’s rental income was subject to deferment arrangements, with 1.8% unpaid or subject to ongoing discussions with tenants. As at 15 August 2022, abrdn had collected 98.1% of its Q3 2022 rent, with no income subject to deferment arrangements and 1.9% of rent unpaid or subject to ongoing discussions with tenants.

10.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 30 June 2022 is shown in the graph below.



Source: abrdn.

Over the second quarter of 2022, abrdn completed a forward funding transaction for the acquisition of a new industrial distribution facility, let to Next plc. This is a new lease of 22 years, where abrdn has paid a price of c. £120m for the facility, reflecting a net initial yield of 3.5%. This acquisition increases the Long Lease Property Fund's exposure to investment grade income.

Meanwhile, over the quarter, abrdn concluded the sale of a small office asset on the outskirts of Newcastle, which was leased to the local council who are no longer in occupation. The asset sold for a price of c. £10m, reflecting a net initial yield of 7.6%. There were a number of drivers behind this sale, namely a smaller lot size for the Fund, diminishing lease length, major ESG concerns going forward and a desire to selectively reduce the Fund's office exposure.

Q2 2022 and Q3 2022 rent collection, split by sector, as at 15 August 2022 is reflected in the table below:

Sector	Proportion of Fund as at 30 June 2022 (%)	Q2 2022 collection rate (%)	Q3 2022 collection rate (%)
Alternatives	6.0	100.0	100.0
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	92.0	99.0
Leisure	3.3	100.0	100.0
Public Houses	5.5	100.0	100.0
Offices	29.6	98.0	94.0
Student Accommodation	8.1	100.0	100.0
Supermarkets	18.2	100.0	100.0
Total	100.0	98.2	98.1

Source: abrdn

As at 30 June 2022, 1.0% 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.

The industrial sector has expressed the poorest rental collection statistics over the second quarter of 2022 as at 15 August 2022, with the offices sector also expressing poor rental collection statistics over Q2 and Q3 2022 as at 15 August 2022.

abrdn has stated that the majority of the Long Lease Property Fund's underlying tenants have reverted to paying rent as per their standard lease terms, with no Q2 or Q3 2022 rental income subject to deferment arrangements as at 15 August 2022.

abrdn has now collected 100% of 2020 rents and 99.9% 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 at 30 June 2022:

Tenant	% Net Income
Amazon UK Services Limited	6.2
Tesco Stores Limited	4.7
Viapath Services LLP	4.6
Premier Inn Hotels Limited / Whitbread plc	4.2
Marston's plc	4.1
J Sainsbury plc / Sainsbury's Supermarkets Limited	3.9
QVC	3.6
Salford Villages Limited / University of Salford	3.5
Asda Stores Limited	3.5
Next Group plc	3.3
Total	41.5*

*Total may not equal sum of values due to rounding

The top 10 tenants contributed 41.5% of the total net income of the Fund as at 30 June 2022. Of which 12.1% 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 as at 30 June 2022 stood at 24.7 years, representing a decrease from 25.5 years as at 31 March 2022. The proportion of income with fixed, CPI or RPI rental increases increased by c. 0.4% over the quarter to 92.1%. abrdn expects this measure to increase over 2022 as pre-let projects and pipeline deals complete.

11 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.

11.1 Community Housing Fund – Investment Performance to 30 June 2022

Capital Calls and Distributions

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

Man GPM issued no further capital calls over the quarter, but issued one capital call following quarter end:

- Man GPM issued a £3.0m capital call to the City of Westminster Pension Fund for payment by 12 July 2022.

Man GPM issued one distribution over the quarter to 30 June 2022:

- Man GPM issued a £4.5m distribution to the City of Westminster Pension Fund on 3 May 2022, including an equalisation payment of £0.2m.

As such, the Fund's total commitment was c. 60% drawn for investment following the capital call on 12 July 2022.

Activity

Man GPM agreed terms on one project over the second quarter of 2022, in May:

- Glenvale Park, Wellingborough – a forward fund of 146 modular homes. The development targets 69% affordable rent homes and 31% shared ownership homes. The investment has been completed and Man GPM is holding discussions on a 10 year fully repairing and insuring operating lease to a local Housing Association. Gross project cost of £33.4m.

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

Pipeline

At the time of writing, Man GPM hasn't been able to provide an updated pipeline of investment opportunities during the second quarter. As at the previous update 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.

11.2 Investments Held

The table below shows a list of the projects currently undertaken by the Man GPM Community Housing Fund as at 31 March 2022.

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%)	22.3	13.6	8.4
Grantham	227	186 (82%)	38.0	19.5	11.3
Lewes	41	39 (95%)	12.9	8.8	4.4
Campbell Wharf	79	79 (100%)	21.5	15.8	12.5
Towergate	55	55 (100%)	18.1	7.8	3.8
Coombe Farm	71	59 (83%)	24.8	11.0	9.5
Chilmington	225	192 (85%)	70.8	27.1	18.7
Tattenhoe	34	34 (100%)	6.5	3.0	1.5
Total	827	739 (89%)	214.9	92.5	70.4

Source: Man GPM. Totals may not sum due to rounding.

12 Pantheon – Global Infrastructure Fund III

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

12.1 Global Infrastructure - Investment Performance to 30 April 2022

	Last Quarter (%)	One Year (%)	Three Years (% p.a.)	Since Inception (% p.a.)
Pantheon - Net of fees	17.6	33.5	13.4	13.9
3 Month SONIA + 8%	2.2	8.5	8.6	9.1
Relative	15.4	25.0	4.8	4.8

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

Since inception: 15 April 2019

Pantheon Global Infrastructure Fund III 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 April 2022 and includes the impact of fluctuations in the USD to GBP exchange rate.

The Pantheon Global Infrastructure Fund III delivered a positive return of 17.6% over the three-month period to end April 2022 on a net of fees basis, outperforming its cash plus target by 15.4%. Over the period to 30 June 2022, the strategy has delivered a net IRR of 14.2% to investors.

Capital Calls and Distributions

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

Over the quarter, Pantheon issued one net capital call:

- A net capital call of $1.8m for payment by 21 June 2022, which consisted of a c. $2.7m capital contribution, representing c. 3.0% of the Fund's total commitment, offset by a c. $0.9m distribution, consisting of $0.6m return of capital, $0.3m realised gain and $0.1m dividend income.

Following quarter end, Pantheon issued one further net capital call:

- A net capital call of $4.1m for payment by 9 September 2022, which consisted of a c. $5.5m capital contribution, representing c. 6.0% of the Fund's total commitment, offset by a c. $1.4m distribution, consisting of $0.7m return of capital, $0.4m realised gain and $0.3m dividend income. The capital call will primarily be used to repay a portion of the Fund's outstanding credit facility.

The remaining unfunded commitment following payment of the 9 September 2022 draw down request is c. $18.0, with the Fund's $91.5m commitment c. 80% drawn for investment.

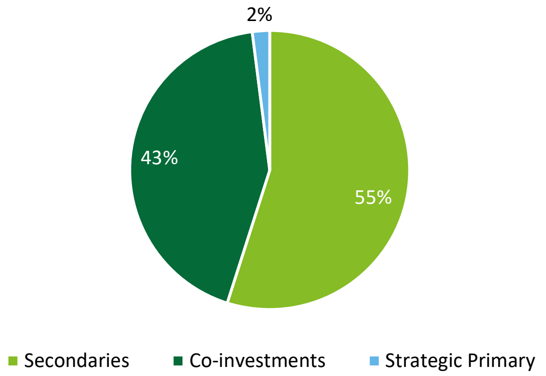
Activity

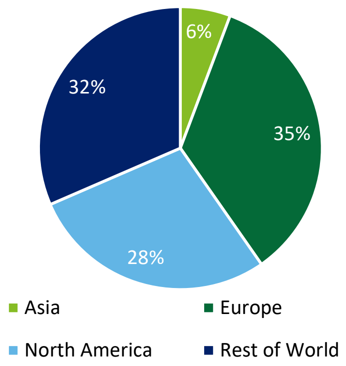
The PGIF III completed no further investments over the second quarter of 2022.

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.

12.2 Asset Allocation

The charts below show the current diversification by strategy and geography in PGIF III as at 30 June 2022.





Source: Pantheon

The table below shows a list of the investments held by PGIF III as at 30 June 2022.

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	Oct 21
Ermewa	Europe	Transportation	Co-investment	68	Oct 21
Anthem	Global	Diversified	Secondary	109	Oct 21
Aquarius	Global	Transportation	Secondary	74	Oct 21

Source: Pantheon

13 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.

13.1 MGREF2 - Investment Performance to 30 June 2022

Capital Calls and Distributions

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

Macquarie issued two capital calls over the second quarter of 2022, and one distribution following quarter end:

- Macquarie issued a capital call for €5.2m, consisting of €5.0m to fund an investment into the portfolio and €0.2m for transaction costs relating to the investment, for payment by 27 May 2022.
- Macquarie issued a capital call for €9.4m, consisting of €9.2m to fund an investment into the portfolio and €0.2m for transaction costs relating to the investment, for payment by 24 June 2022.
- Macquarie issued a distribution of €0.2m on 25 August 2022, consisting entirely of interest income.

The remaining unfunded commitment as at 25 August 2022 was c. €28.4m, with the Fund’s total contribution at c. €26.6 and the Fund’s €55m commitment c. 48.4% drawn.

Activity

In May 2022, the Fund reached financial close on the acquisition of Island Green Power (IGP) and also entered into a joint agreement with Hydro REIN to acquire Araripe IV, a 456 MW onshore wind project in Brazil. Total capital expenditure for the wind farm is expected to be around $US700m and MGREF2 will hold a 50.1% stake.

Following quarter end, on 6 July 2022, Macquarie, in a consortium with MGIF, British Columbia Investment Management Corporation and MUNICH ERGO Asset Management GmbH, reached financial completion on the acquisition of Reden Solar from InfraVia Capital Partners and Eurazeo for an equity value of €1.4bn. Reden Solar is a global solar developer, with 762 MW of operating assets and a 15 GW development pipeline.

Macquarie recognises that the current inflationary environment has, generally, led to an increase in operational expenses at an individual asset level. However, renewable assets have benefitted from an increase in power prices.

13.2 Projects

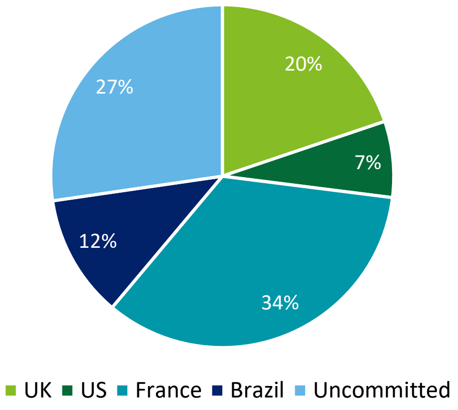
The table below shows a list of the investments held by the MGREF2 as at 30 June 2022.

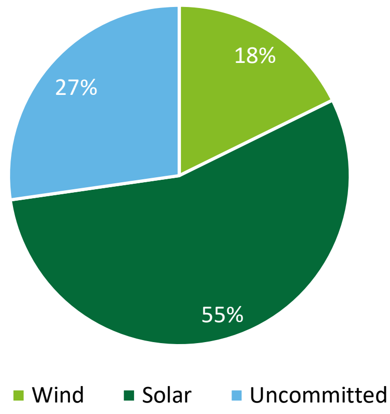
Project Name	Fund Ownership	Investment Date	Sector	Location	Gross Value (£m)
Gwynt y Môr	10%	Jan-20	Offshore wind	UK	163.4
US Residential Solar Co	50%	Oct-20	Solar	US	147.4
Apex Energies	90%	Feb-22	Solar	EU	139.4
Island Green Power	50%	May-22	Solar	UK	152.6
Araripe IV	100%	Jun-22	Onshore wind	Brazil	45.8
Reden Solar	25%	TBC	Solar	EU	TBC
Total					648.6

Source: Macquarie

13.3 Asset Allocation

The charts below show the diversification by geography and sector in the MGREF2 as at 30 June 2022.





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).

14 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.

14.1 Renewables Impact Fund - Investment Performance to 30 June 2022

Capital Calls and Distributions

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

Over the second quarter of 2022, Quinbrook issued one capital call notice:

- A capital call of £9.2m, drawn entirely for investments into the portfolio, for payment by 18 May 2022.

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

- A capital call of c. £8.5m, drawn entirely for investments into the portfolio, for payment by 23 August 2022.

As such, as at 23 August 2022, following payment of this drawdown notice, the remaining unfunded commitment stands at c. £25.8m, with the Fund's total commitment at c. £34.2m and the Fund's £60m commitment c. 57% drawn.

Activity

Project Rassau, first invested in by the Fund in December 2020, became operational on 22 February 2022 and has since operated at 100% availability. Rassau has a CPI-linked revenue contract with National Grid covering a range of critical grid support services as the UK power grid experiences rapid growth in variable renewables, notably weather dependent wind and solar capacity. Quinbrook negotiated exclusivity over an additional six projects with Rassau development partner Welsh Power, securing over 50% of the total revenue on offer from National Grid and following quarter end, in July 2022, completed the acquisition of four of these projects.

In March 2022, the Fund signed a joint development agreement on Project Dawn, with an energy storage developer, granting the Fund exclusive rights over a portfolio of 500 MW of development stage battery storage projects diversified across the UK. The total Project Dawn pipeline of opportunities exceeds 800 MW and offers both large grid-scale projects and smaller sites providing demand flexibility for commercial and industrial customers including several data centres. In May 2022, the Fund acquired its first large scale project from the Dawn pipeline, Project Uskmouth, a 230 MW battery storage facility.

Over the quarter, Quinbrook secured a contract in the latest round of the Contract for Difference (CfD) auction for Project Fortress which provides long-term, CPI-linked revenues with National Grid. Discussions with potential financiers have commenced with final terms expected in Q3 2022 and first debt drawdowns targeted for Q4 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.

Over the second quarter of 2022 Quinbrook remained in negotiations to provide renewable energy solutions to a major UK water supply operator, using co-located 'behind-the-meter' solar and battery storage technologies. In addition, following the acquisition of Project Fortress, Quinbrook is progressing further utility-scale solar and storage opportunities across Great Britain.

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 207.3MW of solar PV and 156.3MW of battery storage projects with an estimated capital requirement in excess of £200m. 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.

14.2 Projects

The table below shows a list of the investments held by the Quinbrook Renewables Impact Fund as at 30 June 2022.

Project Name	Fund Ownership	Investment Date	Technology	Location	Net investment (£m)
Project Reggie					
Rassau Grid Services	100%	Dec-20	Synchronous Condenser	UK	65.1
Development Cost	100%	Dec-20	Synchronous Condenser	UK	5.6
Thurso Grid Services	100%	Jul-21	Synchronous Condenser	Scotland	2.7
Rothienorman Grid Services	100%	Jul-21	Synchronous Condenser	Scotland	5.4
Gretna Grid Services	100%	Jul-22	Synchronous Condenser	Scotland	2.9
Neilston Grid Services	100%	Jul-22	Synchronous Condenser	Scotland	2.3
Project Habitat					
Project Habitat	100%	Jul-21	Trading Platform	UK	31.0
Project Dawn					
Project Dawn	100%	Mar-22	Battery Storage	UK	2.3
Project Cleve Hill					
Project Cleve Hill	100%	Oct-21	Solar and Battery Storage	UK	41.7
Project Uskmouth					
Project Uskmouth	100%	May-22	Battery Storage	Wales	0.8
Total					159.8

Source: Quinbrook

15 LCIV – Absolute Return

Ruffer was appointed to manage an absolute return mandate, held as a sub-fund under the London CIV platform, from 19 January 2022, with the aim of outperforming the 3 month Sterling SONIA benchmark by 3% p.a. The manager has a fixed fee based on the value of assets. The manager has an annual management fee.

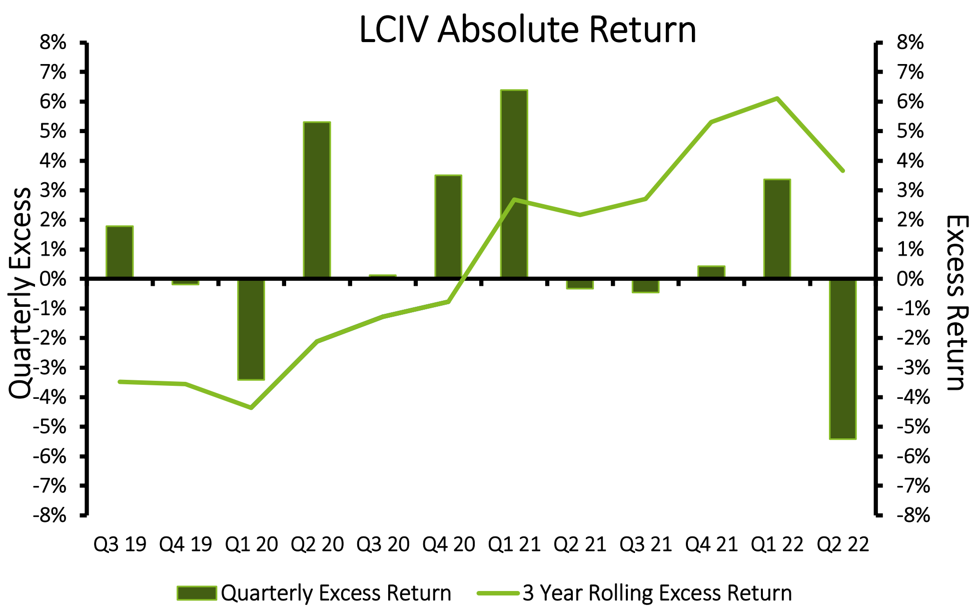
15.1 Absolute Return Fund - Investment Performance to 30 June 2022

	Last Quarter (%)	Since Inception (% p.a.)
Net of fees	-4.2	-1.1
Target	1.0	1.8
Net performance relative to Target	-5.3	-2.9

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

Since inception: 19 January 2022

The Absolute Return Fund returned -4.2% on a net of fees basis over the quarter to 30 June 2022, underperforming its SONIA+4% target by 5.3%.

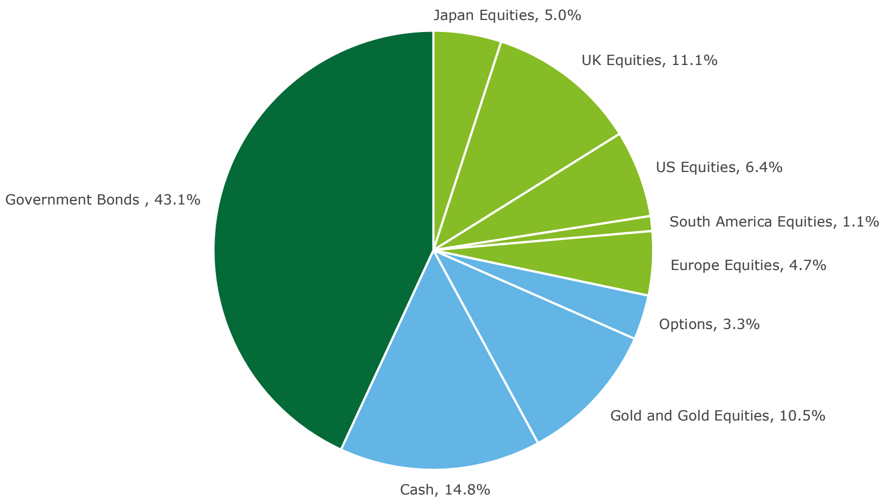


Inflation-linked bonds and gold were the main detractors from Fund performance over the second quarter as a reversal of inflation expectations negatively impacted the value of inflation-linked bonds held (-4.6% contribution to Fund performance), and whilst the manager was able to offset some of the shorter-term losses using interest rate options (+2.0% contribution), recent rises in recessionary risk saw longer-term inflation investments suffer. Meanwhile Ruffer had increased its gold related exposure allocation in the first quarter but this subsequently negatively contributed 2.4% to fund performance over the second quarter.

The Fund benefited from recently reducing its Sterling exposure in the previous quarter, as unhedged exposure to the U.S. Dollar helped offset losses on option positions in Japanese Yen. Protective strategies linked to corporate credit also added value as spreads widened over the quarter. The reduction in allocation to equities over the first quarter also helped to partially insulate the Fund from the poor performance of stock markets over the second quarter of 2022, and combined these factors helped to partially offset some of the losses noted above.

15.2 Asset Allocation

The chart below represents the asset allocation of the LCIV Absolute Return Fund portfolio as at 30 June 2022.



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
Insight	Buy and Maintain	7.0	Insight Custom Benchmark	n/a	12/04/18
CQS	Multi Asset Credit	6.0	3 Month SONIA	+4% p.a. (net of fees)	30/10/18
CVC Credit	European Direct Lending	6.0	3 Month SONIA	+5% p.a. (net of fees)	28/07/22
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 SONIA	+4% p.a. (net of fees)	14/02/22
TBC	Affordable Housing / Supported Living	2.5	TBC	TBC	n/a
Pantheon	Global Infrastructure	5.0	3 Month SONIA	+8% p.a. (net of fees)	15/04/19
Macquarie	Global Renewable Infrastructure	3.0	3 Month SONIA	TBC once fully drawn for investment	08/02/21
Quinbrook	UK Renewable Infrastructure	3.0	3 Month SONIA	TBC once fully drawn for investment	25/01/21
Ruffer	LCIV Absolute Return Fund	-	3 Month SONIA	+3% 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.

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City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**27 October 2022**
Classification:	**General Release (Appendix 1 exempt)**
Title:	**London CIV Global Alpha Paris Aligned (PA) Fund**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no direct 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 This report presents an analysis on estimated transition costs, stock overlap, performance and volatility for the London CIV (Baillie Gifford) Global Alpha Growth Paris Aligned Fund.

2. RECOMMENDATIONS

2.1 The Committee is recommended to:

- Note the expected Baillie Gifford Paris Aligned Fund transition costs, performance data and volatility, with a view to deciding whether to consider the transition of the Global Alpha mandate into the Paris Aligned version.

- Approve that Appendix 1 to this report is 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. LONDON CIV GLOBAL ALPHA PARIS ALIGNED FUND

Overview

3.1 During April 2021, the London CIV launched a Paris Aligned version of the Baillie Gifford Global Alpha Equity Fund. The Paris Aligned Fund is an exclusion-based version of the traditional Global Alpha Fund, which the Westminster pension fund currently holds, and both funds are managed by the same investment team with the same fees and similar investment objectives.

3.2 The key differentiator between the two strategies is that the Paris Aligned version also contains the following line in its investment objective:

'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'.

3.3 Please see Appendix 2 for the London CIV Global Alpha Paris Aligned factsheet.

Overlap and Performance

3.4 As at 30 September 2022, there was a sector and geographical overlap of circa 88% between both funds. In the year to 31 July 2022, the Global Alpha mandate returned -17.2% net of fees, whereas the Paris Aligned version returned -18.6% net of fees. Over the three-month period to 31 July 2022, the funds returned 1.6% and 2.9% net of fees respectively.

3.5 The two products are built on the same platform, using the same process and have the same return objectives. Therefore, a very high correlation of returns is expected. However, there is no guarantee that performance of the Paris Aligned version will track the performance of the Global Alpha Fund.

3.6 The London CIV continues to monitor the Global Alpha's below benchmark performance over the last 12 months and has observed that the performance gap is recoverable. London CIV remains confident in the investment process but acknowledges that there could have been better management of investment risk.

3.7 The Paris Aligned version has a quantitative assessment process to screen out companies with particular levels of exposure to the fossil fuels industry, plus a qualitative one to screen out companies that will not play a role in the future transition to a low carbon environment. The fund currently excludes six of the Alpha core portfolio. See Appendix 1 for a list of excluded companies.

Transition Costs

3.6 The London CIV consults with an external advisor to run analysis on transition costs, including explicit costs (taxes and commissions) and implicit costs (impact and opportunity costs). Given the large stock overlap between the current Global Alpha mandate and the Paris Aligned Fund, the transition would be facilitated by an in specie redemption and subscription. See Appendix 1 for an analysis of estimated transition costs.

Volatility

3.7 Both the Global Alpha and Paris Aligned mandates have a similar risk and volatility profile, with tracking errors of 4.8% and 5.5% respectively. A tracking error indicates how closely performance is aligned with the benchmark and risk undertaken due to active management. Larger deviations from the benchmark cause higher tracking errors, with most active managers having tracking errors in the region of 4% to 7%.

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: London CIV Global Alpha Paris Aligned Analysis (exempt)
Appendix 2: London CIV Global Alpha Paris Aligned Fact Sheet June 2022

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Fund Information Sheet

LCIV Global Alpha Growth Paris Aligned Fund

Fund Overview

June 2022

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:	76.60p
Fund Size:	£1,033.3m

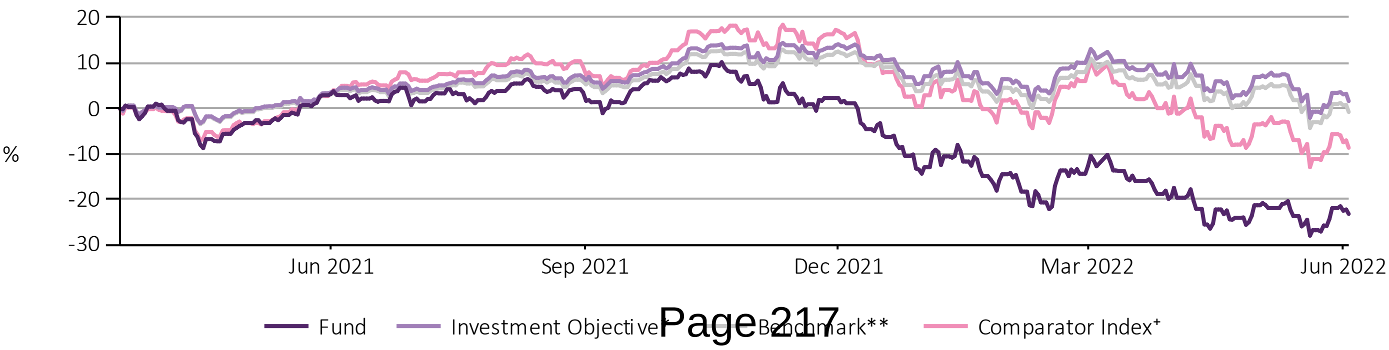
Source: London CIV data as at 30 June 2022

Net Performance	Current Quarter %	1 Year %	Since Inception p.a. %†
Fund	(12.04)	(25.48)	(19.53)
Investment Objective*	(8.40)	(2.17)	1.38
Relative to Investment	(3.64)	(23.31)	(20.91)
Benchmark**	(8.85)	(4.09)	(0.61)
Relative to Benchmark	(3.19)	(21.39)	(18.92)

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

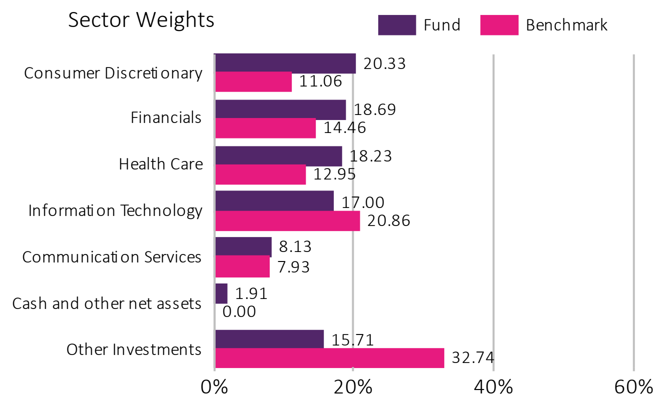


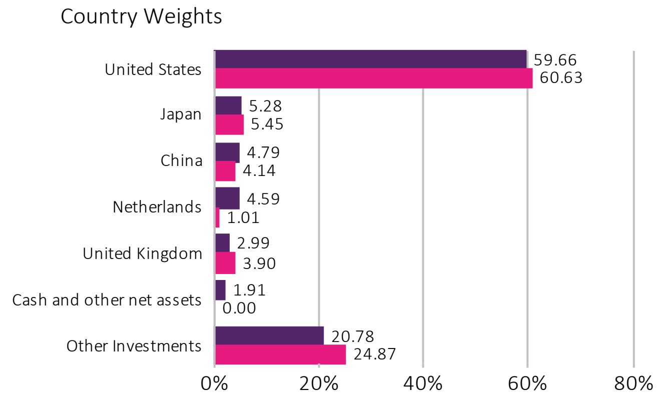
Source: Fund prices calculated based on published prices. Benchmarks obtained from Bloomberg. All performance reported net of fees and charges with distributions reinvested.

LCIV Global Alpha Growth Paris Aligned Fund

Key Statistics	
Number of Holdings	90
Number of Countries	21
Number of Sectors	9
Number of Industries	33

Source: London CIV data as at 30 June 2022





Source: London CIV data as at 30 June 2022

Top Ten Equity Holdings	
Security Name	**% of NAV**
Anthem Com	4.73
Prosus Nv	3.85
Microsoft	3.50
Alphabet Inc Class C	3.32
Moody's	3.23
Arthur J Gallagher	2.77
Service Corporation International	2.73
Taiwan Semiconductor Manufacturing	2.53
AIA Group	2.38
Olympus	2.27

Top Five Contributors	
Security Name	**% Contribution**
Prosus Nv	+0.84
LI Auto Inc. ADR	+0.43
Service Corporation International	+0.29
AIA Group	+0.26
Anthem Com	+0.25

Top Five Detractors	
Security Name	**% Detraction**
Tesla Inc	(0.80)
Amazon.com	(0.77)
Cloudfare Inc	(0.63)
Shopify	(0.60)
Illumina	(0.56)

Source: London CIV data as at 30 June 2022

** 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 investment objective is compounded daily therefore the benchmark return plus the outperformance target may not equal the investment objective.

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The above stated investment policy is a summary. For the full investment policy please see the Prospectus.

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

Compliance code: 2022189

City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**27 October 2022**
Classification:	**General Release (Appendix 1 is exempt)**
Title:	**Pantheon Global Infrastructure Fund IV**
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 This paper provides a summary of the Pantheon Global Infrastructure Fund IV and provides an analysis of options should the Committee wish to maintain the current 5% strategic asset allocation to Pantheon.

2 RECOMMENDATION

2.1 The Pension Fund Committee is recommended to:

- consider the views outlined by Deloitte, attached at Appendix 1, and agree further due diligence before any further commitments are made.

- Approve that Appendix 1 to this report is 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 At the Pension Fund Committee on 10 December 2018, the Committee agreed to commit a 5%/$91.5m allocation to the Pantheon Global Infrastructure Fund III (PGIF III). The fund invests across mainly secondaries and co-investments with assets distributed across Europe (34%), North America (28%), Asia (6%) and rest of the world (32%).

3.2 Infrastructure assets can be defined as those that are required by society to facilitate the operation of the economy, this includes transportation, utilities, energy distribution and telecommunications.

3.3 The secondary market gives investors the opportunity to access assets that are already fully functioning and tend to be more yield generating in comparison to primary investments. Co-investments allow investors to invest additional capital alongside a fund manager to gain direct exposure to an infrastructure position, which they could not usually access due to lack of experience or lack of capital resource.

3.4 As at 30 June 2022 the PGIF III fund was 80% drawn with the remaining commitment expected to be called by the end of 2022. Based on current market values, once fully drawn the Pantheon fund will be circa 1.0% underweight compared to the strategic asset allocation. The PGIF III fund has a close-ended structure with the investment period to finalise during Q4 of 2022. From 2023 onwards, PGIF III will begin to return capital to investors as the underlying assets are realised. Therefore, the allocation will continue to reduce over the next 7 years.

4 PANTHEON GLOBAL INFRASTRUCTURE FUND IV

4.1 The Pantheon Global Infrastructure Fund IV (PGIF IV) was launched in 2021, and broadly exhibits the same characteristics as PGIF III, with a similar investment process. The fund has a ten-year close-ended structure with circa 70% of assets within the secondary market and the remaining allocated to co-investments. Whilst similar to PGIF III, the fund will target a greater allocation to secondary markets, with Pantheon recognising greater opportunities in this area.

4.2 Following the close of the investment period, Pantheon has provided modelling to estimate the required commitment in to PGIF IV in order to:

- **Scenario 1: No Growth Assumption**
  Maintain a net asset value of 5% across PGIF III and PGIF IV, assuming the Fund’s investment portfolio valuation remains relatively static; and

- **Scenario 2: 5% p.a. Investment Portfolio Growth**
  Maintain a net asset value of 5% across PGIF III and PGIF IV, assuming a 5% annual growth rate of the Fund’s investment portfolio valuation.

5 NEXT STEPS AND RECOMMENDATIONS

5.1 Deloitte has prepared a report, attached at Appendix 1, which outlines the PGIF IV fund including return objectives, fee structure, performance record, asset allocation, ESG credentials and scenario modelling. The Pension Fund Committee is recommended to:

- Discuss the proposals, as set out within Appendix 1, and the suitability of PGIF IV alongside the investment strategy and actuarial funding level; and

- Request further due diligence is undertaken on PGIF IV before any commitment is made.

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

APPENDIX:

Appendix 1: Deloitte: Pantheon Global Infrastructure Fund IV (EXEMPT)

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Committee Report

City of Westminster

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**27 October 2022**
Classification:	**Public**
Title:	**Government Climate Reporting Consultation**
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 Department for Levelling Up, Housing and Communities' (DLUHC's) consultation on how Local Government Pension Scheme (LGPS) administering authorities in England and Wales will assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD).

2 Recommendation

2.1 The Pension Fund Committee is requested to:

- Note the proposed introduction of The Task Force on Climate Related Financial Disclosures (TCFD) in the LGPS.

3 Background

3.1 DLUHC has issued a consultation on how LGPS in England and Wales should assess and manage climate risks and opportunities, proposing to disclose information in line with the Taskforce on Climate Related Financial Disclosures (TCFD). The 12-week consultation will end on 24 November 2022.

3.2 The government intends to make TCFD-aligned disclosures mandatory in the UK across the economy by 2025. Under the proposals, funds will have to report on this annually, with the reports also summarised in an LGPS-wide report, including the overall carbon emissions of the scheme. The first reporting year will be the financial year 2023/24, with the regulations expected to be in force by April 2023 and the first reports required by December 2024.

3.3 DLUHC proposes that administrating authorities (AAs) should calculate and assess the carbon footprint of their assets and liabilities and how this would be affected by different temperature rise scenarios. The consultation says its "scale and market power give it an opportunity to drive change through the investment chain through asset managers to investee companies."

3.4 Funds will be required to carry out two sets of scenario analysis:

1. Paris-aligned analysis, meaning it assumes a 1.5 to 2 degrees temperature rise above pre-industrial levels.

2. Scenario will be the choice of the administrating authority, with progress against it assessed annually, with the target revised "if appropriate". Scenario analysis must be conducted at least once in each valuation period.

3.5 The consultation proposes four metrics that pension funds will be expected to measure and disclose annually. It lists them as:

- An absolute emissions metric. Under this metric, AAs must, as far as able, report Scope 1, 2 and 3 greenhouse gas (GHG) emissions.

- An emissions intensity metric. AAs should report the carbon footprint of their assets as far as they are able to. Selecting an alternative emissions intensity metric such as weighted average carbon intensity will be permitted, but AAs will be asked to explain reasoning for doing so in their climate risk report.

- Data quality metric. Under the data quality metric, AAs will report the proportion the value of its assets for which its total reported emissions were verified, reported, estimated or unavailable.

- Paris alignment metric. Under the Paris alignment metric, AAs will report the percentage of the value of their assets for which there is a public net zero commitment by 2050 or sooner.

3.6 It is expected that pension funds will report climate related financial disclosures in their mainstream annual reports.

3.7 It is anticipated that the introduction of TCFD reporting will be an onerous task and there will be several key challenges to face.

3.8 The proposed action for the Pension Fund is as follows:

- Await the LGPS consultation and resultant Scheme Advisory Board (SAB) guidance.
- Review the guidance and set out a roadmap for compliance.
- Build the new requirements into the Pension Fund Business Plan.
- Review the Investment Strategy and consider whether is likely to meet the future requirements on climate change and sustainability.

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

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BACKGROUND PAPERS: None

APPENDICES: None

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CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Thursday 10th March, 2022**, 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), Billie Emery (Pension Fund Manager), Sarah Hay (Strategic Pension Lead), Kevin Humpherson (Deloitte), Jonny Moore (Deloitte) and Clare O'Keefe (Committee and Councillor Coordinator). Marie Holmes (Pension Fund Board member) and Christopher Smith (Pension Fund Board member) were also in attendance.

1 MEMBERSHIP

1.1 There were no changes to the membership.

1.2 The Chairman noted it was Councillor Angela Harvey's last time sitting on the Pension Fund Committee and extended particular thanks for the dedication and contribution provided to the Pension Fund Committees and Board over the last 20 years.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 MINUTES

RESOLVED:

3.1 That the public minutes of the meeting held on 29 November 2021 be signed by the Chair as a correct record of proceedings.

3.2 That the private minutes of the meeting held on 29 November 2021 be signed by the Chair as a correct record of proceedings.

3.3 That the minutes of the meeting held on 16 December 2021 be signed by the Chair as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

Sarah Hay, Strategic Pension Lead, presented the report and advised the Committee of the Key Performance Indicators (KPI) for Hampshire Pension Services (HPS) for the period 8 November 2021 to 31 January 2022. The Committee was pleased to note that HPS reported 100 percent compliance within the agreed KPI in each month and most of the KPI standards had increased with HPS from those previously agreed with Surrey. The Committee stated that they would like to see summaries of the monthly KPI reporting that Westminster City Council receives from HPS.

The Committee was informed that HPS have dealt with issues in a transparent and responsive way and none of the complaints received particularly reflect on the HPS service. The Committee held a discussion on members accessing HPS portal and data. The Committee was also advised that whilst the data scores in the report to the Pension Regulator were disappointing after the data cleansing the Fund had done in the last few years, HPS had identified some easier wins to improve those scores.

The Committee noted that the Committee and Pension Board would be updated on the end of year returns in due course. The Committee held a detailed discussion about mortality screening and fraud, including ways to prevent future cases. The Committee also discussed preserved funds.

RESOLVED:

That the Committee noted the report.

5 COWPF LGPS PROJECTS AND GOVERNANCE UPDATE

Diana McDonnell-Pascoe, Pensions Project Manager, presented the report and the Committee was advised of the various projects and governance activities being undertaken by the Pensions and Payroll Team to improve the administration of the COWPF LGPS.

The Committee was informed that the Fund’s data was deleted from Altair at the end of January 2022, as requested, and the Committee would be informed of the final position with respect to exiting Surrey at the next meeting of the Committee.

The Committee noted that the current website for the COWPF LGPS is being reviewed with respect to value for money and was informed of the progress which had been made since December 2021. The Committee discussed options for the website domain name and ensuring that the website is accessible to all members. The Committee was pleased to note that officers were engaging with Westminster City Council’s Able Network to ensure accessibility.

The Committee was advised that the Guaranteed Minimum Pension project would be launched on 1 March 2022 and work is expected to begin in April. HPS will be validating Mercer’s work to avoid errors or miscalculations. The Committee understood that they would be updated on this at the next meeting of the Committee. The Committee noted the efforts to put in place governance procedures and robust contract monitoring with HPS.

The Committee was also informed of the two phases of work being undertaken in regards to the McCloud judgement. The Committee held a discussion on the current workstreams, future-proofing and using data usefully in a cost-effective way.

RESOLVED:

That the Committee noted the report.

6 PENSION FUND BUSINESS PLAN AND INVESTMENT CONSULTANT PERFORMANCE REVIEW

Phil Triggs, Tri Borough Director of Treasury and Pensions, presented the report and informed the Committee of the draft 2022/23 Pension Fund Business Plan which identifies the strategic medium-term objectives and a budget forecast for 2022/23. The Committee noted that the Plan will take effect from 1 April 2022 and the Committee will receive a full outturn report of the previous year's 21/22 Business Plan at the next Committee. The Committee understood that the Plan is split into seven areas: Administration, Communication, Actuarial/Funding, Pension Fund Committee Members, Financial and Risk Management, Investment and Local Pension Board.

The Committee was pleased to note the positive results of the annual performance review of the investment consultant, Deloitte, against the agreed Investment Consultant Aims and Objectives, as approved at the Pension Fund Committee on 23 October 2019. The Committee held a discussion on the current position of the Westminster Council's Treasury and Pensions partnership between Westminster and Bexley councils. The Committee also discussed Appendix 3 in the confidential section of the meeting.

RESOLVED:

1) That the Committee:

    i. Approved the attached business plan and budget for 2022/23 (Appendix 1).

    ii. Approved 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).

2) That officers would provide the Committee with information relating to fees and asset classes when strategic allocations are next discussed.

7 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 31 December 2021 for the Pension Fund bank account and cash held at custody (Northern Trust). The Committee also noted the risks in the risk register for the Pension Fund.

The Committee understood that as this report was backwards looking, the escalating geo-political landscape at the time of the Committee had not yet been reported on. The Committee noted that it is a fluid situation, and the risks need to be constantly reviewed. The Committee discussed the possibility of receiving more recent reports at the Committee rather than quarterly reports. The Committee was pleased that the Longview Fund assets had been liquidated and the Westminster Fund benefitted from putting £50m into an Absolute Return Fund.

RESOLVED:

1) That the Committee noted:

    i. The top five risks for the Pension Fund; and

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

2) That officers would endeavour to provide the Committee with the most recent cashflow reports at future Committees, rather than quarterly reports.

8 RESPONSIBLE INVESTMENT STATEMENT 2022

Matt Hopson, Strategic Investment Manager, presented the report and the Committee noted the 2022 Responsible Investment Statement for the Westminster Pension Fund. The Committee noted that officers were grateful for their feedback from the first Responsible Investment Statement. The Committee noted that the 2022 Responsible Investment Statement builds on what was previously compiled, with two major changes which include: more CO_2 reporting and impact modelling for renewables.

The Committee discussed the statistics and case studies in the report as well as retrofitting and decarbonisation: the Committee was pleased to note that whilst it would not be appropriate for the Pension Fund, the Council's Climate Emergency Working Group had been having discussions on retrofitting. The Committee also held a discussion on the impact of the Ukraine crisis on some of the Fund's responsible investments.

RESOLVED:

That the Committee:

1) Noted and commented on the Responsible Investment Statement; and

2) Delegated authority to the Tri-Borough Director of Treasury and Pensions to publish the final Responsible Investment Statement on the Council's website pending changes circulated to the Chairman to agree final version.

9 QUARTERLY PERFORMANCE OF THE COUNCIL'S PENSION FUND

Phil Triggs, Tri Borough Director of Treasury and Pensions, presented the report which detailed the performance of the Pension Fund's investments to 31 December 2021, together with an update of the funding position. The Committee understood 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. The Committee noted the changes in asset allocation and the transition cost analysis (LCIV Paris aligned portfolio with Baillie Gifford). The Committee held a discussion on the costs of transitioning these assets.

RESOLVED:

That the Committee:

1) Noted the performance of the investments and the funding position;

2) Noted the Baillie Gifford Paris Aligned fund transition costs, with a decision not to transition the Global Alpha mandate into the Paris Aligned version for the time being; and

3) Approved 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).

10 ANY OTHER BUSINESS

Phil Triggs, Tri Borough Director of Treasury and Pensions, informed the Committee of Westminster Pension Fund's position in light of the Ukraine crisis. The Committee noted that the Pension Fund did have some equity exposure to Russia but saw positive action from the FTSE indices and MSCI indices in terms of the abolition of Russian stocks from those index funds. Subsequently, the Committee understood that Westminster's Pension Fund, as at 9 March 2022, had zero exposure to Russia within the Fund's remaining asset classes. The Committee noted that officers will continue to monitor the situation and engage with investment managers as necessary on any residual holdings within the equity mandates.

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 PENSION ADMINISTRATION PROJECTS AND COSTS

Sarah Hay, Strategic Pension Lead, presented the report and informed the Committee about the Pension Fund's administration projects and costs. The Committee considered the various facets of the Fund's administration and costs and held detailed discussions on these.

RESOLVED:

That the Committee:

1) Approved future projects with HPS to be explored.

2) Approved that decisions will be made in the Autumn regarding the analysis options set out in the report.

3) Requested additional information on what support could be offered by the Hymans Learning Academy.

4) Approved proposed changes to the Pension and Payroll team.

12 PRIVATE DEBT INVESTMENT MANAGER SELECTION

The Committee considered the selection of a Private Debt/ Direct Lending manager for the Fund to invest the Fund's six percent asset allocation to Private Debt, as agreed at the Pension Fund Committee meeting of 16 December 2021. Three suitable investment managers presented to the Pension Fund Committee on 10 March 2022 as advised by the Fund's investment consultant, Deloitte.

The Committee were informed by Kevin Humpherson, Deloitte, that six percent of the Pension Fund equated to roughly £110m at the time of the Committee. The Committee were also provided with an overview of fees from the shortlisted Private Debt/ Direct Lending managers and held a discussion regarding the different managers.

RESOLVED:

That the Committee:

1) Decided and approved the selection of a Private Debt Investment Manager, to invest the Fund's 6 percent allocation with further fee negotiation and split into co-investment at officers' discretion; and

2) Approved 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).

The Meeting ended at 20:57.

CHAIRMAN: ______________________ **DATE** ___________________

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