Public Document Pack

Pension Board

Tuesday 23 March 2021 at 6.00 pm

This will be held as an online virtual meeting
Details on how to access the link in order to view proceedings will be made available online via the following link: Democracy in Brent

Membership:

Members	Representing
David Ewart	Independent Chair
Councillor Members	
Councillor Crane	Brent Employer representative
Councillor Kabir	Brent Employer representative
Co-opted Members	
Bola George	Member representative (Unison)
Chris Bala	Pension Scheme Members Representative
Robert Wheeler	GMB Trade Union

For further information contact: Joe Kwateng, Governance Officer
joe.kwateng@brent.gov.uk; 020 8937 1354

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www.brent.gov.uk/committees

The press and public are welcome to attend part of this attend this meeting as an on online virtual meeting. The link to attend and view proceedings will be made available online via the following link: Democracy in Brent

recycle for Brent

Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

(a) **Employment, etc. -** Any employment, office, trade, profession or vocation carried on for profit gain.

(b) **Sponsorship -** Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.

(c) **Contracts -** Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.

(d) **Land -** Any beneficial interest in land which is within the council's area.

(e) **Licences-** Any licence to occupy land in the council's area for a month or longer.

(f) **Corporate tenancies -** Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.

(g) **Securities -** Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

(a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party of trade union).

(b) The interests a of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;

a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members.

Item		Page
1	**Apologies for absence**	
2	**Declarations of interests**	
	Members are invited to declare at this stage of the meeting, any relevant personal and prejudicial interests and discloseable pecuniary interests in any matter to be considered at this meeting.	
3	**Minutes of the previous meeting - 3 November 2020**	1 - 8
	To approve the minutes of the previous meeting as a correct record.	
4	**Matters arising (if any)**	
	Pension Board Reports	
5	**Pensions Administration Update**	9 - 52
	This report updates the Pensions Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund. I have added 2 appendices to this report.	
6	**Pension Board and Committee Training Strategy**	53 - 64
	This training strategy of the Brent Pension Fund ("the Fund") has been established to aid the Pension Committee, Pension Board and Officers to gain an understanding of their respective responsibilities. The training strategy sets out how these key individuals within the Fund will obtain and maintain the necessary knowledge and understanding in order to fulfil their role. I have added an appendix to the main report.	
7	**LGPS Update**	65 - 198
	The purpose of this report is to update the committee on recent	

developments within the LGPS regulatory environment and any recent consultations issued which have would have a significant impact on the Fund.

I have added 7 appendices including LGPS monthly bulletins to this report.

8 Brent Pension Board Terms of Reference and Conflicts of Interest policy 199 - 216

This report presents a review of the Pension Board's terms of reference and conflicts of interest policy.

I have attached 2 appendices to the main report.

9 Brent Risk Management Strategy Register 217 - 234

This report presents the updated Risk Register for the Brent Pension Fund Pensions Administration Service.

I have added 2 appendices to the main report.

Sub-Committee Reports

10 London CIV Update 235 - 258

The purpose of this report is to update the committee on recent developments within the London CIV (LCIV) regarding Responsible Investment and Engagement.

I have attached an appendix to the main report.

11 H2 2020 Investment Monitoring Report 259 - 278

12 Investment update 279 - 290

The purpose of this report is to update the committee on the Fund's investments.

I have attached 2 appendices to the main report one of which contains exempt information.

13 LAPFF Engagement Report 291 - 306

This report is for noting and presents members with an update on the engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. The Fund's commitment with LAPFF

and its work demonstrates its commitment to Responsible Investment and engagement as a way to achieve its objectives.

I have added an appendix to the main report.

14 Date of next meeting

The date of next meeting will be confirmed at the Annual Council Meeting (AGM) on 19th May 2021.

15 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before the meeting in accordance with Standing Order 60.

16 Exclusion of Press and Public

The press and public will be excluded from the remainder of the meeting as the reports to be considered contain the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely:

“Information relating to the financial or business affairs of any particular person (including the authority holding that information)"

17 London CIV Investment Review 307 - 326

The purpose of this report is to update the committee on recent developments regarding Brent Pension Fund investments held within the London CIV (LCIV).

I have added an appendix to the main report.

18 Appendix to Investment Update 327 - 328

Date of the next meeting:

The next meeting will be confirmed after the Council Annual Meeting on 15th May 2021.

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Brent

MINUTES OF THE PENSION BOARD
Tuesday 3 November 2020 at 6.00 pm

PRESENT: Mr David Ewart (Chair), Councillor Crane, Councillor Kabir, Ms George, Mr Bala and Mr Wheeler

1. **Apologies for absence**

Ms. Bola George.

2. **Declarations of interests**

None declared.

3. **Minutes of the previous meeting - 5th August 2020**

RESOLVED:

That the minutes of the meeting held on 5th August 2020 be approved as an accurate record.

4. **Matters arising**

None.

5. **Pension Fund Administration Update**

This report updated the Pensions Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund and reviewed the performance of LPP. Mr Sawan Shah (Senior Finance Analyst) introduced the report and answered Members' questions. He reported on the Pensions administration team's monthly meetings with LPP that monitored the performance of the contract looking at both the individual month and trends across months.

Members heard that the number of cases completed were on time in September 2020 at 99.5% which was above the target of 98%. He clarified that whilst most of the new cases related to death these were not necessarily related to Covid-19. Helpdesk call performance that measured the average wait time and calls answered was 90% the target time of 2 minutes. He then referenced the service improvements delivered; the launch of a bereavement survey, an in-house bulk email solution, mortality tracing and address screening launched through Target. Scheduled updates included launch of single website for all Members and Employers which was due in November 2020, members surveys to launch for estimates and transfers and a 'Livechat' feature to be available on the new website.

In concluding his review, Mr Shah stated that Brent and LPP were taking action to ensure that these cases are resolved swiftly however the complex nature of some cases meant that this was not always possible. In addition, following the completion of each case, a process was undertaken to ensure any lessons learned were reviewed and consequently, if necessary, processes and procedures updated.

Mr Ravinder Jassar (Head of Finance) introduced the remaining salient aspects of the report: Annual Benefit Statements (ABS), Data Cleansing and GAD Valuation. The Head of Finance informed the Board that ABS was issued online to all members identified on year-end returns from employers by the deadline of 31 August 2020. Any member who had opted out of electronic communications received a printed copy of their ABS through the post. The Board heard that the Fund was carrying out a focussed exercise with a dedicated resource to clear historical unprocessed leavers. Due to this issue, it had not been possible to issue an ABS to these members. The project, completion by 31st March 2021, would resolve these records and an ABS would be made available to these members as soon as possible.

In respect of year-end returns, he stated that some employers missed the April deadline but by the September, they had all submitted their returns. Mr Jassar continued that the Pensions Administration Strategy allowed the scheme manager to take actions against employers that failed to comply with their statutory and legal obligations to the Pension Fund. These actions would be considered should employers not respond to LPP's requests for information in a timely manner. The scheme manager would continue to work closely with LPP and employers to resolve the outstanding queries as soon possible, treating the overall exercise as a high priority.

On data cleansing, the Head of Finance informed the Board that notwithstanding the first phase of the project commissioned to cleanse and fix errors identified in member data, responses received were not sufficient to process the leaver cases. As a result, the Fund has commissioned a separate project to review and resolve these outstanding leaver queries. This will ensure that additional dedicated resources can be put in place until 31st March 2021 in order to ensure that this issue can be resolved as quickly as possible. In the absence of such a dedicated project, it is likely that these cases will remain un-solved into 2021/22 and continue to impact Brent's data scores. He then set out the flip side of not carrying out the project which included but not limited to the following:

- Errors remaining on records at the next valuation therefore requiring assumptions to be made.
- A material impact on the Fund's TPR data score, in particular the conditional score which records scheme specific data.
- The GAD (Government Actuary Department) require good quality data to be submitted for their analysis of LGPS funds.

With no further issues raised and having established that all members had followed the discussions, the Chair thanked all speakers for their contributions. In welcoming the updates Members RESOLVED:

To note the overall report.

6. **Actuarial Update: COVID-19 and Regulatory Changes**

The purpose of this report was to provide the Board with a summarised overview of recent market movements and recent changes to the Fund Regulations. Mr Ravinder Jassar (Head of Finance) introduced the report and answered Members' questions.

The Head of Finance informed the Board that COVID-19 has had a substantial impact on the global economy and the financial markets in 2020. This had led to the Fund's funding level becoming increasingly volatile from February 2020 onwards. The Fund experienced a sharp fall in the funding level in March however there had been some 'bounce-back' in recent months as explained in the tables within the report. He added that whilst the impact on businesses and institutions in all sectors was global, the majority of the Fund's employers were public sector bodies, where the covenant was strong. The most significant impact on covenant is in respect of other employers within the Fund including those who were close to exit, were not publicly-funded and/or had a weak covenant at the 2019 valuation.

He gave an update on the McCloud case and its impact on the Fund. He explained that to apply the same protections retrospectively to all members who were in the 2008 LGPS scheme on 31st March 2012 would require recalculating benefits for pensioners, and paying arrears and interest. This would result in a small increase in liabilities at Fund level of c£1M or 0.1% however, increases for some employers may be significantly higher. From an administration perspective, the effort required to implement the remedy would be significant and the project was estimated to take 2 years or more to complete.

Members heard that the Government announced in January 2019 that Cost Management Valuations, a valuation at national level carried out by the Government Actuary's Department (GAD) on behalf of Treasury to assess the overall cost of pension provision every 3 to 4 years was to be put on hold until McCloud was resolved. The Head of Finance drew Members' attention to developments involving the £95,000 exit cap payments The Goodwin Ruling and other regulation changes to support management of employer risk as set out within the report.

With no further issues raised and having established that all members had followed the discussions, the Chair thanked all speakers for their contributions. In welcoming the updates, Members RESOLVED:

To note the updates and the overall report.

7. **Brent Risk Register**

Mr Saagar Raithatha (Finance Analyst) introduced this report that presented the updated Risk Register for the Brent Pension Fund Pensions Administration Service. He drew the Board's attention to the appendix to the report that set out the risk register and highlighted the following key changes:

- Exit Pay Reform - New legislation which will alter the redundancy benefit entitlements to LGPS members aged 55 and above.

- Following the close of the McCloud consultation, Brent Officers had provided a response to MHCLG and following discussions with the Fund's actuary, Officers were now in discussions with LPP and Hymans to prepare for the impact whilst awaiting the government's formal response to the consultation and the subsequent change in regulations enacted in law.
- The Auditors had signed off Brent Pension Fund Accounts 2020/21 and that the Brent Pension Annual Report was currently going through the audit sign-off process.

In response to a Member's enquiry, Me Raithatha assured the Board that security of data was always paramount in the risk register and therefore was regularly reviewed and consistently monitored.

Members welcomed the report and agreed with the classifications set out within the appendix. With no further issues raised and having established that all members had followed the discussions, the Chair thanked all speakers for their contributions. In welcoming the updates, Members RESOLVED:

To note the report.

8. **Investment Monitoring report 2020, Q2**

This report gave an overview of the Fund's performance for the quarter. Brent Pension Fund Sub-Committee had considered this report at its last meeting and noted the following highlights:

- Asset classes recovered strongly during the quarter from the steep declines suffered in the first quarter with the key drivers being the amounts of stimulus package by global central banks and the re-opening of economies after the lockdown.
- The Fund's assets produced a return of 11.6% and outperformed against the aggregate benchmark over the second quarter of 2020 with the result that value of the Fund's assets increased over the quarter from £835.3m to £926.9m and recovered almost all of the ground lost during the first quarter.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the investment monitoring report for quarter 2, 2020 be noted

9. **Investment Strategy: Transition Roadmap**

Mr Sawan Shah (Senior Finance Analyst) introduced this report that detailed the investment strategy transition roadmap prepared by the Fund's investment advisors, Hymans Robertson. Brent Pension Fund Sub-Committee meeting had considered and agreed the recommendations within the report. The following highlights were by the Board:

The Fund's investment beliefs and appendix 1 to the report highlighted that the Fund was broadly in line with the interim strategic allocation but that structural imbalances prevailed. Global equities were 4.2% underweight, UK equities were

5.9% overweight and an imbalance between Baillie Gifford and Ruffer (13.3% and 5.7% respectively). To address these global equity allocation be increased by 3% once the initial investment in BlackRock's low carbon fund had been completed, thus reducing exposure to UK equities and adjusting the allocations to Baillie Gifford and Ruffer.

Recommended that a reduction in the allocation to UK equities to the interim target allocation of 5% by selling down LGIM's UK equity holding in two steps, each of 3%, and reinvesting the proceeds as follows:
1. Reinvest 3% in Ruffer for the reasons set out in the next section.
2. Reinvest 3% in LGIM global equity.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the report be noted.

10. **Competitive Markets Authority (CMA) Objectives**

The report outlined the proposed approach to be taken by the Fund in relation to the assessment of Hymans Robertson against objectives set in 2019. Mr Sawan Shah (Senior Financial Analyst) introduced the report that had been considered by the Brent Pension Fund Sub-Committee at its last meeting. He drew attention to the following salient points|:

- 'Compliance Statements' were to be submitted within 12 months and 4 weeks from the 10 December 2019 and annually thereafter. Officers were aiming to submit the statement well ahead of the scheduled deadline of 07 January 2021.
- The compliance statement, essentially acknowledges that the Fund would have and will continue to have objectives in place for their investment consultants.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the report be noted.

11. **Brent Pension Fund: Annual Report and Accounts 2019-2020**

This report presented the draft Pension Fund Annual Report and audited Annual Accounts for the year ended 31 March 2020. Mr Saagar Raithatha introduced the report that had been considered at the last meeting of Brent Pension Fund Sub-Committee at which the following were noted:

- There had been no major changes to the Audited Annual Accounts since the submission of the Draft Annual Accounts. Only minor changes and additional clarifications have been made.
- During 2019/20, the value of the Pension Fund's investments decreased to £835m (2018/19 £856m). This was due to the poor performance of equity markets in the final quarter of the year related to COVID-19. At the end of December 2019, investments were valued at £935m.

- Total contributions received from employers and employees totalled £60m for the year, an increase on the previous year's £52.1m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, totalled £48m, an increase on the previous year's £46m.
- As in 2018/19, the Fund is in a positive cash-flow position because its contributions exceed its outgoings to members.

The Fund completed its 2019 valuation in the 2019/20 financial year when it was agreed that the employer contribution rate would remain stable at 35% for the next 3 years. This was consistent with the Fund's deficit recovery plan to clear its deficit within 19 years of the balance sheet date.

The Board welcomed the report and on behalf of the Board, the Chair congratulated officers for the informative report. With no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the Brent Pension Fund Annual report and accounts 2019-2020 be noted.

12. **Any other urgent business**

Vacancy - Other Employers Representative.

Mr Ravinder Jassar (Head of Finance) informed the Board he had received expressions of interest to fill the vacant other employers' representative on the Board but due to the Covid-19 restrictions, he had put it on hold to be revisited.

13. **Exclusion of Press and Public**

RESOLVED:

That the press and public will be excluded from the remainder of the meeting as the reports and appendices to be considered contained the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Access to Information Act 1972, namely;

"Information relating to the financial or business affairs of any particular person (including the Authority holding that information)."

14. **London CIV Update**

The purpose of this report was to update the Sub-Committee on recent developments within the London CIV (LCIV). Mr Ravinder Jassar (Head of Finance) provided updates on the following key aspects within the report which had been considered at the last meeting of Brent Pension Fund Sub-Committee:

i) ESG reporting which provides an investment summary, a London CIV and market update and key portfolio data for the Fund's holdings with London CIV.
ii) Multi asset credit fund.
iii) Private debt. Since the last committee meeting, officers had provided London CIV on what the Fund would be looking for from private debt mandate.

iv) Fund launches; details as set out in appendix 3 to the report.

Members welcomed the report and with no further issues raised, the Chair confirmed that all members had followed the discussions and thanked members and officers for their contribution. It was RESOLVED:

That the recent developments within the London CIV be noted.

The meeting closed at 7.25 pm

MR. D EWART
Chair

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Brent	**Pension Board** 23 March 2021
	Report from the Director of Finance

Pensions Administration Update

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	1. Q3 Performance Report 2. LPP Risk and Compliance Update - March 2021
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst Saagar Raithatha, Finance Analyst

1.0 Purpose of the Report

1.1 This report updates the Pensions Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund.

2.0 Recommendation(s)

2.1 The board is recommended to note the overall report.

3.0 Pensions Administration Performance Report

3.1 The administration of the Brent Pension scheme was transferred to LPP on 1 October 2018. This report reviews the performance of the LPP contract against agreed Service Level Agreements (SLA's) during October to December 2020.

3.2 The Pensions administration team are holding monthly meetings with LPP to monitor the performance of the contract looking at both the individual month and

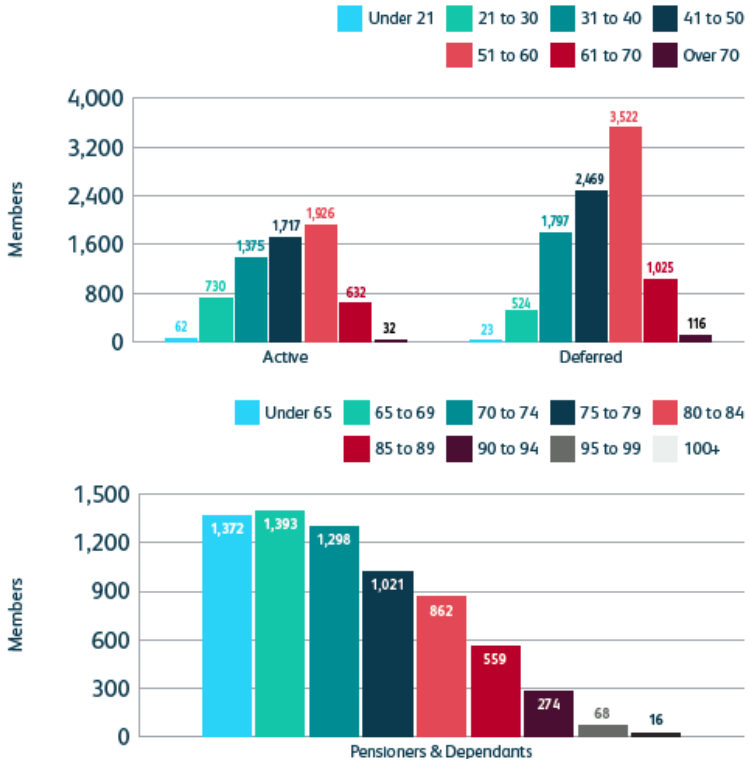
trends across months. Full details on the Q3 performance report are set out in appendix 1.

3.3 As of 30 December 2020, the Brent Pension Fund had 22,813 members, which was made up of:

- 6,474 active members
- 6,863 pensioners (including dependants)
- 9,476 deferred beneficiaries.

3.4 Figure 1 shows the current age demographic of the Brent Pension Fund members. This is broken down between active, deferred and pensioner members.

Figure 1:



3.5 The percentage of cases completed on time has remained high with a quarterly average of 99.6%. The cases completed on time in September 2020 was 99.1% which was above the target of 98%.

3.6 Figure 2, provides detail on the number of cases that have processed grouped by category. At the start of September, cases brought forward totalled 1,787 and there were 1,197 outstanding cases at the end of December. All categories have seen significant decreases in outstanding cases, notably in the deaths and retirements categories.

Figure 2:

	Brought Forward at 30/09/20	Completed	Received	Outstanding as of 31/12/20
New Starters	60	197	165	28
Transfer In	146	89	61	118
Transfer Out	53	95	90	48
Estimate - Individual	39	118	100	21
Deferred Benefits	269	506	411	174
Deaths	439	215	148	372
Retirements (Immediate)	36	31	46	51
Retirements (Deferred)	310	301	121	130
Refunds	65	119	88	34
Estimates - Employer	50	145	106	11
Correspondence	34	254	250	30
Aggregation	69	75	51	45
Other *(see Definitions – page 3)*	217	345	263	135
TOTALS	1,787	2,490	1,900	1,197

3.7 Helpdesk call performance measures the average wait time and calls answered. The Fund has shown improved performance in this quarter with wait times of 2 minutes 24 seconds in October, 1 minute 54 seconds in November and 2 minutes 29 seconds in December, all of which were closer to the target time of 2 minutes in comparison to the previous quarter which saw peak wait times at 4 minutes 51 seconds. The fund will be working with LPP to understand the reasons behind the delayed timings. The average calls answered should be 90% and the fund is pleased to report that during the last quarter, all months were above target with 97.6% in of calls being answered in October, 98.3% in September and 97.5% in December.

3.8 Service improvements delivered involved the launch of the new LPPA website including a live chat functionality for users, successful delivery of online training sessions for employers and the launch of the bereavement booklet.

3.9 Scheduled updates include issuing of life certificates for overseas members due in January 2021, end of year data returns due in March 2021, planning for the P60 campaign as well as issuing of the Pensioner Newsletter planned for spring.

3.10 Since the last Pension Board, 7 new complaint cases have been received. This included 3 new complaints in December, 3 new complaints in January and 1 new complaint in February. Out of the 7 cases, 2 related to delays and 5 related to general service. Brent and LPP are taking action to ensure that these cases are resolved swiftly however the complex nature of some cases means that this is not always possible. In addition, following the completion of each case, a process is undertaken to ensure any lessons learned are reviewed and consequently, if necessary, processes and procedures will be updated.

3.11 The Pension Regulator (TPR) acknowledges that complete, accurate scheme records are a vital part of the administrative function. The Regulator defines two types of data held in scheme records:

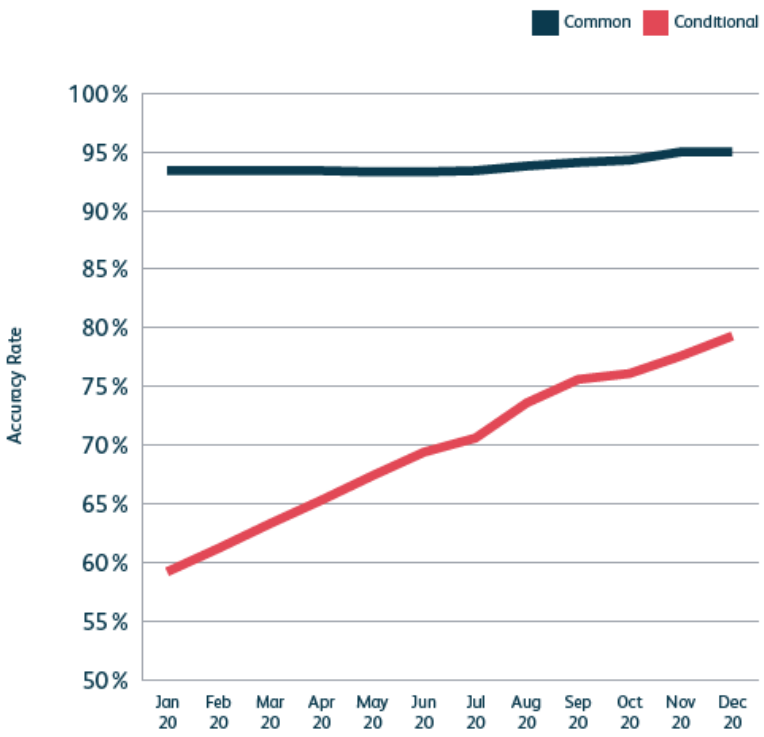
Common Data used to identify scheme members and would include names, addresses, national insurance number and date of birth.

Conditional Data essential to calculate benefit entitlements such as, member contributions, pensionable pay, service history.

It also encompasses data relating to events that occur during an individual's membership, for example transfers, purchase of additional pension and pension sharing orders. Both types are data are equally important, but are defined separately for the purposes of measurement and relationship to obligations under the Data Protection Act.

Figures 3 below displays the TPR scores achieved in regards to the accuracy of common and conditional data. As at December 2020, Common data has a total accuracy rate of 95.0% while conditional data has a total accuracy rate of 79.3%, a marked improvement from the previous quarter.

Figure 3:



4.0 LPP Business Update

4.1 LPPA has recently been through a procurement exercise for their pension administration system and contracts have been signed with Civica to provide their Universal Pensions Management (UPM) system. The UPM system will replace Altair as well as LPP's workflow management system (CMS), both YourFund employer portals and the My Pension Online member self-service portal.

4.2 The Project is being delivered by a dedicated team of project managers and ringfenced project roles to ensure no impact to the day to day performance of the business. It is expected that Go Live for the Brent Pension Fund will be in September 2022. The project will be spread over 4 phases, initially to deliver UPM to those clients whose Heywood contracts will terminate first. The transfer of this service from Heywood's to Civica while having many benefits will also involve risks that are to monitored regularly by LPP through their Project Plan capturing key dates, task, milestones, risks and controls in place. LPP are to provide Brent officers with regular updates in weekly and monthly meetings to ensure successful transfer of administrative systems.

4.3 John Crowhurst, the Commercial Director at LPP will be in attendance at the Pensions Board meeting to provide a verbal business update.

4.4 Janet Morville-Smith, the Head of Risk & Compliance Pensions Administration at LPP will be attendance at the Pensions Board meeting to deliver an update on risk and compliance. The presentation set out in appendix 2 will cover an overview on operational controls, risk and compliance oversight and independent assurance.

5.0 Data Cleanse Update

5.1 As reported at the previous Pensions Board meeting in November 2020, the Fund has commissioned a separate project to review and resolve outstanding leaver queries. This will ensure that additional dedicated resources can be put in place until 31st March 2021 in order to ensure that this issue can be resolved as quickly as possible.

5.2 The process for clearing the leavers will depend on the case. Options include: using data available through previous end of year returns, contacting the employer to resolve the query, reviewing archives for leaver information or contacting the member for payslip/P60 information.

5.3 1,385 missing leaver queries have been identified as within the scope of the project and the Fund has been receiving weekly updates on progress against the project from LPPA. The work began as planned on 12th October and good progress has been made. The starting position was 1,385 unprocessed leavers. Since October, on average, 6 cases are being cleared per day and the latest position at the time of writing sees 626 cases being cleared with 759 cases remaining. Based on current performance, it is estimated that it could take up to 26 weeks for remaining queries to be cleared.

5.4 The project team includes an experienced member of the administration team who has relevant experience in handing complex cases. The project runs until 31st March 2021 with a full cost of the project (to March 2021) is in the region of £75,000. Brent officers will be conducting a review of the project in the coming weeks ahead of 31st March 2021 in order to take stock on progress made to date and decide on next steps.

6.0 GMP Project

6.1 From 6th April 2016, Contracting-Out Status for pension schemes in the UK ceased. This instigated a reconciliation exercise between HMRC and UK pension scheme administrators to ensure that contacted-out liabilities were recorded correctly across the records of both parties.

6.2 Previous phases of the reconciliation exercise were carried out by London Borough of Brent's former pension scheme administrators (Capita), which Local Pensions Partnership Administration (LPPA) did not result in any corrective action on Brent records.

6.3 During discussions officers held with LPP in regular meetings, it has been proposed to commence the Guaranteed Minimum Pensions (GMP) reconciliation project in April 2021. This project will review the final data output from HMRC in relation to the GMP reconciliation exercise on behalf of the London Borough of Brent and carry out the appropriate corrective action on active, deferred and pensioner records.

6.4 LPPA received HMRC's Final Data Cut in August 2020. This data will be used to ascertain the GMP discrepancies between HMRC's and Brent's data without referencing back to the previous work completed by Capita.

6.5 In order to carry out this review, the project will be split into 5 key work streams which will cover amendment of deferred, active and pensioner records where errors are found, correction of duplication of records and revision of pensioner benefits where necessary.

6.6 It is anticipated that the project duration will be 7 months from the start date anticipated in between April 21 and the project will be delivered within a quoted cost of £74k.

6.7 The project will be monitored via a project work plan and status updates will be brought to Brent officers through monthly status reports.

7.0 Financial Implications

7.1 As outlined in section 5 of the report, LPPA have been commissioned to undertake a separate project in order to process historical 'missing' leavers. Should the project run to end March 2020, the cost of the project will be in the region of £75k which will be funded from the Brent Pension Fund.

7.2 As outlined in section 6 of the report, LPPA have been commissioned to undertake a GMP reconciliation project in order to review and amend records accordingly where differences arise between HMRC and Brent data. The project is scheduled to run for 7 months starting in April 2021 with a cost of £74k which will be funded from the Brent Pension Fund.

8.0 Legal Implications

8.1 Not applicable.

9.0 Equality Implications

9.1 Not applicable.

10.0 Consultation with Ward Members and Stakeholders

10.1 Not applicable.

11.0 Human Resources

11.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

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LPP

Local Pensions Partnership
Administration

Brent Pension Fund

Quarterly Administration Report

1st October – 31st December 2020

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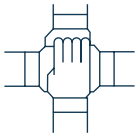
Definitions



Working Together

Page 6

Total Fund Membership

Total Fund Membership is the number of Member records held on the LPPA pensions administration system that are contributing to, awaiting benefits, or receiving benefits from the pension fund.

Current age demographic

The age profile of the Membership is split across three types of status:

Active Members – Members who are currently contributing toward their pension benefits.

Deferred Members – Members who hold a deferred benefit in the fund.

Pensioner Members – Pensioners and Dependants who are currently receiving a pension.

Page 8

Casework Performance Against SLA

Performance is measured once all information is made available to LPPA, to enable them to complete the process. All casework has a target timescale in which to complete the process, and performance is measured as the % of cases that have been completed within that timescale.

Page 9 & 10

Casework Performance Against SLA

The category of 'Other' on this page covers cases including, but not exclusive to:

- Benefit revisions
- Maternity/paternity cases
- Ill Health cases
- Scheme Opt-Out cases
- Cases raised to cover 'My Pension Online' registration queries
- P60 queries
- 50/50 scheme changes
- APC / AVC queries

Please note the number of cases brought forward, does not match the corresponding number of outstanding cases reported in the previous quarter (due to reasons including the deletion of cases during the current reporting period).

Page 11, 12 & 13

Elapsed Times

Elapsed days represent the total number of working days between the case being set up, and when it was completed by LPPA.

Page 14

Helpdesk Performance

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

The percentage of calls answered does not include calls that are abandoned by the caller where the wait time is less than 2 minutes. From July 2020, the average wait time is Client specific (prior to this, it was measured for All Clients).

Page 17 & 18

Customer Satisfaction Scores

The Helpdesk satisfaction scores (telephone, email and retirement) are the percentage of people who completed the survey with a satisfied (green) or neutral (amber) response. The Retirement satisfaction score illustrates the total surveys taken, split by response of Dissatisfied or Satisfied.

Page 19

My Pension Online (MPO)

The number and % of Members who have signed up to "My Pension Online" (online Member portal), including a quarterly view and a comparison with the overall LPPA sign up rate (all Members).

Page 20

My Pension Online (MPO)

The number of Members that are registered for My Pension Online, split by Member status and age profile.

Page 22 & 23

Telephone Numbers

The number and % of telephone numbers held by Member status (this is important as LPPA use telephone contact details where possible to reduce elapsed times).

Existing e-mail addresses

The number and % of emails held by Member status (this is important as LPPA utilise email as the preferred method of written communication).

E-Communications Opt-outs

The number and % of Members who have chosen not to receive email communications.

Page 27 & 28

Common/Conditional Data Fails

The Pension Regulator requires Administrators to keep Member data up to date to ensure benefits are accurately paid. This is split by Common Data (details that are specific to the Member) and Conditional Data (data that is related to the pension).

Individual Fails shows the total number of unique Members that have a single or multiple number of Common Data or Conditional Data fails. On both charts, the Accuracy Rate (%) then compares the number of Individual Fails to the total number of Scheme Members.

The TPR (The Pension Regulator) data scores were originally collected on a quarterly basis, but from June 2020 both have been collected monthly.

For more detail on the Data Items / Error types presented in these charts, please visit either the TPR or PASA (The Pension Administration Standards Association) websites.

Our Core Values

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

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

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

Annual Plan 2020/21

Forward Thinking

ACTIVITY

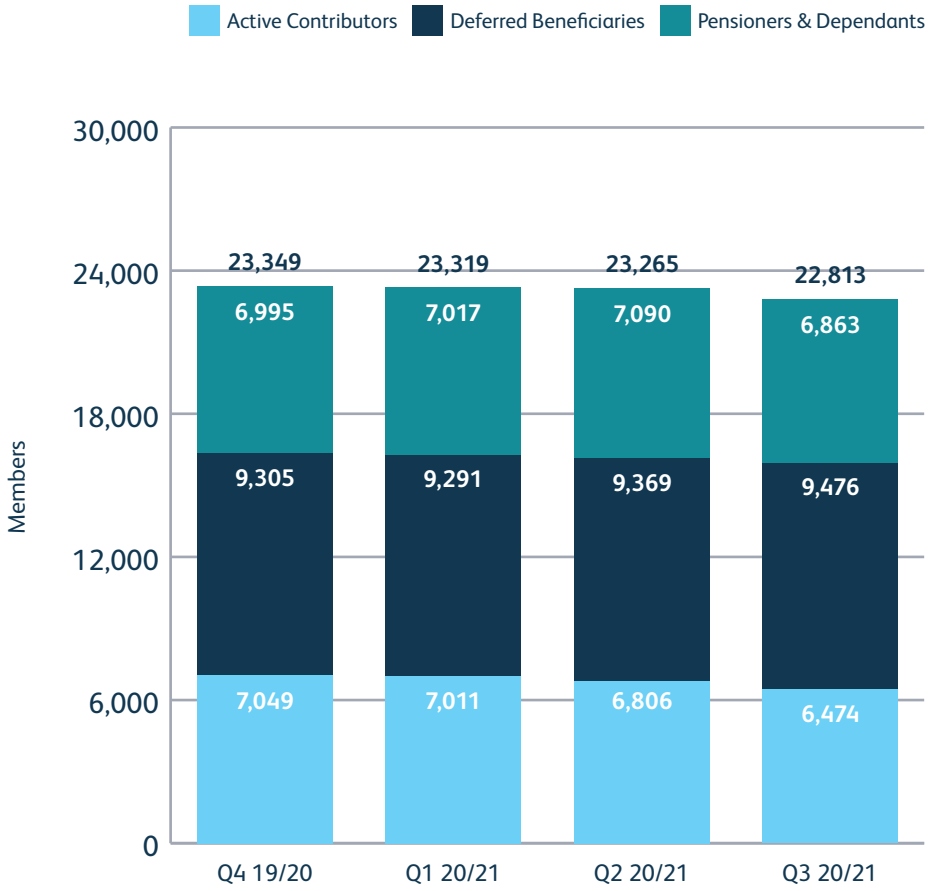
✓ COMPLETED DUE

	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21
Annual Benefit Statement and Newsletter to Deferred Members		✓										
Pension Increases		✓										
Annual Benefit Statement and Newsletter to Active Members					✓							
Pension Saving Statements							✓					
HMRC Scheme Returns							✓					
IAS19 data				✓	✓				✓			📅

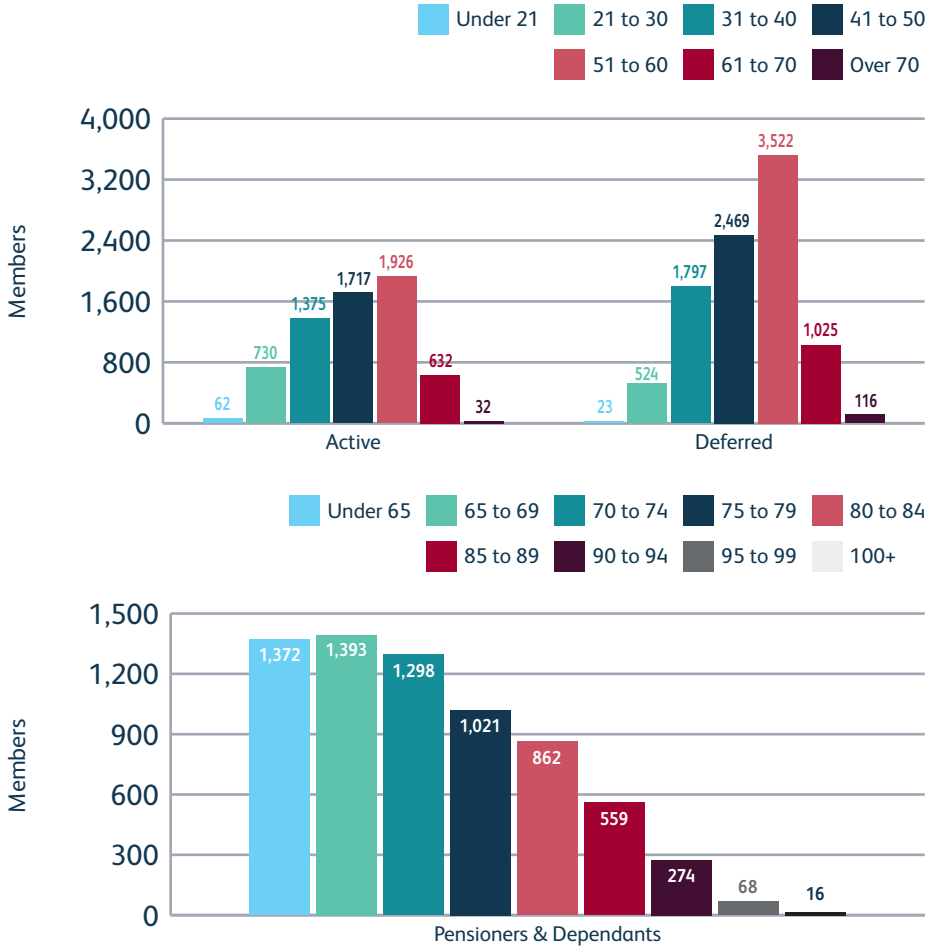
Fund Membership

Working Together

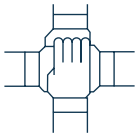
TOTAL FUND MEMBERSHIP



CURRENT AGE DEMOGRAPHIC



Fund Membership



LEAVERS

These leavers are currently included in the active membership figures in the previous page.

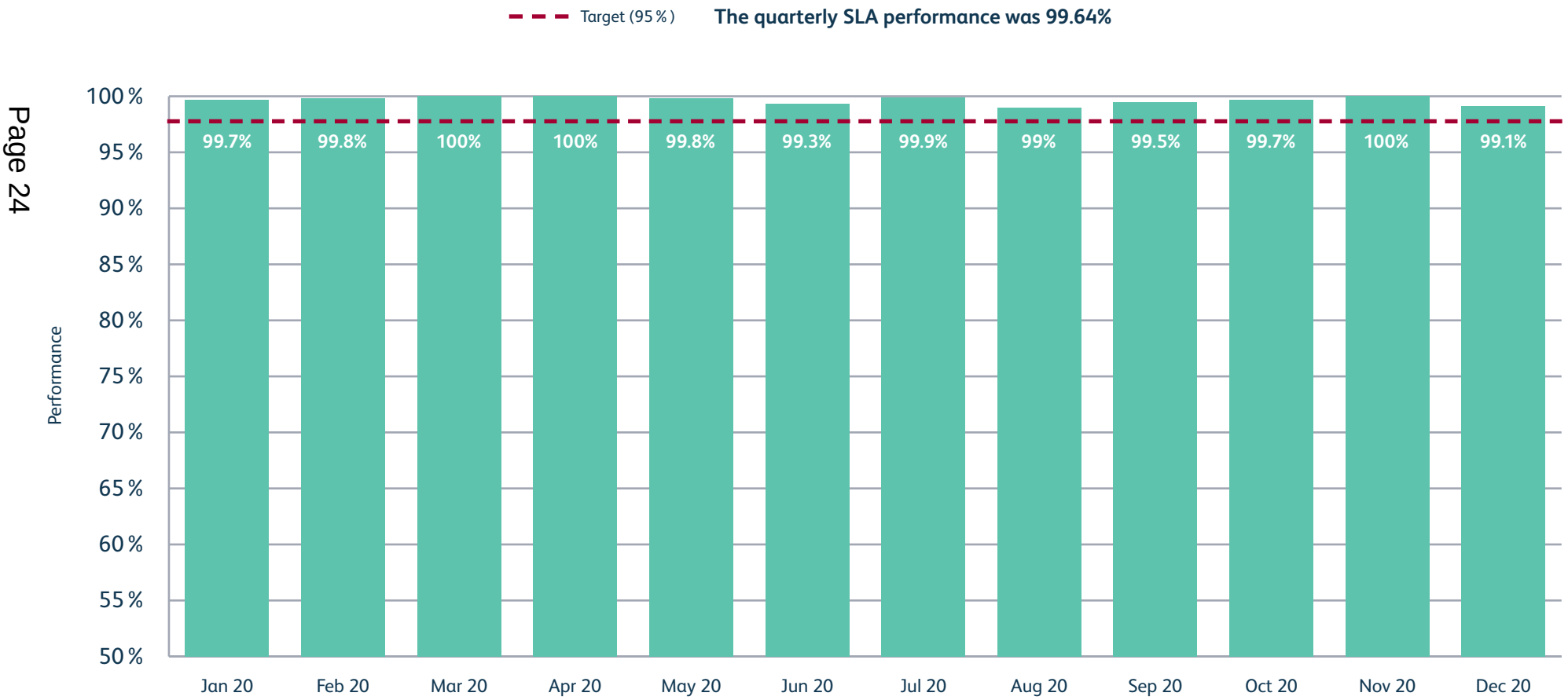
Total Current Leavers	Received*	Pending**
847	67	780

** Received from employer and due to be worked by LPPA in line with SLA*
*** Awaiting information from employer*

Casework Performance Against SLA

Committed to Excellence

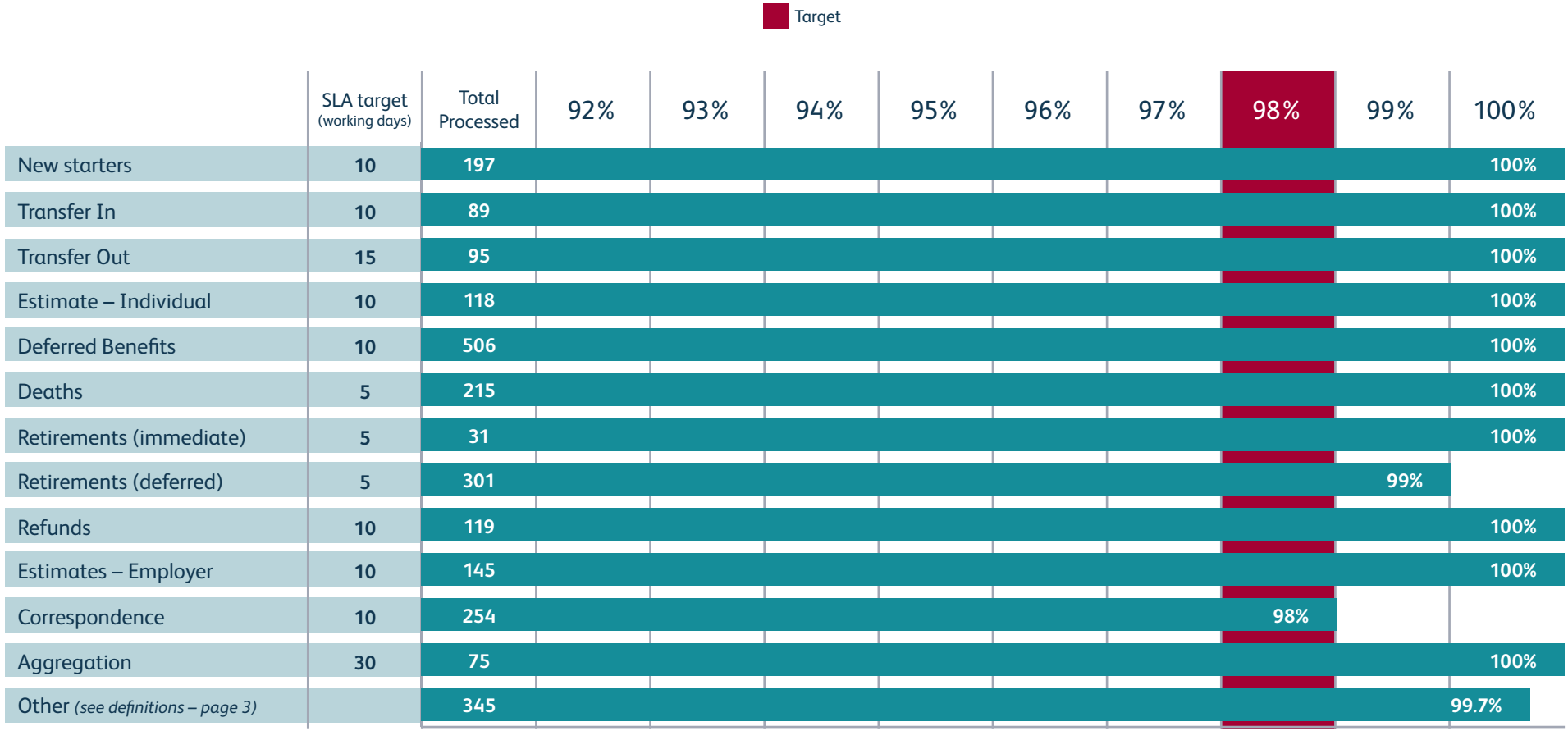
PERFORMANCE - ALL CASES



Casework Performance Against SLA

Committed to Excellence

QUARTERLY PERFORMANCE STANDARD



	SLA target (working days)	Total Processed	92%	93%	94%	95%	96%	97%	98%	99%	100%
New starters	10	197									100%
Transfer In	10	89									100%
Transfer Out	15	95									100%
Estimate – Individual	10	118									100%
Deferred Benefits	10	506									100%
Deaths	5	215									100%
Retirements (immediate)	5	31									100%
Retirements (deferred)	5	301								99%	
Refunds	10	119									100%
Estimates – Employer	10	145									100%
Correspondence	10	254							98%		
Aggregation	30	75									100%
Other *(see definitions – page 3)*		345									99.7%

Casework Performance Against SLA

Committed to Excellence

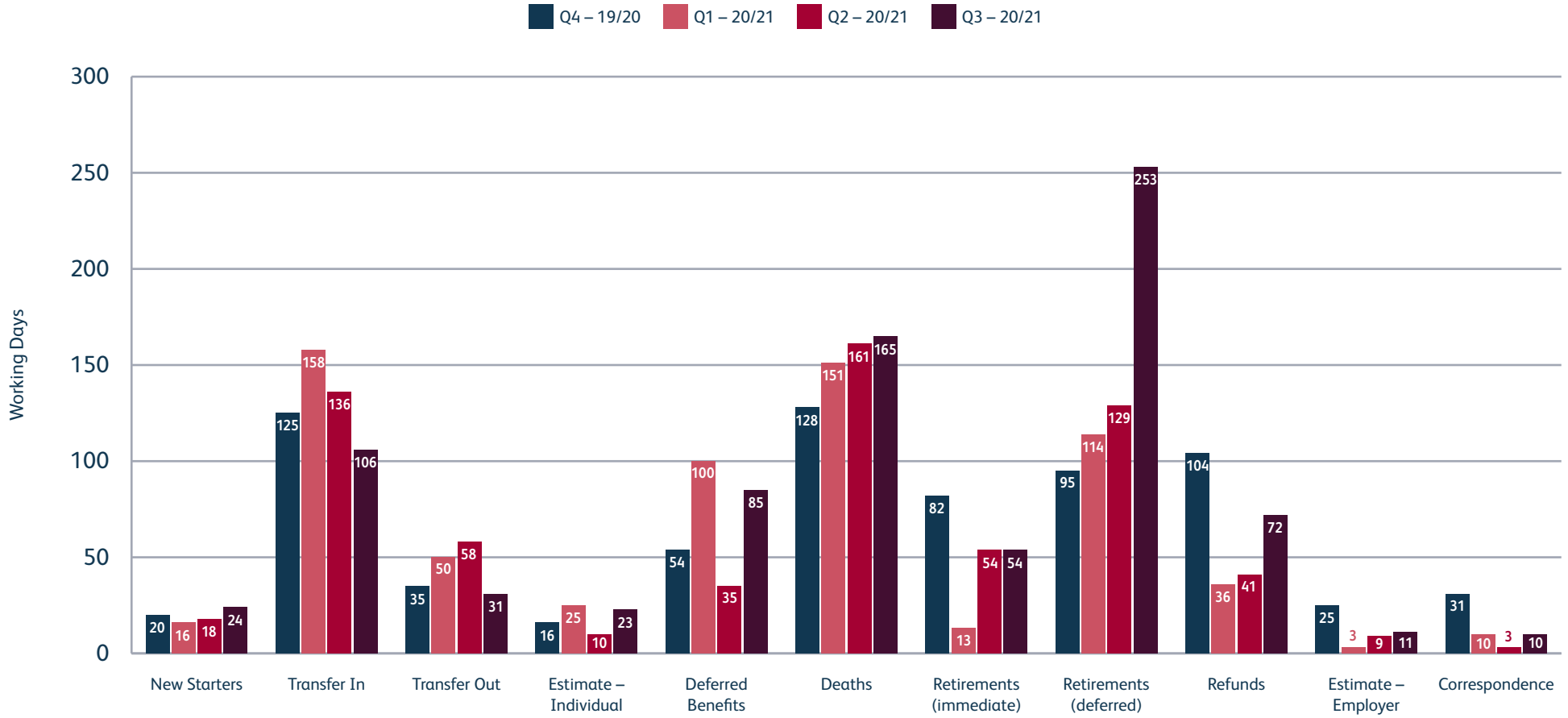
ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER

	Brought Forward at 30/09/20	Completed	Received	Outstanding as of 31/12/20
New Starters	60	197	165	28
Transfer In	146	89	61	118
Transfer Out	53	95	90	48
Estimate - Individual	39	118	100	21
Deferred Benefits	269	506	411	174
Deaths	439	215	148	372
Retirements (Immediate)	36	31	46	51
Retirements (Deferred)	310	301	121	130
Refunds	65	119	88	34
Estimates - Employer	50	145	106	11
Correspondence	34	254	250	30
Aggregation	69	75	51	45
Other *(see Definitions – page 3)*	217	345	263	135
TOTALS	1,787	2,490	1,900	1,197

Elapsed Times

Doing The Right Thing

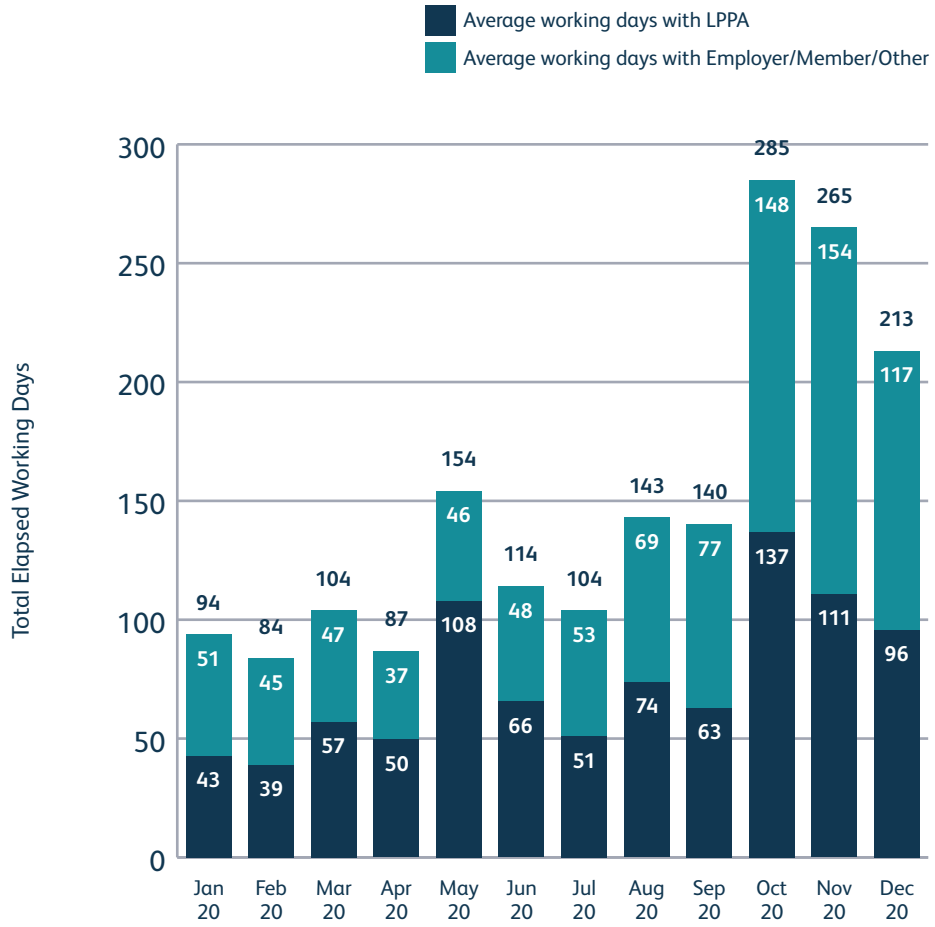
ELAPSED DAYS BY QUARTER



Elapsed Times (Retirements)

Doing The Right Thing

DEFERRED INTO PAYMENT



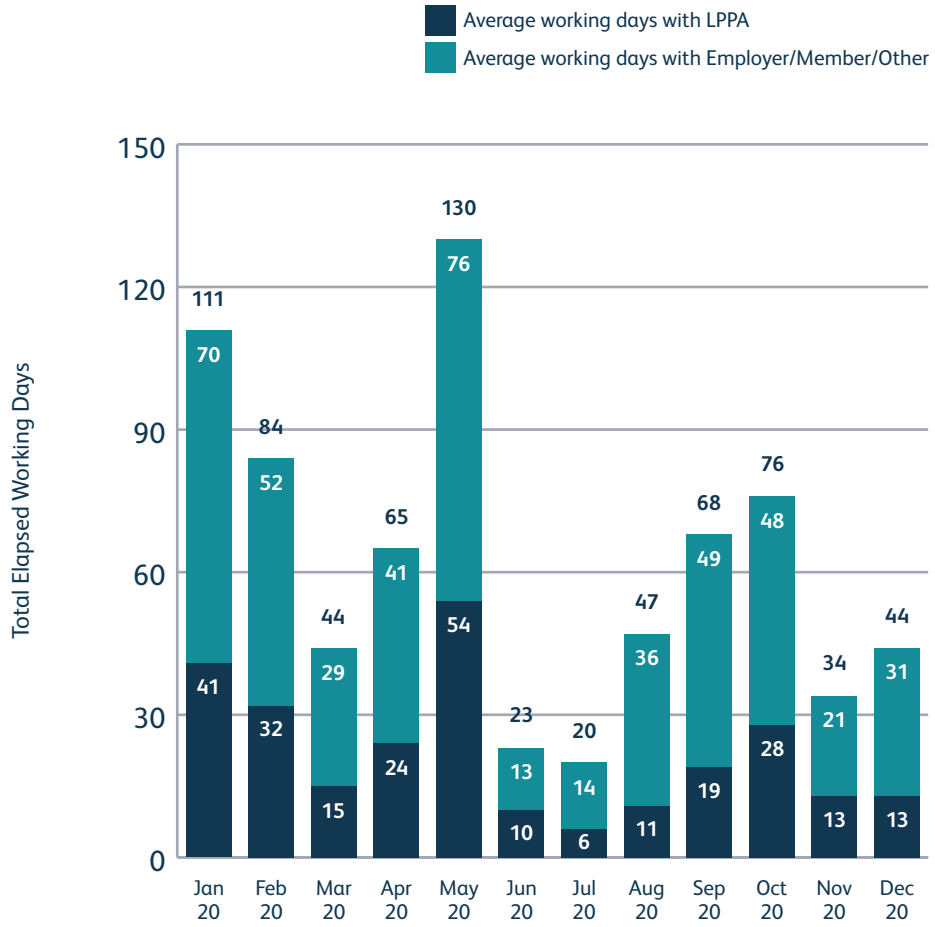
REASONS ON HOLD

	Employer	Member	Other	Total
Jan 20	6.1	40.0	5.0	51.1
Feb 20	3.7	37.5	3.8	45.0
Mar 20	7.0	37.4	2.6	47.0
Apr 20	2.2	33.7	1.1	37.0
May 20	3.5	41.3	1.2	46.0
Jun 20	5.1	42.9	0.0	48.0
Jul 20	12.0	39.0	2.0	53.0
Aug 20	28.0	37.7	3.3	69.0
Sep 20	28.5	37.3	11.2	77.0
Oct 20	14.1	31.6	102.3	148.0
Nov 20	12.9	30.8	110.3	154.0
Dec 20	28.1	46.2	42.7	117.0

Elapsed Times (Retirements)

Doing The Right Thing

ACTIVE INTO PAYMENT



REASONS ON HOLD

	Employer	Member	Other	Total
Jan 20	18.0	52.0	0.0	70.0
Feb 20	13.0	33.4	5.7	52.1
Mar 20	6.4	21.0	1.6	29.0
Apr 20	11.6	29.4	0.0	41.0
May 20	35.9	39.9	0.2	76.0
Jun 20	0.0	13.0	0.0	13.0
Jul 20	9.2	4.8	0.0	14.0
Aug 20	15.5	20.5	0.0	36.0
Sep 20	31.9	17.2	0.0	49.1
Oct 20	24.6	17.4	6.0	48.0
Nov 20	8.2	12.8	0.0	21.0
Dec 20	16.1	10.8	4.1	31.0

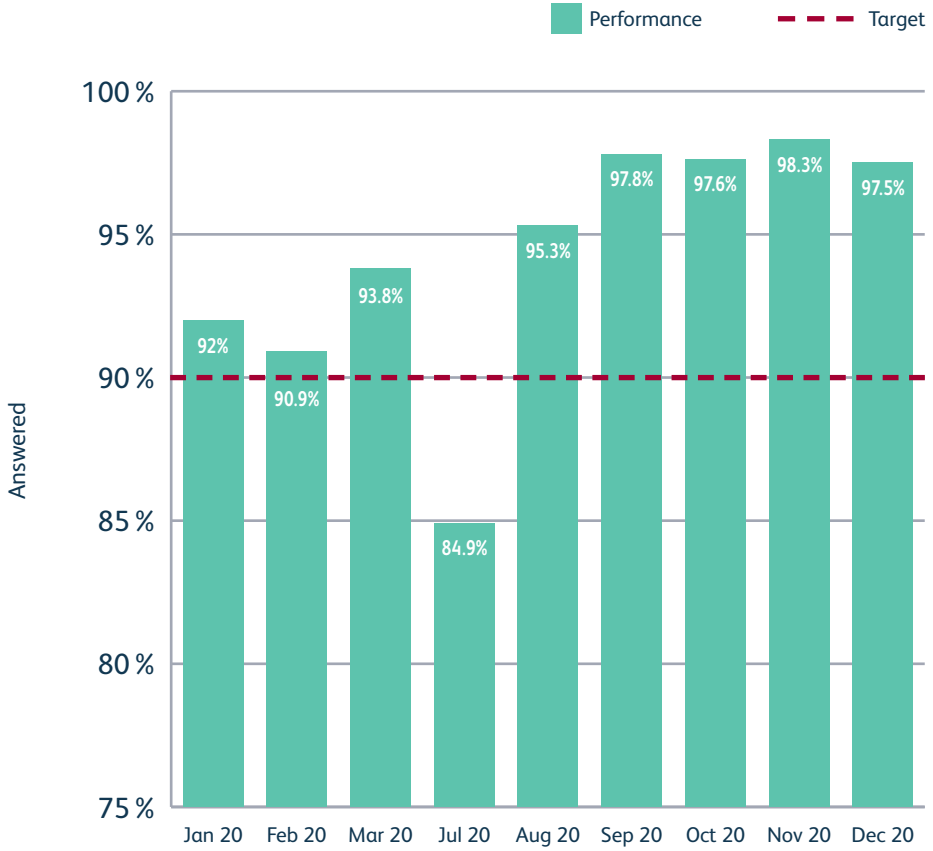
Helpdesk Performance - Calls

Committed to Excellence

AVERAGE WAIT TIME

CALLS ANSWERED

The Helpdesk deals with all call and e-mail enquiries from both members and employers for all funds that LPPA provide administration services for. The call data could not be collected between April and June due to the change in the way LPPA had to work during lockdown. LPPA implemented remote working and maintained an operational contact team but lost the management information temporarily.

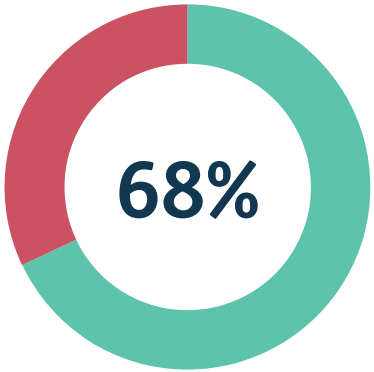


Helpdesk Performance - Calls

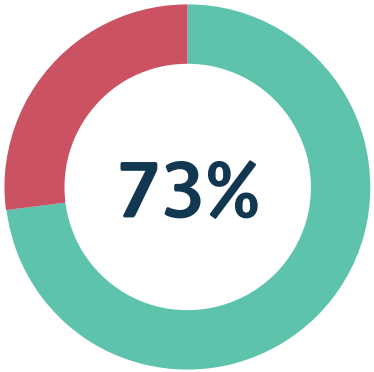
Committed to Excellence

RESOLUTION RATE*
(TARGET 75%)

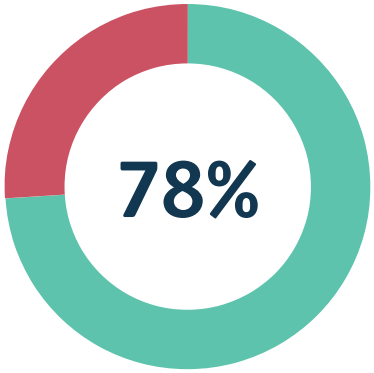
OCTOBER



NOVEMBER



DECEMBER



WHAT DO MEMBERS & EMPLOYERS CALL ABOUT?

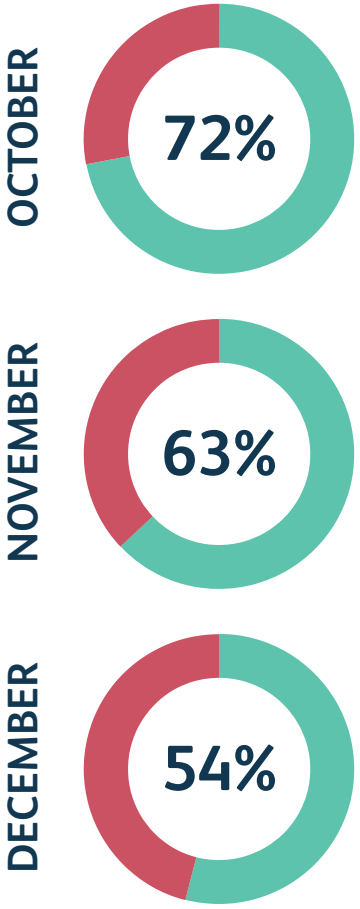
	OCT 20	NOV 20	DEC 20
Annual Benefit Statement	5	2	5
Annual Allowance	0	3	2
Additional Voluntary Contributions / Additional Pension Contributions	3	3	1
Bereavement	68	42	31
Deferred	4	3	5
Divorce	15	5	2
Estimate	23	26	15
Life Certificates	1	0	0
My Pension Online	24	22	25
P60	8	2	1
Payslip	16	8	7
Pension Increase	0	0	1
Refund	24	7	8
Retirement	120	121	67
Transfer	48	44	18
Update Details	12	14	5

**Queries not resolved at first point of contact had a subsequent case setup. Our operations team then respond within agreed contractual time-scales.*

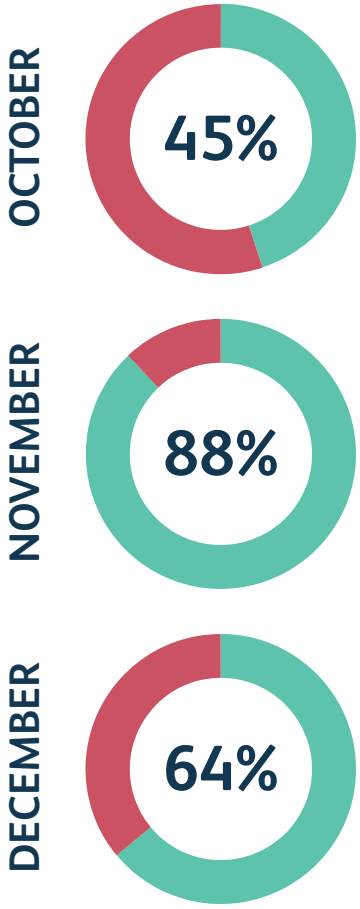
Helpdesk Performance - Emails

Committed to Excellence

RESOLUTION RATE*
(TARGET 75%)



WITHIN SLA
(2 WORKING DAYS)



WHAT DO MEMBERS & EMPLOYERS EMAIL ABOUT?

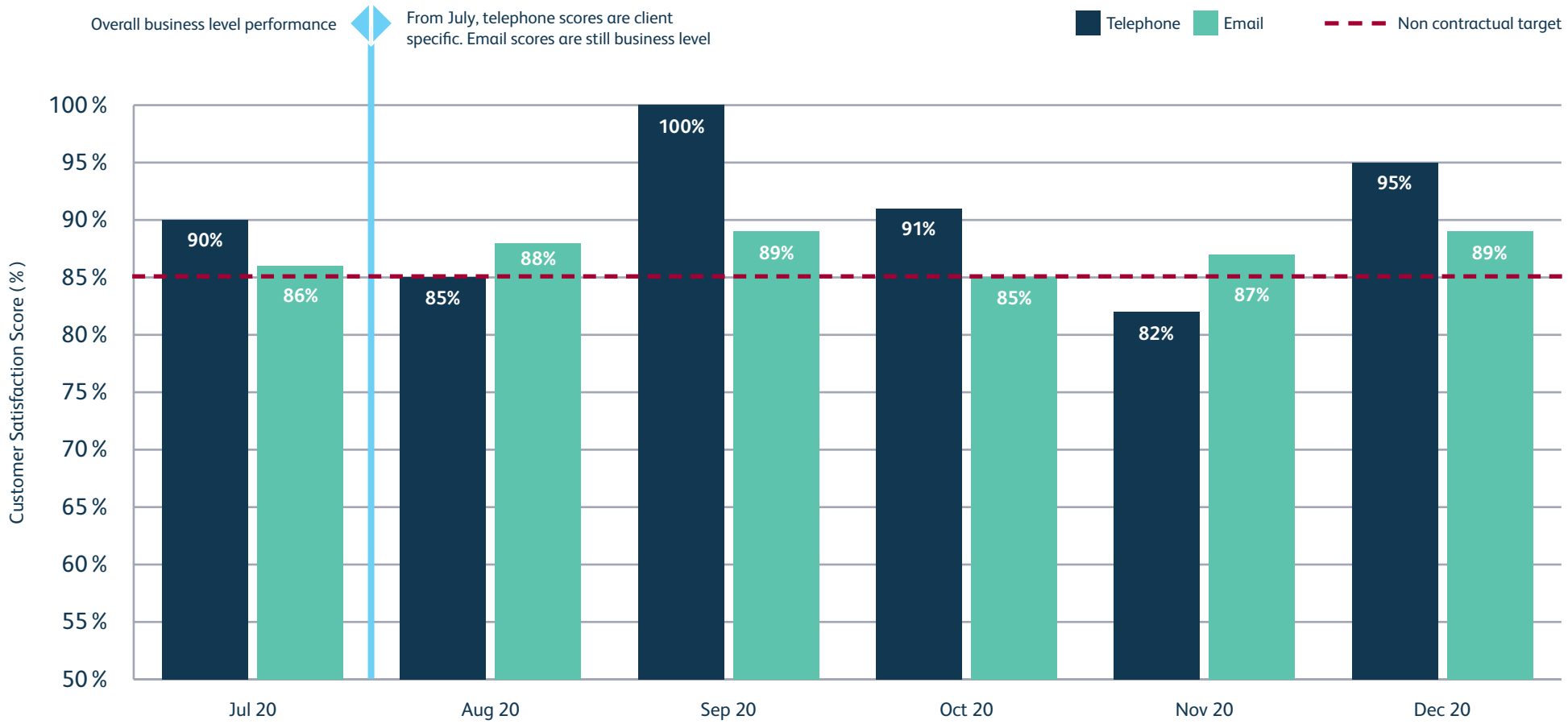
	OCT 20	NOV 20	DEC 20
Annual Benefit Statement	6	9	3
Annual Allowance	0	6	2
Additional Voluntary Contributions / Additional Pension Contributions	2	2	6
Bereavement	19	64	154
Deferred	1	2	2
Divorce	15	44	139
Estimate	14	13	15
Life Certificates	0	1	0
My Pension Online	7	14	14
P60	1	4	0
Payslip	6	2	3
Pension Increase	0	1	0
Refund	15	16	16
Retirement	38	58	77
Transfer	43	41	45
Update Details	21	15	21

Queries not resolved at first point of contact had a subsequent case setup. Our operations team then respond within agreed contractual time-scales.

Customer Satisfaction Scores

Committed to Excellence

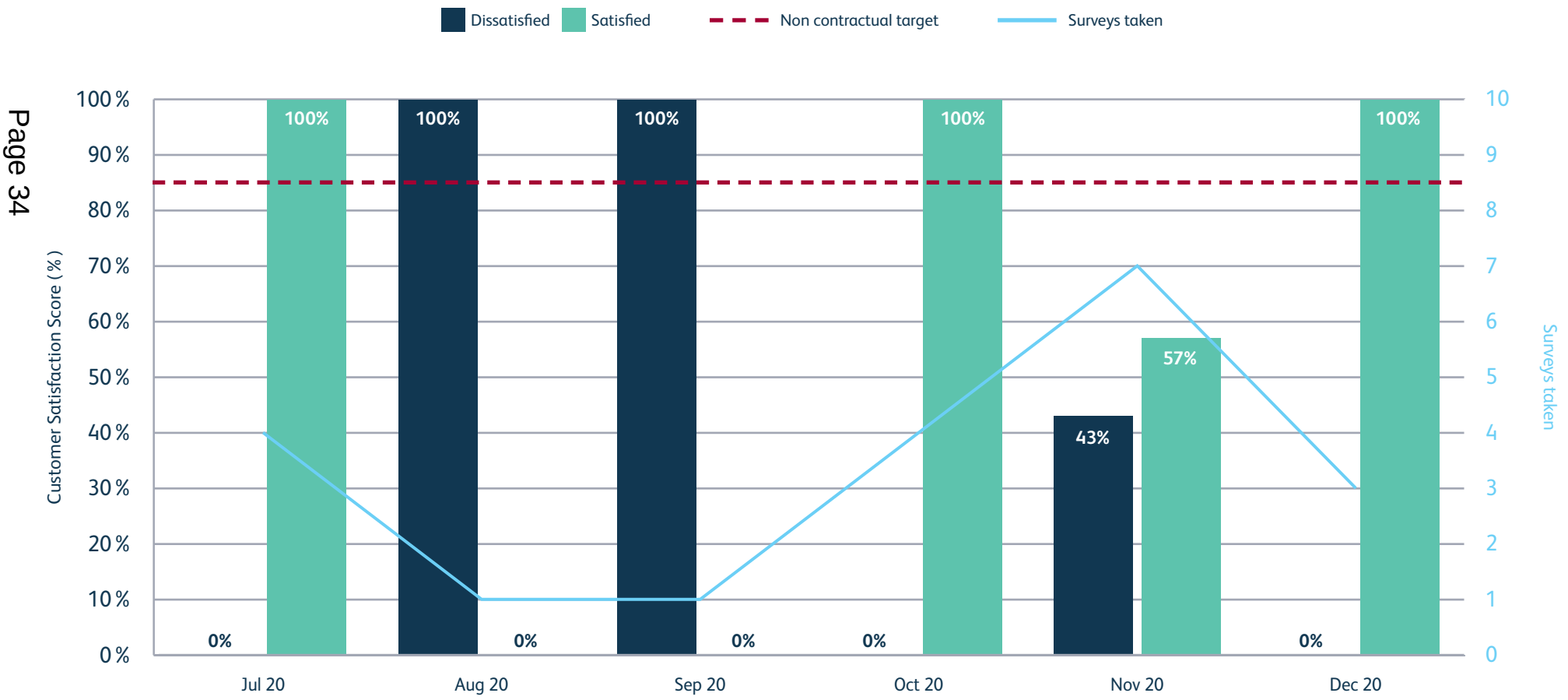
HELPDESK SATISFACTION



Customer Satisfaction Scores

Committed to Excellence

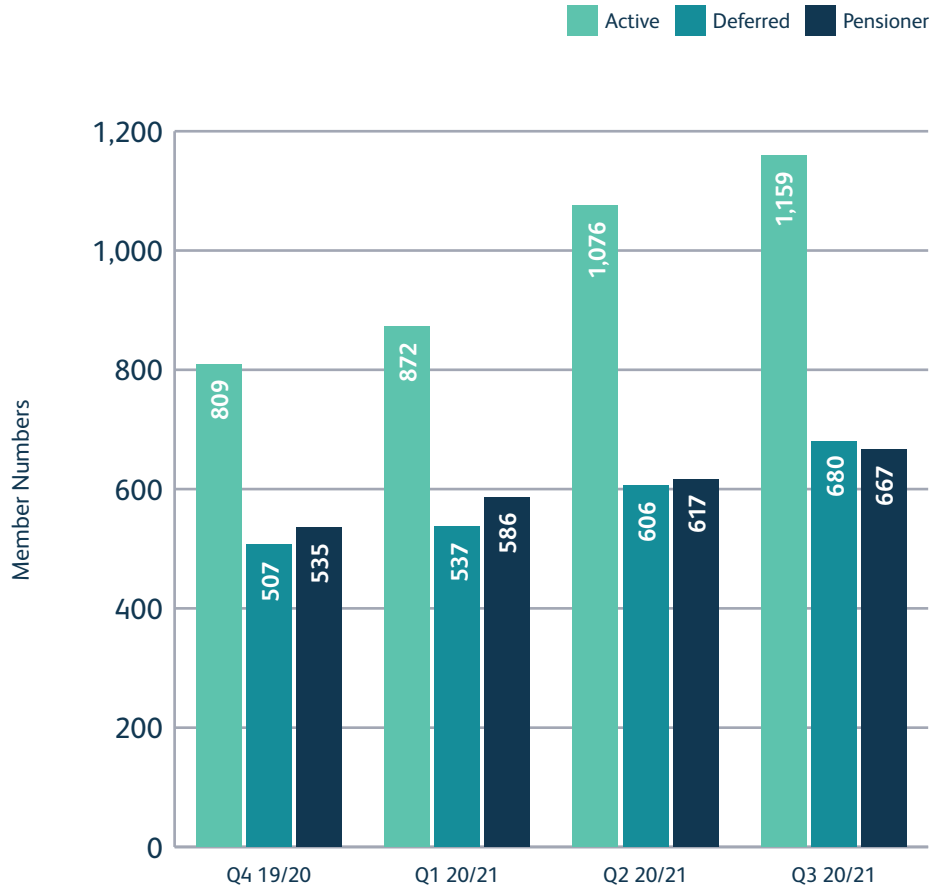
RETIREMENTS



My Pension Online

Forward Thinking

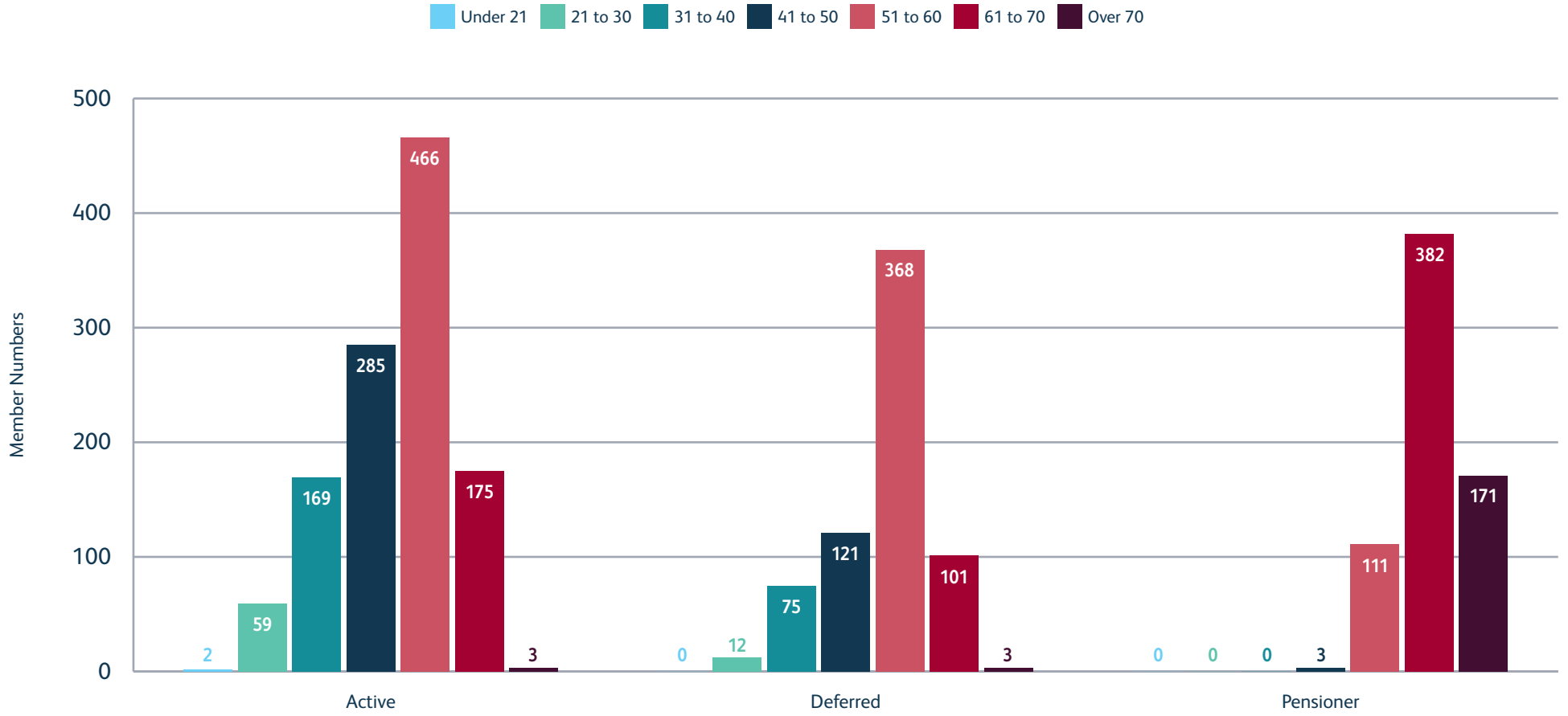
MEMBERS REGISTERED



My Pension Online

Forward Thinking

AGE DEMOGRAPHIC



Service Improvements

Forward Thinking

DELIVERED

1	New LPPA website launched
2	Bulk emails issued to Employers and Members to communicate the site launch
3	LiveChat launched on the website, to offer Members an alternative channel to contact the Helpdesk
4	Online Employer training sessions continue to be delivered remotely
5	Operational teams realigned to improve pension administration processes
6	Exit Cap communications to Clients and Employers
7	Data quality improvements – Member email and telephone details captured by Helpdesk advisers
8	Launched bereavement booklet
9	Introduced dedicated checking team

SCHEDULED

1	Overseas Members – Life Certificate email activity (January)
2	End of Year data returns (employer training and planning)
3	P60 campaign planning
4	Pensioner Newsletter (Spring)

Member Contact Data

EMAIL ADDRESSES

	Q4 – 19/20	Q1 – 20/21	Q2 – 20/21	Q3 – 20/21
Active Contributors	1,710 (24.26%)	1,777 (25.35%)	2,031 (29.84%)	3,092 (47.76%)
Deferred Beneficiaries	1,359 (17.17%)	1,357 (17.22%)	1,481 (18.72%)	1,643 (20.47%)
Pensioner and Dependants	961 (13.74%)	1,014 (14.45%)	1,054 (14.87%)	1,152 (16.79%)

TELEPHONE NUMBERS

	Q4 – 19/20	Q1 – 20/21	Q2 – 20/21	Q3 – 20/21
Active Contributors	274 (3.89%)	286 (4.08%)	320 (4.70%)	388 (5.99%)
Deferred Beneficiaries	296 (3.18%)	302 (3.25%)	324 (3.46%)	382 (4.03%)
Pensioner and Dependants	593 (8.48%)	609 (8.68%)	632 (8.91%)	691 (10.07%)

Member Contact Data

DEATH NOMINATION

	Q4 – 19/20	Q1 – 20/21	Q2 – 20/21	Q3 – 20/21
Active Contributors	–	491 (7%)	579 (8.51%)	639 (9.87%)

E-COMMUNICATIONS OPT-OUT

	Q4 – 19/20	Q1 – 20/21	Q2 – 20/21	Q3 – 20/21
Active Contributors	14 (0.20%)	14 (0.20%)	13 (0.19%)	13 (0.20%)
Deferred Beneficiaries	31 (0.33%)	27 (0.29%)	27 (0.29%)	28 (0.30%)
Pensioner and Dependants	367 (5.25%)	372 (5.30%)	369 (5.20%)	361 (5.26%)

Engagement Activity

Working Together

SUMMARY

This Quarter's biggest event for Engagement was the launch of the new LPPA Website. A presentation of the new site was made to all Clients, launch emails were issued which included the contactable Member database (c. 180k). As a direct result, approximately 1,700 new MPO registrations were recorded in December.

The new LiveChat function was tested and launched alongside the new website, this is now being successfully used by Members to talk directly with Helpdesk advisers to resolve queries.

As part of the continued Member data collection campaign, from October 2020 the Helpdesk now capture email addresses and telephone numbers during calls. This supports the ongoing exercise initiated to collect Member contact data via Employers.

Throughout Q3 the Employer Engagement Team has focused on two main Employer campaigns, 'Assumed Pensionable Pay and Absence' and 'Ill Health Awareness'.

The 'Assumed Pensionable Pay and Absence' campaign email generated over 200 registrations to attend 2 training sessions covering 'Assumed Pensionable Pay and Absence'.

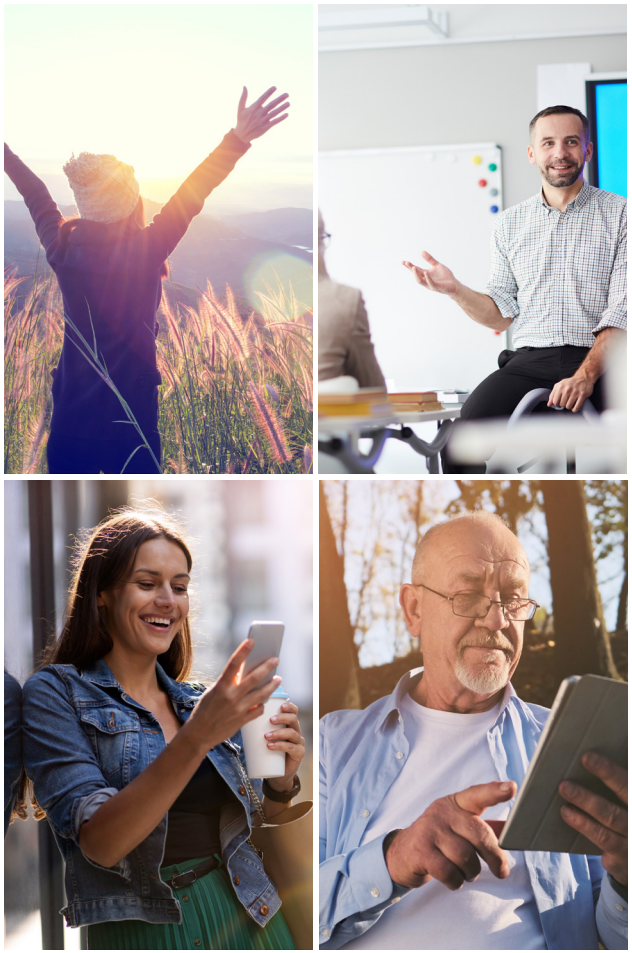
The 'Ill Health Awareness' campaign email attracted almost 100 attendees across two separate online training events.

Overall, the team delivered over 60 online sessions reaching out to almost 400 Employers, and held 15 Member awareness sessions to 185 members.

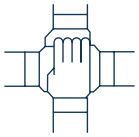
Several emails relating to the 'Exit Cap' have been issued to Employers keeping them up to date on this high-profile topic.

An email was issued to Employers to reinforce the "Importance of sending leaver forms in a timely / accurate manner" and provided signposting for Employers to the relevant sections of the new website.

In addition to the various campaigns and communications detailed in this report, the team continue to engage with Employers and Members through regular virtual visits and support meetings.



Engagement Activity (Employers)

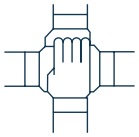


EMPLOYERS

Date	Employer	Activity	Number in attendance
13 Oct 2020	Ark Elvin Academy	Visit	1
09 Nov 2020	Kingsbury Green JM School	Training	1
12 Nov 2020	Barnardos	Support	1
15 Dec 2020	St Robert Southwell Catholic Primary School	Training	1
15 Dec 2020	Roe Green Infant & Junior Schools	Training	1
15 Dec 2020	JFS	Training	3
15 Dec 2020	Capital City Academy	Training	1
15 Dec 2020	Compass Learning Partnership	Training	1
15 Dec 2020	Wembley Primary School	Training	1
15 Dec 2020	Oliver Goldsmith Primary School	Training	1
15 Dec 2020	Phoenix Arch School	Training	1
15 Dec 2020	Elsley Primary School	Training	1
15 Dec 2020	Brent Specialist Academy Trust	Training	1
15 Dec 2020	St Mary Magdalen's Catholic Junior School	Training	1
15 Dec 2020	Making the Leap	Training	1
15 Dec 2020	Byron Court Primary School	Training	1
15 Dec 2020	L B Brent	Training	1
15 Dec 2020	St Joseph's Infant and Junior Schools	Training	1

Date	Employer	Activity	Number in attendance
15 Dec 2020	Uxendon Manor	Training	1
15 Dec 2020	Manor School	Training	1
16 Dec 2020	Kingsbury Green JM School	Visit	1
17 Dec 2020	Alperton Community School	Training	1
17 Dec 2020	Brent Council	Training	2
17 Dec 2020	Capital City Acedmy	Training	1
17 Dec 2020	JFS School	Training	2
17 Dec 2020	Kingsbury High School	Training	1
17 Dec 2020	Leopold Primary School	Training	1
17 Dec 2020	Oliver Goldsmith Primary School	Training	1
17 Dec 2020	Phoenix Arch School	Training	1
17 Dec 2020	St Josephs Junior School	Training	1

Engagement Activity (Members & Emails)



EMAILS – EMPLOYERS

Date	Message / Campaign	Call to Action
07 Oct 2020	Ill health Promo Campaign	Book on training
12 Oct 2020	Exit Cap 1	Information
21 Oct 2020	Ill Health Campaign Reminder	Book on training
02 Nov 2020	Exit Cap 2	Information
05 Nov 2020	Exit Cap 3 Message from LGA	Information

EMAILS – MEMBERS

Date	Message / Campaign	Number of Emails Sent
22 Oct 2020	My Pension Online Activation Keys	901
26 Oct 2020	My Pension Online Activation Keys (Follow up)	760
13-24 Nov 2020	Pre-Launch Website Update	197,681
08 Dec 2020	Website Now Live	189,821
Weekly Email	Surveys (Bereavement, Transfer Out, Estimate, Retirement)	

Data Quality (TPR scores)

Doing The Right Thing

COMMON DATA

Data Item	Active	Deferred	Pensioner / Dependant
NI Number	4	71	34
Surname	0	0	0
Forename / Initials	0	6	8
Sex	0	0	0
Date of Birth	0	0	0
Date started pensionable service / Policy / Contributions	0	0	0
Expected retirement / maturity / target retirement date	0	0	0
Membership status	0	0	0
Last event status	0	0	0
Address	125	814	47
Postcode	127	860	57
Total fails	256	1,751	146
Individual fails	127	860	57
Total members	6,474	9,476	6,863
Accuracy rate	98.0%	90.9%	99.2%

Total accuracy rate	95.0%

Data Quality (TPR scores)

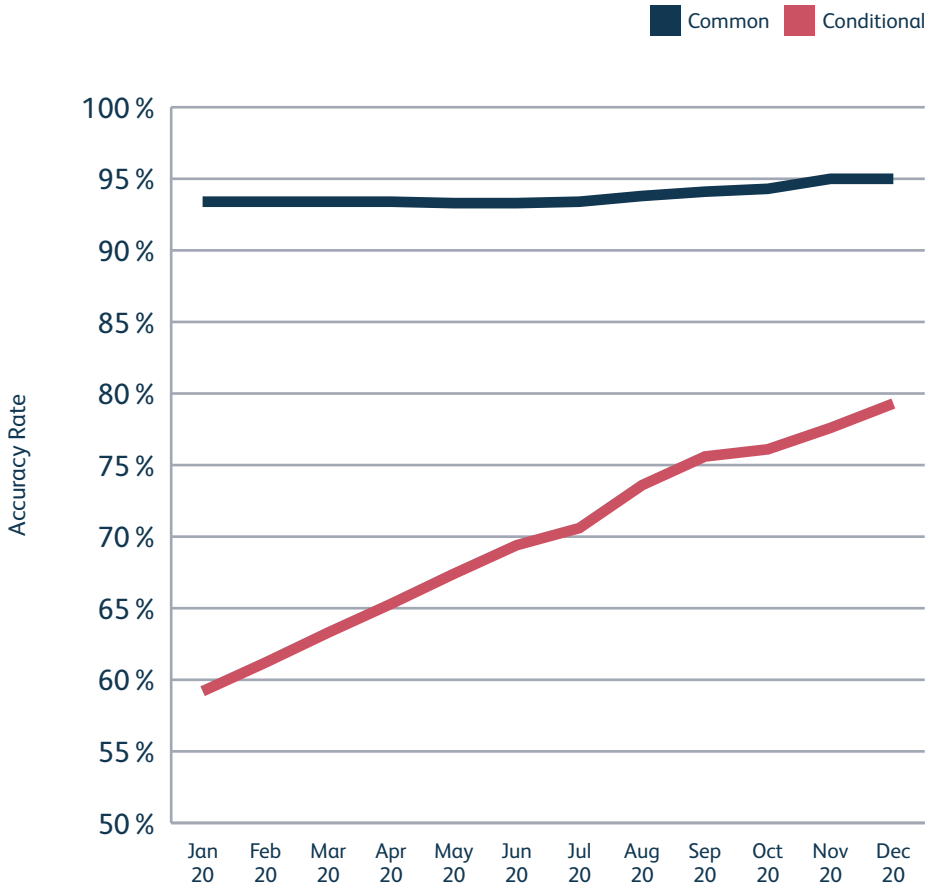
Doing The Right Thing

CONDITIONAL DATA

Data Item	Fails
Divorce records	0
Transfer In	5
AVC's / Additional Contributions	0
Deferred Benefits	4
Tranches (DB)	676
Gross Pension (Pensioners)	17
Tranches (Pensioners)	1,207
Gross Pension (Dependants)	18
Tranches (Dependants)	18
Date of leaving	1
Date Joined Scheme	0
Employer Details	0
Salary	1,032
Crystallisation	120
Annual Allowance	392
LTA Factors	0
Date Contracted Out	5
Pre-88 GMP	1,018
Post-88 GMP	690
Total fails	5,203
Individual fails	4,723
Total members	22,813

Total accuracy rate	79.3%

COMMON & CONDITIONAL ACCURACY RATE



LPP

Local Pensions Partnership
Administration

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LPP
Local Pensions Partnership
Administration

LPPA Risk & Compliance Assurance

Janet Morville-Smith, Head of Risk & Compliance

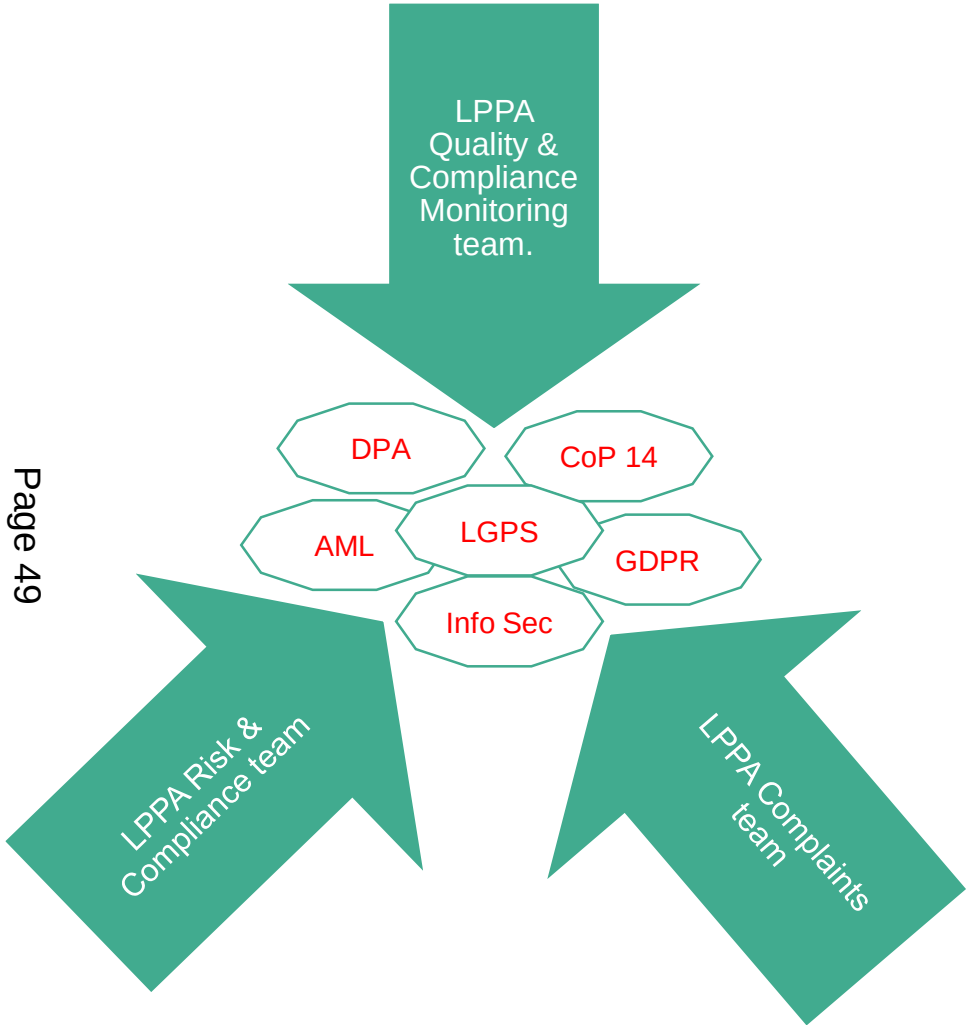
23 March 2021

3 Lines of Defence Model

Operational Controls;	First line	Operational processes and checking;
Risk and Compliance Oversight and;	Second line	CTC; Compliance Monitoring; Audits; Policy Framework; Breach Reporting; Complaints; Training
Independent Assurance via external audit.	Third line	Assurance Review; Assurance Report.

LPP
Local Pensions Partnership Administration

Assurance



- ✓ Quality & Compliance Monitoring team
  - More monitoring reviews, with a more focussed, deep dive approach.
  - Regular monthly quality assurance reviews.
- ✓ Risk & Compliance team
  - Regulatory Change Management.
  - Risk Management Framework.
  - Policy Framework.
  - Breach & Incident Management.
- ✓ Complaints team
  - Member satisfaction

LPP
Local Pensions Partnership Administration

Objectives & Deliverables

- To drive Quality
- To embed a Culture of Treating Customers Fairly
- ✓ **To enhance the administration services provided to Clients**
- ✓ **To provide value for money**
- To improve the Customer Journey

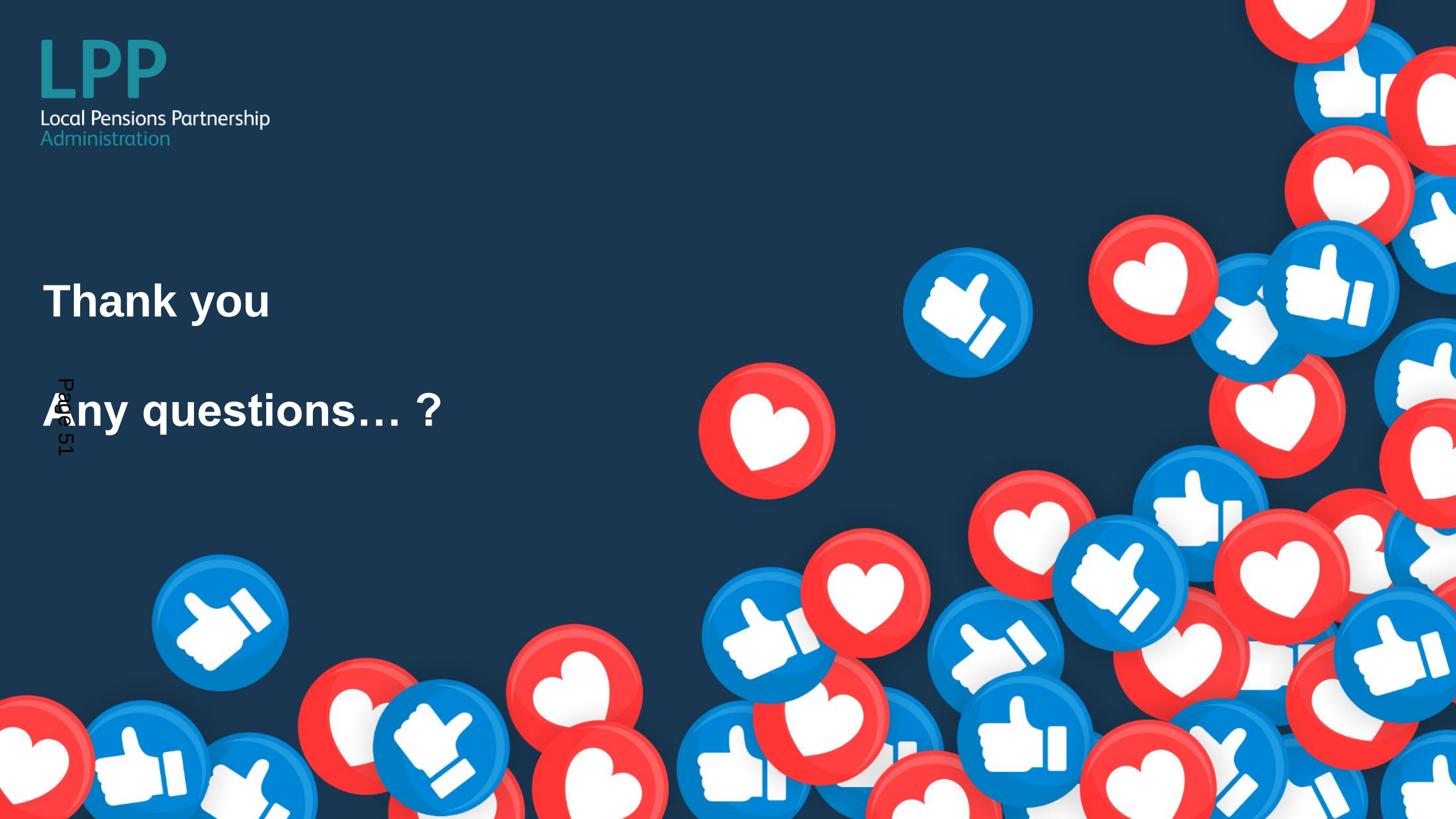
- Monthly Risk & Compliance Report
- Annual Assurance Report
- Inclusion in Legislative / Regulatory Change

LPP
Local Pensions Partnership Administration

LPP
Local Pensions Partnership
Administration

Thank you

Any questions… ?



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HYMANS ROBERTSON

Brent Pension Fund

Pension Committee and Pension Board Training Strategy

March 2021

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Appendices

Training plan

Introduction

This is the training strategy of the Brent Pension Fund ("the Fund"). It has been established to aid the Pension Committee, Pension Board and Officers understanding of their respective responsibilities. This training strategy sets out how these key individuals within the Fund will obtain and maintain the necessary knowledge and understanding in order to fulfil their role.

Objectives

The Funds' objectives relating to knowledge and understanding are to:

- Ensure the Fund is appropriately managed and those individuals responsible for its management and administration have the appropriate knowledge and expertise;
- Ensures that there is the appropriate level of internal challenge and scrutiny on decisions and performance of the Fund
- Ensure the effective governance and administration of the Fund; and
- Ensure decisions taken are robust and based on regulatory requirements or guidance of the Pensions Regulator, the Scheme Advisory Board and the Secretary of State for Housing, Communities and Local Government.

Pension Fund Committee members require an understanding of:

- Their responsibilities as an LGPS administering authority, as delegated to them by Brent Council;
- The requirements relating to pension fund investments;
- Controlling and monitoring the funding level; and
- Effective decision making in relation to the management and administration of the Fund.

Pension Board members must be conversant with –

- The relevant LGPS Regulations and any other regulations governing the LGPS;
- Any policy or strategy documents as regards the management and administration of the Fund; and
- The law relating to pensions and such other matters as may be prescribed.

Officers responsible for Fund management and administration must ensure they have the necessary knowledge and understanding to:

- carry out the tasks of managing the Fund's investments, administering the payment of benefits and communicating key messages to scheme employers, scheme members and their dependants.

The knowledge and skills required of staff should be set out in their job descriptions, including any formal qualifications required.

Compliance

To achieve these objectives, the Fund will aim for full compliance with the CIPFA Knowledge and Skills Framework (KSF) and the Pension Regulator Code of Practice to meet the skills set within that Framework. Attention will also be given to any guidance issued by the Scheme Advisory board (SAB), the Pensions Regulator and the Secretary of State.

CIPFA Knowledge and Skills Framework – Pension Fund Committees

Although there is currently no legal requirement for knowledge and understanding for members of the Pension Committee it is the Fund's opinion that, in accordance with the Scheme Advisory Board's (SAB) "Good Governance" project members of the Pension Committee should have no less a degree of knowledge and skills than those required in legislation by the Local Pension Board.

The CIPFA framework, that was introduced in 2010, covers six areas of knowledge identified as the core requirements:

- Pensions legislative and governance context;
- Pension accounting and auditing standards;
- Financial services procurement and relationship development;
- Investment performance and risk management;
- Financial markets and products knowledge; and
- Actuarial methods, standards and practice.

Under each of the above heading the Knowledge and Skills Framework sets the skills and knowledge required by those individuals responsible for Fund's financial management and decision making.

CIPFA Technical Knowledge and Skills Framework – Local Pension Boards

CIPFA extended the Knowledge and Skills Framework in 2015 to specifically include Pension Board members, albeit there is an overlap with the original Framework. The 2015 Framework identifies the following areas as being key to the understanding of local pension board members;

- Pensions Legislation;
- Public Sector Pensions Governance;
- Pensions Administration;
- Pensions Accounting and Auditing Standards;
- Pensions Services Procurement and Relationship Management;
- Investment Performance and Risk Management;
- Financial markets and product knowledge;
- Actuarial methods, standards and practices.

The Pensions Regulator's E-learning toolkit

The Pensions Regulator has developed an online toolkit to help those running public service schemes understand the governance and administration requirements set out in its code of practice 14 – *Governance and administration of public service pension schemes*. The toolkit covers 7 short modules, which are:

- Conflicts of Interests;
- Managing Risk and Internal Controls;
- Maintaining Accurate Member Data;
- Maintaining Member Contributions;
- Providing Information to Members and Others;
- Resolving Internal Disputes;
- Reporting Breaches of the Law.

The modules of the Regulator's toolkit are by their very nature generic, having to cater for all public service pension schemes. While they give a minimum appreciation of the knowledge and understanding requirements set out in the Code of Practice they do not cater for the specific requirements of the individual public service schemes.

As a result the Regulator's toolkit does not cover knowledge and skills requirements in areas such as Scheme regulations, the Fund's specific policies and the more general pension's legislation. Therefore, this toolkit should be used to supplement the existing training plans.

Timing

Ideally, targeted training will be provided that is timely and directly relevant to the Committee and Board's activities as set out in the Fund's business plan.

Approach

This Strategy sets out how the Fund provide training to members of the Pension Committee and Pension Board. Officers involved in the management and administration of the Fund will have their own section and personal training plans together with career development objectives.

- **Induction training** - Pension Committee and Pension Board members will receive induction training to cover the role of the Fund, Pension Board and understand the duties and obligations Brent Council as the Administering Authority, including funding and investment matters.

  It is anticipated that at least 2 day's annual training will be arranged and provided by officers to address specific training requirements to meet the Pension Committee and Pension Board's business plan. All members will be encouraged to attend this event.

- **External courses** - Additionally, a number of specialist courses are run by bodies such as the Local Government Association, actuarial, governance and investment advisers as well as fund manager partners.

- **Conferences** - There are also a number of suitable conferences run annually, which will be brought to members attention where appropriate. Of particular relevance are the LGA Annual Governance Conference, LGA Fundamentals Training, National Association of Pension Funds (NAPF) Local Authority

Conference, the LGC Local Authority Conference, and the Local Authority Pension Fund Forum (LAPFF) annual conference.

Additionally, consideration will be given to various training resources available in delivering training to the Pension Committee and Pension Board members. These may include but are not restricted to:

- In-house and shared training events where it improves economy, efficiency and effectiveness
- Self-improvement and familiarisation with regulations and documents
- The Pension Regulator's e-learning programme
- Attending courses, seminars and external events
- Internally developed training days and pre/post meeting sessions
- Regular updates from officers and/or advisers
- Informal discussion and one-to-one sessions
- Formal presentations
- Circulated reading material
- E-learning

Flexibility

When considering training for members of the Pension Committee and Pension Board it is recognised that individuals may have different learning styles. The Fund will seek, where possible, to ensure flexibility in the manner in which training is provided to support these different learning styles.

Maintaining knowledge

In addition to undertaking ongoing training to achieve the requirements of the CIPFA knowledge and skills framework Pension Committee and Pension Board members are expected to maintain their knowledge and understanding of topical issues through attendance at internal/external events and seminars where appropriate. We recommend that members sign up to the various industry communications such as those produced by the SAB, LGA, CIPFA and the Fund Actuary.

Owing to the changing world of pensions, it will also be necessary to attend ad hoc training on emerging issues or on a specific subject on which a decision it to be made in the near future.

Risk Management

The compliance and delivery of a training strategy is at risk in the event of-

- Frequent changes in membership of the Pension Committee or Pension Board
- Poor individual commitment
- Resources not being available
- Poor standards of training
- Inappropriate training plans

These risks will be monitored within the scope of the training strategy to be reported to the s.151 officer where appropriate.

Reporting and Compliance

In line with the CIPFA Code of Practice a disclosure will be made in the Fund's Annual Report and Accounts that covers:

- How the Skills and Knowledge framework has been applied.
- What assessment of training needs has been undertaken.
- What training has been delivered against the identified training needs.

Budget and costs

A training budget will be agreed and costs fully scoped.

All direct costs and associated reasonable expenses for attendance of external courses and conferences will be met by the fund, provided that the Scheme Manager's prior approval is sought before incurring any such expenses (other than routine costs associated with travelling to and from Pensions Board/Committee meetings) and appropriate receipts are sent to the Scheme Manager evidencing the expenses being claimed for.

Effective date

This strategy comes into effect from 23 March 2021.

Review

This strategy will be reviewed every 2 years, and if necessary, more frequently to ensure it remains accurate and relevant.

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This is the proposed Training Plan for the Brent Pension Fund Committee and Board Members. The Plan aims to give an indication of the delivery method and target completion date for each area. On approval, officers will start to implement this programme, consulting with Members as appropriate concerning their availability regarding appropriate delivery methods.

Training need	Proposed delivery method							CIPFA Framework	Scheduled date	Feedback
	Officer briefings	Briefing note	Pre Committee/ Board training	Training event (internal or external)	Conferences or Seminars	E-learning	Webinars /videos			
Pensions legislation										
General introduction to the LGPS			✔				✔	1		
General pensions framework			✔			✔	✔	1		
LGPS Discretions and fornulation of policies			✔				✔	1		
Latest changes to the LGPS			✔				✔	1		
Pensions governance										
Understanding the role of the administering authority			✔				✔	2		
Understanding the general governance framework, including the role of MHCLG, SAB, TPR and other Regulators			✔				✔	2		
The role of the Pension Committee, the administering authority, Pension Board and scheme employers	✔	✔	✔				✔	2		
Understanding the role of the s.151 officer	✔	✔	✔					2		
Monitoring and management of fund risk	✔		✔	✔	✔		✔	2		
Managing conflicts of interest	✔	✔	✔			✔	✔	2		
Reporting breaches of the law		✔	✔			✔	✔	2		
Pensions administration										
General understanding of best practice in scheme administration (e.g. performance and cost measures)	✔	✔	✔	✔				3		
Appreciation of Fund policies, including the administration strategy			✔	✔				3		
Understanding of discretionary powers and their useage			✔	✔				3		
Overview of pension tax rules			✔	✔				3		
Understanding of the Fund's AVC arrangements, including investment choices and performance			✔	✔	✔			3		
Actuarial methods, standards and practices										
General understanding of the role of the actuary	✔	✔	✔	✔	✔		✔	8		
Understanding the valuation process (including the Funding Strategy Statement) and inter-valuation monitoring			✔	✔			✔	8		
Monitoring of early and ill health retirements		✔						8		
Understanding the process for enabling new employers to join the Fund, together with the cessation process		✔	✔	✔	✔		✔	8		
Understanding the pension implication of outsourcing and bulk transfers		✔	✔	✔	✔		✔	8		
Appreciation of the employer covenant		✔	✔	✔	✔		✔	8		
Pension accounting & auditing standards										
A general understanding of the Accounts and Audit Regulations, together with legislative requirements relating to internal controls and accounting practice			✔					4		
A general understanding of the role of internal and external audit		✔	✔					4		
A general understanding of the role played by third party assurance providers			✔					4		
Pension Services procurement & relationship management										
A general understanding of public procurement policy and the role of key decision makers and organisations			✔	✔	✔			5		
A general understanding of the main requirements of UK and EU procurement legislation			✔	✔	✔			5		
An understanding of the importance of considering risk factors for the Fund when selecting third party providers			✔	✔	✔			5		
Appreciation of how the Fund monitors and manages performance of outsourced providers			✔	✔	✔			5		

Investment performance & risk management										
A general understanding of the importance of monitoring asset returns relative to the liabilities			✔	✔	✔			6		
Understanding ways of assessing long term risk			✔	✔	✔			6		
Appreciation of the Myners principles and the approach adopted by the Fund			✔	✔	✔			6		
Appreciation of the range of support services available, who supplies them and the nature of the perfomance monitoring regime			✔	✔	✔			6		
Financial markets & products knowledge										
A general understanding of the risk and return characteristics of the main asset classes			✔	✔	✔			7		
Understanding the role of these asset classes in long-term Fund investing			✔	✔	✔			7		
Understanding the importance of the Funds Investment Strategy Statement			✔	✔	✔			7		
A general understanding of the financial markets and the investment vehicles available to the Fund, together with their associated risks			✔	✔	✔			7		
Understanding the legislative limits placed on investments within the LGPS			✔	✔	✔			7		
Understanding how the Fund interacts woth the UK and overseas taxation systems in relation to investments			✔	✔	✔			7		

Brent Pension Fund Training Log			
Subject/description of training	**Attendees**	**Date**	**Feedback**

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Brent	**Pension Board** 23 March 2021
	Report from the Director of Finance
LGPS Update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Seven 1. Public Sector Exit Payments Regulations 2020 2. Restriction of Public Sector Exit Payments: Guidance on the 2020 Regulations 3. Good Governance: Phase 3 Report to SAB 4. LGPC Bulletin – November 2020 5. LGPC Bulletin – December 2020 6. LGPC Bulletin – January 2021 7. LGPC Bulletin – February 2021
Background Papers:	▪ General Purposes Committee – 15 March 2021 – Severance Approvals
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst

1.0 Purpose of the Report

1.1 The purpose of this report is to update the committee on recent developments within the LGPS regulatory environment and any recent consultations issued which have would have a significant impact on the Fund.

2.0 Recommendation(s)

2.1 The Committee is asked to note the recent developments in the LGPS.

3.0 Detail

Exit Payments Cap

3.1 The Restriction of Public Sector Exit Payments Regulations 2020 implementing the £95k cap on exit payments came into force on 04 November 2020. An exit payment includes redundancy payments (including statutory redundancy payments), severance payments, pension strain costs that arise when a Local Government Pension Scheme (LGPS) pension is paid unreduced before a member's normal pension age, and other payments made as a result of termination of employment.

3.2 On 12 February 2021, the Government issued Exit Payment Cap Directions which disapplies parts of Public Sector Exit Payments Regulations 2020 with immediate effect. The directions are attached in Appendix 1.

3.3 HM Treasury has issued guidance on the Directions which is attached as Appendix 2. It states:

3.4 'After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences and the (2020) Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked.'

3.5 The guidance also confirms that the government will legislate again to tackle unjustified exit payments in the future.

3.6 Therefore, for exits from 12 February 2021, LGPS administering authorities must pay qualifying scheme members an unreduced pension under Regulation 30(7) of the LGPS 2013 regulations. Scheme employers will be required to pay the full strain costs in relation to those unreduced benefits, as notified by the administering authority (LB Brent in the case of the Brent Pension Fund). Employers should not make cash alternative payments to either the scheme member or the administering authority.

3.7 On 25 February 2021 The Restriction of Public Sector Exit Payments (Revocation) Regulations 2021 were made and laid before parliament and will come into force on 19th March 2021. These regulations confirm the effect of the disapplication Directions made on the 12th February 2021 but are not retrospective.

3.8 The regulations contain an obligation for employers to make payments to employees who left during the period between the original regulations coming into force (4th November 2020) and the date of these regulations coming into force.

3.9 MHCLG have confirmed that there will be no changes to the LGPS or compensation regulations following the recent consultation on Reforming local government exit pay[1]. A further consultation will be conducted before any such changes are made.

[1] https://www.gov.uk/government/consultations/reforming-local-government-exit-pay

3.10 In light of the exit cap regulations, it was necessary to alter the early retirement pension strain factors to ensure they were still fit for purpose. On 7th December 2020, the General Purposes Committee (GPC) agreed to adopt the new methodology and draft factors provided by the Government Actuaries Department (GAD).

3.11 With the dis-application of the £95k exit cap, the GPC will be considering a recommendation to revert to the previous fund specific factors on 15 March 2021.

Pensions in Payment and Lifetime Allowance

3.12 LGPS pensions are adjusted each April in line with the cost of living. The increase is measured by the September to September adjustment in the Consumer Price Index (CPI) and is applied to pensions from the following April. The increase that will be applied from 12 April 2021 is 0.5%.

3.13 In the Budget on 03 March 2021, the Chancellor announced that the Lifetime Allowance (LTA) – the maximum amount (of pension plus lump sum) that can be drawn from a pension scheme without triggering an extra tax charge – will, instead of being increased each year in line with the annual (September) CPI figure, be frozen at its current level (£1,073,100) until April 2026.

Good Governance Project

3.14 As a result of significant cuts to local government funding over the last decade, the pooling of LGPS Investments and the increasing complexity in scheme benefits and administration, the Scheme Advisory Board (SAB) commissioned Hymans Robertson to examine the effectiveness of current LGPS Governance Models and to consider alternatives and enhancements to existing models which can strengthen LGPS Governance going forwards.

3.15 Results of the first two phases of the 'Good Governance Project' were reported in 2019.

3.16 On 15 February 2021, the LGPS Scheme Advisory Board (SAB), published its final report (phase 3) on Good Governance and Action Plan for submission to the Ministry of Housing, Communities and Local Government (MHCLG) for consideration.

3.17 The Phase 3 report provides further detail on the following recommendations:

- **General**: MHCLG to produce statutory guidance to establish new governance requirements, a single named officer who is responsible for the delivery of LGPS activity for a fund.
- **Conflicts of Interest**: all administering authorities should publish a conflicts of interest policy that is specific to the LGPS.
- **Representation**: publish a policy on how scheme members and non-administering authority employers are represented on its committees.

- **Knowledge and Understanding**: Introduce a requirement for key individuals, including officers and pensions committees, to have the appropriate level of knowledge and understanding. Also a requirement to publish a training strategy that sets out its policy on delivery, assessment and recording of training plans.
- **Service delivery for LGPS function**: make it compulsory to publish a roles and responsibilities matrix and an administration strategy.
- **Compliance and Improvement**: Funds must undergo a biennial Governance Review assessed by the Scheme Advisory Board (SAB) and to consider establishing a peer review process.

3.18 The full Phase 3 report is attached in Appendix 3. The Fund believes it is compliant with many of the recommendations and it awaits MHCLG statutory guidance. The Fund will produce an action plan of areas on non-compliance and report to the Pension Board at a later meeting.

2021/22 employee contribution bands

3.19 Table 1 below shows employee contribution bands, which will be effective from 1 April 2021.

Table 1: Contribution table England and Wales 2021/22

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment (%)	50/50 section contribution rate for that employment (%)
1	Up to £14,600	5.5	2.75
2	£14,601 to £22,900	5.8	2.9
3	£22,901 to £37,200	6.5	3.25
4	£37,201 to £47,100	6.8	3.4
5	£47,101 to £65,900	8.5	4.25
6	£65,901 to £93,400	9.9	4.95
7	£93,401 to £110,000	10.5	5.25
8	£110,001 to £165,000	11.4	5.7
9	£165,001 or more	12.5	6.25

Minimum Pension Age

3.20 The normal minimum pension age is the minimum age at which most pension savers can access their pensions without incurring an unauthorised payments tax charge (unless they are taking their pension due to ill-health). It is currently age 55.

3.21 The government has confirmed its intention to legislate to increase the normal minimum pension age to age 57 on 6 April 2028.

3.22 A consultation[2] on this change was launched on 11th February and runs until 22nd April 2021. This consultation is not LGPS specific.

4.0 Financial Implications

4.1 This report is for noting, so there are no direct financial implications.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

[2] https://www.gov.uk/government/consultations/increasing-the-normal-minimum-pension-age-consultation-on-implementation

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HM Treasury

Guidance

Mandatory HM Treasury Directions

Published 12 February 2021

HM Treasury, in exercise of the powers conferred on them by section 153C (1) and (5) of the Small Business, Enterprise and Employment Act 2015, make the following Directions.

These Directions may be cited as the Exit Payment Cap Directions 2021 and come into force on 12 February 2021.

1. The restrictions contained in regulation 3 of the Restriction of Public Sector Exit Payments Regulations 2020 ("the Regulations") are hereby disapplied in respect of any relevant public sector exit, as defined in regulation 2 of the Regulations, and in respect of the whole amount of any exit payment defined in regulation 5 of the Regulations.
2. Regulations 9 and 12 of the Regulations are hereby disapplied.

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HM Treasury

Restriction of Public Sector Exit Payments:

Guidance on the 2020 Regulations

February 2021

HM Treasury

Restriction of Public Sector Exit Payments:

Guidance on the 2020 Regulations

February 2021

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PU3076

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Chapter 1
Introduction

1.1 In line with the Government's long-term commitment to ensure that Public Sector exit payments are fair and proportionate to employers, employees and taxpayers, The Restriction of Public Sector Exit Payments Regulations 2020 ("the Regulations") came into force on 4th November 2020.

1.2 The legislation set a £95,000 cap on exit payments ("the cap") for public sector authorities and offices listed in the Schedule.

1.3 After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences and the Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked. HMT Directions do not apply to exit payments made by a devolved Welsh authority.

1.4 This document is intended to provide guidance for any individuals and public sector authorities who were affected by the Cap while it was in place.

1.5 For the avoidance of doubt, it is still vital that exit payments deliver value for the taxpayer and employers should always consider whether exit payments are fair and proportionate. HM Treasury will bring forward proposals at pace to tackle unjustified exit payments.

Chapter 2
Guidance for Individuals

2.1 This guidance is for individuals who have had their exit payments capped as a result of the application of the Regulations. These individuals would be former employees or former office holders of a body listed in the Schedule, with the exception of a devolved Welsh authority, and the reference to an employee or employer in the document includes a reference to an office holder or relevant body in the Schedule. These individuals will have had an exit date between 4th November 2020 and 12th February 2021 and the cap would apply to their exit payment as a result of the application of the Regulations. Not all individuals with such an exit date will have been affected by the exit cap.

2.2 If you have been directly affected by the cap whilst it was in force, you should request from your former employer the amount you would have received had the cap not been in place by contacting your employer directly. Employers are encouraged to pay to any former employees to whom the cap was applied the additional sums that would have paid but for the cap.

Chapter 3

Guidance to Employers

3.1 The below guidance is for employers or bodies listed in the schedule to the Regulations, which can be found here, with the exception of devolved Welsh authorities.

3.2 In light of the withdrawal of the Regulations, employers are encouraged to pay to any former employees who had an exit date between 4th November 2020 and 12th February 2021 and to whom the cap was applied, the additional sums that would have paid but for the cap. Given that the cap has now been disapplied, it is open to employers to do so and HM Treasury's expectation is that they will do so.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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Good Governance: Phase 3 Report to SAB

February 2021

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Introduction

The Scheme Advisory Board accepted the proposals in the Good Governance report Phase 2 on 3 February 2020 and requested that the project team and working groups provide further detail on the implementation of these proposals. The project has suffered delays as a result of COVID and the requirement for key stakeholders in their main roles to focus on and prioritise the response to the pandemic. However, some meetings were held early in 2020 and working papers and notes have been circulated over the last months to collate feedback and reflect the wide range of views from the group.

We considered that some proposals from Phase 2 didn't need further detail in order to progress with implementation and focussed on the proposals which needed further analysis or consideration ahead of implementation. We have provided additional details on these proposals for the consideration of the SAB. This paper should be read in conjunction with the paper from Phase 2.

For reference, all the proposals from Phase 2 are listed below and we have indicated with a * the proposals addressed further in this report.

Area	Proposal
A. General	***A.1** MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. ("the Guidance").
	***A.2** Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").
	A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be co-signed by the LGPS senior officer and S151.
B. Conflicts of interest	***B.1** Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.
	B.2** The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB – **now updated
C. Representation	***C.1** Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.
D. Knowledge and understanding	***D.1** Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
	***D.2** Introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.
	***D.3** Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
	***D.4** CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.
E. Service Delivery for the LGPS Function	**E.1** Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of

	delegation and constitution and be consistent with role descriptions and business processes.
	***E.2** Each administering authority must publish an administration strategy.
	***E.3** Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.
	***E.4** Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
F. Compliance and improvement	***F.1** Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
	F.2 LGA to consider establishing a peer review process for LGPS Funds.

Atypical administering authorities

This report has been drafted largely using terminology relevant to the majority of administering authorities who are local authorities. However, it is recognised that there are some administering authorities which do not fit this model. In taking forward any of the proposals outlined in this report it will be necessary to ensure that principles can be applied universally to LGPS funds and that any guidance recognises the unique position of some funds.

Use of terms

Throughout this document the following terms have a specific meaning unless the context makes clear that another meaning is intended;

Administering authority refers to a body listed in part 1 of Schedule 3 to the LGPS Regulations 2013 that is required to maintain an LGPS pension fund. In particular the term is used here when such a body is carrying out LGPS specific functions.

For example "Each administering authority must publish an annual report".

Committee a committee formed under s101 of the Local Government Act 1972 to which the administering authority delegates LGPS responsibilities and decision making powers. Alternatively, can refer to an advisory committee or panel which makes recommendations on LGPS matters to an individual to whom the administering authority has delegated LGPS decision making responsibility.

For example "The pensions committee should have a role in developing the business plan".

Host authority refers to a council or other body that is also an administering authority but is used to refer to that body when it is carrying out wider non-LGPS specific functions.

For example "Delivery of the LGPS function must be consistent with and comply with the constitution of the host authority"

The fund carries a more general meaning and is used to refer to the various activities and functions that are necessary in order to administer the LGPS.

For example "Taking this course of action will improve the fund's administration".

Alternatively, the term is used in the context of the scheme members and employers who contribute to the LGPS arrangements of a specific administering authority.

For example “The number of fund employers has increased in recent years”.

Further Discussion on Recommendations

A General

A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. ("the Guidance").

The intention throughout this review has been that any SAB recommendations should be enacted via the introduction of new statutory governance guidance which will supersede current guidance[1]. It was felt that this approach would be quicker and more responsive than relying on changes to secondary legislation. The LGPS regulations contain a provision[2] that allows the secretary of state to issue guidance on the administration and management of the scheme.

We have noted that he outcome of The Supreme Court's judgment on LGPS boycotts (The Palestinian Case)[3] may impact the extent to which future changes are enacted through guidance rather than changes to legislation.

A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund. ("the LGPS senior officer").

This is one of the core recommendations in Phase 2 report and we have provided further detail on the proposal below, including details on the core requirements of the role, organisational guidelines and personal competencies for individuals.

Core Requirements

The role of the LGPS senior officer is to lead and take responsibility for the delivery of the LGPS function. The core requirements include but are not limited to:

- Following appropriate advice, developing the fund's strategic approach to funding, investment, administration, governance and communication;
- Ensuring that there is a robust LGPS specific risk management framework in place which embeds risk management into the culture of the fund and identifies, assesses and mitigates the risks facing the fund;
- Ensuring the pension fund is organised and structured in such a way as to deliver its statutory responsibilities and compliance with The Pensions Regulator's codes of practice;
- Managing delivery of the LGPS function to meet service level agreements;
- Providing advice to members of committees that have a delegated decision-making responsibility in respect of LGPS matters;
- Providing advice and information to members of local pensions board to assist them in carrying out their responsibilities;
- Ensuring that the role of the pension fund and LGPS matters are understood and represented at the local authority's senior leadership level;

[1] **LOCAL GOVERNMENT PENSION SCHEME GOVERNANCE COMPLIANCE STATEMENTS STATUTORY GUIDANCE – NOVEMBER 200**

[2] **See Regulation 2(3A)**

[3] **R (on the application of Palestine Solidarity Campaign Ltd and another) (Appellants) v Secretary of State for Housing, Communities and Local Government (Respondent**

- Working with partner funds and the pool company (if appropriate) to ensure effective governance in respect of investment pooling arrangements;
- Where the LGPS Senior Officer is not themselves the local authority's s151 officer, support the s151 officer to ensure the proper administration of the fund's financial affairs; and
- Acting with the highest integrity in the interests of the fund's members and employers.

Underpinning principles and characteristics

This section considers what needs to be in place for an LGPS senior officer to successfully deliver the role. It is split into the organisation principles that the administering authority should consider when drawing up the role of Senior Officer as well as the personal characteristics and competencies that the individual should exhibit.

Organisational Principles

In appointing a LGPS senior officer, administering authorities should have consideration of the following organisational principles.

Representing the fund at a senior level. The Senior Officer should be of sufficient seniority to ensure that pension issues can be brought the attention of the senior leadership team as necessary. This also ensures that the Senior Officer is close enough to the strategic direction of the host organisation and able to influence decisions where they impact on the management of the fund. It is unlikely that the Senior Officer role could be carried out effectively by an individual lower than third tier in the organisation.

Capacity. The role of Senior Officer is demanding and those undertaking it should be able to give it the necessary attention. While the Senior Officer might have some other responsibilities within the organisation, these should not be of a scale that they impact adversely on the ability to ensure the effective delivery of the LGPS function. When considering capacity, it would be appropriate to consider both the Senior Officer role and the capacity and seniority of their direct reports working in the LGPS.

Reporting Lines. As the individual with responsibility for delivering the LGPS function, it is appropriate that those with key LGPS functions come under a reporting structure which falls under the Senior Officer's supervision.

From time to time the fund will employ resource and expertise from other areas of the authority, for example project management, IT or legal services. It is not the intention that all that all of these functions should fall under the Senior Officer, however the expectation is that key functions such as investment, administration, employer liaison, communications, fund accounting etc do.

Resourcing. The senior officer is responsible for the delivery of the LGPS function and as such must be able to ensure that they run an operation that is sufficiently resourced. The intention is that the Senior Officer is responsible for drawing up the fund's budget and agreeing it with the Pension Committee.

In doing so the Senior Officer needs to be cognisant of the need to maximise the value of any spend from the public purse.

Personal Competencies

The following are the personal and professional attributes that should be embodied by the LGPS Senior Officer.

An ability to build strong relationships and influence. The Senior officer will be expected to influence matters at the highest levels of the organisation. They should be comfortable dealing with elected members and understand the requirements of working in a political environment.

The Senior Officer will need to build and maintain strong relationships with employers within the Fund as well as partners within the investment pool.

The Senior Officer will also need the ability to build strong relationships with professional advisers, including challenging them when appropriate and work to enable the effective operation of the pension board

The Senior Officer will also be expected to represent the fund at a national level.

Strong technical skills. There is no requirement for an LGPS senior officer to have a specific professional qualification, although a relevant qualification (accounting, investment, actuarial, pensions management, legal) may be advantageous. They should have a strong understanding of all aspects of the LGPS. The Senior Officer should have a good grasp of the funding, investment and regulatory matters that impact the fund. They should also be able to explain and simplify difficult concepts to non-technical audiences.

Strategic thinking. It is the role of the Senior Officer to set the strategic direction of the fund. This requires an individual who can synthesise information from a broad range of sources, learn from experiences and bring new ideas to the table. The LGPS senior officer should develop a strong idea of how the delivery of the service will change over time and how the fund can be ready to meet new challenges.

Operational effectiveness. The Senior Officer should be leader with the ability to drive improvement within the organisation and motivate others to buy into their vision. They will need to put plans in place to deliver effective services yet be flexible enough to deal with a volatile pensions landscape.

Strong ethical standards. The LGPS environment can produce the potential for conflicts of interest to arise. The Senior officer should be an individual who embodies the highest ethical standards and acts in the interests of the fund's members and employers. They demonstrate and positively promote the seven principles of public life.

Organisational Structure

Appendix 1 contains examples of how the Senior officer role could be incorporated into various organisational structures.

A.3 Each administering authority must publish an annual governance compliance statement that sets out how they comply with the governance requirements for LGPS funds as set out in the Guidance. This statement must be signed by the LGPS senior officer and, where different, co-signed by the S151 officer.

In order to improve the transparency and auditability of governance arrangements, each fund must produce an enhanced annual governance compliance statement, in accordance with the statutory governance guidance, which sets out details of how each fund has addressed key areas of fund governance. The preparation and sign off of this statement will be the responsibility of the LGPS senior officer and it must be co-signed by the host authority's s151 officer, where that person is not also the LGPS senior officer. The expectation will also be that committees and local pension boards would be appropriately involved in the process.

It should be noted that the current LGPS regulations[4] require that administering authorities publish an annual governance compliance statement concerning matters relating to delegation and representation on pension committees. We recommend that amendments are made such that all requirements are incorporated into a single governance compliance statement.

[4] See Regulation 55 "Administering Authorities: Governance Compliance Statement"

B Conflicts of Interest

B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.

One of the key objectives of the Good Governance Review was to consider how potential conflicts of interest manifest themselves within current LGPS set up and to suggest how those potential conflicts can be managed to ensure that they do not become actual conflicts. In doing so, the SAB was of the view that the democratically accountable nature of the LGPS be maintained.

Since almost all LGPS funds are rooted in local authority law and practice, those elected members who serving on pension committees are subject to local authority member codes of conduct[5]. These will require members to register existing conflicts and to recognise when conflicts arise during the course of their duties and how to deal with them. Elected members must also comply with the Seven Principles of Public Life (often referred to as the Nolan Principles). Non-elected members sitting on committees and local pension boards should be subject to the same codes and principles.

There are, however, specific conflicts that can arise as a result of managing a pension fund within the local authority environment. The intention of this recommendation is that all administering authorities publish a specific LGPS conflicts of interest policy. This should include information on how it identifies, monitors and manages conflicts, including areas of potential conflict that are specific to the LGPS and will be listed in The Guidance. The expectation is that the areas covered will include:

- Any commercial relationships between the administering authority or host authority and other employers in the fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to pension fund operations;
- Contribution setting for the administering and other employers;
- Cross charging for services or shared resourcing between the administering authority and the fund and ensuring the service quality is appropriate for the fund;
- Dual role of the administering authority as an owner and client of a pool;
- Investment decisions about local infrastructure; and
- How the pension fund appropriately responds to Council decisions or policies on global issues such as climate change.
- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or cabinet should be disclosed.

[5] Similar codes apply for non-local authority administering authorities.

Each administering authority's policy should address:

- How potential conflicts of interest are identified and managed;
- How officers, employer and scheme member representatives, elected members, members of the local pension board and advisers and contractors understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- Systems, controls and processes, including maintaining records, for managing and mitigating potential conflicts of interest effectively such that they never become actual conflicts;
- How the effectiveness of its conflict of interest policy is reviewed and updated as required;
- How a culture which supports transparency and the management and mitigation of conflicts of interest is embedded; and
- How the specific conflicts that arise from its dual role as both an employer participating in the Fund and the administering authority responsible for delivering the LGPS for that fund are managed.

In putting together such a policy it is recognised that membership of the LGPS is not, in and of itself, a conflict of interest.

The Guidance should require each fund to make public its conflicts of interest policy.

B.2 The Guidance should include reference to the latest available legal opinion on how statutory and fiduciary duties impact on all those involved in the management of the LGPS, and in particular those on decision making committees.

There are no immediate plans for SAB to opine on or publish a statement on fiduciary duty given the conflict between Nigel Giffin's opinion and those of the Supreme Court in the Palestine case. Therefore, this recommendation has been updated.

C Representation

C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.

One of the key principles of the Good Governance Review is the recognition that each administering authority knows its own situation best and that The Guidance should avoid being overly prescriptive and limiting. In the matters of delegating responsibilities and appointing members to committees, most administering authorities must comply with the Local Government Act 1972. Nothing within The Guidance can, or should, override or limit the provisions of the 1972 Act. The intention behind this recommendation is simply that administering authorities prepare, maintain and publish their policy on representation and to require that they provide:

- the rationale for their approach to representation for non-administering authority employers and local authority and non-local authority scheme members on any relevant committees; and
- the rationale as to whether those representatives have voting rights or not.

The SAB''s view is that **it would expect** scheme managers to have the involvement employers and member representatives on any relevant committees.

In addition to representation on committees, administering authorities should state other ways in which they engage their wider employer and Scheme membership

The Guidance should also acknowledge the important principle that administering authorities may wish to retain a majority vote on decision making bodies in order to reflect their statutory responsibilities for maintaining the fund.

D Skills and training

D.1 Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committee members, to have the appropriate level of knowledge and understanding to carry out their duties effectively.

There was widespread agreement throughout the Good Governance Review process that those making decisions about billions of pounds of public money and the pension provision of millions of members should be properly trained to carry out the responsibilities of their role. The level of knowledge and understanding of technical pensions topics will vary according to role.

The Guidance should require the Administering Authority to identify training requirements for key individuals having regard for:

- topics identified in relevant frameworks or in publications by relevant bodies (e.g. CIPFA, TPR etc)
- the workplan of the Administering Authority; and
- current or topical issues.

The Administering Authority should develop a training plan to ensure these training requirements are met and maintain training records of key individuals against the training plan. These records should be published in the Governance Compliance Statement.

Pension Committees

The private sector has seen an increasing move towards the professionalisation of trustees and the introduction in to the LGPS in recent years of TPR, local pension boards and MIFID have made knowledge and skills for committees and boards a greater focus.

The membership of committees typically includes some or all of the following:

- administering authority elected members;
- other local authority elected members;
- other employer representatives; and
- scheme member representatives.

Training requirements for pensions committees apply to all members.

The Guidance should clarify that the expectation is that the TPR requirements that apply to Local Pension Boards should equally apply to pension committees. As a minimum those sitting on pension committees or the equivalent should comply with the requirements of MiFID II opt-up to act as a professional client but the expectation is that a higher level and broader range of knowledge will be required.

At committee, knowledge should be considered at a collective level and it should be recognised that new members will require a grace period over which to attain the requisite knowledge.

A pension committee member is not being asked to be a subject matter expert or act operationally. Instead the role involves receiving, filtering and analysing professional advice in order to make informed decisions.

A pension committee member should put aside political considerations, act in the interest of all employers and members and act within a regulatory framework.

When considering what training is appropriate for committee members, it might help to consider how pension committee operate and what makes an effective committee. To carry out the role effectively a committee member must have the following;

- An ability to focus on the issues that make the most difference and produce the most value and not be distracted by lower order issues;
- Access expert professional advice in the form of external advisers and administering authority officers; and
- An ability to seek reassurance, challenge the information provided and bring their own experiences to bear in decision making.

D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of their CPD requirements to ensure good levels of knowledge and understanding.

Treasury Guidance[6] requires that all government departments should have professional finance directors and that "It is good practice for all other public sector organisations to do the same, and to operate to the same standards".

Professionally qualified in this context refers to both being a qualified member of one of the five bodies comprising the Consultative Committee of Accounting Bodies (CCAB) in the UK and Ireland; and having relevant prior experience of financial management in either the private or the public sector.

The intention behind this recommendation is that an understanding of the LGPS should be a requirement for s151 officers (or those aspiring to the role). During the Good Governance project itself the view was put forward by some the profession that requiring an element of LGPS training could form part of an individual's ongoing continuous professional development requirements. This would have the advantage of ensuring the topics covered remain current and relevant.

The expectation would be that an appropriate level of LGPS knowledge must be attained by S151 officers of an administering authority. A level of LGPS knowledge should also be attained by S151 officers of other public bodies participating in the LGPS in order that they can understand issues relating to the participation of their own organisation, although it is not expected that that they should have the depth and breadth of knowledge required of the S151 officer of an administering authority.

D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.

Many funds already publish training strategies which set out training strategies which establish how members of the Pension Committee, Pension Board and fund officers will attain the knowledge and understanding they need to be effective and to challenge and effectively carry out their decision making responsibilities. The intention is that all LGPS funds should produce a strategy which should set out how those involved with the fund will:

- have their knowledge measured and assessed;
- receive appropriate training to fill any knowledge gaps identified;
- ensure that knowledge is maintained; and
- evidence the training that is taking place

[6] See Managing Public Money (July 2013), Annex 4.1

D.4 CIPFA and other relevant professional bodies should be asked to produce appropriate guidance and training modules for s151 officers and to consider including LGPS training within their training qualification syllabus.

The intention is that SAB engage with the professional accountancy bodies to develop LGPS training modules for accountancy professionals operating within local authorities.

E Service delivery for the LGPS Function

E.2 Each administering authority must publish an administration strategy.

This proposal has been progressed by the Cost Management, Benefit Design and Administration subcommittee to the SAB. When it met on the 6th January 2020 the following proposals were discussed:

- Changing the status of Regulation 59 from discretionary to mandatory and introduce the requirement for Pension Administration Strategy statements to be prepared and maintained in accordance with new statutory guidance
- Reviewing the remainder of Regulations 59 and 70 to identify whether any additional changes should be made;
- Exploring the scope for empowering administering authorities to penalise inefficient scheme employers in a more effective way;
- Recommending that MHCLG publishes new statutory guidance including :-
    - Minimum standards of performance;
    - Assessment of inefficiency costs;
    - Timescales for submitting scheme data
- Extending Regulation 80 to include a duty on all scheme employers to comply with the new Pension Administration Strategy statements.
- Changing the name of the statement to make it clear that it is wholly relevant to scheme employers.

E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service.

The working group considered this and recommend that rather than attempting to define a universal set of standards for administration across the LGPS. the KPIs should focus on ensuring that each fund has defined service standards, and has the governance in place to monitor their service standards and to benchmark those standards against other funds where appropriate.

Governance KPIs

Subject Area	KPI	Notes
Breadth of representation	1. Percentage make-up (employer/member) on committee and board and number of LPB representation	
	2. Average attendance level at meetings (percentage) – split between absence and vacancies	*1. and 2. may be incorporated in the Governance Compliance Statement (GCS) by including a clear statement of committee members and their attendance at meetings*
Training and expertise	3. Hours of relevant training undertaken across panel/board in last year	
	4. Relevant experience across senior management team	A qualitative statement on the LGPS Senior Officer and their direct reports (or other senior pensions staff) to include professional qualifications and financial services/pension/LGPS experience. Also include % time spent on pension fund business by each person
Compliance/ Risk	*5.* Number of times risk register reviewed annually – number of times on agenda at committee/board.	This is not measuring the quality of the register but the expectation that it will be viewed regularly at the committee should also improve quality.
	6. Number of times carried out business continuity testing and/or cyber security penetration testing	*Key focus of TPR*
Appropriate governance time spent on key areas	7. Split of committee/board spent on administration/governance/investment	How should this be measured, is it just by number of items on the agenda keeping in mind it needs to be auditable?

Administration KPIs

		Notes
Data quality	1. Common/conditional data score, in line with TPR expectations	
	2. Annual Benefit Statement percentage as at 31 August	*Include explanation where less than 100%.*
Service standards/SLAs	3. Number and percentage of pension set-ups (new retirements) within disclosure requirement timeframe	
	4. Does the Fund monitor and report its own standards?	*Y/N*
	5. Percentage of calls to customer helpline answered and resolved at first point of contact	
Engagement and communication – capabilities and take-up	6. Specify which online services are available to members/employers	*Measuring services provided by Fund online, perhaps against an agreed standardised list.*
	7. Percentage of members registered for the fund's online services and the percentage that have logged onto the service in the last 12 months split by status	*Measuring take up of services*
	8. Number of employer engagement events and/or briefings held in last 12 month and percentage take-up	*Percentage take-up could be weighted to size of employer.*
Customer satisfaction	9. Percentage of members (or employers if appropriate) satisfied with the service provided by their LGPS fund (this could be obtained via a simple questionnaire of no more than 5 questions).	*Members and employers should be measured separately, and funds should also report the number completing the questionnaire to ensure appropriate coverage. For consistency in comparison we suggest a general question is drafted and Funds told to incorporate into their surveys – e.g. "The service was excellent – Strongly Disagree/ Disagree/Agree/Strongly Agree."*

E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.

Each Administering Authority has a specific legal responsibility to administer the LGPS within their geographical region and to maintain a specific reserve for that purpose. It is important therefore that the fund's budget is set and managed separately from the expenditure of the host authority.

Budgets for pension fund functions should be sufficient to meet all statutory requirements, the expectations of regulatory bodies and provide a good service to Scheme members and employers. The budget setting process should be one initiated and managed by the fund's officers and the pension committee and assisted by the local pension board.

Required expenditure should be based on the fund's business plan and deliverables for the forthcoming year. The practice should not simply be to uprate last year's budget by an inflationary measure or specify an "available" budget and work back to what level of service that budget can deliver.

The body or individual with delegated responsibility for delivering the LGPS service should have a role in setting that budget. Typically, this will involve the pension committee being satisfied that the proposed budget is appropriate to deliver the fund's business plan, but it is recognised that other governance models exist within the LGPS. Whichever approach is used, it should be clearly set out in the roles and responsibilities matrix and be consistent with the host authority's scheme of delegation and constitution.

Where a proposed budget is approved, the senior LGPS officer will confirm in the governance compliance statement that the administering authority has approved the budget required to deliver the pensions function to the required standard.

If the budget is not approved, the senior LGPS officer will declare that in the governance compliance statement, including the impact of that on service delivery as expressed in a reduced business plan.

These statements in the governance compliance statement will be co-signed by the S151 officer where this is not the same person as the senior LGPS officer.

F Compliance and Improvement

F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified.

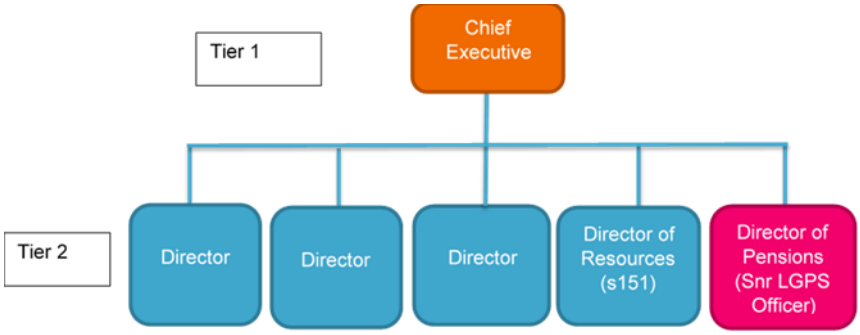
IGR reports to be assessed by a SAB panel of experts.

The Phase 2 report sets out the key features required in the Independent Governance Review. A sample outline for further discussion is included in Appendix 3.

Appendix 1 - Senior officer organisational structures

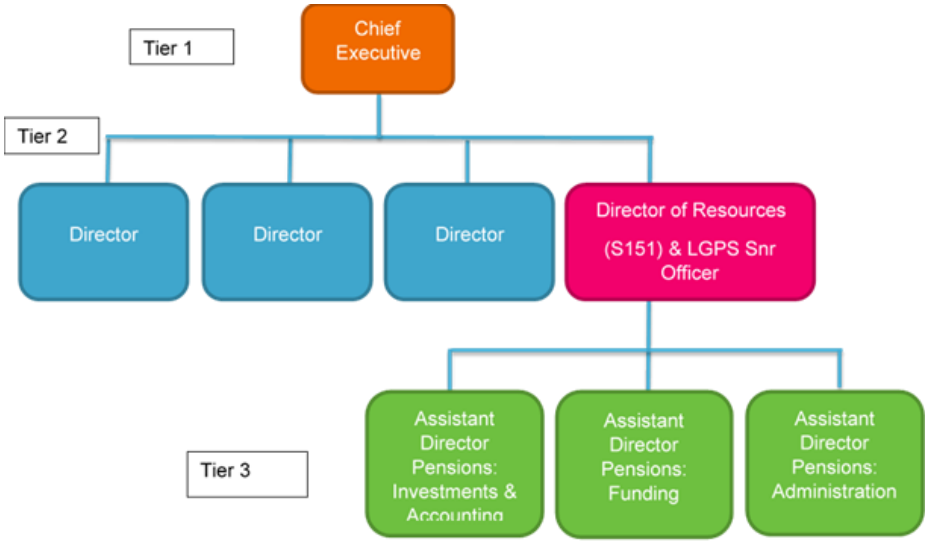
The following organisational structure charts show where the LGPS senior officer role may sit.

Example 1



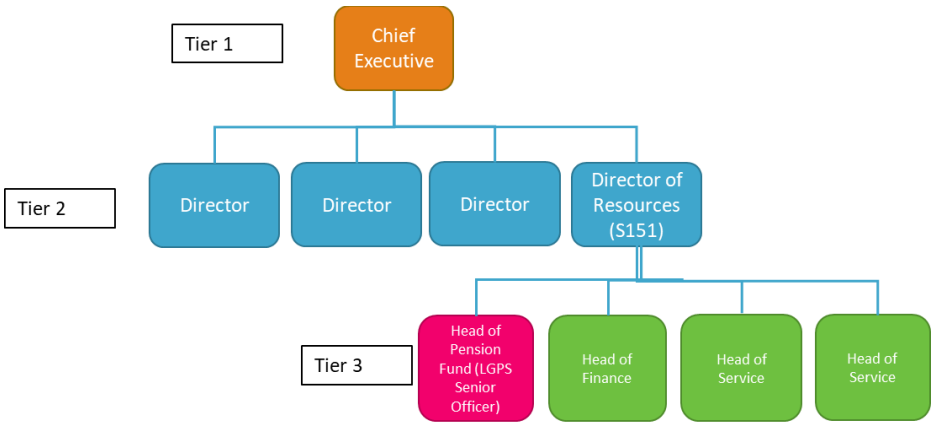
In this structure the LGPS Senior Officer is the Director of Pensions. As a tier 2 officer in the organisation the Director of Pensions will have the appropriate seniority for the role and with only LGPS responsibilities they will have the capacity to focus solely on delivery of the LGPS function.

Example 2



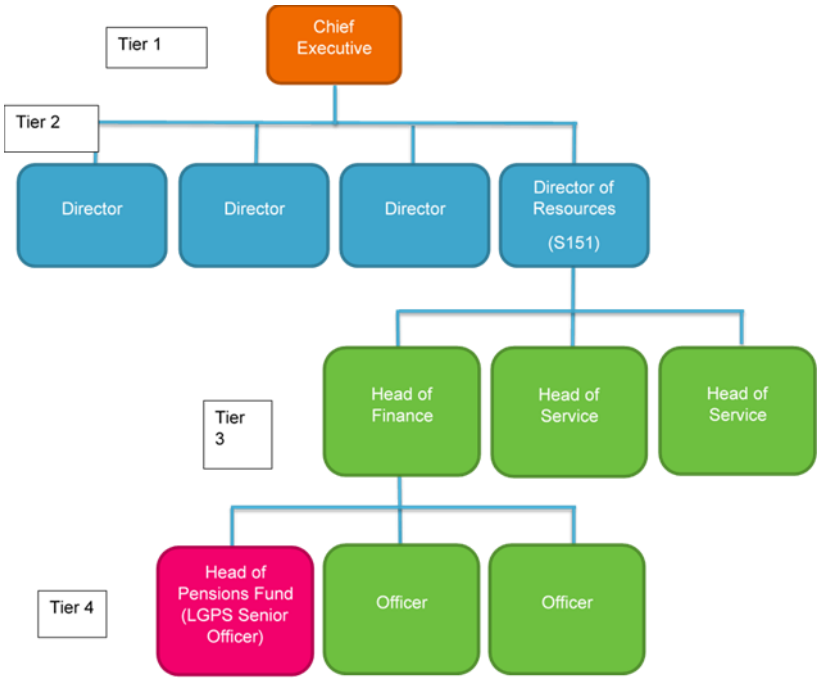
In this model the LGPS Senior Officer is a Tier 2 Director with significant other responsibilities. The diagram shows the LGPS Senior Officer as the Director of Resources and s151 officer, but a similar situation could arise if pension responsibilities lay within another Directorate, for example under a director with responsibility for legal/governance (in which case the LGPS Senior Officer would likely be the monitoring officer as well). Although the Senior officer has other responsibilities in this scenario, they are supported by a senior team of assistant directors, who are themselves tier 3 officers. The strength of the management team in this case is likely to mean that the LGPS Senior Officer has the ability to delegate aspects of LGPS delivery to an appropriately senior team, while retaining the ability to influence the strategic direction of the fund.

Example 3



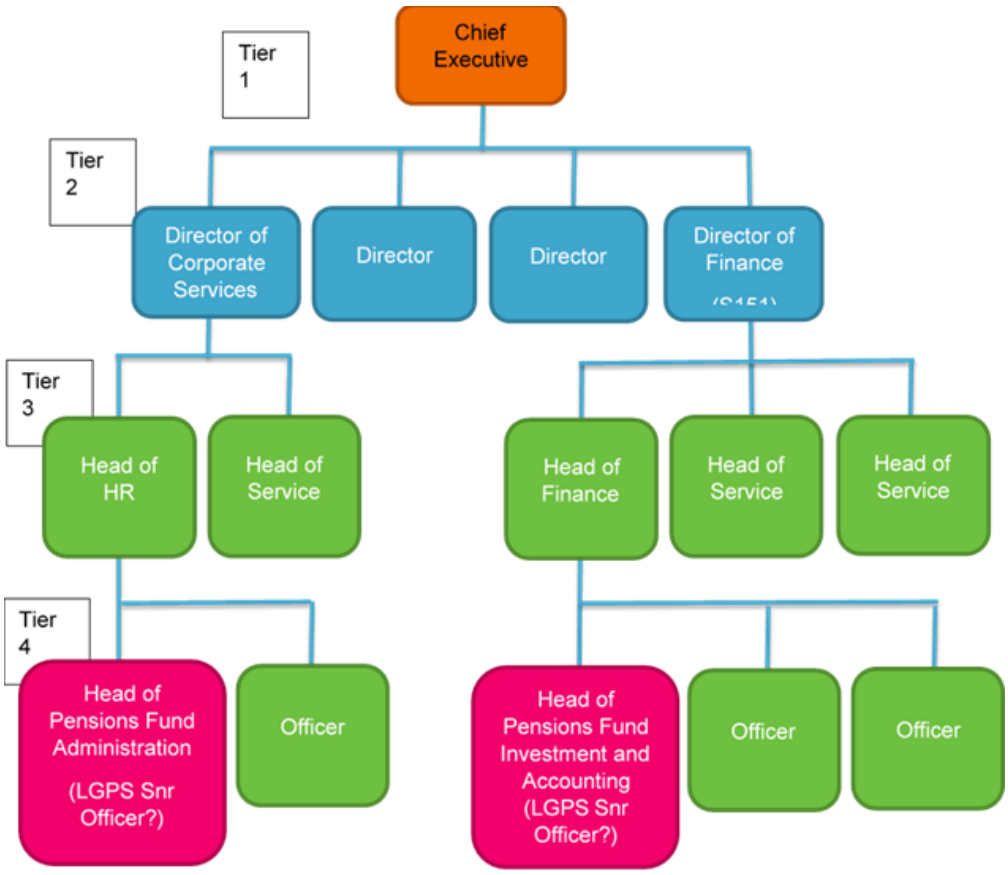
Under this structure the Head of Pensions is a Tier 3 officer reporting to the S151 officer.

Example 4



Under this structure the Head of Pensions sits at tier 4 with a reporting line that runs through the Head of Finance, Director of Resources (s151) and to the Chief Executive. As long as the reporting lines are clear and there is sufficient support for the Head of Pensions from senior officers this structure may provide an appropriate level of seniority and capacity for the Senior officer. However, some members of the working group expressed the view that in order to manage the scope and exert the required influence, the LGPS Senior Officer role should be held by an individual no lower than Tier 3.

Example 5



In this structure it becomes difficult to identify where the LGPS Snr officer should sit. While the investment and accounting functions sit within the function at tier 4, the administration of the fund is delivered by a fourth tier officer in the corporate services directorate who reports to the Head of HR. such an arrangement makes it difficult to for any one person to have full sight of all LGPS functions. Separate reporting lines in this fashion militate against a joined strategy and decision making for the fund.

Appendix 2 - Governance compliance statement

The following is an example of a governance compliance statement. It is recognised that under the current LGPS regulations, administering authorities must prepare, publish and maintain a statement on the following matters;

(a) whether the authority delegates its functions, or part of its functions under the LGPS regulations to a committee, a sub-committee or an officer of the authority;

(b) if the authority does so-

(i) the terms, structure and operational procedures of the delegation,

(ii) the frequency of any committee or sub-committee meetings,

(iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;

(c) the extent to which a delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying; and

(d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment).

These matters should continue to form part of each administering authority's governance compliance statement.

It is recommended that the new governance compliance statement incorporates the existing requirements alongside the recommendations arising from this review.

A Conflicts of interest

A1. Conflicts of Interest Policy

The Fund has published a conflict of interest policy which sets out:

- How it identifies potential conflicts of interest (including those set out in recommendation B1)
- How it ensures that understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- That the policy applies to officers, elected members, members of the local pension board and advisers and contractors;
- Systems, controls and processes for managing and mitigating conflicts of interest effectively;
- How it reviews the effectiveness of its conflict of interest policy and updates it as required;
- How it embeds a culture which supports the management and mitigation of conflicts of interest.

The Governance Compliance Statement includes a link to this policy.

A2. Conflicts of Interest Process

The fund embeds the management of conflicts of interest into its everyday processes. This includes:

- Providing regular training to members of the pension committee, pension board and officers on identifying and managing potential conflicts of interest;
- Ensuring a record is kept of situations where the Conflict of Interest Policy has been applied to mitigate or manage a potential conflict situation;
- Ensuring that a declaration of interests forms part of the agenda for all pension committee and pension board meetings and that an annual declaration of interests is completed;
- Ensuring actual and potential conflicts of interest are considered during procurement processes; and
- Ensuring that conflicts of interest form part of the Fund's suite of policies for example the Funding Strategy Statement and Administration Strategy.

A3. The Council as administering authority and employer

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest. It is important that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all of the Fund's employers and scheme members are treated fairly and equitably.

The Fund achieves this in the following ways:

- The Funding Strategy Statement sets out the Fund's approach to all funding related matters including the setting of contribution rates. This policy is set with regard to the advice of the Fund actuary and is opened to consultation with all Fund employers before being formally adopted by the Pension Committee. The approach to contribution setting is based on specific employer characteristics such as its time horizon, strength of covenant and risk profile. This approach ensures a consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.
- The Fund also has an admissions policy which details its approach to admitting new employers to the Fund. This includes it approach to the use of guarantors, bonds and the setting of a fixed contribution rate for some employers. This policy, in conjunction with the Funding Strategy Statement, ensures a consistent approach when new employers are admitted in to the Fund.
- The Fund's administration strategy sets out the way in which the Fund works with its employers and the mutual service standards that are expected. The policy details how the Fund will assist employers to ensure that they are best placed to meet their statutory LGPS obligations. On occasions where an employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the policy also provides for that cost to be recovered from the employer in question. This policy has been opened to consultation with all the Fund's employers and is operated in a consistent fashion across all of the employer base.
- The pension fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund's budget is set and managed separately from the expenditure of the Council. Decisions regarding pension fund resource are taken to the Pension Committee who then make recommendation to the S151 officer.

B Clarity of Roles and Responsibilities

B.1 Clear decision making

The Council's constitution and scheme of delegation set out the terms of reference for the Pension Committee.

The Pension Board's terms of reference and the membership and terms of reference for any sub-committees are also published.

The scheme of delegation is supported by:

- clearly documented role and responsibilities for the LGPS Senior Officer, S151 and pension fund officers / Head of Pension Fund; and
- a decision matrix which sets out the key decisions that are required to be made in the management of the Fund and the role that the main decision makers have in those decisions. The matrix sets out when an individual or body is responsible for a decision, accountable for a decision or where they must be consulted or informed of a decision.

On a regular basis the Fund's business processes are referenced against the decision matrix, to ensure that they properly reflect the correct responsibility and accountability.

The terms of references for the Committee & Board are publicly available and should be reviewed on a regular basis.

C Sufficiency of resources for service planning and delivery

In order to ensure that the Fund has the appropriate resource to deliver its statutory obligations it has adopted a 3 stage approach.

C.1 Business planning and budget setting

The Fund operates a 3 year business plan which sets out the priorities for the Fund's services. It is comprehensively reviewed, updated and agreed by the Pension Committee before the start of each financial year. If necessary, the plan is reviewed and updated on a more frequent basis. The business plan is publicly available.

The business plan takes into account the risks facing the Fund, performance of the Fund (including backlogs of work) and anticipated regulatory changes.

The business plan also includes the Fund's budget. Resource requirements (including staff recruitment, procurement and other specialist services) are determined by the requirements of the Fund's business plan.

The business plan also sets out the Key Performance Indicators (KPIs) which will be used to monitor progress against the business plan.

Progress against the business plan, including actual spend, is monitored by the Pension Committee on a regular basis and published in the Fund's annual report and accounts.

C.2 Service delivery

The Fund publishes an administration strategy which sets out how it will deliver the administration of the Scheme. The strategy includes:

- details of the structures and processes in place for the delivery of the pension administration function;
- expected levels of performance for the delivery of key Fund and employer functions;
- the Fund's approach to training and development of staff;

- the Fund's approach to the use of technology in pension administration.

C.3 Monitoring delivery and Control environment

The Fund recognises the importance of monitoring and reporting how it delivers progress against the business plan. This is done on the following ways:

- Performance against KPIs is reported to the Pension Committee and Pension Board on a regular and agreed basis. KPI performance is reported in the Fund's annual report. Plans to address any backlogs added to business planning process above.
- Every year the Fund's internal auditors carry out reviews to provide assurance that the Fund's processes and systems are appropriate for managing risks. The areas for review are agreed in advance with the Pension Committee and findings are reported to them.
- This year the internal audit also included an assessment of the Fund's performance against the requirements of The Pension Regulator's Code of Practice 14. The assessment recognised that the Fund is fully compliant in most areas but did make a number of suggestions about how the Fund could improve its internal controls for managing data. These suggestions have been adopted into the Fund's data improvement plan.
- Last year the Pension Board assisted the committee by undertaking an independent review of the sufficiency and appropriateness of the Fund's governance and operational resources. The review found that the Fund was for the most part properly resourced although the use of regular staff to tackle a backlog of aggregation cases was causing the backlog project to fall behind and having an adverse impact on business as usual. The review suggested procuring additional temporary resource in order to address the backlog issue.
- The Fund also participates in national benchmarking exercises which provides information on how costs, resource levels and quality of service compare with other LGPS funds and private sector schemes. The benchmarking did not identify any significant areas of concern.

D. Representation and engagement

The Fund has published a Policy on representation and engagement.

D.1 Representation on the main decision making body

The policy recognises all scheme members and employers should be appropriately represented in the running in the Fund while at the same time ensuring that the Council, as the body with ultimate responsibility for running the Fund, maintains a majority position on the key governance bodies. To this end the Fund's representation policy and the Council's constitution specify that the Council shall maintain a majority of voting members on the Pension Committee. The present Pension Committee is constituted as follows;

Pensions Committee – Membership and Meeting Attendance (Governance KPIs 1 and 2)

	Administering Authority / Employer / Member representative / Other	*Meeting Date*				Attendance (%)
		MM/YY	*MM/YY*	*MM/YY*	*MM/YY*	
Voting Members						
Cllr A (chair)	**Administering Authority**	**Y**	**N**	**Y**	**Y**	**75%**
Cllr B (vice-chair)	**Administering Authority**	**Y**	**Y**	**Y**	**Y**	**100%**
Cllr C	**Administering Authority**	**Y**	**N**	**Y**	**Y**	**75%**
Cllr D	**Administering Authority**	**N**	**Y**	**Y**	**N**	**50%**
Cllr E	**Administering Authority**	**Y**	**Y**	**Y**	**Y**	**100%**
F	**Employer representative**	**Y**	**Y**	**N**	**Y**	**75%**
G	**Member representative**	**N**	**Y**	**Y**	**Y**	**75%**
Vacancy		**N**	**N**	**N**	**N**	**0%**
Average attendance (including vacancies) %						**78%**
Average attendance (excluding vacancies) %						**69%**
Proportion of voting members not from the Administering Authority						**2 out of 7 (28%)**
Non-Voting Members						
H	**Member representative**	**Y**	**Y**	**Y**	**N**	**75%**
I	**Member representative**	**Y**	**Y**	**Y**	**Y**	**100%**

D.2 Membership of the Local Pension Board

The Local Pension Board is constituted as follows;

- 4 employer representatives comprising;
    - 2 elected members of the Council
    - 1 elected member of the District Council
    - 1 member representing all other employers
- 4 scheme member representatives comprising;
    - 1 member appointed by trade unions
    - 3 members representing active, deferred and pensioner Scheme members (to be appointed by an open election process)
- 1 independent chair

With the exception of the Chair, all members are full voting members.

The Pension Board has an independent adviser.

D.3 Engagement with employers

The Fund carries out a range of activities that are designed to engage employers. These are set out within the Fund's Communication strategy and include:

- An Annual Employer Forum which provides an opportunity for employers to receive an update on the performance of the Fund, provide feedback on the service and receive updates on the LGPS and related issues;

- The Fund engages and consults with employers during the actuarial valuation and specifically on key strategies such as the Funding Strategy Statement;
- A quarterly employer newsletter provides update on technical changes, process reminders and a calendar of key upcoming dates;
- Training sessions which can be provided on request covering the main areas of employer responsibility, for example year end returns, processing ill health cases and internal dispute resolution procedures; and
- The Fund is available to provide support on issues such as outsourcing services or workforce restructuring.

D.4 Engagement with members

The Fund's Communication Strategy sets out how it engages with active, deferred and pensioner scheme members including:

- The Fund maintains a website which provides general advice, information and updates including copies of all current policies.
- Members have secure online access to their own pension records in order to run retirement estimates.
- Member's annual benefit statements are available online or in writing (including large text) on request.
- Scheme members are able to arrange one to one appointments, by phone or at our offices, with members of the pension team to discuss specific matters.

E. Training

E.1 Training Strategy

The Fund has adopted a training strategy which establishes how members of the Pension Committee, Pension Board and Fund officers will attain the knowledge and understanding they need to be effective and to challenge and act effectively within the decision making responsibility placed upon them. The training strategy sets out how those involved with the Fund will:

- Have their knowledge assessed; and
- Receive appropriate training to fill any knowledge gaps identified.

The Fund will measure and report on progress against the training plans.

E.2 Evidencing standards of training

Details of the training undertaken by members of the Pension Committee and Pension Board are reported in the Fund's annual report and in this statement.

Committee and Board members' subject knowledge is assessed on an annual basis. The results are analysed and any gaps identified are addressed as part of the ongoing training plans.

Targeted training will also be provided that is timely and directly relevant to the Pension Committee and Board's activities as set out in the business plan.

Officers involved in the management and administration of the Fund are set annual objectives which will include an element of personal development. These objectives are monitored as part of each individual's annual appraisal.

The CIPFA requirement for continuous professional development for s151 officers now includes a regular LGPS element. This requirement applies to the s151 officer for the Council as well as the district and borough councils within the Fund. The fund has complied fully with this requirement.

Pensions Committee – Training for Financial Year YYYY/YY

Training Completed (hours)		***Subject***				**Total (hours)**
		Governance	***Investment***	***Pensions Administrati***	***Other (specify)***	
Pensions Committee						
Cllr A (chair)		**2**	**5**	**1**	**1**	**9**
Cllr B (vice-chair)		**2**	**4**	**1**	**1**	**8**
Cllr C		**4**	**5**	**2**	**2**	**13**
Cllr D						
Cllr E						
F						
G						
Vacancy						
				Sub-Total		**130**
Pensions Board						
R (chair)		**2**	**5**	**1**	**1**	**9**
S (vice-chair)		**2**	**4**	**1**	**1**	**8**
T		**4**	**5**	**2**	**2**	**13**
U						
V						
W						
X						
				Sub-Total		**100**
Officers						
LGPS Senior Officer		**6**	**8**	**3**	**4**	**9**
X						
Y						
Z						

Appendix 3 - KPI Reporting

This appendix includes example tables for reporting committee structure and training KPIs.

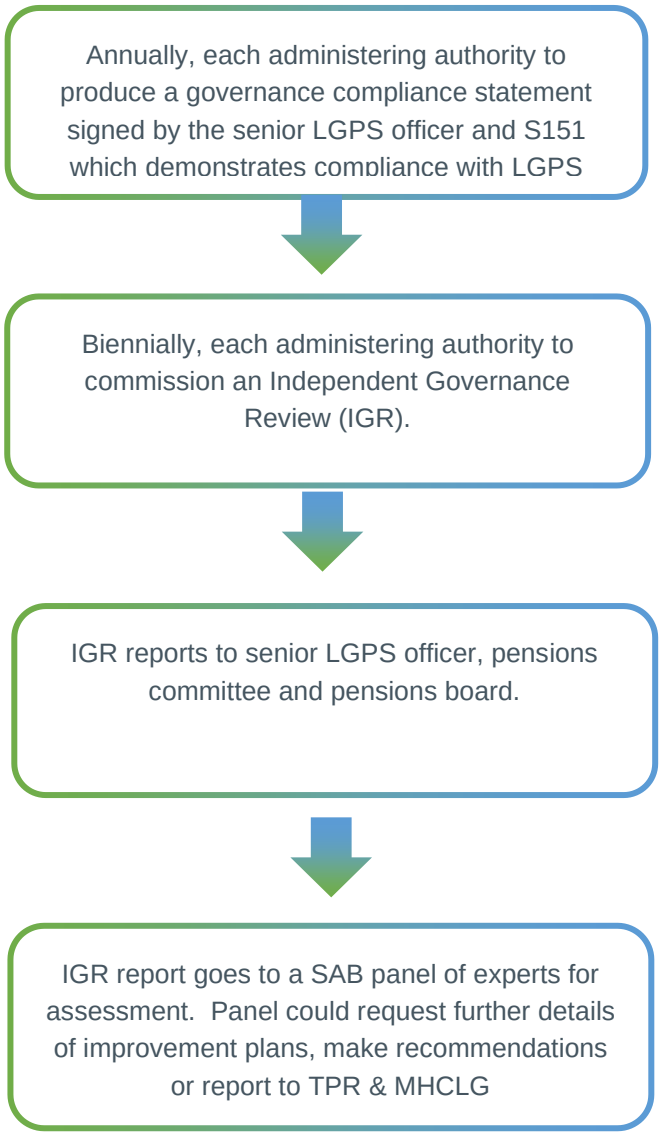
Pensions Committee – Membership and Meeting Attendance (Governance KPIs 1 and 2)

	Administering Authority / Employer / Member representative / Other	*Meeting Date*				Attendance (%)
		MM/YY	*MM/YY*	*MM/YY*	*MM/YY*	
Voting Members						
Cllr A (chair)	**Administering Authority**	**Y**	**N**	**Y**	**Y**	**75%**
Cllr B (vice-chair)	**Administering Authority**	**Y**	**Y**	**Y**	**Y**	**100%**
Cllr C	**Administering Authority**	**Y**	**N**	**Y**	**Y**	**75%**
Cllr D	**Administering Authority**	**N**	**Y**	**Y**	**N**	**50%**
Cllr E	**Administering Authority**	**Y**	**Y**	**Y**	**Y**	**100%**
F	**Employer representative**	**Y**	**Y**	**N**	**Y**	**75%**
G	**Member representative**	**N**	**Y**	**Y**	**Y**	**75%**
Vacancy		**N**	**N**	**N**	**N**	**0%**
Average attendance (including vacancies) %						**78%**
Average attendance (excluding vacancies) %						**69%**
Proportion of voting members not from the Administering Authority						**2 out of 7 (28%)**
Non-Voting Members						
H	**Member representative**	**Y**	**Y**	**Y**	**N**	**75%**
I	**Member representative**	**Y**	**Y**	**Y**	**Y**	**100%**

Pensions Committee – Meeting Content (Governance KPI 7)

			Meeting Date				Number of times item considered
			MM/YY	MM/YY	MM/YY	MM/YY	
	Meeting duration (hours)		3.0	2.5	4.0	2.5	
Governance							
	Declaration of Conflicts of Interest		X	X	X	X	4
	Policies/Strategies			X	X		2
	Business Planning					X	1
	Budget setting					X	1
	Annual report and accounts			X			1
	Governance Compliance Statement			X			1
	Audit matters (internal/external)		X	X	X		3
	Risk Register		X	X	X	X	4
	Business Continuity			X			1
	Data Security				X		1
	Breaches		X	X	X	X	4
	Regulatory Update			X		X	2
	Update from Pension Board		X				1
	Pool Governance issues			X		X	2
	Review of Effectiveness		X				1
	Training		X		X		2
	Other [to be specified]						
Funding							
	Actuarial Valuations		X	X			2
	Funding Strategy Statement		X	X			2
	Interim Funding Update				X	X	2
	Other [to be specified]						
Investment							
	Strategy review				X		
	Policies/Strategy (Investment Strategy Statement, Responsible Investment)				X	X	
	Strategy implementation - Asset Pooling - Investment manager appointments		X		X	X	3
	Monitoring of investments - Market update - Investment managers - Performance		X	X	X	X	4
	Other [to be specified]						
Pensions Administration							
	Administration Strategy					X	1
	Communications Strategy						0
	Performance Indicators		X	X	X	X	4
	Updates on Projects			X		X	2
	Other [to be specified]						

Appendix 4 - Summary of the Independent Governance Review



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LGPC Bulletin 203 – November 2020

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

Foreword

This bulletin contains important updates for administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

This bulletin contains important articles on:

- public sector exit payment cap
- MHCLG consultation on exit payment reform
- new GAD guidance (LGPS Scotland)
- September 2020 CPI rate announced
- deletion of inactive TUO accounts

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales Scheme Advisory Board (SAB)

SAB responds to consultation on amendments to the underpin

The SAB has responded to the MHCLG consultation on changes to the statutory underpin. You can read the SAB response on the Scheme consultations page of www.lgpsregs.org. The consultation closed on 8 October 2020.

Public sector exit payments cap

The Public Sector Exit Payments page of www.lgpsboard.org is regularly updated. The latest developments are summarised below.

14 October 2020: Legislation signed

The Restriction of Public Sector Exit Payments Regulations 2020 [SI2020/1122] ('the exit cap regulations') were signed on 14 October 2020, a correction slip was published on 27 October 2020 and the regulations came into force on 4 November 2020.

There is a conflict between the exit cap regulations and the LGPS regulations when a scheme member aged 55 or over is made redundant and the total exit payment exceeds £95,000. The LGPS regulations require the member to take payment of an unreduced pension, but the exit cap regulations prevent the employer from paying the full strain cost.

In respect of exits that occur between 4 November 2020 and the date the LGPS regulations are amended:

- only exits from employers in scope of the cap will be affected. You can find a full list of employers in scope of the cap in the Schedule to the Restriction of Public Sector Exit Payment Regulations 2020
- only exits where the cost exceeds £95,000 will be affected
- the proposed standard strain cost calculation will not apply. Local methods of calculating strain costs should continue
- proposals in the MHCLG consultation to limit discretionary compensation payments and reduce strain cost by the value of statutory redundancy pay will not apply.

28 October 2020: Letter from MHCLG

Luke Hall MP wrote to Chief Executives of Councils and LGPS administering authorities concerning the implementation of the exit payment cap. You can read Luke Hall's letter to councils on the SAB website www.lgpsboard.org. The Minister's recommended course of action in cases where the cost of an exit including pension strain cost would exceed the £95,000 cap is that:

> "LGPS members in that position should be able to elect to receive an immediate but fully reduced pension or, if they do not so elect, a deferred pension plus a lump sum equal to the capped strain cost."

29 October 2020: HMT publishes Directions, Guidance and Equalities impact assessment

HMT published additional documents to support the implementation of the exit payment cap on 29 October 2020. You can find links to these documents on the Gov.uk Restriction of Public Sector Exit Payments page. The Guidance and Directions set out the obligations on individuals and employers and the waiver process for exit payments over £95,000.

30 October 2020: SAB publishes commentary on legal advice

The SAB obtained legal advice on the conflict between the LGPS regulations and the exit cap regulations. A commentary of that legal advice was published on 30 October 2020 on the Public Sector Exit Payments page of www.lgpsboard.org. Administering authorities and LGPS employers should take their own view and may wish to seek their own legal advice.

The commentary sets out the SAB's opinion on the course of action that presents the lowest risk when the cap is breached in respect of an LGPS member aged 55 or over. In SAB's view, the risks are lowest if:

- the LGPS administering authority offers the member a choice between deferred benefits or a fully reduced pension
- the LGPS employer delays payment of a cash alternative under regulation 8 of The Restriction of Public Sector Exit Payments Regulations 2020

This approach would allow the maximum flexibility for the administering authority and employer to minimise the financial risks associated with a legal challenge from the scheme member.

4 November 2020: Information note for employers published
The LGPC published an information note for employers on the exit payment cap. The document is available on the Employer guides and documents page of www.lgpsregs.org.

The note sets out a process for employers to follow from 4 November 2020 when a scheme member aged 55 or over leaves due to redundancy or business efficiency.

9 November 2020: Information note for administering authorities published
The LGPC published an information note for administering authorities on the exit payment cap. You can find the note on the Administrator guides and documents page of www.lgpsregs.org.

The note sets out:

- policy considerations for administering authorities and
- a process to follow

in respect of redundancy and efficiency exits of members aged 55 or over that occur from 4 November 2020.

Other resources
The Reform of Local Government Exit Payments webpage is maintained by the LGA Workforce team. The page is regularly reviewed to provide up to date information for local government employers and includes:

- links to consultations and responses, regulations, draft regulations and guidance
- a summary of the HM Treasury Directions and Guidance that accompany the exit payment cap regulations
- a position statement on the exit payment cap for employers.

The House of Commons Library has published a briefing paper: Public Sector Exit Payment Cap. The paper is designed to assist MPs in their work and provides an overview of the exit cap provisions and a summary of the reaction to them. The paper was published on 16 October 2020 and updated on 5 November 2020.

Action for administering authorities
Please share this article with your scheme employers and draw their attention to the Information note for employers on the Employer guides and documents page of www.lgpsregs.org.

Consider the policy issue raised and the suggested process suggested in the information note for administering authorities.

Regularly visit the Public Sector Exit Payments page of www.lgpsboard.org to keep up to date with the latest developments.

LGPS England & Wales

Revised GAD guidance – Incoming transfers

We let you know that revised GAD guidance came into effect from 1 November 2020 in Bulletin 202. You can find the new guidance, factor spreadsheet, covering letter and transitional measures document on the Actuarial guidance page of www.lgpsregs.org.

Paragraph 9.10 of the Individual Incoming & Outgoing Transfers guidance covers late retirement increases that apply to transfer credits:

> 'If the member subsequently retires after attaining 65 (for salary-related transfer credits) or normal pension age (for earned pension transfer credits), their transferred in benefits will be subject to the normal late retirement increase applicable to the respective benefits, as described in the Late Retirement guidance applicable at the time the benefits are drawn. Any late retirement increase should be based on the period to retirement from the later of the Guarantee date and age 65 (for salary-related transfer credits) or normal pension age (for earned pension transfer credits).'

MHCLG has confirmed that the change in the calculation of late retirement increases applies only to transfer credits completed under the new guidance.

Action for administering authorities
Discuss the change with your software supplier to ensure the new rules are correctly applied.

MHCLG consultation on reforming local government exit pay

We let you know in Bulletin 202 that MHCLG had launched a consultation on reforming local government exit pay.

The LGA responded to the consultation before it closed on 9 November 2020.

On 14 October 2020, MHCLG published draft regulations to accompany the policy consultation: The Local Government Pension Scheme (Restriction of Exit Payments) (Early Termination of Employment) (Discretionary Compensation and Exit Payments) (England and Wales) Regulations 2020. Their purpose is to amend the LGPS regulations and compensation regulations to accommodate the exit payment cap and introduce wider exit payment reforms.

MHCLG has invited comments on the draft regulations. Please send your responses to LGExitPay@communities.gov.uk by 18 December 2020. The SAB will share its comments on the draft regulations in advance of this deadline.

You can read the LGA response, draft regulations and other consultation documents on the Scheme consultations page of www.lgpsregs.org.

Action for administering authorities
Please share the latest information about this consultation with your scheme employers.

Public sector exit payments cap

Please see the earlier article in this bulletin on this topic for the latest developments.

We have updated the Related legislation page of www.lgpsregs.org to include the latest documents and links. You can find the Regulations and link to the relevant page of www.legislation.gov.uk in the 'Other SIs' section. We have published the HMT Directions and Guidance in the 'Directions and guidance' section.

Please visit the News and Updates page of www.lgpsregs.org for the latest information on this and other important topics.

SF3 data published

On 4 November 2020, MHCLG published Local government pension scheme statistics (SF3 statistics) for England and Wales: 2019 to 2020. Highlights include:

- total expenditure of £13.4 billion, an increase of 5.6% on 2018/19
- total income of £16.0 billion, an increase of 2.6% on 2018/19
- employer contributions increased by 7.7% on 2018/19 to £7.7 billion
- employee contributions of £2.3 billion
- the market value of LGPS funds in England and Wales on 31 March 2020 was £272.4 billion, a decrease of 5.1%
- there were 6.1 million scheme members on 31 March 2020, 2.0 million active members, 1.8 million pensioners and 2.2 million deferred members
- there were 88,232 retirements in 2019/20, an increase of 5.7% compared with 2018/19.

Discretionary policies list updated

The Secretariat has published version 1.10 of the Technical guide – list of discretions. We have made minor amendments to Section 1 of the guide covering the waiver of actuarial reductions when a member voluntarily takes their benefits before normal pension age. You can find the guide on the Administrator guides and documents page of www.lgpsregs.org.

LGPS Scotland

LGPC responds to SPPA consultation

On 22 October 2020, Steven Moseley contacted all administering authorities in Scotland to let them know that the LGPC has submitted a response to the Addressing discrimination – amendments to the statutory underpin consultation.

The consultation closed on 23 October 2020. You can read the consultation documents, draft regulations and the LGPC response on the Scheme consultations page of www.scotlgpsregs.org.

GAD guidance published

On 29 October 2020, Roddy MacLeod (SPPA) contacted all administering authorities by email to share details of newly published GAD guidance. The implementation date for the new guidance is 29 October 2020, unless a different date is shown below:

- Pension Sharing on Divorce
- Pension Credits pre 2015
- Pension Debits pre 2015
- Pension Debits post 2015
- Additional Pension Guidance pre 2012, implementation date 1 April 2019.

SPPA is currently engaging with GAD to request that they include the implementation date in the guidance.

The newly issued guidance does not include new factors. The guidance incorporates factors already published by GAD since the SCAPE rate changed in October 2018. The Pension Sharing on Divorce guidance includes a methodology change. GMP adjustments should no longer be applied when calculating a CEV for divorce purposes in respect of a member with a State Pension age after 5 April 2016.

Action for administering authorities
Review your process and training notes to refer to the latest versions of GAD guidance. You may wish to discuss the change in methodology for calculating a CEV for divorce purposes with your software supplier.

HMRC

Update on pension schemes newsletter 124

We let you know in Bulletin 202 that HMRC Pension schemes newsletter 124 was published on 29 September 2020. The newsletter was updated on 6 October 2020 to confirm that the protected pension age easement will not be extended and expired on 1 November 2020.

HMRC has confirmed that the easement relating to submitting Accounting for tax (AFT) returns also covers AFT returns for 1 October to 31 December 2020 and for 1 January to 31 March 2021.

Event reporting

On 9 October 2020, Lorraine Bennett forwarded an email from HMRC to all administering authorities. The email confirms details about the submission of annual and lifetime allowance data for the Event Report. All scheme events for the 2019/20 year other than those set out below must be submitted via Pensions Online.

Annual allowance
HMRC will accept scheme data about pension savings statements for 2019/20 in a password-protected Excel spreadsheet instead of through the Event Report. You must submit the data by 31 January 2021.

Lifetime Allowance
The Event Report has not been amended to include lifetime allowance protections that members applied for online. You can submit these details to HMRC on a password-protected spreadsheet. Please send the data to pensions.businessdelivery@hmrc.gov.uk, and include 'Lifetime allowance – Event Reporting' as the subject line of the email.

Pension schemes newsletter 125

On 30 October 2020, HMRC published pension schemes newsletter 125. The newsletter includes articles about:

- the protected pension age easement ending on 1 November 2020
- enhancements to the financial information relating to AFT returns that is available on the Managing Pension Schemes service
- an update on the programme to delete user IDs and passwords for users who have not accessed an online tax service in the last three years. Users are encouraged to log in to avoid their credentials being deleted.

HMT

Public service pensions GMP indexation consultation

On 7 October 2020, HM Treasury (HMT) published Public Service Pensions: Guaranteed Minimum Pension Indexation consultation.

Prior to 6 April 2016, the payment of public service pensions and the earnings-related State Additional Pension (AP) worked together to provide a mechanism that fully indexed most public service pensions. The introduction of the new State Pension on 6 April 2016 removed the payment of AP. This meant that members who reached State Pension age (SPa) on and after that date would not have their pension payments fully indexed. To compensate for the removal of AP, the Government introduced an interim solution on 1 March 2016, which ends on 5 April 2021. This ensured that public service pensioners who reach SPa after 5 April 2016 continued to receive a fully indexed pension from their public service pension scheme.

The consultation sets out how the Government proposes to ensure it continues to meet its commitments to the full indexation of public service pensions, including any Guaranteed Minimum Pension (GMP) element.

You can read the consultation document and Written Ministerial Statement on:

- the Non-scheme consultations page of www.lgpsregs.org and
- the Non-scheme consultations page of www.scotlgpsregs.org.

The 12-week consultation will close on 30 December 2020. The LGA will respond in due course. We will share our response with you in advance of the closing date.

LGA responds to HMT McCloud consultation

The LGA has responded to the HMT Public service pension schemes consultation: changes to the transitional arrangements to the 2015 schemes. The response deals with the impact of the proposals on the Firefighters' Pension Schemes and the Teachers' Pension Scheme. You can read the full response on:

- the Non-scheme consultations page of www.lgpsregs.org and
- the Non-scheme consultations page of www.scotlgpsregs.org.

LGA responds to call for evidence on pension tax relief

As we reported in Bulletin 200, HMT published Pensions tax relief administration: call for evidence in July 2020. The LGA and LGPC submitted a joint response on 13 October 2020.

You can read the LGA / LGPC response on the:

- Non-scheme consultations page of www.lgpsregs.org and
- Non-scheme consultations page of www.scotlgpsregs.org.

DWP

Government responds to simpler annual benefit statement consultation

The DWP ran a consultation seeking views on simpler annual benefit statements in 2019. See Bulletin 191.

The DWP published the Government response to the consultation on 19 October 2020. Although defined benefit and public sector schemes were not in scope, the response acknowledges that there will be opportunity to learn lessons about the potential applicability to them in the future.

The response includes a commitment to a further consultation later this year on mandatory simpler statements for defined contribution schemes that are used for automatic enrolment.

Government plans to encourage use of appropriate pensions guidance

On 28 October 2020, the DWP published a policy paper - Stronger nudge to pensions guidance: statement of policy intent. The statement sets out the Government's intention to introduce regulations that require trustees of occupational pension schemes to 'nudge' members to appropriate guidance when they seek to access their pension through the appropriate freedoms. The policy is one of a package of measures designed to help people make informed decisions about accessing their pension savings and avoid scams.

The Government will consult on draft regulations in due course, which will apply in England, Wales and Scotland. It is expected that the Department of Communities will bring in parallel provisions for Northern Ireland.

The policy applies only to defined contributions arrangements. There will be no requirement for LGPS administering authorities to encourage members to seek guidance before taking their main scheme pension benefits. It is likely that the regulations will affect communications with members who have an in-house AVC.

TPO

TPO factsheet: complaining on behalf of a deceased's estate

On 19 October 2020, the Pensions Ombudsman (TPO) published a factsheet for survivors who may want to bring or continue a complaint on behalf of a deceased person's estate. You can find the Complaining to TPO on behalf of a deceased's estate factsheet on the TPO website.

TPR

2019/20 Scheme return

We let you know in Bulletin 201 that TPR would be sending warm-up emails in the first half of September 2020, informing administering authorities that the Scheme return would be issued in September 2020. TPR has confirmed that there has been a slight delay. We understand TPR's intention was to send all public service pension scheme return notices in the week commencing 2 November 2020.

Other news and updates

LGPC minutes published

You can read draft minutes of the 7 September 2020 LGPC meeting on www.lgpsregs.org. The committee discussed:

- Responsible Investment guidance
- the MHCLG consultation on changes to the statutory underpin
- changes to the rules concerning exit credits
- the exit payment cap and wider exit payment reform.

The committee also received updates from the three LGPS schemes and the National LGPS Technical Group. The minutes were confirmed at the meeting held on 2 November 2020.

COVID-19 death data collection

At the meeting of the National LGPS Technical Group on 12 June 2020, the group agreed to assist the England and Wales SAB to understand the impact of COVID-19 on the LGPS by collecting death data. You can read the minutes of the June National LGPS Technical Group meeting on www.lgpsregs.org.

Going forward, the chair of each pensions officer group will request the data from the funds in their region quarterly instead of monthly. The data for September, October and November is due by 11 December 2020.

Communications Working Group (CWG)

The CWG met through MS Teams on 29 September 2020. The group discussed:

- the impact of COVID-19 on administration teams and LGPS employers
- public sector website accessibility regulations, accessibility statements, the use of pdfs and methods of publishing benefit statements
- digital engagement
- exit payment cap and wider exit payment reform and the communications challenge to keep members and employers informed
- McCloud and the different approaches adopted to collect missing service data.

You can read the minutes from the meeting on the:

- CWG page of www.lgpsregs.org, and
- CWG page of www.scotlgpsregs.org.

National LGPS Technical Group

The National LGPS Technical Group met virtually on 1 October 2020. Topics discussed included:

- an update on administering authorities signing up to and uploading data to the National Insurance database
- COVID-19 and death data collection
- the Pension Schemes Bill
- McCloud consultation, remedy and administrator concerns
- employer flexibilities and planned publication of guidance
- exit payment reforms.

You can read the minutes from the meeting on the:

- Technical group page of www.lgpsregs.org and
- Technical group page of www.scotlgpsregs.org.

September 2020 rate of CPI

On 21 October 2020, the Office for National Statistics announced the Consumer Prices Index (CPI) rate of inflation for September 2020 as 0.5%.

Government policy in recent years has been to base increases under the Pensions (Increase) Act 1971 and revaluation of pension accounts under section 9 of the Public Service Pensions Act 2013 on the rate of CPI in September of the previous year. We await confirmation from Government that the revaluation and pensions increase that will apply to LGPS active pension accounts, deferred pensions and pensions in payment in April 2021 will be 0.5%.

MaPS provide a pensions dashboard update

On 28 October 2020, the Money and Pensions Service (MaPS) published their second Pensions Dashboards Programme progress update report. The report includes updates on:

- the Pension Dashboards Programme's (PDP) high level activity plan
- resourcing to deliver next phases of the programme
- market engagement to help finalise digital architecture requirements
- refining requirements for identity verification
- setting up a working group to ensure consumer focus
- reviewing feedback.

The timetable in the report reveals that the PDP expects the dashboard to be available to retirement savers for the first time in 2023.

PDP publishes responses to data standards call for input

As we reported in Bulletin 200, the PDP ran a call for input on data standards that closed on 31 August 2020. The PDP received 61 responses to the call for input. They have made a summary of the responses available online.

GAD updates staff transfers guidance

GAD has updated Staff transfers: public service pension schemes guidance. The guidance confirms that GAD will continue to assist with staff transfer cases. GAD is considering the proposed changes to public service pension schemes in response to the McCloud judgment and how these will affect staff transfers.

It may be necessary for GAD to pause work on some transfers while the implications of the judgment are considered.

Coronavirus Job Retention Scheme extended

On 5 November 2020, the Government announced an extension to the Coronavirus Job Retention Scheme (CJRS). Commonly known as 'furlough', the CJRS will now run until the end of March 2021. Furloughed employees will receive 80 per cent of their current salary for hours not worked, up to a maximum of £2,500 per month. Employers will be asked to cover National Insurance and employer pension contributions for hours not worked.

You can read more about the extension of the CJRS and other Government policy announcements related to COVID-19 in the Economic support factsheet.

COVID-19 FAQs updated

We have updated the COVID-19 FAQs for employers and the COVID-19 FAQs for administrators. The updates cover:

- the extension of the CJRS
- the service provided by the Pensions Ombudsman
- Scottish and Welsh life assurance schemes
- flexibilities when dealing with an exiting employer in England and Wales
- HMRC relaxation in reporting rules.

Tell Us Once – Bulletin

On 14 October 2020, DWP issued a bulletin to all Tell Us Once (TUO) users about the deletion of inactive accounts. An automated deletion exercise will start from 9 November 2020. Any user accounts that have been inactive for three months will be closed. Closed accounts can be re-opened via the EAS-R system. Any user accounts that have been in the 'Closed' status for more than 14 months will be permanently removed.

Action for administering authorities
Any users who have lost access to the TUO system should contact the TUO service desk.

If you have lost access or have any queries, please contact the TUO Helpdesk:

By email: tell-us-once.servicedesk@dwp.gov.uk
By telephone: 0191 218 3184 (for urgent queries).

Training

Webinar on exit payment reforms

On 6 November 2020, the LGA pensions and workforce teams jointly hosted a webinar on the exit payment cap and wider exit payment reforms. The webinar covered:

- the introduction of the exit payment cap from 4 November 2020
- considerations for LGPS employers and administering authorities for the period before the LGPS regulations are amended to accommodate the cap
- the impact of wider exit payment reforms due to come into effect in early 2021.

Once a transcript of the webinar has been produced we will make it available, alongside a recording of the webinar and the slides. You will be able to find these resources on the Past events presentations page of the LGA website later in November.

Wider landscape

No plan to reduce £30k threshold for transfer advice

Guy Opperman, Minister for Pensions and Financial Inclusion, responded to a question concerning the financial advice requirement on 1 October 2020. He confirmed that the Government currently has no plan to change the £30,000 threshold at which individuals are required to take financial advice when transferring a defined benefit pension. The Government must review this requirement and publish its findings before 6 April 2023.

Government rules out review of pensions tax relief

The Government has ruled out the Public Accounts Committee's recommendation that HMRC should investigate the impact of pensions tax relief. The Government's position was confirmed in Treasury Minutes – September 2020. The minutes confirm that the Government will continue to engage with stakeholders and gather views and evidence on the impact of pensions tax relief, but will not undertake a formal evaluation.

Legislation

Statutory Instruments

The Restriction of Public Sector Exit Payments Regulations 2020 [SI2020/1122]

Useful links

LGA Pensions page

LGPS member website (England and Wales)

LGPS member website (Scotland 2015)

LGPS Advisory Board website (England and Wales)

LGPS Advisory Board website (Scotland)

LGPS Regulations and Guidance website (England and Wales)

LGPS Regulations and Guidance website (Scotland)

Public Sector Transfer Club

Recognised Overseas Pension Schemes that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

Jeff Houston (Head of Pensions)
Telephone: 07786 681936
Email: jeff.houston@local.gov.uk

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Bob Holloway (Pensions Secretary – LGPS Scheme Advisory Board (E&W))
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Further information

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LGPC Bulletin 204 – December 2020

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

Foreword

This bulletin contains important updates for administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

This bulletin contains important articles on the following, which need action by certain stakeholders:

- Consultation on SAB guidance on new employer flexibilities
- Draft GAD guidance for the exit cap
- Member FAQs on the public sector exit cap
- Transfer out declaration forms – marital status confirmation
- Cost cap mechanism
- Pledge to combat pension scams
- FCA information on transferring to an international SIPP
- ICO issue new statutory code of practice on DSARs
- Webinars on exit payment reforms for local authorities
- Webinar on exit payment reforms for non-local authorities
- NI database and tracing lost members
- Interfund contact added to Your LGPS contacts
- NHS annual allowance charge compensation policy

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales Scheme Advisory Board

Consultation on SAB guidance on new employer flexibilities

On 2 December 2020, Bob Holloway emailed pensions managers for comment on a draft guide to employer flexibilities. This was prepared by the Scheme Advisory Board (SAB) in conjunction with representatives from administering authorities and scheme employers.

The purpose of the guide is to provide operational and practical assistance to administering authorities and employers when implementing employer flexibilities introduced by the Local Government Pension Scheme (Amendment) (No. 2) Regulations 2020.

Comments on the draft guidance should be submitted by 9 January 2021 to Robert.holloway@local.gov.uk.

Action for administering authorities

Ensure your employers are aware of this consultation and the deadline for responding.

MHCLG reforming local government exit pay – SAB response

On 9 December 2020, the Scheme Advisory Board (SAB) published their response to the MHCLG exit reform regulations. In summary, the major issues and suggested solutions are:

- The apparent overlap between regulations 3 and 4, but difference in timescales.
- No provision to allow a member to pay extra if the strain cost is reduced by the Statutory redundancy payment under regulation 2. We believe regulation 3 is intended to deliver this policy, but amendments are needed to do so.
- Providing different deadlines for members electing to pay extra based on the reason for the strain cost reduction, adds complexity and makes it necessary for the administering authority to know additional information about the exit. Aligning the deadlines (and combining regulations 3 and 4) would reduce complexity.
- We believe that introducing retirement provisions to the compensation regulations could lead to unintended and anomalous consequences unless a significant number of further regulation amendments are made. In our view it would be preferable to have any provisions relating to retirement in the LGPS Regulations 2013.

- The definition of ‘relevant Scheme member’ must be clarified to confirm whether it includes only those who are active members on their termination date.
- More detail is needed to confirm the position for a member who retires from active status under regulation 30(5) and the employer waives some or all the early payment reduction under regulation 30(8).

To find out more and view other documents, visit the Scheme consultations page of www.lgpsregs.org.

Public sector exit payments cap

The Public sector exit payments page of www.lgpsboard.org is regularly updated.

Action for administering authorities
Please review the Public Sector Exit Payments page on a regular basis to keep up to date with the latest developments on this subject.

LGPS England & Wales

Draft GAD guidance for the exit cap

On 19 November 2020, Rachel Abbey emailed administering authorities to let you know that the draft strain cost guidance linked to from the MHCLG Reforming local government exit pay consultation page was an old version. This has been replaced with the latest version titled ‘Benefits for exits subject to exit payment cap – Factors and guidance’.

You can find a link to this latest guidance on the Scheme consultations page of www.lgpsregs.org.

Action for administering authorities
We are aware administering authorities are making comparisons between their current strain cost calculations and the draft strain cost calculation. Please make sure you use the latest version when making these comparisons.

2020 Scheme valuation data collection update

As at 11 December 2020, GAD has received 74 of 88 datasets, with 57 administering authorities providing a questionnaire response alongside their data.

GAD is very grateful for the responses, especially for all the details shared via data questionnaires. There is still a little time for outstanding data to be included and they will be in touch with relevant administering authorities to understand when it is feasible to provide remaining data. GAD is keen to repeat the success of the 2019 data exercise by including data from all funds as part of the 2020 scheme valuation.

GAD is also happy to receive any further questionnaire responses - this is the primary opportunity under the 2020 valuation for you to tell GAD about features of your data.

Reminder: There will be no individual fund 2020 data reports, but a 2020 scheme valuation data report will be published with the results of the 2020 valuation.

Member FAQs on the public sector exit cap

On 24 November 2020, Lorraine Bennett emailed you to let you know that we have published member FAQs on the public sector exit cap.

You can link to them from the Latest news page on www.lgpsmember.org.

Action for administering authorities
Please make your employers and active members are aware of the FAQs.

LGPS Scotland

AVCs to provide additional pension

In Bulletin 202, we told you that Kimberly Linge had issued new factors for working out additional pension purchased by AVCs. These were effective immediately from 25 September 2020.

On 20 November 2020, Roddy MacLeod emailed administering authorities with updated guidance for the Use of accumulated AVCs to provide additional pension under the Scheme, which incorporates the new factors. The updated guidance does not change the methodology.

If you have any queries please raise them with Roddy.MacLeod@gov.scot or Kimberly.linge@gov.scot.

The guidance can be found on the Actuarial guidance page of the SPPA website and on the Actuarial guidance page of www.scotlgpsregs.org.

Cost cap mechanism

On 8 December 2020, Roddy MacLeod emailed administering authorities for views on the cost cap mechanism ('the mechanism') applied under section 12 of the Public Service Pensions Act 2013. Your response will help SPPA input into GAD's review of the mechanism. Views on the following are requested:

- how the mechanism is meeting its objectives
- how regularly it would be reasonable to expect there to be breaches of the mechanism, include examples of events that might be expected to lead to a breach and what type of events should be outside its scope
- any specific aspects of the mechanism for example: member versus employer costs; treatment of past and future service costs; differences between employer contribution rate and the mechanism; inter-generational impacts
- scheme-specific elements - such as whether the mechanism should have any bespoke tailoring
- other points to consider

Your views should be sent to Roddy.MacLeod@gov.scot or Kimberly.linge@gov.scot by 17 December 2020.

Action for administering authorities
Send your views on the cost cap mechanism to SPPA by 17 December 2020.

DWP

Thank you from the Tell Us Once team

Emma Moralee from DWP has asked us to pass on the message below:

> "2020 has been an unusual and difficult year for all of us. I would like to thank you for the ongoing commitment, support and passion you demonstrate daily to support and deliver Tell Us Once.
>
> Not only have you continued to provide an exemplary service to our customers, but we have on-boarded another four LGPS administering authorities since April. This brings the total to 87. We are in the final stages of three more funds joining us and we hope to have the necessary action completed before the end of 2020.

> Moving forward into next year, we will continue to identify opportunities to improve our service offering by working closely with our partners and Digital colleagues.
>
> As the New Year approaches, we would like to remind you that:
>
> - Good system housekeeping is vital, we need to ensure access is given appropriately and removed promptly when it is no longer required
> - All of our Users, including Organisation Administrators, need to access the Employee Authentication System and Change Reporting System at least once a month to ensure continued access.
>
> And finally, we are delighted to announce that the Tell Us Once service won the **Digital Public Service Innovation of the Year National Digital Leaders 100 Award** for 2020. This is such well-deserved recognition for the incredible work and collective efforts of everyone involved in continuing to deliver this valuable service.
>
> Thank you once again and we hope you have a fantastic Christmas. All the best for 2021."

HMRC

Pension schemes newsletter 126

On 3 December 2020, HM Revenue & Customs (HMRC) published pension schemes newsletter 126. It has articles on the following that may be of interest to you:

- managing pension schemes - multiple scheme administrator IDs and user research
- pension scheme returns for 2019 to 2020
- signing into online services
- annual allowance charge - members declaring their annual allowance charge on their self-assessment tax return

To find out more, visit the HMRC Guidance page on www.gov.uk.

HMT

Ambition for future of UK financial services after leaving the EU

On 9 November 2020, the Chancellor Rishi Sunak set out the Government's ambition for the future of UK financial services following the UK's departure from the

European Union (EU). The Government intends to position the UK at the forefront of green finance by:

- issuing its first Sovereign Green Bond in 2021- subject to market conditions
- ensuring that the UK will become the first country in the world to make Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosures fully mandatory across the economy by 2025 - going beyond the 'comply or explain' approach

To find out more, visit the Financial Services News story page on www.gov.uk.

TPR

Guidance on protecting schemes from employer distress or insolvency

On 12 November 2020, the Pensions Regulator (TPR) published guidance to help administrators of defined benefit (DB) schemes spot the warning signs of employer distress or insolvency. Although the guidance does not directly apply to LGPS administering authorities, there are common themes and much of the information will be relevant.

TPR observes that despite government economic support packages, COVID-19 continues to have a profound impact on the economy, challenging scheme employers and the pensions industry. They recommend administrators actively monitor their employer's health to look for warning signs and are ready to act as the economic impact of global events develop. They should also be prepared for any issues arising from Brexit.

To find out more, visit the Protecting schemes from sponsoring employer distress page on TPR website.

Latest news and guidance

In November 2020, the Pensions Regulator (TPR) published its Latest news and guidance for pension schemes covering:

- TPR scams pledge
- new guidance for DB trustees
- a climate change roadmap
- TPR user research survey
- TPR latest enforcement activity

To find out more, visit the Latest news and guidance for pension schemes page on TPR website.

Pledge to combat pension scams

On 10 November 2020, the Pensions Regulator (TPR) launched the pledge to combat pension scams campaign. The campaign is supported by the Pension Scams Industry Group (PSIG).

TPR urges you to help protect scheme members thinking of transferring their pensions. According to complaints filed with Action Fraud, more than £30 million has been reportedly lost to pension scammers since 2017. By making a pledge and following the principles of PSIG you show your intent to protect scheme members. You also tell the pensions industry that you are committed to stopping scammers.

To find out more, visit the Pledge to combat pension scams page on TPR website.

Action for administering authorities

Consider whether you wish to make a pledge to combat pension scams.

Public service governance and administration survey 2019

On 20 November 2020, the Pensions Regulator (TPR) published the outcome of the Public service governance and administration survey 2019.

Results were consistent with the 2018 survey for five of the six key processes, with between 92 and 97 per cent of Public service schemes having these in place. Around two-thirds of you who responded to the survey had all six processes in place. The six key processes are:

- Conflicts of interest
- Knowledge and understanding
- Assessing and managing risks
- Record monitoring
- Contribution monitoring
- Breaches of the law

To find out more, visit the Research and analysis page on TPR website.

Other news and updates

Communications Working Group

The Communications working group (CWG) met virtually on 1 December 2020. The group discussed:

- COVID-19 post solutions

- national member website
- member video on transferring out
- digital engagement
- McCloud communications including feedback from the Pensions' Managers Conference
- exit cap communications
- 2020/21 workplan

We would like to remind readers that the annual workplan sets out the communications that the Group plans to work on during the year. You can read the workplan and the minutes from the meeting on the CWG page of www.lgpsregs.org, and the CWG page of www.scotlgpsregs.org.

COVID-19 follow up survey – results

On 2 November 2020, the England and Wales Scheme Advisory Board (SAB) published the results of the follow up survey which ran over the summer. The aim of the survey was to find out how the position for all administering authorities (England and Wales, Scotland and Northern Ireland) had changed since the beginning of the pandemic.

To find out more, visit the Coronavirus and the LGPS information and updates page of the England and Wales SAB website.

FCA information on transferring to an international SIPP

The Financial Conduct Authority (FCA) has been contacted by consumers about overseas advisory firms advising expatriates to transfer or switch their UK pensions into a self-invested personal pension (SIPP), often one marketed as an international SIPP. The FCA are concerned that consumers who invest in this way may be exposed to high and/or unnecessary charges.

The FCA believes transferring out of a defined benefit pension scheme is unlikely to be in the best interests of most consumers.

To find out more, visit the
Information for consumers on transferring to an international SIPP page on the FCA website.

Action for administering authorities
If you are asked to transfer a member's benefits to an international SIPP, you should advise the member to contact the Pensions Advisory Service, for impartial guidance before taking any further action.

ICO issue new statutory code of practice on DSARs

At the end of October 2020, the Information Commissioner's Office (ICO) issued its new statutory code of practice on data subject access requests (DSARs). It is aimed at data protection officers and those with specific data protection responsibilities in larger organisations. Along with providing additional guidance and clarity, the new code of practice is particularly relevant for administrators dealing with increased data requests from members, independent financial advisers and claims management companies in respect of past transfers.

To find out more, visit the Right of access page on the ICO website.

Action for administering authorities

Apply the new statutory code of practice when responding to DSARs.

NI database and tracing lost members

We have been informed that some administering authorities are not aware that the National Insurance (NI) database can be used to trace lost members.

In 2019, we made changes to the Database to comply with data protection legislation and to extend the use of the database beyond its original purpose of preventing the double payment of death grants. The new Data Sharing Agreement (DSA) sets out that one of its purposes is to enable information sharing to trace lost members. All authorities that use the Database have signed the new DSA.

If you are contacted by another administering authority who is using the NI database to trace members, you can share contact information with them. Scottish authorities can only share information with other Scottish authorities - likewise for English and Welsh authorities.

For information, every fund in England and Wales is now using the NI Database and has uploaded data. Nine of the eleven administering authorities in Scotland are using the Database and have uploaded data; the remaining two are in the process of doing so.

Action for administering authorities

If appropriate, update your processes to allow contact information to be shared with other administering authorities using the NI database.

PASA launch cybercrime guidance

On 9 November 2020, the Pensions Administration Standards Association (PASA) launched their new cybercrime guidance for pensions administrators.

The guidance aims to help you by outlining four key areas covering different elements of cybercrime:

1. legal and regulatory standards
2. understanding your organisation's vulnerability to cybercrime
3. ensuring resilience
4. in case of an attack - remaining able to fulfil critical functions

To find out more, visit the Press release page on the PASA website.

Pension fund annual reports 2020

Please email a copy of your annual report (or hyperlink) to liam.robson@local.gov.uk when it is available. The LGPS regulations require the annual report and accounts to be published by no later than 1 December 2020.

England and Wales

The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 extend the publication for local authority accounts (England and Wales) to 30 November 2020. Currently, there are no plans for an automatic extension of the publication date for the annual report and accounts under the LGPS regulations. MHCLG requests that administering authorities inform the LGA (query.lgps@local.gov.uk) of any knock on issues arising from the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, to enable them to keep matters under consideration.

Scotland

The view of the Scottish Government is that:

> "the provisions made in the Coronavirus (Scotland) Act 2020 are sufficient to allow each authority to determine its own timetable for Annual Accounts…it seems reasonable that a local authority publishes its Annual Accounts no later than 30 November 2020."

PMI launch new competency framework

On 11 November 2020, the Pensions Management Institute (PMI) launched a new competency framework. This sets out the pensions management functional and technical competences needed to be effective in the pensions industry at all career levels. The framework provides a method to assess, maintain, and monitor the knowledge, skills, and attributes of people within the sector. Both you and your employers will be able to use the framework to identify your strengths and areas for development and help you choose which qualifications and learning interventions would best help you.

To find out more, visit the Competency framework page on the PMI website.

Interfund contact added to Your LGPS contacts

On 27 November 2020, Lorraine Bennett emailed all administering authorities to let you know that we have added a new section to the Your LGPS contacts system for interfund contacts. You can use it to:

- confirm the secure email address(es) that you want correspondence about interfunds to be sent to, and
- download a csv list of those contacts for all administering authorities

As a reminder, the Pensions Regulator's (TPR's) COVID-19 guidance for trustees and public service pension schemes states that pension schemes 'should allow electronic signatures and documents and encourage other third-party providers to do the same'. We recommend that all interfund documentation is sent electronically via secure email in line with the approach recommended by TPR. The Government has published information on securing government email which you may find useful.

Action for administering authorities

The person responsible for updating the Your LGPS contacts system at your administering authority should enter at least one interfund contact. To download a list of contacts for all funds just click on the 'download all interfund contacts csv' button.

Transfers out declaration forms – marital status confirmation

The current suite of transfer declaration forms located on the Administrator guides and documents pages of www.lgpsregs.org and www.scotlgps.regs.org, include confirmation of the member's marital status. This information is no longer required following the implementation of the revised guidance covering Individual Incoming and Outgoing transfers, implemented with effect from 1 November 2020.

We will update and refresh the transfer declaration forms in 2021. Meanwhile you should remove the requirement to confirm marital status from your forms locally.

Action for administering authorities

Remove the requirement to confirm marital status from your transfer declaration forms.

Training

Webinars on exit payment reforms for local authorities

On 6 November 2020, the LGA pensions and workforce teams jointly hosted a second webinar (first webinar held on 23 September 2020) for local authorities on the exit payment cap and wider exit payment reforms.

Recordings of both webinars, including captions, transcripts and slides can be found on the past events page of the LGA website.

Action for administering authorities
Please inform your employers of the publication of the webinars and accompanying documents.

Webinar on exit payment reforms for non-local authorities

On Thursday 17 December, the LGA pensions and workforce teams will jointly host a webinar on exit payment reforms. The webinar will run for one hour from 12:30pm. It will cover the latest position on the £95k cap and proposals for further exit payment reforms for:

- teaching and non-teaching staff at academies
- non-uniformed staff of police authorities and fire and rescue authorities

It will cover the:

- impact of the £95k cap
- process for waiving the cap
- considerations for employers in the interim period between the cap coming into force and pension regulations being changed to accommodate it
- impact of wider reforms

The webinar is aimed at business managers / finance directors and HR managers of academies, police authorities and fire and rescue authorities. The cost to attend is:

- £25 plus VAT for LGA members
- £25 plus VAT for current employer link subscribers
- £99 plus VAT for non-members

To find out more and book the webinar, visit the LGA's events page.

Action for administering authorities
Please publicise the webinar to your academies, police and fire and rescue authorities.

Wider landscape

DB schemes must equalise past GMP transfers

On 20 November 2020, the High Court ruled that trustees who do not equalise a member's guaranteed minimum pension (GMP) benefits at the time of calculating a cash equivalent transfer value (CETV) have committed a breach of duty. Defined benefit (DB) schemes providing GMPs should revisit historic CETVs made in the past 30 years and top them up where necessary. The judgment does not force organisations to actively correct all pensions transfers; however, employers may look to do so to avoid legal proceedings from members affected.

This latest judgment comes after the initial judgment was made in October 2018 (see bulletin 177) involving Lloyds banking group.

MHCLG has confirmed that GAD will issue guidance on the impact of the ruling for public service pension schemes in due course.

DfC NI consultation on amendments to the statutory underpin

On 11 November 2020, the Department for Communities (DfC) in Northern Ireland (NI) published a consultation on amendments to the statutory underpin. The consultation seeks views on proposed changes to the LGPS in NI to remove the unlawful age discrimination identified in the McCloud judgment. The consultation closes on 31 January 2021.

Independent Schools and the TPS consultation

On 11 November 2020, the Government published its response to the consultation it published in September 2019. It concluded that it intends to proceed with the change to allow phased withdrawal. This will result in current teachers being able to continue participation in the TPS if their independent school employer decides to freeze participation in the TPS, with new teachers being enrolled into an alternative pension scheme.

To support this, the Government will produce draft regulations for consultation. It is intended that regulations will come into force in the spring of 2021, and independent schools in England and Wales will be able to request phased withdrawal from then.

NHS annual allowance charge compensation policy

In November 2019, the National Health Service (NHS) England and NHS England Improvement (NHSEI) announced that clinical staff who go over their annual allowance for the 2019/20 tax year and who use Scheme Pays to pay the tax charge can be compensated in retirement for any reduction to their NHS Pension Scheme benefits (see Bulletin 193 for details).

Clinicians in England who receive a pensions saving statement for the 2019 /20 tax year or think they may have an annual allowance charge in respect of their NHS Pension Scheme benefits, can find more information about the 2019/20 Pension Annual Allowance Charge Compensation Policy and how to apply on the NHSEI website.

NHS England and NHSEI have published resources for employers, FAQs and infographics explaining the 2019/20 Pension Annual Allowance Charge Compensation Policy on the NHSEI website.

Action for administering authorities

Please bring this article to the attention of employers who employ staff who are members of the NHS Pension Scheme.

RPI consultation response

On 11 March 2020, the Government and the UK Statistics Authority (UKSA) launched a joint consultation on UKSA's proposal to address the shortcomings of the Retail Prices Index (RPI) measure of inflation. On 25 November 2020, the Government and the UKSA published the response.

The response indicates that RPI will be reformed to align with the Consumer Prices Index (including housing costs – CPIH). The reform will take place no earlier than February 2030. The Government acknowledges that the reforms could have an impact on defined benefit schemes but confirms that the later effective date of the changes will help to mitigate this.

Members who made an election to purchase additional pension (LGPS England & Wales and Scotland) before 1 April 2012 receive annual increases on the additional pension purchased based on RPI. The increase on these benefits will be impacted if the reforms to RPI take place.

To find out more, visit the Consultation page on www.gov.uk.

Social security benefit and pension up-rating 2021/22

On 25 November 2020, the Government outlined in a Written ministerial statement, the proposed benefit and state pension rates that will apply in the tax year 2021 to 2022, coming into effect on 12 April 2021. Dr Coffey (the Secretary of State for Work and Pensions) stated:

> "State pensions will be increased by 2.5 per cent, in line with the Government's manifesto commitment. The full rate of the new state pension will now be worth £179.60 per week."

Teachers' Pension Scheme Grant

Bulletins 191 and 194 contain articles about the Teachers' Pension Scheme (TPS) employer contribution grant. The Government has updated their TPS guidance on the employer contribution grant. The guidance covers the grant for the financial year 2020 to 2021.

Universal catch up premium & national tutoring programme

Working with colleagues from the Department of Education (DoE), the LGA has produced a fact sheet on the Universal catchup premium and national tutoring programme. Academic Mentors (AM), employed by local authorities are eligible to join the LGPS and this programme will apply to them.

The fact sheet provides brief descriptions on the different 'catch up' funding programmes available and sharing guidance, to support schools wishing to employ AM's for the 2020/21 academic year.

Useful links

LGA Pensions page

LGPS member website (England and Wales)

LGPS member website (Scotland 2015)

LGPS Advisory Board website (England and Wales)

LGPS Advisory Board website (Scotland)

LGPS Regulations and Guidance website (England and Wales)

LGPS Regulations and Guidance website (Scotland)

Public Sector Transfer Club

Recognised Overseas Pension Schemes that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

Jeff Houston (Head of Pensions)
Telephone: 07786 681936
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Further information

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Whilst every attempt is made to ensure the accuracy of the bulletin, it would be helpful if readers could bring to the attention of the Secretariat any perceived errors or omissions by emailing query.lgps@local.gov.uk.

LGPC Bulletin 205 – January 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

Foreword

This bulletin contains important updates for administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

This bulletin contains important articles on the following, which need action by certain stakeholders:

- Caveat wording for strain cost quotes
- Treasury amend exit cap direction and guidance
- Exit cap information notes updated
- Government confirms that employer NICs are not included in the cap
- Judicial reviews against cap regulations given permission to be heard
- Digital signature function added to APC application form
- New version of employee brief guide
- GAD requests 2020 cost control valuation data
- SPPA seeks views on managing employer exit rules
- Transfer forms survey
- Digital engagement survey
- Training survey

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales

2021/22 employee contribution bands

Below are the employee contribution bands, which will be effective from 1 April 2021. They are calculated by increasing the 2020/21 employee contribution bands by the September 2020 CPI figure of 0.5 per cent and then rounding down the result to the nearest £100.

Table 1: Contribution table England and Wales 2021/22

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £14,600	5.50%	2.75%
2	£14,601 to £22,900	5.80%	2.90%
3	£22,901 to £37,200	6.50%	3.25%
4	£37,201 to £47,100	6.80%	3.40%
5	£47,101 to £65,900	8.50%	4.25%
6	£65,901 to £93,400	9.90%	4.95%
7	£93,401 to £110,000	10.50%	5.25%
8	£110,001 to £165,000	11.40%	5.70%
9	£165,001 or more	12.50%	6.25%

Caveat wording for strain cost quotes

Lorraine Bennett emailed administering authorities on 18 January 2021 letting them know that we have published caveat wording for them to use when giving strain cost quotes to employers subject to the exit cap. The wording was produced by Eversheds Sutherland (LLP).

The wording can be used for exits that occur from 4 November 2020 until the revised LGPS regulations and GAD guidance are in place. Each authority will need to adapt the wording based on their approach to calculating strain costs.

You can access the exit cap – strain cost warning on the administrator guides and documents page of www.lgpsregs.org.

Action for administering authorities
Start using the caveat wording when providing strain cost quotes to employers subject to the cap.

Treasury amends exit cap direction and guidance

Just before Christmas, HM Treasury published an amended version of the Exit Payment Cap Directions 2020 and associated guidance.

Rachel Abbey emailed administering authorities on 4 January 2021 letting them know about the amended documents, with a summary of the changes.

The documents set out the obligations on individuals and employers and the waiver process for exit payments over £95,000. The first version of each was published in October 2020, which we covered in Bulletin 203.

You can find links to the amended documents in the Directions and guidance section on the Related Legislation page of www.lgpsregs.org.

Action for administering authorities
Please let your employers know about the updated Directions and guidance.

MHCLG publishes exit cap waiver guidance

On 16 December 2020, MHCLG published guidance on local government exit pay. The guidance sets out how MHCLG will deal with applications to waive the £95k exit cap, including the process to follow when applying to them.

On the same day, Lorraine Bennett gave a statement to administering authorities letting them know about the new guidance and about the concerns we have with it. We have added a copy of the statement to www.lgpsregs.org.

Exit cap information notes updated

On 22 December 2020, Lorraine Bennett emailed administering authorities letting them know that we have updated the employer and administering authority exit cap information notes. The updated versions strengthen the message on responsibilities and incorporate MHCLG's exit cap waiver guidance (see previous article).

You can access the tracked and clean versions of the documents (version 2.0) on the:

- administrator guides and documents page of www.lgpsregs.org
- employer guides and documents page of www.lgpsregs.org.

Action for administering authorities
Please let your employers know about the updated employer exit cap information note.

Government confirms that employer NICs are not included in the cap

Lord Agnew of Oulton, Minister of State (HM Treasury), confirmed that employer's national insurance contributions (NICs) are not an exit payment and therefore not included when determining if the £95k cap has been breached. On 22 December 2020, Lorraine Bennett emailed administering authorities to let them know.

The minister clarified the situation in a response to a written parliamentary question from Baroness Eaton.

> "For the purpose of the Restriction of Public Sector Exit Payment Regulations, employer's national insurance contributions in relation to an exit payment should not be included when calculating the value of an individual's total exit payment."

Action for administering authorities
Please communicate this to your scheme employers.

Correction made to Exit Cap Regulations

On 7 January 2021, the Government published Correction Slip 2, which amends the Restriction of Public Sector Exit Payments Regulations 2020.

The schedule to the regulations lists which employers or offices are subject to the cap. For two of the employers, it listed them as follows:

> "The governing body as the employer of staff in community schools, community special schools, pupil referral units, maintained nursery schools, and voluntary controlled schools in England"
>
> "The local authority as the employer of staff in foundation schools, foundation special schools, and voluntary aided schools in England."

The correction slip changes "governing body" to "local authority" in the first type and "local authority" to "governing body" in the second.

Judicial reviews against cap regulations given permission to be heard

On 22 December 2020, three judicial review (JR) requests in respect of the Restriction of Public Sector Exit Payment Regulations 2020 were granted permission to be heard.

The requests are from the Association of Local Authority Chief Executives/Lawyers in Local Government, UNISON and GMB/Unite and will be heard together on 24 and 25 March 2021.

The Scheme Advisory Board (SAB) has updated its page on public sector exit payments to reflect the JRs. SAB understands that MHCLG's regulations on further exit reforms will be delayed pending the outcome and that the Pensions Ombudsman will be unable to rule on a test case until the hearing is complete. This may mean that the legal uncertainty will continue into the next financial year.

Where an administering authority has decided to follow the recommendation in MHCLG's letter not to pay unreduced benefits to a member, the Pensions Ombudsman has asked the authority to make it clear that they have done so in the member communications.

Action for administering authorities
Please make it clear in the member communications where you have decided to follow MHCLG's recommendation and not pay unreduced benefits.

Digital signature function added to APC application form

We have updated the application form on the additional pension contribution (APC) calculator to allow applicants to enter a digital signature and date. Applicants have the option of either:

- downloading and printing a pdf document that they can sign by hand
- entering a digital signature and date; the document can then be emailed straight to the employer / administering authority, as appropriate.

Action for administering authorities
If your members use the application form on the APC calculator, please let your employers know about the digital signature function.

LGPS Scotland Scheme Advisory Board (SAB)

December 2020 Bulletin

The Scheme Advisory Board (SAB) recently sent their December 2020 bulletin to employers, administering authorities and trade unions.

The bulletin covers the following:

- the Board has been asked to feed into the cost-cap mechanism review

- the Board's advice to administering authorities on employers wishing to leave the Scheme
- in relation to the structure review, the Board has set up a meeting in January 2021 to consider giving final approval to a recommended approach
- the Board has approached its counterparts in England and Wales on how the online fee transparency system can be improved and developed.

Minutes for October 2020 meeting published

The Scheme Advisory Board (SAB) met virtually on 28 October 2020. Discussion included:

- the structure review procurement process
- McCloud consultation
- £95K exit payment cap.

You can read the minutes under the minutes part of www.lgpsab.scot.

LGPS Scotland

New version of employee brief guide

On 13 January 2021, Steven Moseley emailed administering authorities letting them know that we have published version 2.0 of the employee brief guide.

The guide is published in Word so that administering authorities can add contact information and any other details specific to their fund.

If you plan to publish a PDF version of the guide, you may need to take additional steps to ensure that it complies with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 (which we covered in Bulletin 190). You can find more information online about:

- How to Create accessible PDFs
- Creating accessible PDFs in Adobe Acrobat.

You may need to take extra steps to tag tables correctly.

You can access the new version (including a document showing the changes) from the Administrator guides and documents page of www.scotlgpsregs.org.

Action for administering authorities
Please update your version of the guide in line with the revisions made.

Added pension GAD guidance published

On 21 December 2020, Roddy MacLeod (SPPA) issued revised GAD guidance on added pension for member elections made between 1 April 2012 and 31 March 2015.

The guidance incorporates the factors set out in the consolidated factors spreadsheet. The relevant factors took effect from 1 April 2019.

You can access the guidance on the Actuarial guidance page of the SPPA website and on the Actuarial guidance page of www.scotlgpsregs.org.

GAD requests 2020 cost control valuation data

On 26 January 2021, Kimberly Linge (SPPA) emailed administering authorities, forwarding on GAD's data request for the 2020 cost control valuation.

GAD has also asked authorities to give supporting information by completing a questionnaire.

GAD will send each authority an email invitation to submit their data together with instructions by 12 February 2021. Authorities should nominate a contact email address to receive this email by 5 February 2021.

Action for administering authorities
By 5 February 2021, give GAD the nominated contact email address. By 12 March 2021, submit the authority's data and respond to the questionnaire.

SPPA seeks views on managing employer exit rules

On 11 January 2021, Kimberly Linge (SPPA) emailed administering authorities, seeking views on the rules covering exiting employers.

SPPA has asked administering authorities whether they need any additional clarification to help them apply the current rules.

In 2020, MHCLG made The Local Government Pension Scheme (Amendment) (No 2) Regulations 2020, which gave administering authorities in England and Wales further flexibilities when managing employers. SPPA has asked for opinions on whether authorities in Scotland should also have these flexibilities.

Action for administering authorities
Reply to SPPA by the end of February 2021.

DWP

DWP launches consultation to increase the General Levy

On 16 December 2020, the DWP launched a consultation into the General Levy rates for the years 2021/22, 2022/23 and 2023/24.

The General Levy is paid by registrable occupational and personal pension schemes, including by public service schemes. The levy is used to fund the Pensions Regulator, the Pensions Ombudsman and the pension-related activities of the Money and Pensions Service. The rate of levy is currently based on the number of members and the scheme type.

The consultation sets out the proposed rates for years 2021/22, 2022/23 and 2023/24, which are significantly higher than the current rates.

The proposed new rates will apply to England, Wales and Scotland. It is expected that Northern Ireland will make corresponding changes.

The consultation closed at midday on 27 January 2021.

Automatic enrolment (AE) earnings trigger annual review

The DWP published its annual review of the AE earnings trigger on 20 January 2021. The review proposes that the existing trigger of £10,000 should remain unchanged for 2021/22.

TPO

TPO winter newsletter

The Pensions Ombudsman (TPO) issued the tenth edition of The Pensions Ombudsman News in December 2020. The newsletter covers:

- appointment of permanent chair and three non-executive directors
- website re-development update
- stakeholder survey update
- customer survey update
- next legal forum (26 January 2021)
- volunteer news

TPR

Interim response to DB funding code consultation

The Pensions Regulator (TPR) issued an interim reply to the revised defined benefits (DB) funding code of practice consultation on 14 January 2021.

The consultation will run in two parts. The first ran from 3 March to 2 September 2020. TPR expect to start the next part in the second half of 2021. One of the aims of the consultation is to implement clause 123 of the Pension Schemes Bill 2019-21. Clause 123 amends the statutory framework for defined benefit pension scheme funding in part 3 of the Pensions Act 2004.

Though clause 123 will not apply to the LGPS, the Chair of the Scheme Advisory Board has previously written to TPR raising concerns about potential unintended consequences on the Scheme (as reported in Bulletin 202).

HMT

LGA response to GMP indexation consultation

On 21 December 2020, we responded to the consultation on indexation of guaranteed minimum pensions (GMPs) in public service schemes.

Between 7 October and 30 December 2020, Treasury consulted on how to index GMPs in public service schemes for members who attain their State Pension age after 5 April 2021. We covered the consultation in Bulletin 203.

You can read the consultation documents and our response on the:

- Non-scheme consulations page of www.lgpsregs.org
- Non-scheme consultations page of www.scotlgpsregs.org.

Other news and updates

New senior pensions secretary

We are very pleased to welcome a new senior pensions secretary to the team supporting the Scheme Advisory Board (England and Wales). Joanne Donnelly joined the team from HM Treasury on 18 January 2021. You can find Joanne's contact details in the LGPS pensions contact details section.

Government confirms 2021 revaluation and releases PI multiplier tables

On 12 January 2021, the Government made a written statement on indexation and revaluation in public service pension schemes and published the 2021 pensions increase multiplier tables.

The statement confirms that public service pensions will increase on 12 April 2021 by 0.5 per cent, except for pensions that have been in payment for less than a year, which will receive a pro-rata increase. The statement also confirms that active LGPS CARE accounts will increase on 1 April 2021 by 0.5 per cent. Active CARE accounts in the other public service schemes will increase as follows:

- Police Pension Scheme: 1.75 per cent
- Firefighters' Pension Scheme: 2.4 per cent
- Civil Service Pension Scheme: 0.5 per cent
- NHS Pension Scheme: 2 per cent
- Teachers' Pension Scheme: 2.1 per cent
- Armed Forces Pension Scheme: 2.4 per cent
- Judicial Pension Scheme: 0.5 per cent.

The Government expects to make the relevant annual revaluation orders in March 2021.

The PDP publishes dashboard data standards

On 15 December 2020, the Pensions Dashboard Programme (PDP) published the key data standards which will underpin pensions dashboards.

Data standards provide a common language to describe the pensions information that will be found and displayed on the dashboards. Pension schemes will need to make sure that their data is consistent with the standards, so that members can access this through the dashboards. With onboarding to dashboards expected from 2023, the PDP urges all schemes to start preparing their data now.

The PDP consulted on the data standards over the summer. You can read the consultation and our response on the non-scheme consultations page of www.lgpsregs.org and on the non-scheme consultations page of www.scotlgpsregs.org.

The PDP will be running webinars in 2021 outlining the data standards in more detail.

The PDP publishes blog setting out plans for 2021

Chris Curry, PDP Principal, released a blog setting out PDP's plans for the year ahead on 12 January 2021. This includes beginning various procurement processes (such as procuring a delivery partner to build the dashboards ecosystem), developing their onboarding strategy and continuing research projects (such as research to further define user needs and expectations).

December 2020 National LGPS Technical Group meeting

The National LGPS Technical Group met virtually on 10 December 2020.

The Group –

- was updated on the National Insurance database, cost control process, McCloud consultation, exit payment changes, local valuation cycle, GMP equalisation, employer flexibility guidance and GAD guidance
- discussed the exit payment changes, McCloud, death grant decision-making, independent financial advice and AVCs.

You can read the minutes from the meeting on the:

- Technical group page of www.lgpsregs.org
- Technical group page of www.scotlgpsregs.org.

Coronavirus Job Retention Scheme extended

On 17 December 2020, the Government announced an extension to the Coronavirus Job Retention Scheme (CJRS). Commonly known as 'furlough', the CJRS will now run until the end of April 2021. Furloughed employees will receive 80 per cent of their current salary for hours not worked, up to a maximum of £2,500 per month. Employers will be asked to cover National Insurance and employer pension contributions for hours not worked.

November 2020 LGPC meeting

The Local Government Pension Committee (LGPC) met virtually on 2 November 2020. The main items covered were the exit payment reforms and the McCloud consultation.

You can read the draft minutes from the meeting on the:

- LGPC meetings page of www.lgpsregs.org
- LGPC meetings page of www.scotlgpsregs.org.

Winter edition of the National LGPS Frameworks News Bulletin

The National LGPS Frameworks issued edition four of their News Bulletin in December 2020, which covers:

- an update on the new Global Custody Framework, which they expect to launch in February 2021
- an update on the third Actuarial, Benefits and Governance Framework, which they expect to replace the existing framework in June 2021
- a reminder of the ten frameworks currently available
- a request for feedback on the Pensions Administration Software Framework
- a request for thoughts and ideas on services that should be included in a new stewardship framework
- an update on the team's COVID-19 working arrangements.

Transfer forms survey

Jayne Wiberg emailed administering authorities in England, Wales, Scotland and Northern Ireland on 11 January 2021 asking them to complete a short survey letting us know how they use the transfer declaration forms. The survey closes on 31 January 2021 and a link to the survey was included in the email.

Later this year, we intend to review and refresh the transfer declaration forms. The results of the survey will help inform this work.

You can access the current version of the forms at:

- Administrator guides and documents page of www.lgpsregs.org
- Administrator guides and documents page of www.scotlgpsregs.org.

Action for administering authorities

Please respond to the survey by 31 January 2021.

Digital engagement survey

Rachel Abbey emailed administering authorities in England, Wales, Scotland and Northern Ireland on 4 January 2021 asking them to complete a survey about how they are using member portals. The survey closes on 31 January 2021 and a link to the survey was included in the email.

The LGPC Secretariat and the Communication Working Group will use the feedback to produce a guide that includes:

- examples of best practice
- successful initiatives to increase sign-up rates for the portal

- what features have been most popular with users
- the resources and timescales involved in launching the portal.

Action for administering authorities
Please respond to the survey by 31 January 2021.

Training

Training survey

We recently emailed administering authorities in England and Wales inviting them to complete a training survey telling us how they use our training service and what their preferences are going forward. We will use the results to inform our training plan for the next 18 months. It closes on 9 February 2021 and should only take about six minutes to complete. Thanks to all the authorities who have already replied.

Action for administering authorities
Please respond to the training survey by 9 February 2021.

Wider landscape

Eversheds Sutherland publishes document on facilitating financial advice

In December 2020, Eversheds Sutherland published the document 'Helping you navigate the storm – Facilitating financial advice for DB scheme members considering transferring out'.

In December 2019, Eversheds Sutherland co-wrote a policy paper with Royal London, which we covered in Bulletin 192. The paper sought to give advice to DB schemes on facilitating financial advice for members looking to transfer out.

Eversheds Sutherland has revisited the topic as they feel that several factors have made it even more critical for schemes than it was a year ago.

Government updates Brexit pension guidance

The Government has updated the Brexit pension guidance to reflect that the State Pension will continue to be increased while the person is resident in the EU and that the transition period has ended.

The guidance explains the rights of UK nationals in the EU, the European Economic Area or Switzerland to benefits and pensions now that the UK has left the EU.

Government to extend dormant asset scheme to include pensions

After initially deciding against extending the dormant asset scheme to include pensions, the Government confirmed on 11 January 2021 that it now intends to do so.

Since 2011, the dormant assets scheme allows participating firms to voluntarily pass on funds from dormant UK bank and building society accounts (cash accounts with at least 15 years of customer inactivity) to an authorised reclaim fund to be used for good causes. Customers can reclaim their money.

In 2020, the Government ran a consultation on expanding the dormant assets scheme to include other dormant financial assets. The consultation originally ruled out including pensions. On 11 January 2021, the Government responded to the consultation, announcing that it now intends to include certain dormant pension policies. The response, though, confirms that assets under occupational pensions will be excluded at this time.

The Government will implement the changes by primary legislation and the response confirms that they intend to do so when parliamentary time allows.

Occupational Pension Scheme Survey 2019

The Office for National Statistics published the Occupational Pension Scheme Survey in the UK: 2019 on 13 January 2021. The survey sets out the annual data on membership, contribution rates and benefits for occupational pension schemes in the UK.

FCA publishes DB transfer advice tool

On 15 January 2021, the Financial Conduct Authority (FCA) published the Defined Benefit Advice Assessment Tool.

The purpose of the tool is to allow the industry to understand how the FCA assesses advice suitability given before October 2020. The FCA will publish an updated tool reflecting the October 2020 changes (some of which we covered in Bulletin 199) in the coming months.

Teachers' pension scheme grant

The Government updated its guidance for further education providers on 21 January 2021, covering the teachers' pension grant for the financial years 2019 to 2020 and 2020 to 2021.

Minister outlines path ahead for pensions in 2021

The Pensions Minister, Guy Opperman, set out the path ahead for pensions in 2021 in an article written for Pensions Age.

The article sets out that the Minister's focus will be to –

> "…deliver on the essential measures included in the Pension Schemes Bill to create a safer, better and greener pensions system in the United Kingdom."

Useful links

LGA Pensions page

LGPS member website (England and Wales)

LGPS member website (Scotland 2015)

LGPS Advisory Board website (England and Wales)

LGPS Advisory Board website (Scotland)

LGPS Regulations and Guidance website (England and Wales)

LGPS Regulations and Guidance website (Scotland)

Public Sector Transfer Club

Recognised Overseas Pension Schemes that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

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Further information

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LGPC Bulletin 206 – February 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

Foreword

This bulletin contains important updates for administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

This bulletin contains important articles on:

- Exit payment cap disapplied from 12 February 2021
- A new technical guide covering non-Club transfers out

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales Scheme Advisory Board (SAB)

HM Treasury Directions disapply exit payment cap

On 12 February 2021, HM Treasury [HMT] published the Exit Payment Cap Directions 2021 [the Directions]. The Directions disapply regulations 3, 9 and 12 of the Restriction of Public Sector Exit Payment Regulations 2020 [the 2020 Regulations] with immediate effect. This means the exit cap does not apply to exits that take place on or after 12 February 2021.

HMT has provided further information in the Restriction of Public Sector Exit Payments: Guidance on the 2020 Regulations [the Guidance]. HMT confirms in the Guidance that:

> "the Government has concluded that the Cap may have had unintended consequences and the [2020] Regulations should be revoked. HMT Directions have been published that disapply the Cap until the Regulations have been revoked."

The Guidance confirms that HMT expects employers to pay the additional sums that would have been paid, had the exit cap not applied in respect of employees who left between 4 November 2020 and 11 February 2021.

Exits between 4 November 2020 and 11 February 2021

The SAB sought legal advice on exits that occurred while the 2020 Regulations were in force. Based on that advice, the SAB recommends that administering authorities:

- may pay unreduced benefits to all members who left during this period due to redundancy or business efficiency at age 55 or over
- should request the full strain cost of paying unreduced benefits from the Scheme employer, and
- should not seek to adjust the unreduced benefits or the strain cost payable by the Scheme employer to reflect any cash alternative payment the employer has paid.

You can read the full SAB commentary on the legal advice on the Public Sector Exit Payments page of the SAB website. The page also includes useful background information on the introduction of the exit cap and the latest developments.

Employer and administering authority information notes updated
We have updated the employer and administering authority information notes now that the 2020 Regulations have been disapplied and to incorporate the SAB recommended approach. You can find version 3.1 of the information notes on the Administrator guides and documents page and Employer guides and documents page of www.lgpsregs.org.

We published versions of the information notes in January and February - version 3.0 of the employer notes and versions 2.1 and 3.0 of the administering authority information notes. It is important that you refer to the latest version of the notes. However, if you want to see earlier versions of these documents, or any of our other guides, you can find them by selecting Status – Old in the 'Filters' menu on the right hand side of the Administrator guides and documents page or Employer guides and documents page.

Action for administering authorities
Redundancy or efficiency exits of members aged 55 or over from 12 February 2021: pay unreduced benefits and request the full strain cost from the employer. You will need to contact any members who have been offered a choice between deferred or fully reduced benefits and advise them that they must take unreduced benefits from the day after leaving.

'Capped' exits before 12 February 2021: if you have chosen to follow the approach recommended by the SAB, pay unreduced benefits and request the full strain cost from the employer.

Share details of the updated Exit cap employer information note with your Scheme employers.

Exit payment reform – looking ahead
The Government confirmed in the Guidance that "HM Treasury will bring forward proposals at pace to tackle unjustified exit payments". We understand that MHCLG plans to introduce further changes to exit payments following the recent MHCLG consultation on reforming local government exit pay. MHCLG has confirmed that it will consult again on further reforms to exit payments before any changes are made.

The Government has not confirmed when the exit cap or further reforms will be introduced. We do not expect any changes in the next few months due to the time it will take to consult and make changes to legislation.

Public sector employers planning future workforce reform will need to be aware that:

- an exit cap may be in force later in 2021, and
- MHCLG may introduce further reforms to exit pay when the exit cap is re-introduced.

Administering authorities should continue to provide strain cost estimates for future redundancies or business efficiency exits to employers. We recommend that you include warnings about possible future reforms to exit payments when you provide these estimates.

We will share any information about timescales and further developments with you as soon as we receive it. You can visit the Public Sector Exit Payments page of the Board's website for the latest and background information on exit payment reform.

Exit cap survey

We would like to extend our thanks to the representatives of 54 administering authorities who completed the exit cap survey. Almost 80% said that they were following the earlier SAB advice to offer a choice of fully reduced or deferred benefits when the exit cap meant that an employer could not pay a full strain cost. The responses from the remaining 20% suggest that either no exits had exceeded the cap, or that they had taken an approach very similar to the SAB recommended approach.

Update from SAB meeting held on 8 February 2021

The SAB met virtually on 8 February 2021. The Board discussed:

- the Government's response to the consultation on changes to the transitional arrangements in the unfunded public sector schemes – the McCloud remedy
- the impact of the McCloud remedy on the cost cap arrangement
- the exit payment cap (the meeting took place before HM Treasury issued the Directions to disapply the cap - see the previous article for the latest information)
- the Board's workplan and budget for 2021/22
- progress on the development of the responsible investment A to Z website
- an action plan based on the final Good Governance report prepared by the project team at Hymans Robertson.

You can read a more detailed summary of the meeting on the Board updates page of the SAB website. The board meetings page includes full details of the meeting and agenda papers.

Final Good Governance report published

On 15 February 2021, SAB published Good Governance: Phase 3 Report which was produced by the Hymans Robertson project team. The Phase 3 report provides further details on some of the recommendations that were included in the Phase 2 Report. The two reports should be read in conjunction. The Phase 3 report provides further detail on the following recommendations, among others:

- **The LGPS senior officer:** a single named officer who is responsible for the delivery of LGPS activity for a fund. The report covers the core functions of the role, the personal competencies needed to fulfil the role successfully and how the role could be incorporated into different organisational structures.

- **Conflicts of interest:** all administering authorities should publish a conflicts of interest policy that is specific to the LGPS. That policy should cover how it identifies, monitors and manages any conflicts. The report includes more detail on what LGPS-specific areas should be covered by the policy.

- **Representation:** each administering authority must publish a policy on how scheme members and non-administering authority employers are represented on its committees. This should include the reasoning behind that policy.

- **Skills and training:** introduce a requirement for key individuals, such as pension committee members and section 151 officers, to have the appropriate level of knowledge and understanding to carry out their duties efficiently. The administering authority must publish a training strategy that sets out its policy on delivery, assessment and recording of training plans.

- **Service delivery:** regulation change to make it compulsory for an administering authority to publish an administration strategy. This proposal is being taken forward by the Cost Management, Benefit Design and Administration Committee.

- **KPIs:** that focus on ensuring that each administering authority has defined service standards and has the governance in place to monitor those standards.

- **Business planning process:** the senior officer and committee must be satisfied with the resource and budget allocated to administer the LGPS each year. Required expenditure should be based on the business plan for the coming year, not the budget for the previous year with an inflationary increase.

At the SAB meeting on 8 February 2021, the Board agreed that the Chair should submit the Board's Good Governance Action Plan to the Local Government minister for consideration. The Action Plan sets out:

- changes that MHCLG could take forward by amending regulations or producing statutory guidance
- work associated with the changes made by MHCLG that could be done by the SAB or other bodies
- actions that SAB can take to improve governance and administration immediately, regardless of which changes are progressed by MHCLG.

You can find more information about this project and useful links on the Good Governance Project page of the Board's website.

SAB publishes draft guide to employer flexibilities

The SAB published a draft guide to employer flexibilities on 22 February 2021. The SAB has published the guide for information only at this point. The SAB will finalise and publicise the guide after MHCLG publishes statutory guidance covering employer flexibilities.

As we reported in Bulletin 202, the LGPS (Amendment) (No. 2) Regulations 2020 introduced increased flexibility when dealing with exiting employers, and the ability to review employer contribution rates between valuations. The purpose of the draft guide is to assist administering authorities to use these new flexibilities appropriately. The draft guide provides information, examples and options associated with the flexibilities. It also sets out:

- matters for administering authorities to consider when setting policies
- the data and information which may be needed
- the roles and responsibilities of all parties during the implementation of the flexibilities.

LGPS England & Wales

Election of a Mayor for the West Yorkshire Combined Authority

The West Yorkshire Combined Authority (Election of Mayor and Functions) Order 2021 [SI2021/112] was made on 29 January 2021. The Order provides for a directly elected Mayor for the West Yorkshire Combined Authority, with the first election to be held in May 2021.

The Order transfers assets and liabilities from the Police and Crime Commissioner for the area to the Combined Authority, including pension liabilities. The Order modifies the LGPS Regulations 2013 with effect from 10 May 2021 meaning that:

- no exit payment is due and the administering authority does not need to obtain a rates and adjustment certificate when the exiting employer is the Police and Crime Commissioner for the area (Schedule 5, Part 2, paragraph 56)
- the Police and Crime Commissioner for West Yorkshire is removed as a Scheme employer (Schedule 6, paragraph 28).

We will update the Timeline regulations on www.lgpsregs.org in advance of these modifications taking effect.

LGPS Scotland

SPPA publishes Circular 2021/1 – PI Review and revaluation order

On 25 January 2021, SPPA published Circular 2021/1. SPPA confirms in the circular that:

- deferred pensions and pensions in payment will increase by 0.5% from 12 April 2021
- the in-service revaluation for the CARE scheme in respect of 2020/21 will be 0.5%.

You can find this circular and past circulars on:

- the SPPA circulars and guidance page of www.scotlgpsregs.org, and
- the LGPS Circulars page of the SPPA website.

Increasing working hours after flexible retirement

SPPA has received a number of queries about members who have previously flexibly retired being asked to increase their working hours to assist with the response to the pandemic. On 9 February 2021, Kimberley Linge emailed all Scottish administering authorities to let them know the SPPA view. A summary of the position is:

- regulation 29 of the LGPS (Scotland) Regulations 2018 only requires that the member reduces working hours or grade of an employment
- the regulations do not prevent the member from later increasing their working hours, nor do they impose any sanctions if they do
- as set out in regulation 58(1) of the LGPS (Scotland) Regulations 2018, each employer must have a written policy on flexible retirement
- some employers have asked members who have flexibly retired to increase their working hours to assist with the response to the pandemic
- the employer is meeting the cost of paying the pension, and will meet the cost related to the pension building up after flexible retirement
- employers are within their rights to waive their own policy, if this would otherwise prevent the member from increasing working hours after flexible retirement
- employers may wish to take this opportunity to review their flexible retirement policies relating to members increasing their working hours following flexible retirement, particularly during a national emergency.

HMRC

HMRC publishes Pension schemes newsletter 127

On 3 February 2021, HMRC published Pension schemes newsletter 127. HMRC confirms in the newsletter that practitioner registration and authorisation features will be available on the Managing Pension Schemes service from March 2021. HMRC will provide more information on these features and the authorisation process in a future newsletter.

The Pension Schemes (Qualifying Recognised Overseas Pension Schemes) (Gibraltar) (Exclusion of Overseas Transfer Charge) Regulations 2021 [SI2021/89] were laid on 28 January 2021. The regulations are in force from 18 February 2021 and take effect from IP completion day - 31 December 2020.

Pension transfers to a European Economic Area (EEA) state are not subject to the overseas transfer charge. Gibraltar is not an EEA state but was treated as one during the transition period by virtue of the Treaty on the Functioning of the EU. The effect of these new regulations is that recognised transfers to a QROPS established in Gibraltar are treated in the same way as they were before the UK left the EU: they are not subject to the overseas transfer charge.

HMT

HMT responds to McCloud consultation

HM Treasury (HMT) published its response to the consultation on changes to the transitional arrangements to the 2015 schemes on 4 February 2021. This response is in respect of the unfunded public service pension schemes only. Changes to the LGPS were consulted on separately. We expect MHCLG to make a written statement in relation to the consultation on changes to the underpin in the LGPS in England and Wales in the next two months.

The response confirms:

- the Government will proceed with deferred choice underpin (DCU) to remove the unlawful age discrimination identified in the McCloud judgment
- all eligible members will be members of the legacy, final salary schemes for the remedy period
- the remedy period runs from 1 April 2015 to 31 March 2022
- schemes will have until 1 October 2023 at the latest to move eligible members to the legacy scheme, but a scheme can specify an earlier date in their regulations
- members will be able to choose, on retirement, whether to take legacy or reformed scheme benefits for the remedy period
- members who have already retired, or retire before the remedy is implemented will be offered the same choice as soon as possible
- the legacy schemes will close for new accrual from 31 March 2022, but the final salary link will remain in operation
- employees who continue in service after 31 March 2022 will do so as members of the reformed schemes
- moving schemes retrospectively may have implications for the amount of contributions due and the associated tax relief, the level of pension in payment and income tax payable, and a member's annual allowance position
- the tax position for members who are paid or must pay additional amounts as a result of moving schemes

- interest will be added to amounts owed to schemes or to members, and appropriate rates of interest will be prescribed centrally to ensure consistency
- there are complications where members who have paid additional contributions, particularly additional contributions to offset the increase in normal pension age which will be addressed in scheme-level consultations
- schemes will have to provide two sets of figures for the remedy period in annual benefit statements of members who will be offered DCU – benefits under both the reformed and legacy schemes
- special arrangements related to ill health retirements, death cases, divorces, abatement and contingent decisions
- members who move from one unfunded scheme to another and transfer their pension (including those who do so more than once) will retain the right to make a deferred choice on the remedy period when they retire
- the Government will bring forward new primary legislation to provide the powers to deliver these changes
- there will be further consultations on the changes needed to scheme regulations to implement these policies.

We await further details on how transfers between unfunded schemes and the LGPS will operate.

The consultation response was accompanied by a written ministerial statement made by Steve Barclay, the Chief Secretary to the Treasury. The statement provides background to the introduction of transitional protections, the legal challenges and the consultation.

Any readers who are involved in the administration of the Firefighters' Pension Schemes may also find the following links useful:

- the age discrimination remedy page of www.fpsregs.org
- Home Office guidance on the consultation response.

Update on cost control mechanisms and the 2020 valuations

Alongside the McCloud consultation covered in the previous article, the Government announced Updates on the 2016 and 2020 Valuations and cost control mechanism:

- The cost control element of the 2016 valuations will now be completed using DCU to establish the cost of implementing the McCloud remedy.
- There will be no reduction to member benefits as a result of completing the 2016 valuation if the cost ceiling is breached.

- If the cost floor is breached, this will be honoured by implementing increases in benefit accrual and/or reductions in member contributions from 1 April 2019.
- Any change in employer contributions in the unfunded schemes triggered by the 2020 valuations will take effect from 2024 instead of 2023.

The SAB has confirmed that discussions on the Board's own cost management arrangement for the LGPS in England and Wales will remain paused until HMT publishes a final version of the Directions to be used for the 2016 valuation.

HMT will publish a new set of draft Directions outlining the policy detail for the 2020 valuations in due course. The Directions will set out the process for schemes to follow to issue results for the 2020 valuations and provide more detail on how remedy costs are to be calculated.

Consultation: Implementing the increase to the minimum pension age

On 11 February 2021, HMT published Increasing the normal minimum pension age: consultation on implementation. In 2014, the Coalition Government consulted on increasing the normal minimum pension age (NMPA) from 55 to 57 from 6 April 2028 as part of the Freedom and choice in pensions consultation. The current consultation re-confirms the Government's commitment to increasing the NMPA. The increase will not apply to members of the firefighters', police and armed forces pension schemes.

The consultation seeks views on:

- the implementation of the rise in NMPA, and
- protections for pension scheme members: members of registered pension schemes who have a right under the scheme rules to take benefits before age 57 at the date of this consultation will be protected from the increase in NMPA.

We will respond to the consultation and share that response with you before the closing date of 22 April 2021.

HMT responds to RPI reform consultation

On 2 February 2021, HMT and the UK Statistics Authority (UKSA) published a joint response to the consultation on Reform to the Retail Prices Index (RPI) methodology. You can read about the launch of the consultation in Bulletin 196.

The response confirms the Government's intention to bring the methods and data sources of the Consumer Prices Index including owner occupiers' housing costs into RPI. However, this proposal requires the consent of the Chancellor to be implemented before 2030, owing to the use of RPI in two specific index-linked gilts.

The Chancellor has announced that he is unable to offer his consent to the changes before the final specific index-linked gilt matures in 2030. The UKSA has confirmed that it intends to implement the proposed changes at the earliest date that it is legally and practically possible to do so – from February 2030.

Trustees of large occupational pension schemes are considering whether to apply for a judicial review of the decision to align RPI with CPIH. The trustees have until 7 April 2021 to decide whether to apply.

TPR

TPR podcast on pension scams

On 10 February 2021, the Pensions Regulator (TPR) published a new podcast: TPR talks pension scams. The podcast is the first in a series of TPR talks podcasts.

In this first podcast of the series, Margaret Snowdon - Chair of the Pension Scams Industry Group, and Nicola Parish - Executive Director of Frontline Regulation, join TPR to discuss the threat of pension scams.

TPR pension scams pledge webinar

TPR will be delivering a Webinar: pledge to combat pension scams on 31 March 2021 at 2.30pm. Please use the link above to find out more about this event and book your place.

TPR blog on the Pension Schemes Act

TPR has published a new blog about the Pension Schemes Act 2021. David Fairs, TPR's Executive Director of Regulatory Policy, Analysis and Advice considers the most important impacts of the Act.

Other news and updates

Aon launches LGPS cyber scorecard

Aon has launched a free cyber scorecard to help LGPS administering authorities in the fight against the increasing risk of cybercrime. The scorecard will enable administering authorities to benchmark their approach to managing cyber risks against what other authorities have done.

The LGPS Cyber Scorecard questionnaire consists of multiple choice questions in 10 key areas and will take around 30 minutes to complete. They are not technical questions and senior pension fund officers should be able to answer most of them without much difficulty. Some may require combined input from those involved with the investment, administration and governance aspects. You will not be able to save your responses part way through completing the assessment. Aon can provide a pdf of the questions so that you can prepare your answers before accessing the survey online. Please contact laura.caldwell@aon.com for a pdf copy of the questions.

Participating in the assessment is free. On completion, Aon will provide a report that includes:

- an overall score
- a breakdown of the 10 key areas
- a comparison of your results against other administering authorities that have completed the assessment.

The results can give you comfort that your management of cybercrime risk in some areas is ahead of others, and help you understand areas that require further attention to improve cyber resilience. If you would like more information on your results, Aon can provide a more detailed commentary and a meeting with one of their pensions cyber specialists.

If you have any questions or would like any further details, please contact laura.caudwell@aon.com.

PDP Call for Input on identity approach

On 18 February 2021, the Pensions Dashboards Programme (PDP) published a Call for Input from data providers on the identity approach. The Call for Input closes on 19 March 2021.

In 2020, the PDP carried out a discovery phase for the identity service, which will verify that dashboard users really are who they say they are. As part of the discovery, they undertook a market engagement exercise with identity providers. The resulting insight informed the approach and the upcoming procurement for the identity service.

PDP needs to verify this approach with data providers, to understand the level of assurance they will require to release data to the users.

We encourage all administering authorities to respond to the Call for Input. The LGA will respond to the call for input and share that response in advance of the closure date.

The Pension Schemes Act 2021 receives Royal Assent

On 11 February 2021, the Pension Schemes Act 2021 (the Act) received Royal Assent. The provisions within the Act will come into force when the Secretary of State makes regulations for them to do so. The Act paves the way for:

- the introduction of Collective money purchase schemes
- the creation of Pensions Dashboards
- the introduction of new powers for TPR concerning employer debt
- the introduction of a requirement to assess, manage and report on climate-related risks
- amendments concerning:
    - funding for defined benefit schemes
    - extra conditions that members must satisfy before they are able to transfer out their LGPS benefits, and
    - pension protection fund and administration charges.

The provisions of the Act that will affect the LGPS include:

Climate risk reporting

On 27 January 2021, the Government launched a consultation on draft regulations entitled Taking action on climate risk: improving governance and reporting by occupational pension schemes. The regulations would require trustees of pension schemes in scope to meet the climate change governance requirements that underpin the 11 recommendations of the Taskforce on Climate-related Financial Disclosures, and to report on how they have done so. The government is also consulting on draft statutory guidance to accompany the regulations.

The regulations will not apply to the LGPS. However we expect MHCLG to bring forward regulations which substantially mirror the requirements set out in the consultation document.

Pensions Dashboards

Administering authorities can use the PDP data standards guide to identify any data gaps. Administering authorities should take action to improve data quality to ensure that they are ready to supply the right information to the dashboards once they are live.

Transfers out
We are waiting for secondary legislation to fill in the detail of the extra conditions members must satisfy before they are able to transfer out their LGPS benefits.

You may find Eversheds Sutherlands Guide to the Pension Schemes Act useful.

Transfer out: Non-Club technical guide

On 15 February 2021, Jayne Wiberg emailed administering authorities letting them know that we have published a brand new technical guide. This covers the transfer of LGPS benefits to a non-Club registered pension scheme. We have also created a generic information letter that meets the one month notification requirements set out in regulation 8 of the Pension Schemes Act 2015 (Transitional Provisions and Appropriate Independent Advice) Regulations 2015.

You can find the Transfer out: Non-Club technical guide and Transfers out: Initial enquiry form on the:

- Administrator guides and documents page of www.lgpsregs.org and
- Administrator guides and documents page of www.scotlgpsregs.org.

The guide covers:

- cash equivalent transfer values for deferred and pension credit members
- cash transfer sums for deferred refund members.

We intend to produce a leaflet containing much of the generic information administering authorities are required to include when they issue a statement of entitlement. Until we publish that leaflet, please refer to the guide and make sure that you supply the required information when you issue a statement of entitlement.

Thank you to everyone who responded to the recent survey we conducted on how you use the transfer declaration form templates. We will use your feedback as we revise these templates. We will let you know when we publish the new transfer declaration forms later in 2021.

Action for administering authorities
Review your transfer processes and correspondence to make sure that you are complying with the rules and supplying the correct information to members considering transferring their benefits.

Training

Training survey

We would like to thank everyone who completed the recent training survey. The survey is now closed.

Respondents told us:

- face to face training at a venue arranged by the LGA was the preferred delivery method for training
- online delivery was the second most popular option
- some authorities find it difficult to book places as courses tend to sell out very quickly
- the courses that are most in demand are Aggregation and Transfers
- topics that were the most popular for new courses are Lifetime and Annual Allowances
- they are strongly in favour of the introduction of bitesize training modules for administering authorities.

These responses have been incorporated into our training strategy for 2021/22:

- we will continue to offer online training only until the end of August
- we will start to offer face to face training once it is safe to do so, but will deliver online courses alongside in-person training
- we have increased the maximum number of attendees at our online practitioner training events from 10 to 12
- we will make every effort to ensure that all those who want a place at a training course can get one by running additional sessions when demand is high
- we intend to develop Annual and Lifetime Allowance practitioner training this year
- we will consider the best way to deliver bitesize training for administering authorities.

Practitioner training in 2021

We are currently finalising our training programme for the first half of 2021. We will be delivering one day practitioner courses covering Aggregation and Transfers. We will also deliver Employer role training.

Please visit the LGA Events page for details of training courses that are currently open for booking. Use the ‘Filter by topics’ field to select Pension events.

Wider landscape

ICSWG trustee guide for assessing consultants' climate competency

The Investment Consultants Sustainability Working Group (ICSWG) has launched a guide to support trustees assess their investment consultants on climate competency and help raise investment consultants' standards.

NHS Pension Scheme consultation

On 28 January 2021, the Department of Health and Social Care published a consultation on changes to the NHS pension scheme regulations. Proposed changes include:

- equalising the entitlement to survivor pensions for male survivors of female scheme members
- removing certain amendments to the 1995 Section Regulations made by the Civil Partnership (Opposite Sex Couples) Regulations 2019
- ensuring that payments and allowances under the New to Partnership Payments Scheme are treated as non-pensionable earnings
- reforming the final pay control provisions of the 1995 Section Regulations.

The consultation closes on 8 April 2021.

Government responds to consultation on flexibility in the NHSPS

On 5 February 2021, the Department of Health and Social Care responded to the NHS Pension Scheme (NHSPS): increased flexibility consultation. You can read about the launch of the consultation in Bulletin 189.

The Government has concluded that additional flexibilities are not needed because the Chancellor raised the income threshold for tapering from £110,000 to £200,000 in the 2020 budget. Increasing the taper thresholds achieved the same aim as the proposed flexibilities.

PASA publishes GMP equalisation guidance on tax issues

On 15 February 2021, the Pensions Administration Standards Association (PASA) launched new guidance. The GMP Equalisation Group Guidance on tax issues highlights tax issues which pension schemes may encounter in adjusting benefits to correct for the inequalities of GMPs and identifies possible approaches for dealing with those issues.

We await further guidance from MHCLG and GAD on how GMP equalisation will be achieved in the LGPS.

Guidance on Teachers' Pension grants updated

The Department for Education has updated its Guidance on pension grants for schools, local authorities and music hubs. The guidance has been updated to clarify the position for the 2021/2022 financial year for institutions not paid through the national funding formulae.

Legislation

Acts

Pension Schemes Act 2021

Statutory Instruments

The Pension Schemes (Qualifying Recognised Overseas Pension Schemes) (Gibraltar) (Exclusion of Overseas Transfer Charge) Regulations 2021 [SI2021/89]

The West Yorkshire Combined Authority (Election of Mayor and Functions) Order 2021 [SI2021/112]

Useful links

LGA Pensions page

LGPS member website (England and Wales)

LGPS member website (Scotland 2015)

LGPS Advisory Board website (England and Wales)

LGPS Advisory Board website (Scotland)

LGPS Regulations and Guidance website (England and Wales)

LGPS Regulations and Guidance website (Scotland)

Public Sector Transfer Club

Recognised Overseas Pension Schemes that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

Jeff Houston (Head of Pensions)
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Further information

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Brent	**Pension Board** 23 March 2021
	Report from the Director of Finance

Brent Pension Board Terms of Reference and Conflicts of Interest policy

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Two 1. Terms of Reference 2. Conflicts of interest policy
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst

1.0 Purpose of the Report

1.1 This report presents a review of the Pension Board's terms of reference and conflicts of interest policy.

2.0 Recommendation(s)

2.1 The board is recommended to review and comment on the terms of reference and conflicts of interest policy.

3.0 Detail

3.1 Following the introduction of the Local Pension Board under the Public Service Pensions Act 2013, the Brent Pension Board formally adopted its terms of reference in its meeting in July 2015.

3.2 At the last review, the terms of reference were updated to reflect the knowledge and experience of the Pension Board following its introduction in 2015. This included a further clarification on the purpose, roles, responsibilities and core functions of the board.

3.3 Officers have reviewed the terms of reference for suitability and consider them fit for purpose. Paragraph 10.2 has been amended to reflect Pension Board meetings take place approximately 2 to 4 weeks after a Pensions sub-committee meeting.

3.4 The board is asked to review the review terms of reference attached in Appendix 1 and consider if any changes are required.

3.5 The Public Service Pensions Act 2013 (the 2013 Act) makes it a legal requirement that members of local pension boards do not have a conflict of interest. The current conflicts of interest policy was written in June 2015 in order to fulfil the board's legal obligations under the 2013 Act in identifying, monitoring and managing potential, actual or perceived conflicts of interest.

3.6 The current policy is attached as Appendix 2 and the board are asked to comment on whether the policy is still fit for purpose or if any changes should be considered.

4.0 Financial Implications

4.1 There are no specific financial implications associated with noting this report.

5.0 Legal Implications

5.1 None arising directly from this report

6.0 Equality Implications

6.1 None arising directly from this report

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable for this report.

8.0 Human Resources

8.1 None arising directly from this report

Report sign off:

Minesh Patel
Director of Finance

London Borough of Brent Pension Fund

Terms of Reference

Terms of Reference for the Brent Pension Board

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1. Introduction

1.1 The purpose of this document is to set out the terms of reference for the local Pension Board of the London Borough of Brent Pension fund.

2. Role of the Local Pension Board

2.1 The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to:

- Assist the London Borough of Brent Administering Authority as Scheme Manager;
  - to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
  - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
  - in such other matters as the LGPS regulations may specify
- Secure the effective and efficient governance and administration of the LGPS for the London Borough of Brent Pension Fund.
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

2.2 The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

2.3 The Pension Board will also help ensure that the London Borough of Brent Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

2.4 The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

3. Appointment of members of the Pension Board

3.1 The Pension Board shall consist of 6 members and be constituted as follows:

i) 3 employer representatives;
ii) 3 scheme member representatives;

3.2 There shall be an equal number of Member and Employer Representatives.

3.3 Member representatives

3.3.1 Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund.

3.3.2 Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

3.3.3 Substitutes shall not be appointed.

3.3.4 3 scheme members shall be appointed to the Board and will consist of:

- 2 Trade Union representatives who are members of the scheme.

- 1 pensioner of the Fund shall be appointed following an open and transparent process administered by the Administering Authority with a recommendation to the General Purposes Committee.

3.4 Employer representatives

3.4.1 Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.

3.4.2 Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

3.4.3 Substitutes shall not be appointed.

3.4.4 3 employer representatives shall be appointed to the Board and will consist of:

- 2 elected councillors appointed by the London Borough of Brent.

- 1 employer in the Fund shall be appointed following an open and transparent process administered by the Administering Authority with a recommendation to the General Purposes Committee.

3.5 Members of the Pension Board will be appointed by the General Purposes Committee and no substitutes will be permitted. The term of office for members will run for at least two years, subject to compliance with conditions of employment.

3.6 Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least 3 meetings each year. In the event that a Board member fails to attend 3 consecutive meetings, that individual will automatically be disqualified, unless the failure was due to some reason approved by the Board before the date of the 3rd consecutive meeting.

3.7 Board membership may be terminated prior to the end of the term of office due to:

(a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.

(b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied.

(c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.

(d) A Board member no longer being able to demonstrate to the London Borough of Brent their capacity to attend and prepare for meetings or to participate in required training.

(e) The representative being withdrawn by the nominating body and a replacement identified.

(f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.

(g) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

3.8 The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience.

4. Appointment of Chair

4.1 An independent Chair is to be appointed through an open and transparent process, administered by the Administering Authority, and ratified by the General Purposes Committee. The Chair is a non-voting member of the board. In this respect the term independent means having no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in the Pension fund or not being a member (active, deferred or retired) of the Local Government Pension Scheme in Brent.

4.2 The Chair of the Board:

(a) shall ensure the Board delivers its purpose as set out in these Terms of Reference;

(b) shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered; and

(c) shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

5. Quorum

5.1 The Board shall have a formal quorum when at least 50% of both member and employer representatives are present.

5.2 Advisers and officers do not count towards the quorum.

6. Conflicts of Interest

6.1 All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

6.2 A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

6.3 On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's 'Conflicts of Interest' policy and the requirements of the Code.

7. Board Review Process

7.1 The Board will undertake each year a formal review process to assess how well it and its committees, and the members are performing with a view to seeking continuous improvement in the Board's performance.

8. Advisers to the Board

8.1 The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:

- A Governance Adviser
- The Fund's Actuary;
- The Fund's Administrator;
- The Fund's Legal Adviser;
- The Fund's Investment Adviser(s);
- The Scheme Manager.
- Other advisers, so approved by the Scheme Manager.
- The Pensions Regulator

8.2 The Board shall ensure that the performances of the advisers so appointed are reviewed on a regular basis.

9. Knowledge and Skills

9.1 Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined in paragraph 2 above.

9.2 A member of the Pension Board must be conversant with:

- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
- Any document recording policy about the administration of the LGPS which is adopted by the London Borough of Brent Pension Fund.

9.3 A member of the Pension Board must have knowledge and understanding of

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

9.4 It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.

9.5 In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

9.6 Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.

9.7 Pension Board members will comply with the Scheme Manager's training policy.

10. Board Meetings – Notice and Minutes

10.1 The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Independent Chair of the Board, they shall be circulated to all members.

10.2 There will be at least 3 Pension Board meetings a year to be held per year, approximately 2 to 4 weeks after the Pension Fund Sub-Committee meeting.

11. Remit of the Board

11.1 The Pension Board must assist the Scheme Manager with such other matters as the scheme regulations may specify. It is for scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails.

11.2 In accordance with the Regulations, the Pension Board shall secure compliance with:

- the Regulations
- other legislation relating to the Governance and administration of the LGPS; and
- the requirements imposed by The Pensions Regulator in relation to the LGPS, and
- to ensure the effective and efficient governance and administration of the LGPS.

11.3 In support of its core functions the Board may make a request for information to the Pension Fund Sub-Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.

11.4 In support of its core functions the Board may make recommendations to the Pension Fund Sub-Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

12. Standards of Conduct

12.1 The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct.

These are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

13. Decision Making

13.1 Each voting member of the Pension Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus. The Independent Chair of the Pension Board and any advisors are non-voting members of the Board.

14. Publication of Pension Board information

14.1 Scheme members and other interested parties will want to know that the London Borough of Brent Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.

14.2 Up to date information will be posted on the London Borough of Brent Pension Fund website showing:

- The names and information of the Pension Board members
- How the scheme members are represented on the Pension Board
- The responsibilities of the Pension Board as a whole
- The full terms of reference and policies of the Pension Board and how they operate
- The Pension Board appointment process
- Who each individual Pension Board member represents
- Any specific roles and responsibilities of individual Pension Board members.

14.3 The Board meetings will be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).

14.4 Pension Board papers, agendas and minutes of meetings will be published on the London Borough of Brent Pension Fund website, https://www.brent.gov.uk/pensions. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 2018.

14.5 The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

15. Accountability

15.1 The Pension Board will be collectively and individually accountable to the Scheme Manager.

16. Review of terms of reference

16.1 These Terms of Reference shall be reviewed on each material change to those part of the Regulations covering local pension boards and at least every year.

16.2 These Terms of Reference were reviewed on 23 March 2021.

17. Definitions

17.1 The undernoted terms shall have the following meaning when used in this document:

"Pension Board" or "Board"	Means the local Pension Board for the London Borough of Brent administering authority for the London Borough of Brent Pension Fund as required under the Public Service Pensions Act 2013
"Scheme Manager"	Means the London Borough of Brent as administering authority of the London Borough of Brent Pension Fund.
"Chair"	Means the Independent Chair of the Pension Board
"LGPS"	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 In Scotland; The Local Government Pension Scheme as constituted by the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008, the Local Government Pension Scheme Administration) (Scotland) Regulations 2008, The Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008 and the The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010]
"Scheme"	*Means the Local Government Pension Scheme as defined under "LGPS"*
'Pensions Regulator'	*Means the UK regulator of work-based pension schemes.*
'the Committee'	*Means the committee which has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.*
'the Fund'	*Means the Fund managed and administered by the Administering Authority.*

18. Interpretation

18.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be determined by the Scheme Manager.

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Conflict of Interest Policy – Members of the London Borough of Brent Pension Fund Local Pension Board

Status of this policy

The Public Service Pensions Act 2013 (the 2013 Act) makes it a legal requirement that members of local pension boards do not have a conflict of interest. The Local Government Pension Scheme Regulations 2013 (the 2013 Regulations) have been amended accordingly This policy sets out the principles which members of the London Borough of Brent Pension Fund Local Pension Board are expected to follow in order to fulfil their legal obligations under the 2013 Act in identifying, monitoring and managing potential, actual or perceived conflicts of interest.

Defining Conflicts of Interest

A conflict of interest may arise when a member of a Local Pension Board:

- must fulfil their legal duty to assist the Administering Authority; and
- at the same time has:
    - a separate personal interest (financial or otherwise); or
    - another responsibility in relation to that matter,
- giving rise to a possible conflict with their first responsibility as a Local Pension Board member.

The key issue for a member of the Local Pension Board is to consider whether they are subject to a conflict of interest which prevents them from acting entirely independently in their capacity as a member of the Local Pension Board. It is recognised that from time to time a person may have interests or responsibilities which are not aligned with their responsibilities as a member of the Local Pension Board, but these do not prevent the person from fulfilling their responsibilities as a Board member. This situation may occur when the separate interest is sufficiently immaterial and so does not conflict with the Board member's first obligation to the Local Pension Board.

Policy Objectives

1. To ensure that all members of the London Borough of Brent Pension Fund Local Pension Board comply with their statutory requirements under The Public Service Pensions Act 2013 and associated regulations and guidance.
2. Ensure that all Local Pension Board members are aware of their duty to act independently and carry out their roles to a high ethical standard.
3. Remove any perception that the actions of Local Pension Board members are influenced by the presence of a separate responsibility or interest that conflict with their responsibilities as a Board member.
4. Maintain appropriate records of declared conflicts of interest and manage any potential conflicts to ensure they do not become actual or perceived conflicts of interest.
5. Ensure that public confidence in the governance of the London Borough of Brent Pension Fund is maintained.

Legislative Background

This policy sets out how members of the London Borough of Brent Pension Fund Local Pension Board are expected to manage potential, perceived or actual conflicts of interest arising in relation to their work as a member of that Pension Board.

Regulation 108 of the 2013 Regulations requires that;

> *Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest*

Section 5(5) of the 2013 Act defines a conflict of interest as;

> *A financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).*

The 2013 Regulations allow for elected members to sit on a Local Pension Board. Under the Localism Act of 2011 all elected members will be covered by and subject to their own local authority's code of conduct. Nothing in this policy in any way supersedes or replaces any requirements under an elected member's own authority's code of conduct.

The Regulator's Code of Practice on Conflicts of Interest

The Pensions Regulator has responsibility for regulatory oversight of the governance and administration of public service pension schemes, including the Local Government Pension Scheme and therefore by implication includes regulatory oversight of the Local Pension Board's activities. The Pensions Regulator has published guidance in the form of a Code of Practice part of which is designed to assist Scheme Managers to meet their legal duty in ensuring that Local Pension Board members do not have conflicts of interest.

Perception of Conflicts of Interest

Members of the Local Pension Board should be aware that even if no actual conflict of interest exists it is important to guard against the perception among, for example, Scheme members, the Pensions Regulator, elected members or members of the public that a real conflict of interest exists.

If there is the possibility that a perceived conflict of interest may exist, it should be managed by the Local Pension Board in the same way as a real conflict of interest.

Confidential Information

A member of the Local Pension Board may, by virtue of their employment by an employing authority within the London Borough of Brent Pension Fund, have access to confidential information about their employer.

A member of the Board is not obliged to reveal this information as part of their role on the Local Pension Board.

However, if an affected member considers that the information to which they are party may:

a) adversely affect the London Borough of Brent Pension Fund or an employer within the Fund,

b) reasonably cause the Local Pension Board to interpret a decision by the Pension Committee differently or act in a different way were it to be known at the time and

c) the information will not be made available to the Local Pension board through some other means within such time as the Board is able to fully act upon it,

that Local Pension Board member shall withdraw from all discussion in relation to that issue and notify the Board that a conflict of interest exists. The details of the conflict need not be disclosed.

This scenario may occur where a Board member is aware of legally confidential negotiations around, for example, the takeover of a London Borough of Brent Pension Fund employer which may radically alter that business and have a corresponding effect on its participation in the fund or the size of its liabilities.

Identifying and monitoring Conflicts of Interest

The Role of Individual Members of the Local Pension Board

There is a duty on all prospective Local Pension Board members to declare interests prior to their appointment to the Board.

Members of the Local Pension Board must provide any information requested by the Administering Authority in connection with the Authority's duty to ensure that conflicts of interest do not exist.

Local Pension Board members must be conscious of the need to be open about potential and actual conflicts. Board members should be aware of their statutory obligations in this area as well as being familiar with the Pension Regulator's code of practice and this policy document.

Where a member has declared an interest which has been recorded on the Register of Member Interests it will not typically be necessary to declare that interest at subsequent Local Pension Board meetings unless the materiality of that interest changes in respect of the Board's business.

In cases of exceptional sensitivity a member of the Local Pension Board may make a notification of an interest to the Chair of the Board, rather than to the full Board.

The Role of the Administering Authority

London Borough of Brent Council as the Administering Authority for the London Borough of Brent Pension Fund must be satisfied that any individual appointed to the Local Pension Board does not have a conflict of interest and must also ensure that from time to time no such conflict arises.

London Borough of Brent Council shall consider all applications from potential Local Pension Board members prior to approval in order to ensure that no conflict exists. The potential for a conflict to arise at some point in future will not in itself be reason to exclude an individual from membership of the Local Pension Board, unless the Administering Authority considers that the likelihood of a conflict arising is so high or the conflict itself is likely to arise persistently and frequently enough that it is likely to compromise an individual's ability to participate meaningfully on the Board.

The Role of the Local Pension Board

The Local Pension Board should identify, monitor and manage dual interests and responsibilities which are or have the potential to become actual or perceived conflicts of interest. In determining how to manage conflicts of interest the Local Pension Board must comply with the 2013 Act, The 2013 Regulations, guidance from the Pensions Regulator and this policy document.

When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of a Local Pension Board, the Board should consider obtaining legal advice when assessing any option.

There will be a standing agenda item at all meetings of the Local Pension Board at which members will be asked to declare any interests. The Local Pension Board will ensure that a register of member interests will be kept up to date and be included as part of the papers for each meeting of the Local Pension Board.

Managing Conflicts of Interest

In the event that the Local Pension Board is of the view that a potential conflict of interest may become an actual or perceived conflict in respect of one or more of its members the Board must determine the appropriate mechanism for managing that conflict. The approach taken will depend on the nature and extent of the potential conflict. Some possible methods for the management of potential conflicts are given below.

- Requiring that the member for whom the conflict exists takes no part in discussions or does not vote in respect of the matter for which they are conflicted.
- If practical the member may relinquish or divest themselves of a personal interest which is the source of a conflict of interest with their Local Pension Board responsibilities.
- If the conflict is likely to persistent and ongoing in such a way that it is likely limit a member's meaningful participation in the Local Pension Board, that member should consider resigning from their position.
- The Scheme Manager may remove any individual from the Local Pension Board where they consider there is an actual conflict of interest or a potential conflict which it is impractical to manage.

Adviser and Officer Conflicts

The Local Pension Board will be supported and advised by officers of the Fund in its day to day business. Similarly the Board may, if appropriate, seek independent or professional advice for example, legal advice or governance advice.

The Local Pension Board must be confident that the advice it receives from officers and advisers is independent and truly in the best interests of the London Borough of Brent Pension Fund. For this reason officers and advisers giving advice to the Local Pension Board must also declare any situation where a potential, perceived or actual conflict exists, in order that it can be appropriately managed.

Appendix

Relevant References

2011 Act	The Localism Act 2011.
2013 Act	The Public Service Pensions Act 2013.
2013 Regulations	The Local Government Pension Scheme Regulations 2013 (as amended).
Scheme Manager	The administering authority for the London Borough of Brent Pension Fund, London Borough of Brent Council

Examples of conflicts of interest

The following are intended to be examples of potential conflicts for illustrative purposes. The list is not exhaustive and is not intended to provide all the scenarios in which a conflict of interest may arise.

Example 1

There may be situations where a member of the Local Pension Board who is also an officer for the London Borough of Brent Council or some other employer in the London Borough of Brent Pension Fund faces conflicting priorities by virtue of their two roles. For example, as a Local Pension Board member they may make or scrutinise a decision which requires the use of greater employer resource in order to improve the administration and efficiency of the London Borough of Brent Pension Fund. However, at the same time they may be facing departmental pressure to cut budgets and spend less on pension administration matters.

Example 2

The Local Pension Board is reviewing a decision by the Pension Committee to levy an additional charge under the 2013 Regulations to a group of employers whose poor performance in carrying out their statutory functions in respect of the LGPS has caused the London Borough of Brent Pension Fund additional costs. Any employer representative on the Board, who is employed by an employer who falls into this category, would need to declare their interest and the resulting conflict of interest would need to be managed.

Example 3

It is possible that a scheme member representative is also employed by a firm to whom the Fund's administration has been outsourced. Such a member is likely to face a conflict of interest when the performance of that company in respect of their administration performance is discussed.

Example of where a declared interest may not constitute a conflict of interest

A representative on the Local Pension Board holds shares in a company that provides outsourced pension administration services as part of a varied portfolio. The shares are valued at a few hundred pounds and the company's value is many tens of millions. The Pension board is reviewing the decision to outsource the Fund's administration staff to that company.

In this case the Local Pension Board may consider that on grounds of materiality, no conflict of interest exists. The Local Pension Board is not responsible for the decision and the impact of the outsourcing will have no effect on the company's share price. The Local Pension Board member in question should, however, still declare their interest.

Brent	**Pension Board** 23 March 2021
	Report from the Director of Finance

Brent Risk Register

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Two 1. Risk Register 2. Risk Strategy
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst Saagar Raithatha, Finance Analyst

1.0 Purpose of the Report

1.1 This report presents the updated Risk Register for the Brent Pension Fund Pensions Administration Service.

2.0 Recommendation(s)

2.1 The board is asked to note the overall report including the key changes set out in section 3.5.

3.0 Background

3.1 Effective risk management is the foundation of sound corporate governance and for the LGPS the focus should be on all aspects of the scheme's operation, not just investment matters. Having a strategy and register in place is a way for the scheme manager to identify and manage scheme risks and it is considered good practice to have a strategy and register in place alongside established reporting mechanisms.

3.2 Using guidance from The Pensions Regulator and CIPFA, together with Brent's internal risk management resources, a process was undertaken in 2018 to produce

a risk management strategy that was unique to Brent's circumstances. This involved a workshop that identified all of the relevant risks, assessed those risks in terms of likelihood, understanding risk management and contingency planning, monitoring risks and documentation in a register.

3.3 It is recognised that risk management works well when the administering authority, the Pension Board and employers work together. All parties then understand each other's capacity and appetite for risk. Key elements of this strategy were discussed at a recent working party set up with the scheme manager, administrator and select employers for feedback and comment. The Risk Strategy is attached to this report in Appendix 2.

3.4 It has been agreed in previous Board meetings that the Risk Register would become a standing agenda item at these meetings, with new risks and any changes to classifications of risks being reported to the Board.

3.5 Key changes to the Risk Register:

- Exit Pay Reform – Item 9.3 has been updated to reflect the revocation of the Restriction of Public Sector Exit Payments Regulations 2020.
- Cyber Security – Brent officers have completed a review of the current cyber security policy in place in order to ensure that procedures and processes are up to date in order to safeguard the integrity, confidentiality and availability (ICA) of information.
- A new risk has been added under item 5.7 to capture the transfer of LPP administration systems from Heywoods to Civica. Further details are set out in the appendix.

The board is asked to notify the scheme manager if it disagrees with these classifications and present any new risks that they would like to be considered.

3.6 The revised Risk Register is attached at Appendix 1 and it is proposed to present any changes or updates to this document to the Pension Board at every meeting.

4.0 Financial Implications

4.1 There are no specific financial implications associated with noting this report.

5.0 Legal Implications

5.1 None arising directly from this report

6.0 Equality Implications

6.1 None arising directly from this report

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable for this report.

8.0 Human Resources/Property Implications (if appropriate)

8.1 None arising directly from this report

Report sign off:

Minesh Patel
Director of Finance

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The London Borough of Brent Pension Fund Risk Register 2021

Index	A	B	C	D	E	F	G	H	I	J
1	**Risk Area Disaster Recovery**	**Risk & Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment 1**
1.1	Operational Disaster Recovery Plans Brent	Loss of or unable to access admin systems for: a) Pensions b) Payroll c) Pensioner payroll	1	10	10	Brent Council Business Continuity Procedures	Brent	Annual	2021	Brent Council disaster recovery plan in place
1.11		Pension Systems I.T.	1	10	10	Database of all: a) Advisors b) Suppliers c) Contracts	Brent	Annual	2021	Held as hard copy by Brent Council's Legal Department
1.2	Operational Disaster Recovery Plans LPP	Loss of or unable to access LPP admin systems for pensions	1	6	6	LPP Shared Service Agreement.	LPP	Annual	2021	From 1 October 2018 LPP disaster recovery plan in place as part of their Shared Service Agreement with Brent Council
1.21		LPP Pensions Admin System (Altair) used by Brent Council Employers, Maintained Schools and Academy's	1	6	6	LPP Shared Service Agreement	LPP	Annual	2021	LPP have a recovery plan in place for their pension admin platform Altair (External provider Aquila/Haywood)
2	**Risk Area Business Continuity Planning**	**Risk & Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment**
2.1	Business Continuity	LPP Financial Standing	1	10	10	LPP Service Contract	Brent	Annual	2021	Brent Council discuss LPP budget at regular contract monitoring meetings.
3	**Risk Area Risk Planning**	**Risk & Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment**
3.1	Risk Planning And Monitoring	Not monitoring: a) Risk and the risk plan b) And amending it as required c) Or adding new areas of risk as they appear Will lead to the risk plan being: a) Inaccurate b) Known risks not being accounted for c) No plans to address these risks	1	10	10	Risk Plan	Brent	Annual	2021	The Risk Register is monitoring and reviewed by the Scheme Manager and the Pensions Board. Areas of risk are when required: a) Updated b) Amended c) New risks added if identified
4	**Risk Area Data Security**	**Risk & Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment**
4.1	Data Security	External attack, loss of data, locked out of data, poor internal procedures can lead to an increased risk of attack from: a) outside b) or internal fraud	2	10	20	Brent Council Data Security Procedures	Brent	Annual	2021	Procedures on data security in place, systems kept up to date with latest security updates
4.12		Not backing up data regular using secure backup systems	2	10	20	Data Back Up Procedures.	Brent	Annual	2021	Data is backed up on an incremental basis daily and fully backed up weekly, data kept in secure sites.
4.13		a) Clean desk polices not being adhered to: b) Cabinets left open or not locked c) Documents left out overnight d) Documents left on colleagues desk when they are away e) Computer not locked when operator leaves their desk	2	5	10	Brent Council Data Security Procedures	Brent	Annual	2021	Possibility of: a) Sensitive data being seen by unauthorised persons b) Data theft c) GDPR breached e) Brent Councils reputation put at risk
4.14		Taking laptops away from desk that are not password protected with encryption, using them on public transport Not storing laptops in secure location when not in use	1	5	5	Brent Council Data Security Procedures	Brent	Annual	2021	This can lead to: a) Large losses of sensitive data b) Unauthorised people seeing sensitive data while on public transport c) Breach of GDPR d) Breach of Councils policies and dismissal from service
4.2	General Data Protection Regulations	General Data Protection Regulations (GDPR) came into effect 25 May 2018, failure to comply with GDPR will lead to: a) Complaints b) Data breaches c) Possible fines d) Loss of reputation	1	10	10	Brent GDPR Policies	Brent	Annual	2021	Brent has GDPR policies in place and publishes GDPR privacy notices: a) Online b) Yammer c) In news letters d) In communications to its members, employers, academy's, maintained schools
4.21		Sending sensitive data by email ensuring it will be sent to the right recipient and encrypted, or using a secure transmission system	2	8	16	Brent GDPR Policies	Brent	Annual	2021	Sensitive data being sent to an unauthorised person or business leading to breach of GDPR
4.3	Cyber Security	Unlawful cyber access or attacks could be serious for a scheme and its members, and could in the end result in identity theft, loss of data or even loss of financial assets	3	10	30	Brent Council Data Security Procedures LPP Cyber Security Procedures	Brent	Annual	2021	Both Brent and LPP have significant cyber security policies and procedures in place to prevent and deter cyberattacks. The impact of a cyber attack could be significant, so it is important for these to be permanently up to date. Brent Officers have taken a review of the current cyber security strategy ensuring that extensive measures are in place and up to date in order to safeguard the integrity, confidentiality and availability (ICA) of information.
5	**Risk Area Pension Administration**	**Risk & Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment**
5.1	(Backlog) LPP Pension Administration Post Capita Handover November 2018	Backlog of work from Capita: a) Delay in administrative processing because of incomplete scheme data b) Increased administration costs c) Members benefits being delayed d) Increase in complaints e) Places an unwarranted and costly drain on Brent resources	5	10	50	LPP Shared Service Agreement	Brent	Monthly	Monthly	Extra resource outside of BAU provided by the LPP, phase 1 complete. Plan in place to treat the backlog inherited from Capita is being done as a separate project so resources not take away from BAU administration. Phase 2 under consideration.
5.2	(Scheme Data) Scheme Data Provided to LPP by Capita for: Maintained Schools Academy's Employers	Missing common and Scheme Specific data not provided by employers, maintained schools and academy's leads to delay in progressing administration for members	5	10	50	LPP Data Check November 2018	Brent	Annual	2021	LPP run a test of the data sent by Capita October 2018 Common Data 98% improved from 2017 Scheme Specific data 93% same as 2017
5.3	Record Keeping Planning	Not updating the record keeping plan to take into account changes of circumstances thorough the year could lead to a failure to take corrective action leading to a drop in the quality of scheme data or delays in processing member benefits	5	10	50	RKP 2019	Brent	Monthly	Monthly	Brent record keeping plan to be created to deal with poor common data and scheme Specific data being below requirements as highlighted the LPP November 2018 data check. Phase 1 of data cleanse project is now complete. Officers are working with LPP to identify requirements of phase 2 of the project.
5.4	(Employer Data) Maintained Schools Academy's Employers Supplied Data to Capita	Failure by Maintained Schools, Academy's, Employers to provide data accurately and on time to the LPP results in poor scheme data held by the LPP	5	10	50	PAS 2018	Brent	Annual	2021	Employers to export data monthly to LPP system highlighting data problems by import validation, also reporting from the admin systems of missing files leads to early indication of employers having data problems Training to be provided to employers by the LPP on using the systems and what LPP requires from employers Revised PAS sets out what employer need to be doing

5.5	Loss of Key Staff Members	Specialist nature of the work means there are relatively few staff members with knowledge of the Local Authority Pensions Regulations and Pensions Administration requirements. Significant knowledge gap left if specialist staff leave, likely to cause short-term disruption.	**4**	**8**	**32**	Training Plan	Brent	Annual	2021	Key Officers to ensure processes are documented and knowledge is being passed on to other members of the team, to ensure limited disruption in the event of an unexpected absence or leaving the position. Training events delivered by external parties are available and staff are encouraged to attend External Support is available to mitigate this risk, both from external advisors and LPP who manage the fund's administration
5.6	Impact of Coronavirus (COVID-19)	Increase in staff who are unwell leading to: a) Delays in administrative processing and increase in backlog cases b) Member benefits being delayed c) Increase in complaints d) Difficulties in meeting key deadlines such as year-end Delays in implementing the agreed investment strategy due to volatile financial markets.	**10**	**7**	**70**	Brent Council Business Continuity Procedures LPP Business Continuity Procedures Hymans Robertson Business Continuity Plan (as Fund Actuary and Investment Advisors)	Brent	Ongoing	Ongoing	Situation is being monitored on an ongoing basis. Staff to observe Government and NHS guidance which is being updated on a regular basis. Increased use of flexible and remote working technologies are now in place to enable staff to operate in an efficient and effective manner. The Pensions Administration and Finance team have shifted to working from home. Priority over the last few months has been focussed on ensuring completion of year end activities and priortisation of admin related tasks such as death benefits, retirements including ill health and refunds. The Fund will not experience any issues in payment of member benefits as a result of market movements. The Fund will continue to hold a well-diversified portfolio of investments and maintain a long-term perspective.
5.7	Transfer of LPP Administration System from Heywoods to Civica	Risk in transffering of LPP Admin systems from Heywoods to Civica: a) Delays in timely completion of transfer leading to delayed administrative processing b) Inaccurate transfer of scheme data from one system to the other leading to incorrect calculations of member benefits c) Members benefits being delayed d) Increase in complaints e) Places an unwarranted and costly drain on Brent resources of providing service to its members	**4**	**7**	**28**	Risk and Project Plan	LPP	Ongoing	Ongoing	LPPA has recently been through a procurement exercise for their pension administration system and contracts have been signed with Civica to provide their Universal Pensions Management (UPM) system. The UPM system will replace Altair as well as LPP's workflow management system (CMS), both YourFund employer portals and the My Pension Online member self-service portal. Project PACE is being delivered by a dedicated team of project managers and ringfenced project roles to ensure no impact to the day to day performance of the business. It is expected that Go Live for the Brent Pension Fund will be in September 2022. The project will be spread over 4 phases, initially to deliver UPM to those clients whose Heywood contracts will terminate first. The transfer of this service from Heywood's to Civica while having many benefits will also involve risks that are to monitored regulary by LPP through their Project Plan capturing key dates, task, milestones, risks and controls in place. LPP are to provide Brent officers with regular updates in weekly and monthly meetings to ensure successfful transfer of administrative systems.
6	**Risk Area Plan Events**	**Risk Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment**
6.1	Pension Plan Events Planning	Plan events such as: a) Annual benefits statements b) Year end reporting to the TPR c) Accounting d) Pension increases e) Plan valuations f) All require planning in advance to ensure completion on time	**4**	**10**	**40**	Plan Calendar	Brent	Annual	2021	Plan Calendar to identify events: a) What work is required b) What recourses will be used c) Completion and sign off
6.12		Pension projects such: a) GMP reconciliation b) Changes in legislation that needs to be actioned c) GMP equalised for men and woman	**5**	**10**	**50**	Plan Calendar	Brent	Annual	2021	To allow longer term planning for items such as: a) GMP reconciliation b) New legislation coming in to effect c) Ensure Plan events are completed on time d) Prepare for GMP equalisation
6.2	Active Benefits Statements 2019/20	Failure to have the necessary correct and accurate data will lead to: a) Statements not being sent b) Possible delay sending statements whilst this data is obtained and systems updated	**6**	**10**	**60**	LLP Shared Service Agreement	Brent	Annual	2021	Data improvement being carried out under RKP 2019
6.21		Annual Benefits Statement dependant on: a) Common Data b) Scheme Specific data c) Data being improved from the RKP 2019 (RKP 2019 to be finalised December 2018)	**5**	**10**	**50**	LLP Shared Service Agreement	Brent	Annual	2021	Improvement to common and Scheme Specific data being carried out under RKP 2019
6.3	Deferred Member Benefit Statements 2019/20	Incorrect Statuses, no address, missing data to calculate leads to: a) Statements not being issued b) statement inaccurate c) Incorrect valuation and liabilities for the Plan.	**5**	**10**	**50**	LLP Shared Service Agreement	Brent	Annual	2021	Member data is being dealt with under the 2019 Record keeping Plan
6.4	Year End Return	Failure to complete year end return and submit on time leads to fines	**2**	**10**	**20**	PAS 2018 & Plan Calendar	Brent	Annual	2021	All Plan calendar events to be recorded with plans to ensure they are carried out, better planning for EOY with pro active action to get employers to provide data on time in place. Training session provided to employers to assist completion.
6.5	Admission Agreements	Failure to process an admission agreement within the time frames set on in LGPS regulations can lead to transferring employers pension entitlements being delayed, legal issues stopping the agreement from being implemented and costs incurred that can not be recovered	**5**	**10**	**50**	Internal Controls	Brent	Annual	2021	Process for admission agreements to be strengthened
6.52		Not having procedures and processes to processes and monitor agreements are on track and any reason for delayed identified and acted on could lead to delays in implementation of the agreement	**5**	**10**	**50**	Internal Controls	Brent	Annual	2021	Monitoring for admission agreement to be improved
6.53		Oversight of the legal team and ensuring that they are processing the legal agreements in the time set out in the procedures and requirements of admission agreements is a major factor on processing an admission agreement on time	**5**	**10**	**50**	Internal Controls	Brent	Annual	2021	Overseeing of the legal team on admission agreement by the Scheme Manager to ensure no delays and prompt processing of agreement becomes a priority
6.54		Failure to keep to rules and regulation on admission agreement will require this failure to be reported to the TPR	**5**	**10**	**50**	Internal Controls	Brent	Annual	2021	Breeches log to bring attention of failing and lessons learned in processing admission agreements
7	**Risk Area Auto Enrolment**	**Risk Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment**
7.1	Auto Enrolment	Failure to process auto enrolment on time leads to: a) Member complaints b) Members unable to opt out or in c) Delayed administration d) Possible action by the regulator to improve or be fined	**1**	**40**	**40**	Auto Enrolment Procedures	Brent	2020	2021	Auto enrolment checked monthly for: a) Enrolment b) Opt outs c) Opt Ins d) Auto Enrol Renewal, as part of Brent procedures for pensions and payroll
8	**Risk Area Regulatory**	**Risk & Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment**
8.1	Anti Fraud Initiatives Mortality Existence	Benefits paid to people not entitled to benefits from the LGPS	**2**	**5**	**10**	2019 Anti Fraud Plan	Brent	Annual	2021	Administration processes check for fraud
8.2	Pension Board Training	Pension Board members not having the appropriate degree of knowledge and understanding to perform their duties. Pension Board member not having the right knowledge to make informed decisions and challenge Officers of the Council	**1**	**5**	**5**	Pension Board Training Plan	Brent	Annual	2021	Regular training is provided via a training programme for Pension Board members All Pensions Board members to complete and pass the TPR public pensions course online

8.3	Pension Board Conflict Of Interest	Conflicts of interest must be declared in the Register of Interests Failure to declare an interest can lead to serious consequences and pose a risk to the Plan and possibly member	1	5	5	Conflict of Interest Register	Brent	Annual	2021	The register of interests and other relevant documents are circulated to the Pension Board for ongoing review and are published on the Brent Council's website
8.4	Governance	Failure to have good governance plans in place which are reviewed and monitored can lead to: a) Poor administration b) Increased administration costs c) Poor investment outcomes d) Increased levels of risk e) Not understanding what the risks are and having plans to manage the risk f) Statutory requirements not being met such as: g) Annual benefits statements not being produce and sent out h) Pension saving statements not being produce and sent out i) Year end returns late	1	3	3	Multi areas cover governance: a) Plan Rules b) Business Plan c) PAS 2018 d) Scheme Manager e) Pensions Board f) Pensions Sub Committee.	Brent	Annual	2021	Governance is monitored by: a) Scheme Manager b) Pensions Board c) Pensions Sub Committee d) Internal and External Controls
8.5	Failure to make provision for oversight of the administration of the Plan	Failure to ensure that overall oversight is in place and carried out can lead to: a) Breaches of the law b) Poor administration and record keeping c) Unauthorised payments d) Poor administration being allowed to continue e) Failure to meet deadline on time f) Possible fines g) Fraud to occur h) Loss of confidence and reputation for the Council	1	2	2	The Pension Board assists the Scheme Manager in the provision of oversight of how the Plan is administered	Brent	Ongoing	2021	The oversight of the plan is carried out by the Scheme manger with assistance from the Pension Board
8.6	Discretions	A decision to add pension or disregard a reduction on pension for early payment leads to increased costs to the employer	1	5	5	Chief Financial Officer	Brent	Annual	2021	Discretions under review on early retirement with actuarial reduction, Discretions are covered under LGPS Rule 30 (2&5) In preparing such a statement the Council must have regard to the extent to which the discretions are exercised to avoid a loss of confidence in the service provided
8.7	Data Protection Breaches	Breaches not recorded and failure to report a breach to the regulator can lead to fines and loss of reputation	3	6	18	Breaches Log	Brent	Monthly	Monthly	Breaches log to monitor all breaches and report of breached to the regulator
9	**Risk Plan Funding & Accounting**	**Risk & Outline**	**Likelihood**	**Impact**	**Score**	**Control**	**Owner**	**Test**	**Next Review**	**Comment**
9.1	The Fund's Assets Insufficient To Meet Long Term Liabilities	Pension Fund Assets not sufficient to pay: a) Pension benefits b) Transfers c) Death benefits d) Could lead to raising of pensions contributions e) Plan has to reduce benefits f) Reassessment of the funding strategy	2	10	20	Public Sector Payroll Controls	Brent	2020	Monthly	Contributions are checked on a monthly basis Overdue Contributions: Employers Academy's Maintained Schools Are actively chased
9.11			1	10	10	The Funding Strategy Statement	Brent	Tri Annual	2022	A report on the 2019 Triennial Review (including the Funding Strategy Statement) was presented to the Pension Board at the March 2020 meeting.
9.12			1	10	10	Fund's Funding Level Assessment	Brent	Monthly	Monthly	The Fund receives regular performance reports on its investments from the custodian. The Fund actuary, Hymans Robertson, completes a valuation of liabilities every 3 years.
9.2	Impact of McCloud judgement on Long Term Liabilities	Court of Appeal ruling that transitional protections were unlawful on the grounds of age discrimination could increase employer contributions.	8	6	48	Triennial valuation/ Funding Strategy Statement	Brent	Quarterly	Ongoing	Following the close of the McCloud consultation, Brent Officers have now provided a response to MHCLG following discussions with the Fund's actuary, Hymans Robertson and the Fund's admin provider LPP. At this stage, it is likely that greater admin resource will be required and it is expected that there will be a cost to the Pension Scheme. Officers are now in discussions with LPP and Hymans to prepare for the impact as we await the government's formal response to the consultation and the subsequent change in regulations enacted in law.
9.3	Exit Pay Reforms	New legislation being introduced in the autumn which will alter the way redundancy benefits are carried out for members aged 55 and over.	2	6	12	Governance & Compliance	Brent	Quarterly	Ongoing	On 12 February 2021, The Chancellor of the Exchequer determined that the Restriction of Public Sector Exit Payments Regulations 2020 Regulations should be withdrawn. After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences. On 25 February the necessary legislation was laid in Parliament to revoke the Restriction of Public Sector Exit Payments Regulations 2020 (the Restriction of Public Sector Exit Payments (Revocation) Regulations 2021). The policy consultation that MHCLG launched in September 2020 on Reforming Local Government Exit Pay is now considered closed. There will be no further changes made to Local Government pensions or redundancy terms without a further, separate consultation. In light of this, Brent Officers will continue to monitor such updates, liase with the Fund actuary and update the Pensions Board accordingly.
9.4	Pension Contributions not Paid by: Maintained Schools Academy's Employers a) On time b) Or not at all c) Refusal to pay	Effects the Plans abilities to: a) Pay out benefits b) Braking the law on pension contribution collections. c) Unnecessary costs for chasing for contributions. d) Continuing non payment for pension contributions will lead to: e) Breaches for the payment of pension contribution regulations f) Being reported for breaches as required by law g) Delay benefits beginning paid h) Can lead to delays in accounting for pension contributions	2	10	20	PAS	Brent	2020	2021	Procedures in place to deal with pension contributions not being made or late
9.41			2	10	20	PAS	Brent	Annual	2021	Engaging with: a) Employers b) Academy's c) Maintained Schools d) With working parties and employer forums e) LPP to provide more support in this area
9.42			2	10	20	PAS	Brent	Annual	2021	Contributions are monitored on a monthly basis and late or non payers reported. 2019 Revised PAS to include fines for non compliers
9.5	Pension Plan Accounting	Failure to comply with accounting regulations will lead to serious consequences: a) Possible fines b) Loss of reputation	2	10	20	Annual audit	Brent	Annual	2021	Accounts for the year to 31 March 2020 went through review with Grant Thornton and has been signed off. Annual reports has been produced and has now been signed off.
9.51			1	10	10	Triennial valuations	Brent	Tri Annual	2022	2019 Triannual completed. Next triannual valuation 2022
9.52			1	10	10	The Funding Strategy Statement	Brent	Tri Annual	2022	A report on the 2019 Triennial Review (including the Funding Strategy Statement) was presented to the Pension Board at the March 2020 meeting.
9.53			1	10	10	Fund's Funding Level Assessment	Brent	Monthly	Monthly	The Fund receives regular performance reports on its investments from the custodian. The Fund actuary, Hymans Robertson, completes a valuation of liabilities every 3 years.

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London Borough of Brent

Risk Strategy

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1. Introduction

1.1 This is the Risk Strategy for the London Borough of Brent Fund ("the Fund"), which is part of the Local Government Pension Scheme ("LGPS") managed and administered by the London Borough of Brent ("the Administering Authority").

The Risk Strategy details the Fund's approach to managing risk including:

- the risk approach adopted for the management of the Fund, attitudes to risk, how risk is managed and implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund

2. Strategy objectives

2.1 In relation to understanding and monitoring risks, the Administering Authority aims to:

- integrate risk management into the procedures, internal controls, and the day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund including, the Pensions Board, maintained schools, academy's, employers and other partners
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice and TPR guidance of risk
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

2.2 To assist in achieving these objectives in the management of the Fund, the Administering Authority will aim to comply with:

- the CIPFA Managing Risk publication
- the Pensions Act 2004
- the Pensions Regulator code of practise 14 as related to risk
- the pensions Regulator Essential guide to the public service code as related to risk

3. Purpose of the strategy

3.1 The Administering Authority recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, the Administering Authority can:

- demonstrate best practice in governance
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities for improvement and a reduction in risk along with better outcomes for members
- minimise threats

3.2 The Administering Authority adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Fund at a strategic and operational level.

4. Effective date

4.1 This policy is to go before the Pension Board on 24 July 2018 for approval and will be in effect from that date.

5. Review

5.1 To be viewed quarterly by the Scheme Manager and the Pensions Board and updated as required, or if the risk management arrangements, or other matters included within it, merit reconsideration.

6. Scope

6.1 This Risk Strategy applies to all members of the Pension Board and the Pensions Fund SubCommittee, including scheme member and employer representatives. It also applies to officers involved in the management of the Fund including the Chief Finance Officer (Section 151 Officer), Head of Finance and the Head of Pensions.

6.2 Advisers and suppliers to the Fund are also expected to be aware of this Policy, and assist officers, Committee and Sub-Committee members and Board members as required in meeting the objectives of this Policy.

7. Risk Management Philosophy

7.1 The Administering Authority recognises that it is not possible to eliminate all risks. Accepting and actively managing risks is therefore a key part of the risk management strategy for the Fund.

7.2 In managing risk, the Administering Authority will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained
- adopt a system that will enable the Fund to anticipate and respond positively to change
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided
- make sure that any new areas of activity (new investment strategies, further joint-working, framework agreements etc.), are only undertaken if the risks they present are fully understood and taken into account in making decisions.

7.3 The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

8. CIPFA and the Pensions Regulator's Requirements

8.1 CIPFA Managing Risk Publication

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

8.2 The Pension Regulator's Code of Practice

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 relating to the requirement to have internal controls in public service pension schemes.

249B Requirement for internal controls: public service pension schemes

1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed: (a) in accordance with the scheme rules, and
(b) in accordance with the requirements of the law.

(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.

(3) In this section, "enactment" and "internal controls" have the same meanings as in section 249A." Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which he encourages scheme managers (i.e. administering authorities in the LGPS) to employ a risk based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator's code of practice guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly.

The risk assessment should begin by:

- setting the objectives of the scheme
- determining the various functions and activities carried out in the running of the scheme, and
- identifying the main risks associated with those objectives, functions and activities.

The code of practice goes on to say that schemes should consider the likelihood of risks arising and the effect if they do arise when determining the order of priority for managing risks, and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. The code of practice includes the following examples as issues which schemes should consider when designing internal controls to manage risks:

- how the control is to be implemented and the experience of the person(s) performing the control
- the level of reliance that can be placed on information technology solutions where processes are automated
- whether a control is capable of preventing future recurrence or merely detecting an event that has already happened
- the frequency and timeliness of a control process
- how the control will ensure that data are managed securely, and
- the process for flagging errors or control failures, and approval and authorisation controls.

The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks
- supporting longer-term strategic aims, for example relating to investments
- identifying success (or otherwise) in achieving agreed objectives, and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

8.3 The Administering Authority adopts the principles contained in CIPFA's Managing Risk in the LGPS document and the Pension Regulator's code of practice in relation to the Fund. This Risk Strategy highlights how the Administering Authority strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

9. Responsibility

9.1 The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the officers are responsible for ensuring the process outlined below is carried out, subject to the oversight of the Pension Board.

However, it is the responsibility of each individual covered by this Strategy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

10. The London Borough of Brent Pension Fund Risk Management Process

10.1 The Administering Authority's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.

(1)	Risk Identification
(2)	Risk Analysis
(3)	Risk Control
(4)	Risk monitoring

10.2 Risk identification (1)

The risk identification process is both a proactive and reactive one. Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises overseen by the Scheme Manager, Pension Board, and Pension Sub Committee
- performance measurement against agreed objectives
- monitoring against the Fund's business plan to be available Q4 2018
- findings of internal and external audit and other adviser reports
- feedback from the Pension Board, maintained schools, academy's, employers and other stakeholders
- liaison with other organisations, regional, national associations, and professional groups

Once identified, risks will be documented in the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

10.3 Risk analysis (2)

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the effect if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.

Risk level Reasoning		Likelihood	Impact	Score	Risk Types	Risk Planning	Expected Outcomes
Risk Level	%	1 Least Likely 10 Most Likely	1 Least Likely 10 Most Likely	Likelihood Times Impact			
Low	1 to 20	1	10	10	Risk known	Planned for in advance	Countered by plans and procedures in place if needed
Low to Medium	20 to 50	2	10	20	Risk possible concerns	Monitored	Monitored and plans in action or more actions will be put in place if required
Medium to High	50 to 75	5	10	50	Risk manageable	Managed	Active and pro active longer term plans in place, subject to close monitoring and rapid action if required
High	75 to 100	8	10	80	Risk having a major impact	Planned actions in place	Action plans in place, monitored weekly, longer term before risk will reduce

Green Low

Yellow Low to Medium

Orange Midium to High

Red High

When considering the risk rating, the Administering Authority will have regard to the existing controls in place and these will be summarised on the risk register.

10.4 Risk control *(3)*

The Head of Finance (Pensions) will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur.

Before any such action can be taken, Pension Board and Pension Sub Committee approval may be required where appropriate officer delegations are not in place.

The result of any change to the internal controls could result in any of the following:

- Risk elimination, for example, ceasing an activity or course of action that would give rise to the risk.
- Risk reduction, for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk transfer, for example, transferring the risk to another party either by insurance or through a contractual arrangement.

The Fund's risk register details all further action in relation to a risk and the owner for that action. Where necessary the Administering Authority will update the Fund's business plan (Due Q4 2018) in relation to any agreed action as a result of an identified risk.

10.5 Risk monitoring (4)

Risk monitoring is the final part of the risk management cycle and will be the responsibility of the Pensions Board. In monitoring risk management activity, the Pension Board will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- are there any lessons to be learned for the future assessment and management of risks.

11. Reporting and monitoring

11.1 Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be provided on a quarterly basis to the Pension Board.

The Pension Committee will be provided with updates on an ongoing basis in relation to any significant changes to risks (for example where a risk has changed by a score of 10 or more) or new major risks (for example, scored 25 or more).

As a matter of course, the Pension Fund Board will be provided with the same information as is provided to the Pension Committee (or Pension Sub-Committee as appropriate) and they will be able to provide comment and input to the management of risks.

In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Strategy on a quarterly basis taking into consideration any feedback from the Pensions Board and Pensions Sub Committee.

12. Key risks to the effective delivery

12.1 The key risks to the delivery of this Strategy are outlined below. The Pension Board will monitor these and other key risks and consider how to respond to them following updates and recommendations from officers:

- Risk management is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately
- Risk plan is not monitored to ensure actions to reduce risk have been taken and new risks that have been identified are not recorded, monitored and carried out, will lead to risk mot being managed in line with Risk Policy

13. Risk Register Appendix A

The Risk Register Appendix A :

1 Risk Area Disaster Recovery
2 Risk Area Business Continuity Planning
3 Risk Area Risk Planning
4 Risk Area Data Security
5 Risk Area Pension Administration
6 Risk Area Plan Events
7 Risk Area ns
8 Risk Area TPA Transition
9 Risk Area Regulatory
10 Risk Plan Funding & Accounting

End

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Brent	**Pensions Fund Sub-Committee** **24 February 2021**
	Report from the Director of Finance
London CIV Update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	OPEN
No. of Appendices:	One 1. Brent - LCIV Responsible Investment Review – Public Presentation
Background Papers:	▪ N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst Saagar Raithatha, Finance Analyst

1.0 Purpose of the Report

1.1 The purpose of this report is to update the committee on recent developments within the London CIV (LCIV) regarding Responsible Investment and Engagement.

2.0 Recommendation(s)

2.1 The Committee is asked to note the update provided by London CIV.

3.0 Detail

3.1 As outlined in the H2 Investment Monitoring report, the Brent Pension Fund has a number of investments held with the London CIV. As set out in Appendix 1, London CIV are to provide an update regarding key priorities for 2021 with respect to Climate Change, Stewardship, Fund Launches and its policy on Responsible Investment and Engagement.

3.2 The London CIV aim to make responsible investment a core part of its investment process across all asset classes and investment mandates. This policy will have three clear objectives:

- To support the company's investment objectives.
- To lead by example and raise the bar on responsible investment throughout the industry.
- To add value to clients through improved services.

3.3 In conjunction with the above, London CIV has 6 key priority areas.

- Climate Policy supported by robust, forward looking climate foot printing.
- Stewardship Policy complemented by a dedicated voting provision.
- Product Offering driven by clear investment beliefs and rigorous strategy.
- Capacity to Deliver and move towards best practice.
- Culture at the London CIV, which supports the delivery of the Responsible Investment strategy.
- Communications, which ensure a Responsible Investment strategy and associated priorities are disclosed.

Further details regarding an update on the progression of these 6 key areas and its Responsible Investment strategy are set out in the appendix.

Fund Launches

3.4 Detailed in Appendix 1 is the revised timeline from LCIV on Fund Launches as at February 2021.

3.5 Since the last Fund Launch update, the Private Debt Fund has completed the formal mandate sign-off from the Executive Committee, including selection for an investment manager and launch date expected in March 2021.

4.0 Financial Implications

4.1 These are discussed throughout the report and appendices.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

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LONDON CIV

Update on Responsible Investment & Engagement Programme

February 2021

2021115

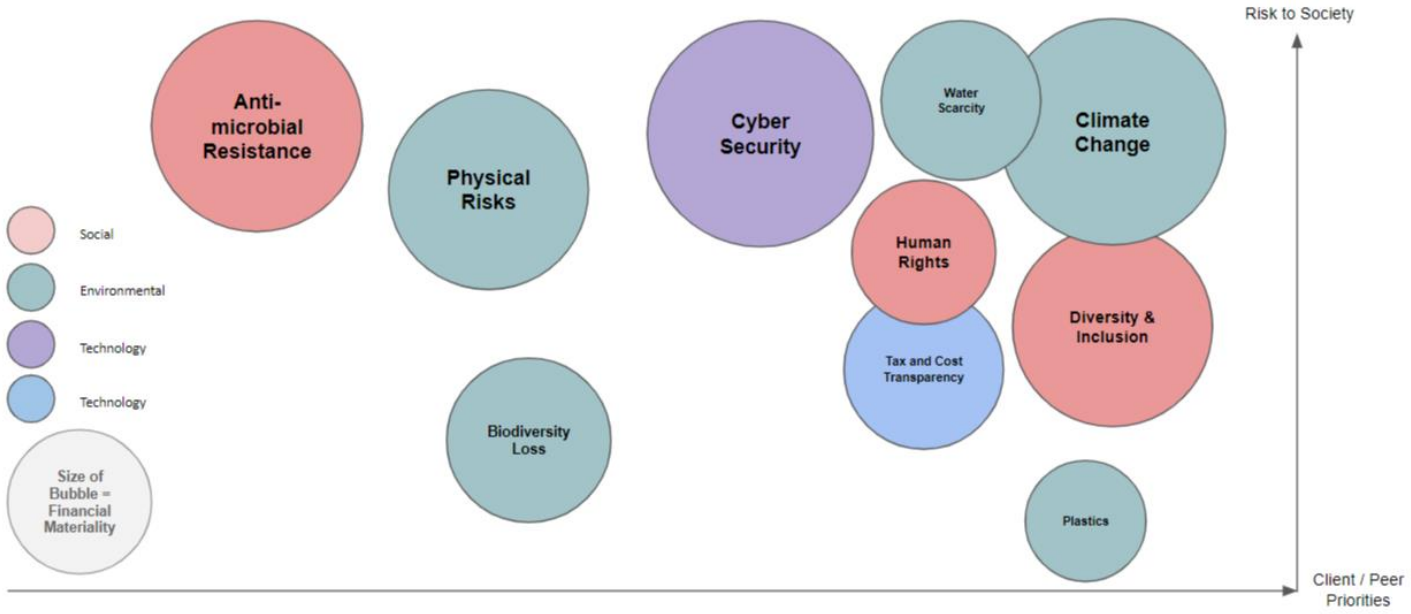
PRESENTER

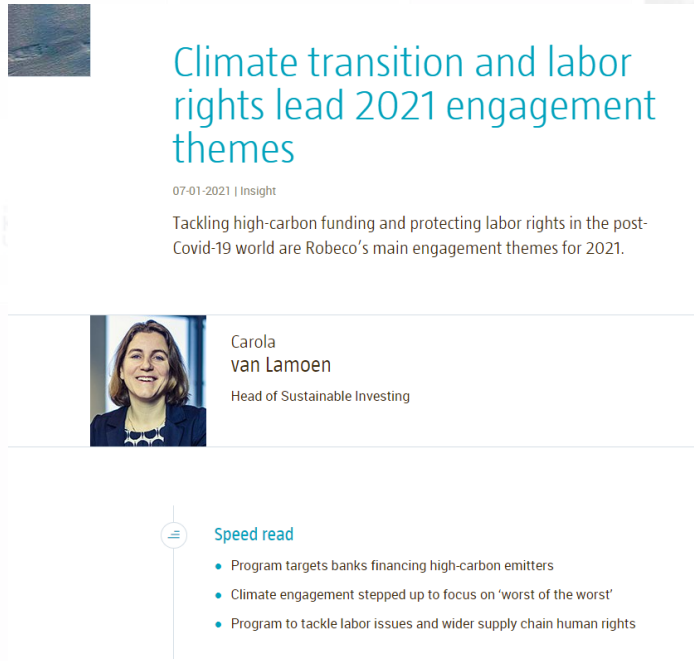
Jacqueline Jackson

Head of Responsible Investment

Priority Themes 2021

Climate change and human rights emerge as 2021 priorities





Climate transition and labor rights lead 2021 engagement themes

07-01-2021 | Insight

Tackling high-carbon funding and protecting labor rights in the post-Covid-19 world are Robeco's main engagement themes for 2021.

Carola van Lamoen

Head of Sustainable Investing

Speed read

- Program targets banks financing high-carbon emitters
- Climate engagement stepped up to focus on 'worst of the worst'
- Program to tackle labor issues and wider supply chain human rights

Source: Fidelity International

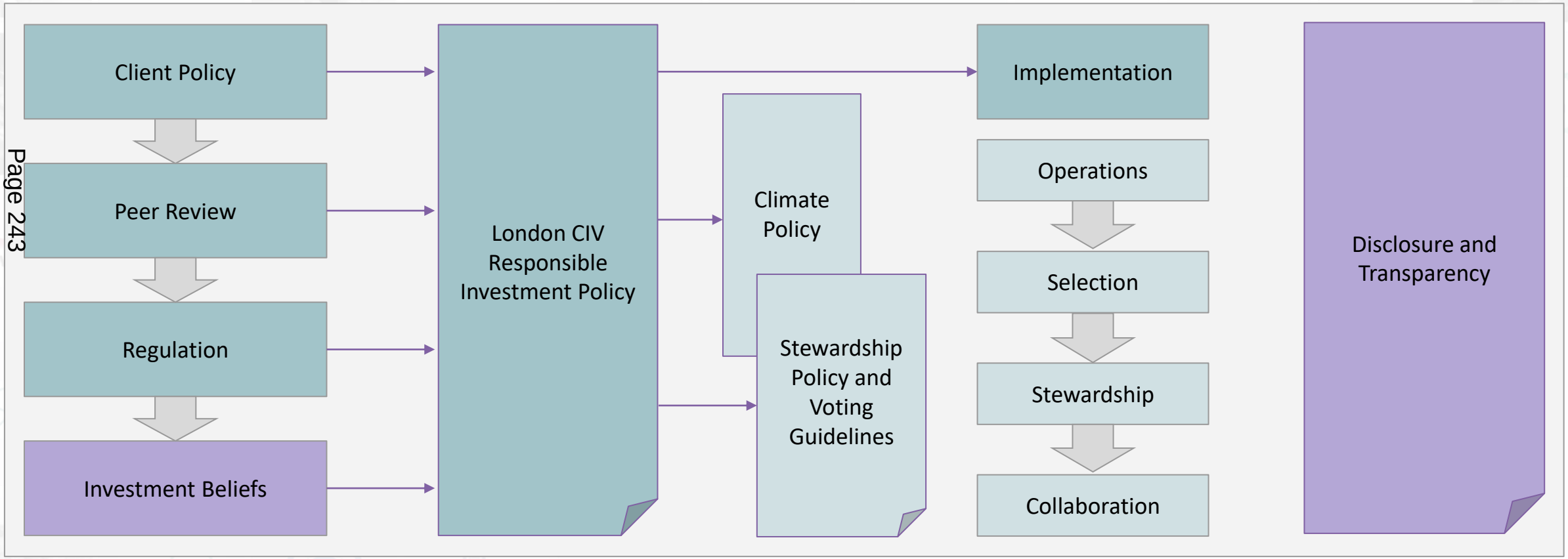
Responsible Investment and Engagement

The integration of responsible investment factors supports long-term risk adjusted returns. For this reason, the London CIV would like to make responsible investment a core part of its investment process across all asset classes and investment mandates.

This policy will have three clear objectives:

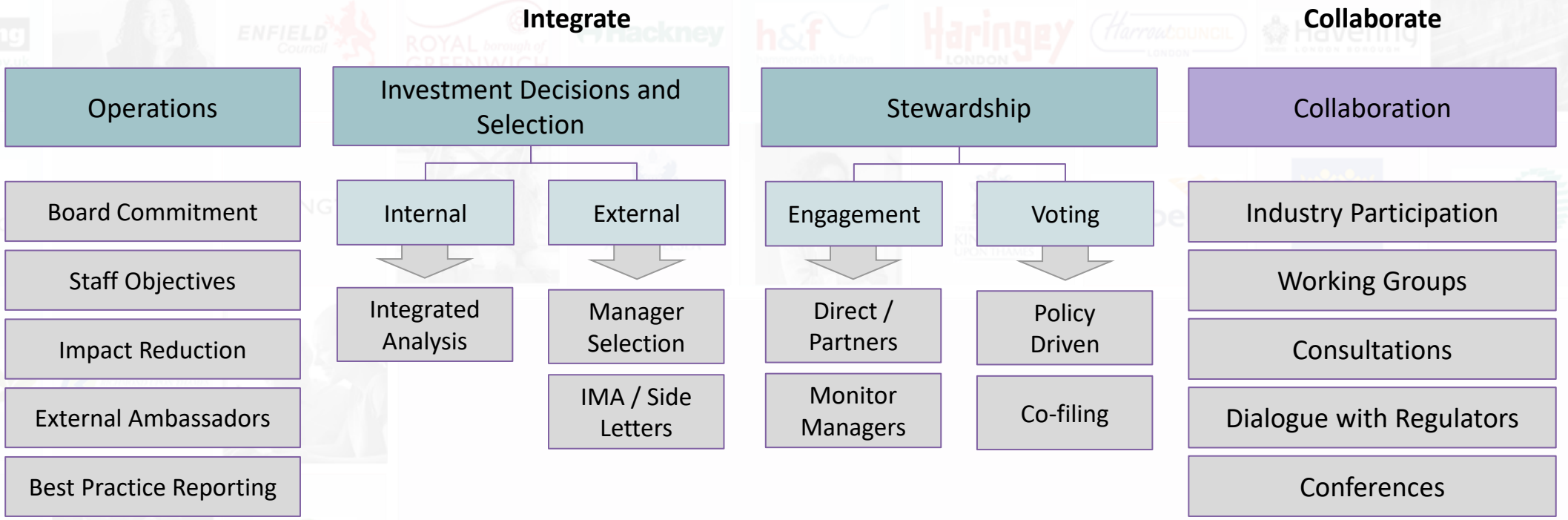
1. To support the company's investment objectives,
2. To lead by example and raise the bar on responsible investment throughout the industry, and
3. To add value to clients through improved services

Overview


Research and review
Review and Design
Implement
Disclose
Client Policy
Peer Review
Regulation
Investment Beliefs
London CIV Responsible Investment Policy
Climate Policy
Stewardship Policy and Voting Guidelines
Implementation
Operations
Selection
Stewardship
Collaboration
Disclosure and Transparency

Implementation

Policies should be implemented across its own operations, investment portfolio selection and stewardship activities



Update on Progress

Six priority areas:

1. **Climate Policy** supported by robust, forward-looking climate foot-printing
2. **Stewardship Policy** complemented by a dedicated voting provision
3. **Product Offering** driven by clear investment beliefs and rigorous strategy
4. **Capacity to Deliver** and move towards best practice
5. **Culture** at the London CIV, which supports the delivery of the Responsible Investment strategy
6. **Communications,** which ensure our Responsible Investment strategy and associated priorities are disclosed.

Climate Policy

Task	Driver	Detail	Progress
Investment Beliefs	Informing investment strategy and responsible investment policies	Investment beliefs and principles	Complete
Climate Data Procurement	Regulation, industry best practice, adding client value, mitigating climate risk, supporting strategy, target setting	Climate risk analysis (in progress) in line with TCFD guidelines. Expected to be in line with industry best practice for 91% of AUM	Complete
Industry Collaboration	Supporting engagement and driving industry best practice	London CIV have joined: TCFD, UN PRI, ClimateAction100+, TPI. Net Zero recommendation made.	Nearly complete
Leadership	Driving best practice in industry, adding value for clients	• Consultations: DWP, PRI, TCFD • Engagements: NDC Letter to UK Government	Ongoing
Climate Risk Analysis (Equities and Debt)	Regulation, industry best practice, adding client value, mitigating climate risk, supporting strategy, target setting	Climate risk analysis covering 91% of London CIV existing AUM	Nearly complete
Climate Risk Analysis (Real Assets)	Demonstrating leadership, industry best practice, target setting	Opportunity to calculate in-house	Data collection underway
Climate Policy Setting	Industry best practice, adding client value, setting targets	Owing to its materiality London CIV should have a separate statement on climate change	Draft complete
Climate Target Setting	Industry best practice, adding client value, risk mitigation, societal benefits of decreased emissions	London CIV should set a short and long-term target e.g. 7% annual reduction to 2025, 2050 net zero	Recommendation underway

Task Force on Climate Related Financial Disclosures

Figure 1

Climate-Related Risks, Opportunities, and Financial Impact

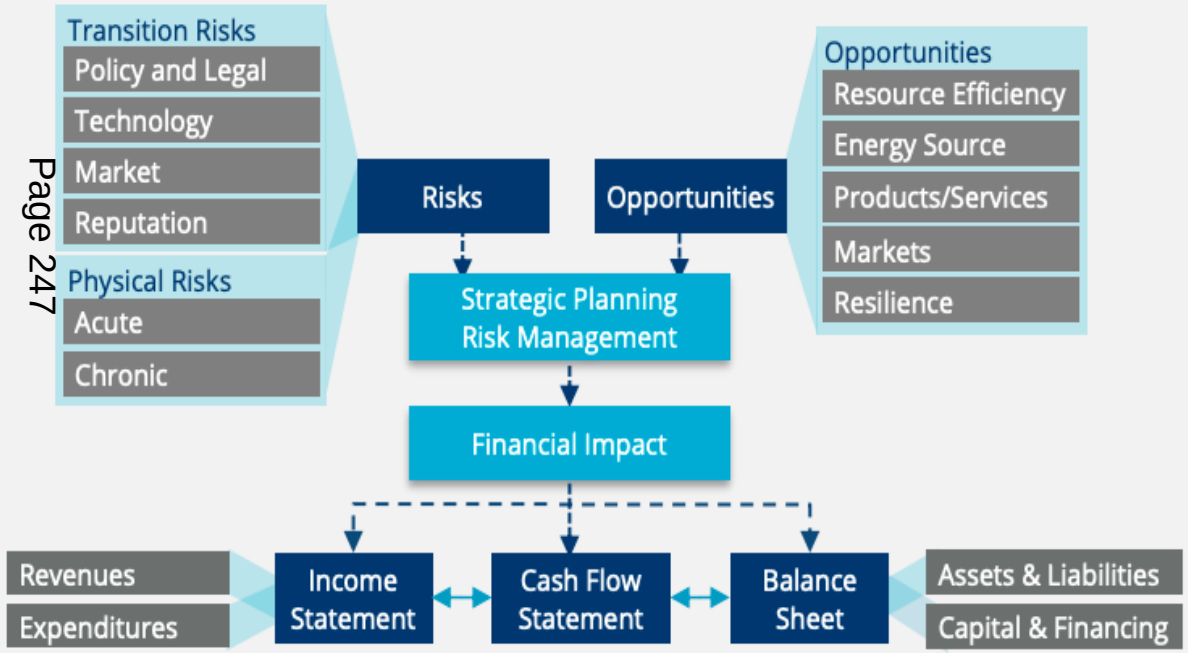


Figure 2

Core Elements of Recommended Climate-Related Financial Disclosures

Governance
The organization's governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management
The processes used by the organization to identify, assess, and manage climate-related risks

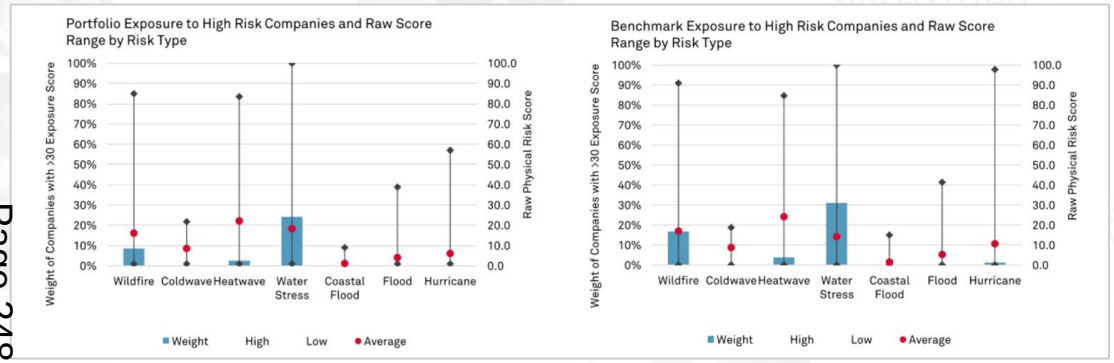
Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Source: TCFD - https://www.fsb-tcfd.org/about/

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Task Force on Climate Related Financial Disclosure

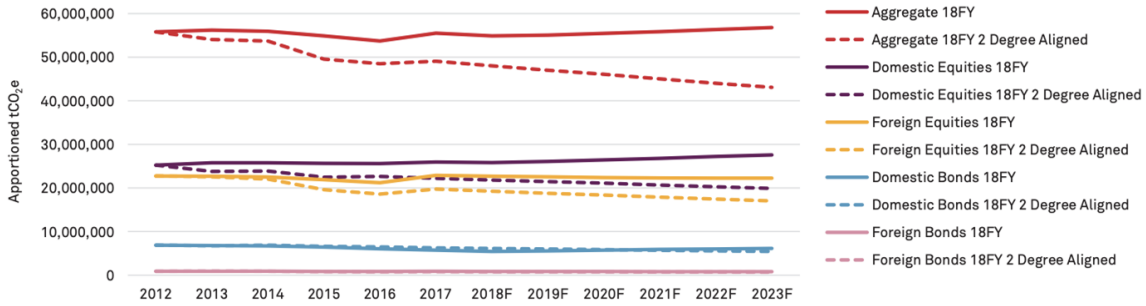
Clockwise: Portfolio exposure to high risk companies vs benchmark, portfolio and benchmark under carbon earnings at risk, portfolios versus 2 degree alignment and physical risk at the equity level.



ID	Name	Sector	Portfolio Weight	Data Quality	Physical Risk Scores 2030						
					Drought	Flood	Heatwave	Cold wave	Hurricane	Coastal Flood	Composite Score
1	ABC Power Ltd	Energy	6.41%	A	33	95	87	40	39	59	59
2	XYZ Materials GmBh	Materials	5.13%	A	14	14	99	56	99	85	61
3	Universal Products Inc	Consumer Staples	2.56%	A	7	27	18	26	77	94	42
4	Electric Corp	Energy	1.28%	B	97	94	3	39	80	1	52
5	Consumer Products Inc	Consumer Discretionary	1.28%	A	58	94	90	40	69	89	73
6	ABC Tech Limited	Information Technology	2.56%	B	19	21	12	1	95	45	32
7	GHF Industrials Ltd	Industrials	1.28%	C	31	85	65	72	66	7	54
8	Materials Corp	Materials	3.85%	A	69	33	99	23	31	79	56
9	JKL Networks Inc	Utilities	1.28%	A	72	18	18	30	66	67	45
10	Real Estate Ltd	Real Estate	2.56%	C	38	88	13	26	70	54	48

Example portfolio analysis report. High climate change scenario 2030. Physical risk scores range from 1 (low risk) to 100 (high risk). Composite physical risk scores are calculated as a sensitivity weighted average of the physical risk score for all physical risk indicators. Colour coding indicates high (red) to low (green) risk.

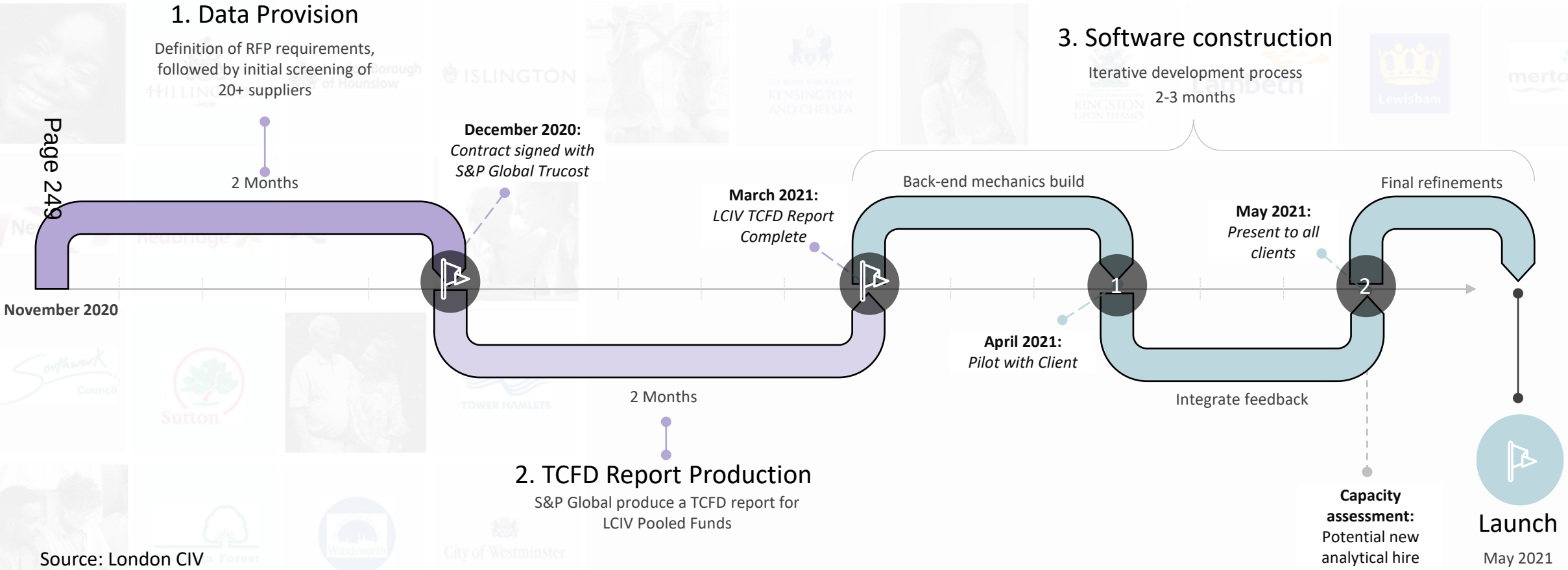
	Original Value Analysed (%)	Companies with Negative Earnings (%)	Final Value Analysed (%)	Final Value Analysed (mJPY)
Domestic Equities 18FY	99.59	0.62	98.97	38,027,868
TOPIX 18FY	99.49	0.54	98.90	-
Foreign Equities 18FY	99.74	3.52	96.23	39,930,127
ACWI 18FY	99.81	3.37	96.45	-
Domestic Bonds 18FY	82.75	1.76	81.30	2,790,569
Foreign Bonds 18FY	72.92	5.36	69.01	2,070,802



Source: S&P Global

Climate Policy: client services

Our Climate Risk application will offer off-pool investors climate risk reporting capabilities which include both physical risk metrics and transition risk analysis produced in line with the TCFD recommendations.



Source: London CIV

Stewardship

Task	Driver	Detail	Progress
Investment Beliefs	Informing investment strategy and responsible investment policies	Investment beliefs and principles	Complete
Industry Collaboration	Supporting engagement and driving industry best practice	London CIV have joined: UN PRI, Pensions for Purpose, ClimateAction100+, Say on Climate, ShareAction Healthy Markets, ShareAction Good Work, TPI and are a founding supporter of Asset Owner Diversity Charter	Ongoing
Leadership	Driving best practice in industry, adding value for clients	• Consultations: PRI • Engagements: ShareAction Decent Work, Nutrition, MCS Microplastics,	Ongoing
Voting and Engagement Procurement	Regulation, industry best practice, adding client value, mitigating risk, driving better practice	London CIV need an engagement partner to support the ongoing engagement, voting and reporting	Responses due back 25th February 2021
Stewardship and Voting Policy Setting	Industry best practice, adding client value, delivering client requirements through engagement	This policy will set out London CIV's voting guidelines, engagement themes and material topics	Recommendations made

CURRENT FUND OFFERING

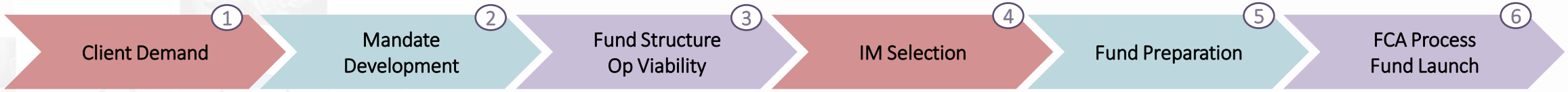
31 December 2020

Fund (ACS)	AUM (£m)	Inception Date	Client Fund Investors
Equity			
LCIV Global Alpha Growth Fund	3,612	11-Apr-16	13
LCIV Global Equity Fund	696	22-May-17	3
LCIV Global Equity Focus Fund	861	17-Jul-17	5
LCIV Equity Income Fund	133	08-Nov-17	2
LCIV Sustainable Equity Fund	625	18-Apr-18	4
LCIV Sustainable Equity Exclusion Fund	385	11-Mar-20	2
LCIV Global Equity Core Fund	504	21-Aug-20	2
LCIV Emerging Market Equity Fund	498	11-Jan-18	6
Fixed Income			
LCIV MAC Fund	1,105	31-May-18	12
LCIV Global Bond Fund	354	30-Nov-18	3
Multi Asset			
LCIV Diversified Growth Fund	670	15-Feb-16	7
LCIV Real Return Fund	123	16-Dec-16	2
LCIV Global Total Return Fund	274	17-Jun-16	4
LCIV Absolute Return Fund	910	21-Jun-16	8
Assets under Management in the ACS	**10,750**		
Fund (EUUT)	**Commitment (£m)**	**Inception Date**	**Client Fund Investors**
Infrastructure			
LCIV Infrastructure Fund	399*	31-Oct-19	6
Property			
LCIV Inflation Plus Fund	107*	11-Jun-20	2
Total AUM including commitments	**11,256**		

Source: London CIV. Data as at 31 December 2020. (*) Amount committed.

Fund launch pipeline

FUND	CURRENT STAGE	EXPECTED LAUNCH DATE(S)	OVERALL RAG	EXPECTED DEMAND
London Fund	Live	Launched on **15 December 2020**	On Track	£100m at first close, plus £50m from LPFA in Q1
Renewable Energy Infrastructure	Stage 4 – IM Selection	**Q1 2021 (March)**		£628m
Private Debt	Stage 4 – IM Selection	**Q1 2021 (March)**		£320m
Low Carbon Equity (Passive)	Stage 2 – Mandate Development	TBC		£550m
Sterling Credit Fund	Stage 1 - Client Demand			£320m
Paris Aligned Global Equity	Stage 3 – Fund Structure / Operational Viability	**April 2021**		£690m

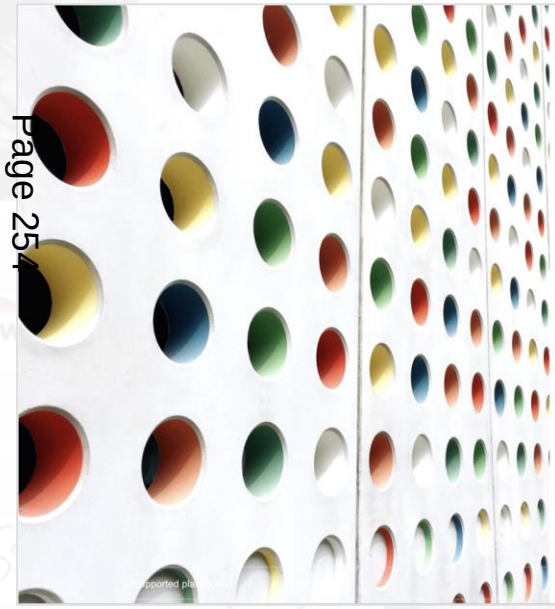


Source: London CIV. As of 1 February 2021

Recommended Priorities

Working With Other Pools

Asset Owner Diversity Working Group - Microplastics Engagement - Good Work Investor Coalition – Healthy Markets Coalition



Asset Owner Diversity Working Group Update

HELEN PRICE & JACQUELINE JACKSON

Camden | BRUNEL Pension Partnership | LOTHIAN PENSION FUND | nest | UNIVERSITY OF CAMBRIDGE

14 LIFE BELOW WATER

BORDER TO COAST PENSIONS PARTNERSHIP

BRUNEL Pension Partnership

marine conservation society

LGPS Central Limited

Northern LGPS
Greater Manchester, Merseyside and West Yorkshire Pension Funds working together

ShareAction»

- Living Wage
- Insecure Work
- Gender Equality For Low Paid Women
- Healthy Markets

Capacity and Culture

Task	Driver	Detail	Progress
Setting up responsible investment team	Capacity to deliver responsible investment at London CIV	Head of Responsible Investment and Responsible Investment Manager, further analyst required	Good progress at current stage
Culture and governance	Capacity to deliver responsible investment at London CIV in a robust way	ESG ambassador in place, RIRG ongoing, RI partnering with governance to detail processes and reporting strategy	Ongoing
Website	Better communications for beneficiaries and clients, improved transparency, leadership	Responsible investment documents and documentation draft completed	Underway
Training	Better ESG knowledge and integration throughout the business	Cross pool training discussion underway to benefit clients, CISI responsible investment training for London CIV staff recommendation made	Underway

Reporting

Task	Driver	Detail	Progress
UKSC	Regulation, transparency, better engagement	The UK Stewardship Code disclosure must be completed at year end	Review complete, outcomes report in draft
SRD II	Regulation, transparency	The SRD II disclosure must be completed at year end each year	Review complete, outcomes report in draft
PRI	Transparency, industry best practice, risk mitigation	The PRI transparency report is due annually on March 2021, new rules have complicated the process	Review complete, draft underway
Climate risk reporting	Risk mitigation, client value and transparency	The PRI now mandate climate reporting in line with TCFD. LCIV intend to publish its first TCFD report in the next 4 months.	Procurement complete, TCFD report in draft
Stewardship and outcomes report	Client communications, industry best practice, track progress	Stewardship and outcomes should be reported quarterly	Procurement in progress
Quarterly reporting	Adding client value, best practice, transparency	Better engagement and voting data will be delivered and disclosed on a quarterly basis, design complete, data collection templates in design	Minor adjustments made, review complete, templates in design
Responsible Investment & Engagement: annual reporting	Client communications, beneficiary communications, industry best practice, track progress	An RI&E summary report should be shared annually with the annual report or within annual report	Review complete

Q&A

Disclaimer

Important information

London CIV Fourth Floor,
22 Lavington Street SE1 0NZ

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London Borough of Brent Pension Fund

H2 2020 Investment Monitoring Report

Kenneth Taylor, Investment Consultant
Kameel Kapitan, Associate Consultant
Dave Gilmour, Investment Analyst

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HYMANS ROBERTSON

Performance Summary
The assets combined to return 7.6% over this period, outperforming the aggregate target return over the second half of 2020.

Risk assets continued their recovery during the second half of 2020, albeit with continued volatility. Q4 saw renewed vigour after a more subdued Q3. This followed positive vaccine news and the removal of some political uncertainty with a Brexit deal struck and clarity over the US election result.

Performance was also strong within credit markets - high yield outperformed investment grade.

Conversely, UK government bonds returns were negative over the 6 months. The slight recovery in Q4 was not enough to offset losses in Q3 stemming from the weak economic outlook.

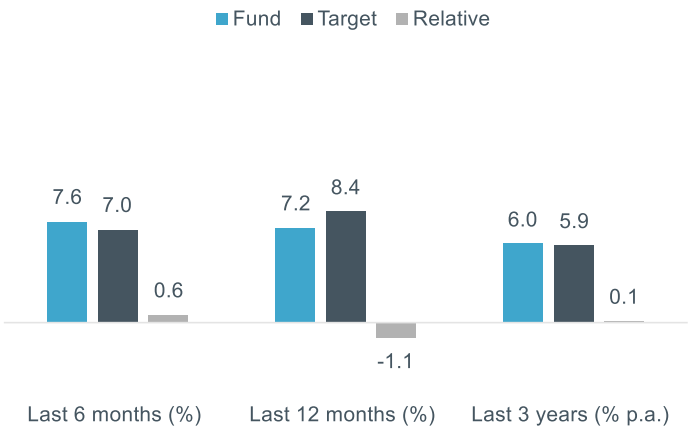
Key Actions
In Q4 2020 Officers began implementing the following agreed transitions:

- 3% from UK equities to Global equities
- 3% from UK equities to Ruffer
- 3% cash investment in BlackRock Low Carbon Fund

Key points to note

- The Fund has posted strong returns over the past 6 months, crossing the £1bn mark to end 2020 with a valuation of £1,010.5m (up from 934.9m at the end of Q2 2020).
- The Fund's Growth holdings were the main drivers of returns, while the Diversifiers also contributed. Within equities, the JP Morgan Emerging Market fund with the LCIV was the standout performer.
- The Fund's Protection assets proved useful earlier in the year, gaining while other areas struggled, thereby reducing volatility.
- During Q4, £13m was sold from the UK Equity fund, with the proceeds split equally between the Global Equity fund and the Ruffer Multi-asset fund.
- The Fund is currently holding more cash than usual. The Fund's upcoming investment in Low Carbon equities, and capital calls for the private markets mandates, will be funded from cash.
- The residual holding in the Aviva property fund was sold over the period.

Fund performance vs benchmark/target



High Level Asset Allocation

As part of the investment strategy review carried out in Q2 2020, the Fund's DGF mandates were re-categorised as 'Diversifiers' and included within the 'Income' bucket.

GrIP	Actual	Benchmark	Relative
Growth	57.9%	58.0%	-0.1%
Income	23.9%	25.0%	-1.1%
Protection	13.5%	15.0%	-1.5%
Cash	4.7%	2.0%	2.7%

Whilst on the journey to its interim and long term targets for Property, Infrastructure and Private Debt, the current agreement is that the Fund will hold a higher allocation to DGF's.

Asset Allocation

Following the results of the Q1 2020 investment strategy review, the following target allocations were agreed:

Interim
Growth – 55%
Income/Diversifiers – 30%
Protection – 15%

Long-term
Growth – 50%
Income/Diversifiers – 35%
Protection – 15%

The Fund is currently overweight growth assets and cash and underweight diversifiers.

Of the £50 in cash, £28m is due to be invested in the BlackRock Low Carbon fund in Q1 2021.

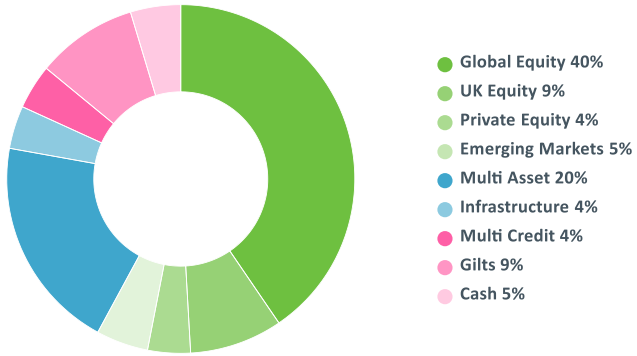
During Q4, £13m was sold from the UK Equity fund, with the proceeds split equally between the Global Equity fund and the Ruffer Multi-asset fund.

The LCIV infrastructure fund is still in its infancy with an expected 3 year ramp up phase. We therefore expect the Fund commitment of £50m to continue to be drawn down until end 2022.

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q2 2020	Q4 2020			
LGIM Global Equity	353.3	408.8	40.5%	40.0%	0.5%
LGIM UK Equity	103.7	87.2	8.6%	5.0%	3.6%
Capital Dynamics Private Equity	50.3	40.1	4.0%	5.0%	-1.0%
JP Morgan Emerging Markets	38.6	48.9	4.8%	5.0%	-0.2%
Total Growth	**545.9**	**585.1**	**57.9%**	**55.0%**	**2.9%**
LCIV Baillie Gifford Multi Asset	120.1	131.6	13.0%	10.0%	3.0%
LCIV Ruffer Multi Asset	53.3	69.6	6.9%	10.0%	-3.1%
Alinda Infrastructure	22.8	23.4	2.3%	0.0%	2.3%
Capital Dynamics Infrastructure	10.1	8.9	0.9%	0.0%	0.9%
Aviva Property	0.1	0.0	0.0%	0.0%	0.0%
London LGPS CIV Infrastructure	3.4	7.9	0.8%	10.0%	-9.2%
Total Income	**209.7**	**241.4**	**23.9%**	**30.0%**	**-6.1%**
CQS Multi Credit	38.5	41.9	4.1%	5.0%	-0.9%
BlackRock UK Gilts Over 15 yrs	96.2	94.8	9.4%	10.0%	-0.6%
Total Protection	**134.6**	**136.7**	**13.5%**	**15.0%**	**-1.5%**
Cash	44.6	47.2	4.7%	0.0%	4.7%
Total Scheme	**934.9**	**1010.4**	**100.0%**	**100.0%**	

Figures may not add up due to rounding. The benchmark currently shown as the interim-target allocation as the first step in the journey towards the long-term target. As the Fund's allocations and commitments to private markets increase over time, we will move towards comparison against the long-term target.

Asset class exposures



Source: Investment Managers

The total Fund return was positive during H2 2020, on both an absolute and relative basis. Longer term performance is behind target.

Equity markets continued their recovery in H2 2020. Most regions posted positive performance over 2020.The notable exception was UK equities. Its sectoral composition (heavy Financials and Oil & Gas), coupled with lingering Brexit concerns meant it struggled. However, there was a rotation into cyclicals late in the year which provided a welcome boost to the UK market.

The Fund's DGF mandates continued to recover well, with the Baillie Gifford fund outperforming the more cautious Ruffer fund by 3.9% over 6 months. Over 2020 though, Ruffer's approach better navigated the volatility.

The economic stimulus provided by governments meant credit spreads ended the year lower than end-2019. The CQS mandate produced a return of 1.9% over the year, recovering well from the sharp falls in Q1.

Gilts showed strong performance over the year, functioning as intended and offering downside protection. Some gains were given up over the last 6 months but only marginally so.

Manager performance

	Last 6 months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	Target	Relative	Fund	Target	Relative	Fund	Benchmark	Relative
Growth									
LGIM Global Equity	12.0	12.0	**-0.0**	14.5	14.6	**-0.1**	11.3	11.3	**0.0**
LGIM UK Equity	9.4	9.3	**0.1**	-9.7	-9.8	**0.1**	-0.8	-0.9	**0.1**
Capital Dynamics Private Equity	-9.7	13.4	**-20.3**	1.2	16.9	**-13.4**	7.5	9.9	**-2.1**
JP Morgan Emerging Markets	26.7	19.8	**5.8**	26.6	17.2	**8.0**			
Income									
LCIV Baillie Gifford Multi Asset	9.6	1.8	**7.7**	2.1	3.7	**-1.5**	3.0	3.4	**-0.3**
LCIV Ruffer Multi Asset	5.7	1.8	**3.8**	9.8	3.7	**5.9**	4.0	3.4	**0.6**
Alinda Infrastructure				-1.8	6.6	**-7.9**	-4.7	5.5	**-9.7**
Capital Dynamics Infrastructure				-14.0	6.6	**-19.4**	2.1	5.5	**-3.3**
Protection									
CQS Multi Credit	8.9	2.0	**6.7**	1.9	4.6	**-2.6**			
BlackRock UK Gilts Over 15 yrs	-1.4	-1.4	**0.0**	14.0	13.9	**0.1**			
Total	7.6	7.0	**0.6**	7.2	8.4	**-1.1**	6.0	5.9	**0.1**

This table shows the new performance target measures, implemented for 2020. Please note the 3 year return is on the old benchmark basis.

Performance from Alinda and Capital Dynamics Infrastructure is based on information provided by Northern Trust. For such investments, there are more appropriate measures to assess performance. Furthermore, performance in respect of Alinda is skewed by the Alinda III fund which is in the relatively early stages. It is therefore difficult to judge performance from this mandate at this stage on a purely percentage basis. However, as the Fund's commitments continue to be drawn, and the size of investments increase, it will become more appropriate to consider return measures in percentage terms. More detail on relevant measures of assessment for infrastructure funds is provided in the individual manager pages. This is also the case for Private Equity as an asset class.

The table above also excludes the performance of the Fund's investment in the London CIV's infrastructure sub-fund. Given initial draw downs only occurred during Q1 2020, it still remains too early to report appropriate performance at this stage. Like the Alinda III fund above, as the Fund's commitments continue to be drawn under this mandate, and the size of investments increase, it will become more appropriate to report and consider return measures in percentage terms. At this stage, we have also not included a separate manager page.

Source: Fund performance provided by Investment Managers and is net of fees.
Benchmark performance provided by Investment Managers and DataStream

Manager Ratings

There were no manager rating changes to existing managers over the period.

However, we would note the developments at the LCIV in relation to CQS. As previously mentioned, the manager has been under close monitoring by the LCIV. In the second half of 2020 the LCIV informed Boroughs of their intentions to review the structure of the mandate with a view to making it a 'multi-manager' sub-fund. Discussions are currently ongoing with more information due in Q1 2021.

Over the period we expanded our coverage of assets in respect to RI monitoring. Now included in the table on the right are our available ratings for the Fund's managers.

Information on the rating categories can be found in the appendix.

Manager ratings

Manager	Mandate	Hymans Rating	Hymans RI Rating
LGIM	Global Equity	Preferred	Strong
LGIM	UK Equity	Preferred	Strong
JP Morgan Emerging Markets	Emerging Markets (LCIV)	Suitable	Adequate
Capital Dynamics	Private Equity	Suitable	Not Rated
LCIV Baillie Gifford	Multi Asset (LCIV)	Preferred - On-watch	Good
LCIV Ruffer	Multi Asset (LCIV)	Positive	Adequate
Alinda	Infrastructure	Not Rated	Not Rated
Capital Dynamics	Infrastructure	Not Rated	Not Rated
London LGPS CIV	Infrastructure	Not Rated	Not Rated
CQS	Multi Credit (LCIV)	Suitable	Not Rated
BlackRock	UK Gilts Over 15Yrs	Preferred	Adequate

Baillie Gifford business update

Four Partners retired at Baillie Gifford over Q3 2020 and seven new partners were appointed over the period. In addition, it was announced more recently that Charles Plowden, Baillie Gifford's Joint Managing Partner, will retire next year on 30 April 2021. Malcolm MacColl will replace Plowden as Joint Managing Partner on 1 May 2021. In relation to the Multi Asset Team, over the quarter, James Squires also formally became of the head of the team following Patrick Edwardson's retirement.

Ruffer business update

Ruffer have announced that Jonathan Ruffer has formally stepped down from the business's Executive Committee, which is responsible for the day-to-day management of the firm. His investment responsibilities remain unchanged.

Source: Investment Managers

LGIM Global Equity

The LGIM global equity mandate returned 12.0% over the second half of the year.

Following the strong recovery after the March lows, the fund ended the year up 14.5%.

As a passively managed fund, it has matched its benchmark over all periods.

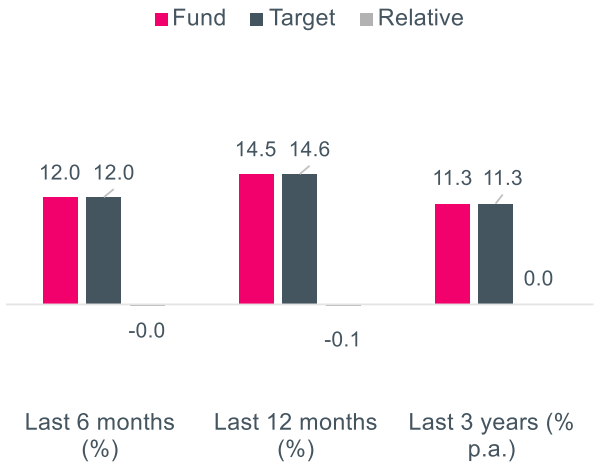
Global markets continued to fare better compared to the UK due to:

- Lower weighting to oil & gas and industrials
- Higher weightings to technology
- The continuing weakening of the Pound

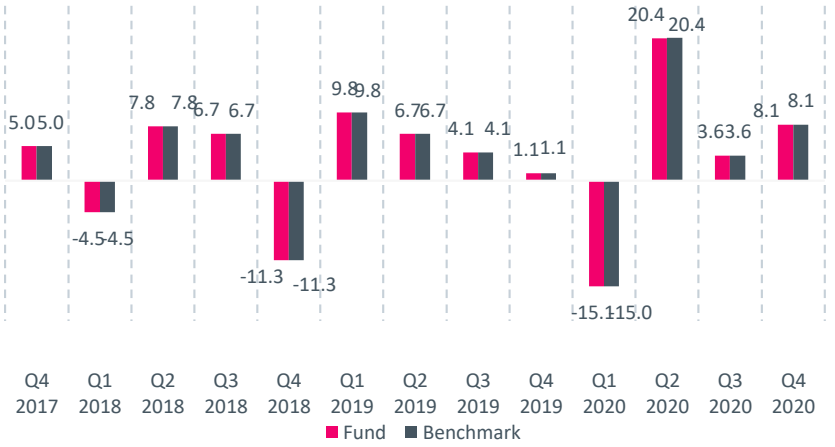
Strong performance from the US mega-cap tech stocks, including Amazon, Apple, Microsoft and Tesla, did the heavy lifting of the recovery for global equities.

We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Fund Performance vs benchmark/target



Historical Performance/Benchmark



Source: Investment Manager

LGIM UK Equity

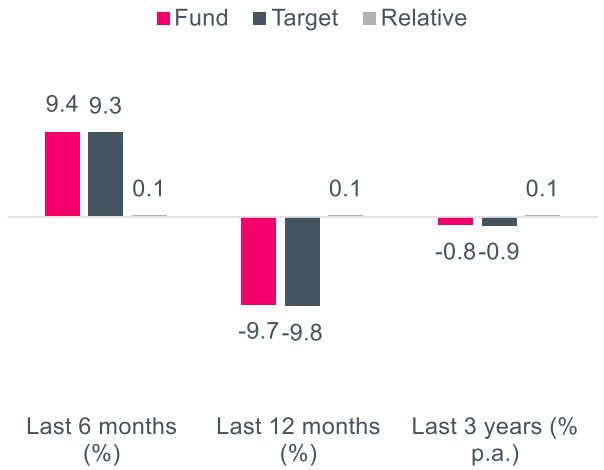
The LGIM UK equity mandate returned 9.4% over the second half of the year, clawing back some of the drawdown of Q1 2020. Performance over 12 months remains negative but this strong performance has helped moderate longer term returns.

Vaccine news and a Brexit deal contributed to the UK market experiencing this strong end to the year. A rotation into "value" stocks benefited the UK market as cyclical stocks outperformed.

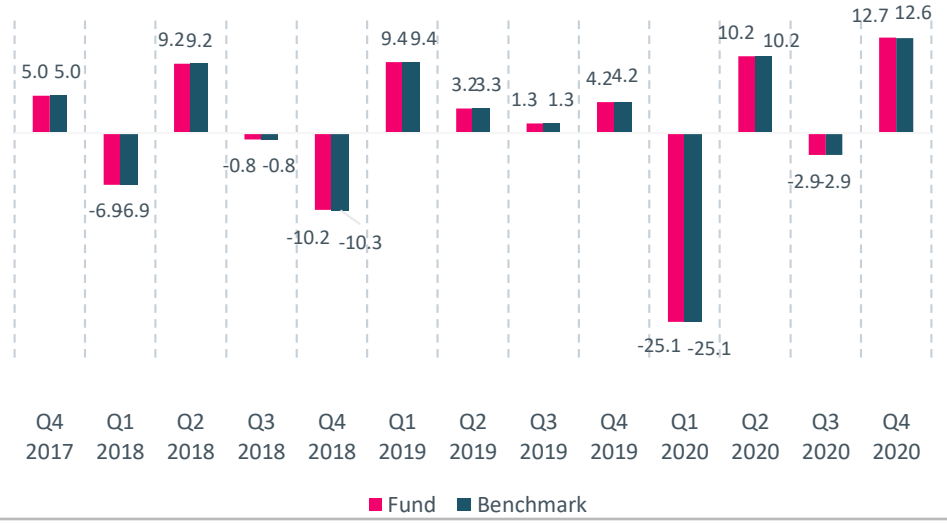
Over the term the fund has performed in line with its benchmark as we would expect for a passively managed portfolio.

We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Fund Performance vs benchmark/target



Historical Performance/Benchmark



Source: Investment Manager

JP Morgan Emerging Markets

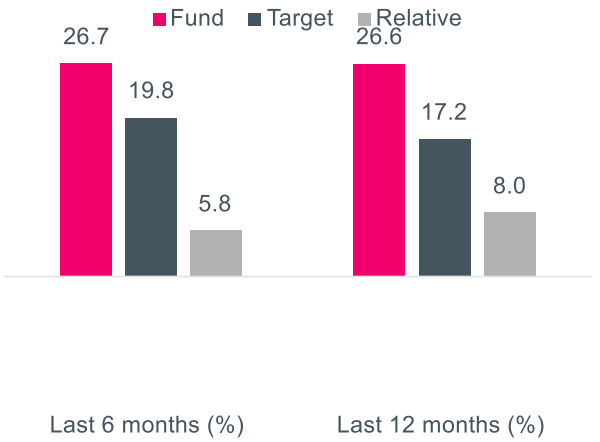
The JP Morgan Emerging Markets fund carried on the momentum from Q2, returning 26.7% over the second half of 2020, comfortably ahead of benchmark. The extent of this recovery has meant the mandate has posted strong absolute and relative performance over the last 12 months.

Emerging markets in general outperformed developed markets in Q4 2020 due to a falling dollar and the improved prospects for global trade with the roll out of vaccines.

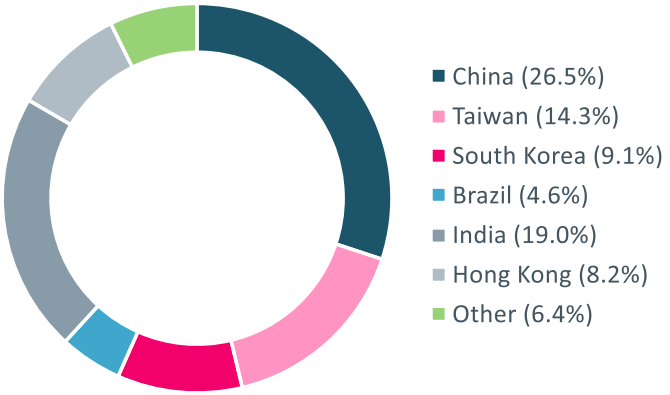
Outperformance within the JP Morgan mandate was driven by three factors: a geographical overweight to China and India, where both countries recovered well from the Covid-19 shock; a significant focus on e-commerce businesses which performed well as economies adjusted to different lifestyles during the pandemic; and excellent stock selection. Notable performers over recent periods have been the Taiwan Semiconductor Manufacturer and HDFC Bank in India.

We continue to rate JP Morgan's Emerging Market equity fund as 'Suitable'.

Fund performance vs benchmark/target



Fund Regional Allocation



Source: Investment Manager

Capital Dynamics Private Equity

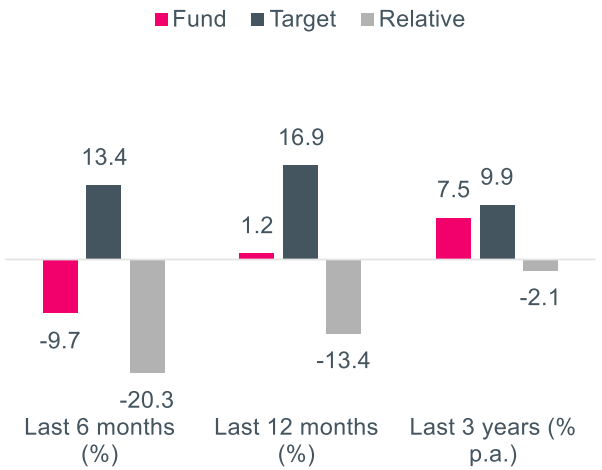
The Capital Dynamics Private Equity fund is invested across a range of sub-funds offering good diversification.

Based on information provided by Northern Trust, the fund returned -9.7% over the period. Over the more meaningful 3 year time period, the fund returned 7.5% per annum. Performance is behind the target return of MSCI All World +3% p.a.

In practice, there are two key metrics to assess performance for private equity investments; Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

The investment is at a mature stage meaning assessing the IRR (a percentage value) alongside the TVPI carries greater weight. As at 30 September 2020 the IRR was 9.7% with a TVPI of 1.66x.

Fund Performance



Summary as at 30 September 2020

Total contributed:	c.90%
IRR:	9.7%
TVPI:	1.66x

Source: Investment Manager

Baillie Gifford Multi-asset

In the second half of 2020 the Baillie Gifford Multi-asset fund produced a return of 9.6%, outperforming its benchmark by 7.7%.

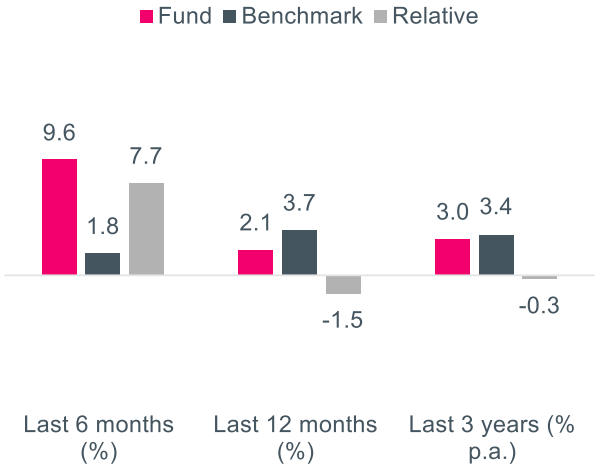
3-year performance is positive on an absolute basis and broadly in line with benchmark.

In a period of much improved market sentiment the majority of asset classes contributed positively to return. Providing much of the impetus was the continued recovery in equities and useful contribution from the Infrastructure allocation as de-carbonisation steps accelerated.

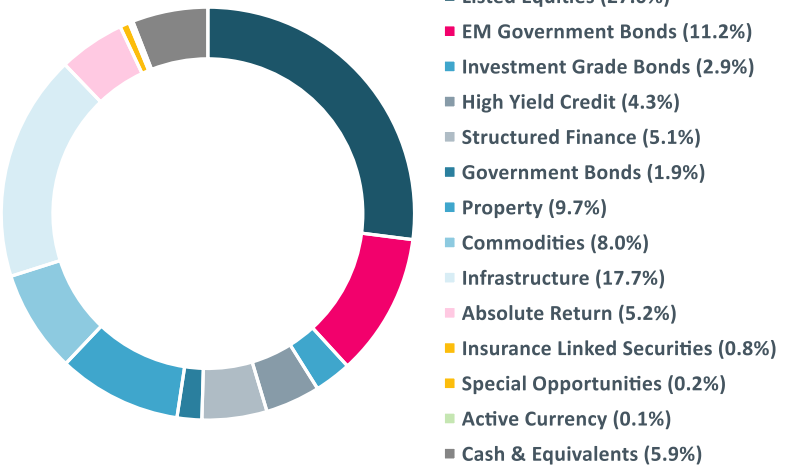
Allocations to absolute returns and active currency marginally detracted from performance.

The manager's market outlook is one of continued low inflation and accommodative monetary policy while the recovery in risk assets is expected to continue with the successful roll-out of vaccinations. Heightened volatility can still be expected in equities and the fund's hedges include factor-based low volatility and momentum strategies to help protect against risks.

Fund Performance



Fund Asset Allocation



Source: Investment Manager

Ruffer Multi-asset

The Ruffer Multi-Asset fund returned 5.7% over the second half of 2020, outperforming the benchmark by 3.8%.

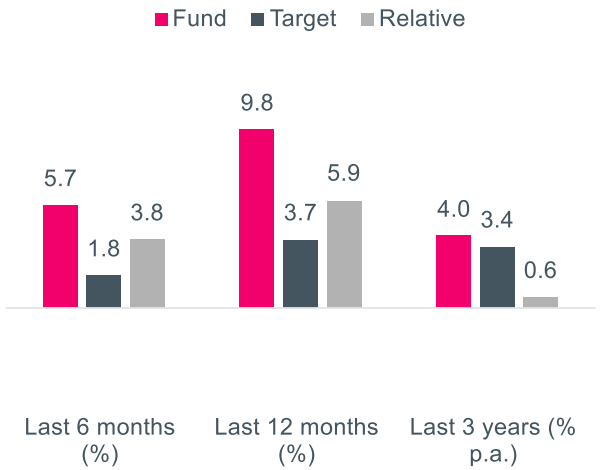
It is the more defensively positioned of the two multi-asset mandates held by the Fund within the LCIV.

Strong returns were driven by the fund's equity holdings, which saw a sharp rise following positive vaccine news, while the large holdings in Government bonds added useful protection over the 12 months.

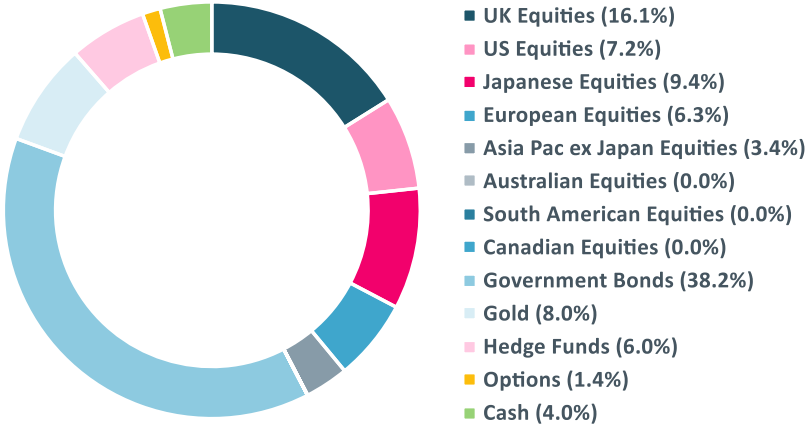
A notable addition to the fund this year has been a 2% allocation to Bitcoin, which has been added as an additional hedge against inflation. The manager also pointed to the increasing adoption of Bitcoin by institutional investors and corporations as a potential positive driver of returns.

We have a cautious view of Bitcoin from an ESG perspective; however we are comfortable with Ruffer's justification and sizing of this trade within the portfolio.

Fund Performance



Fund Asset Allocation



Source: Investment Manager

Alinda Infrastructure

Target: Absolute return of 8.0% p.a.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

At the beginning it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date.

The Alinda III Infrastructure fund is in the ramp-up stage, drawing down and deploying capital which is skewing and adding volatility to the combined percentage return.

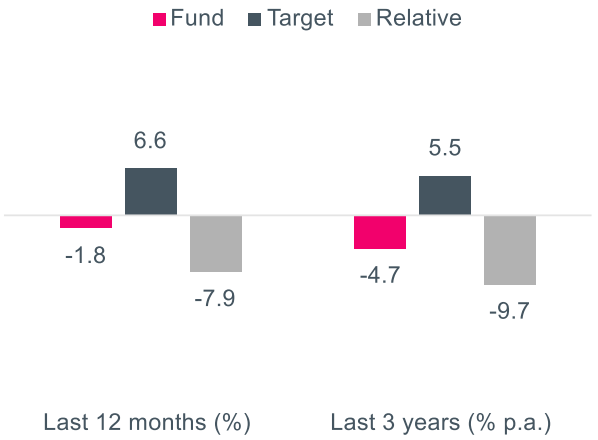
Remaining capital commitments as at 30 September 2020 are as follows:

Alinda II: $3,523,133
Alinda III: $11,229,782

The following net distributions (distributions less contributions) were made over Q3:

Alinda II: $406,286
Alinda III: $248,052

Fund performance vs benchmark/target



Summary as at 30 September 2020

Alinda Fund II	
IRR (Gross)	5.9%
IRR (Net)	3.3%
Cash yield	7.0%
TVPI (Net)	1.2x

Alinda Fund III	
IRR (Gross)	19.9%
IRR (Net)	11.7%
Cash yield	9.2%
TVPI (Net)	1.3x

Source: Investment Manager

Capital Dynamics Infrastructure

Target: Absolute return of 8.0% p.a.

The Fund's holdings are currently solely held within the Capital Dynamics Clean Energy and Infrastructure fund.

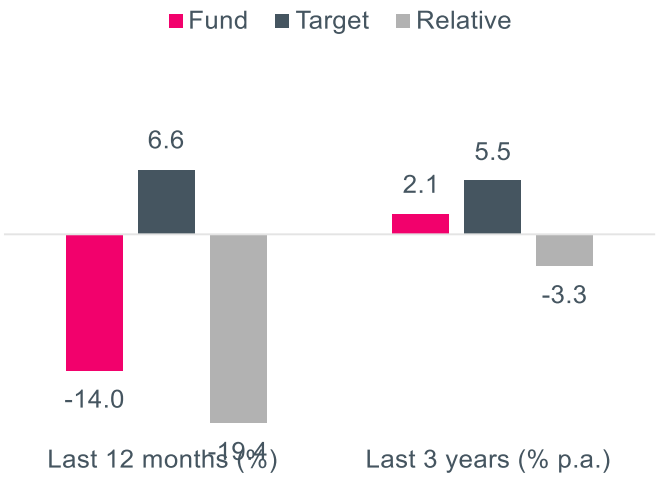
The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

With the fund having deployed most of the capital commitment it is appropriate to assess performance on both measures.

Reporting on underlying commitments is as at 30 September 2020 due to the lag in reporting from the manager, which is typical for funds of this nature.

As can be seen by both the IRR and TVPI, performance has been lower than expected to date.

Fund performance vs benchmark/target



Summary as at 30 September 2020 (figures in $m where applicable)

Capital committed	$15.0
Total contributed	$14.7
Distributions	$1.2
Value created	($0.2)
Net asset value	$13.3

Net IRR since inception	(1.1%)
Total value-to-paid-in-ratio (TVPI)	0.94x

Source: Investment Manager

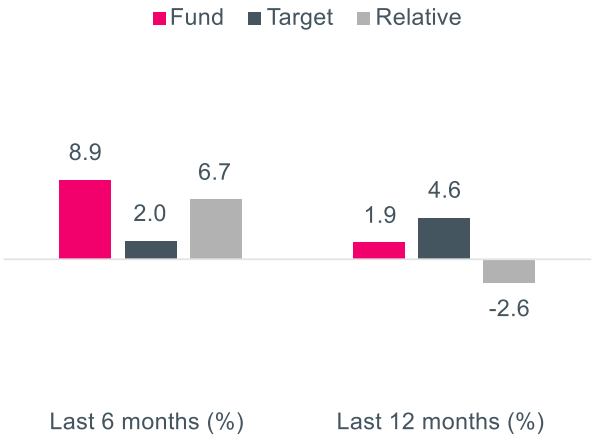
CQS Multi Credit

Over the second half of 2020 CQS's multi-asset credit strategy returned 8.9% against a benchmark of 2.0%. The 12 month performance picture looks more favourable as a result. Performance is positive but behind benchmark.

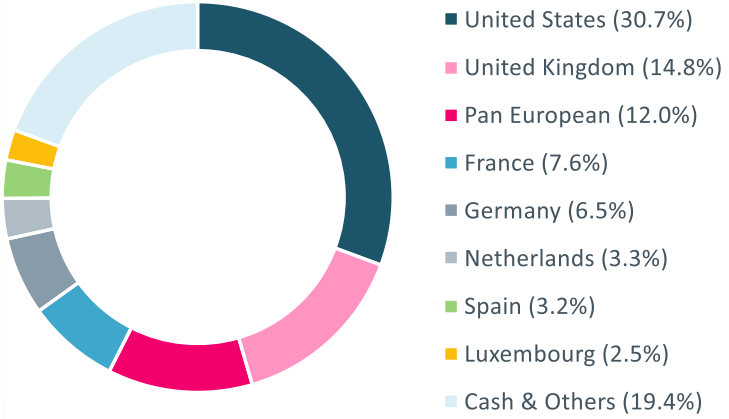
Performance over the past 6 months has been driven by the fund's Financial and Asset-Backed securities, both which recovered strongly in Q4 from their March lows. Performance is still weaker over 12 months due to the manager's preference for European debt over US. This preference is driven by the fund's more defensive positioning; the European market tends to have higher-rated issuers with improved fundamentals relative to their US peers.

The fund maintains a high allocation to loans, which the manager believes offer better return opportunities in the long run.

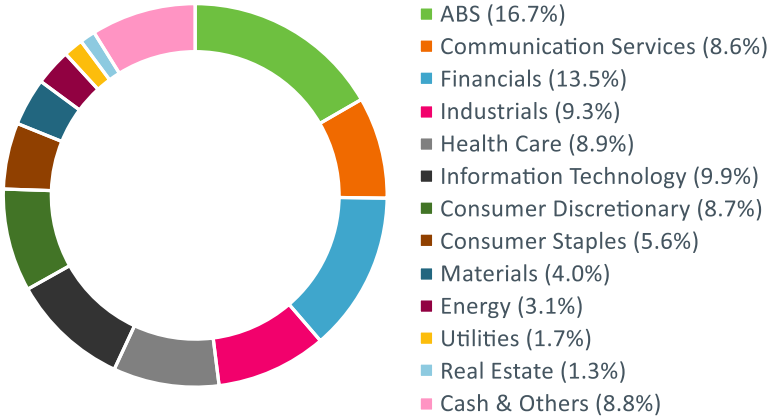
Fund performance vs benchmark/target



Country Weights



Sector Weights



Source: Investment Manager

BlackRock UK gilts

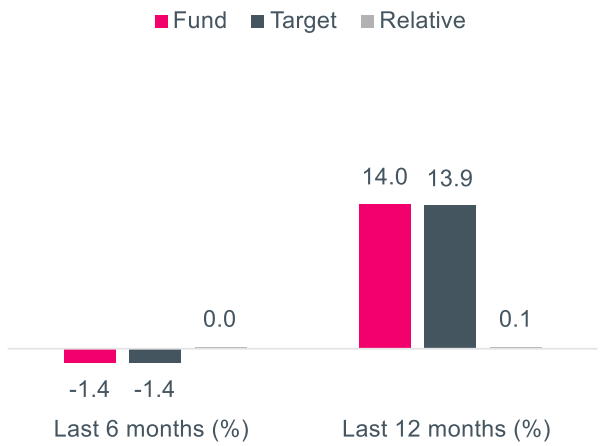
BlackRock were appointed in March 2019 to oversee the Fund's bond allocation.

It is a passively managed mandate aimed at matching the FTSE UK Gilts Over 15 Yrs index.

Over the second half of 2020 the fund returned -1.4% as gilt yields rose slightly due to the weak economic outlook. Looking at 2020 as a whole though, performance was strong with an absolute return of 14.0%.

In periods of volatility, gilts offer downside protection due to their 'safe haven' status.

Fund performance vs benchmark/target



Source: Investment Manager

Market Background

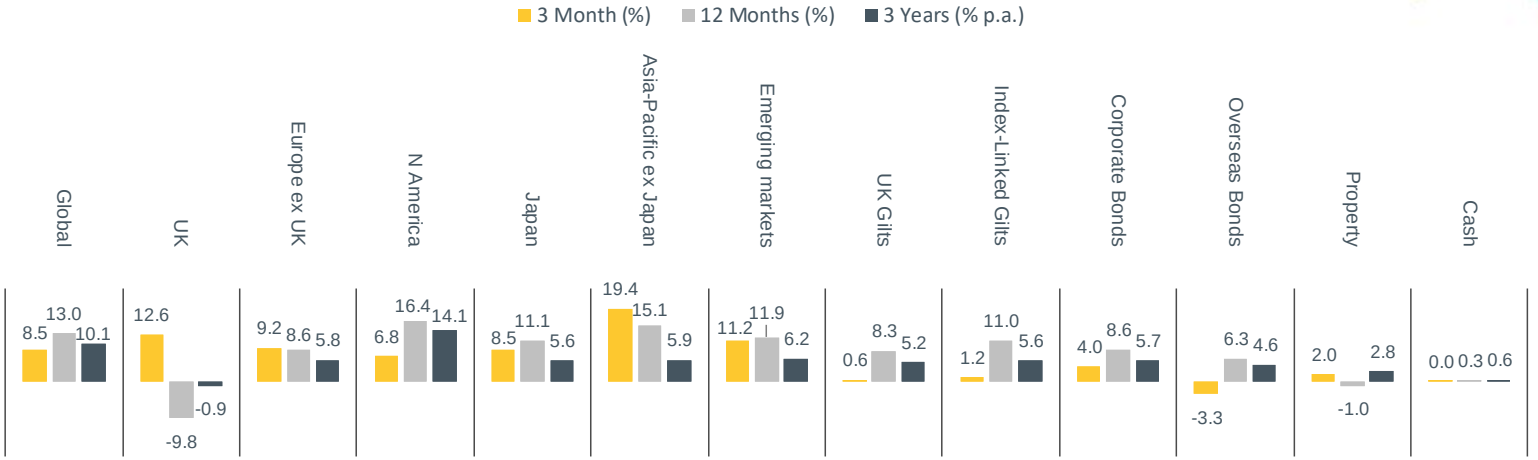
Q3 GDP releases show the initial rebound in activity was sharp as the major advanced economies emerged from lockdown but annualised falls in output have been significant. Composite PMIs suggest the UK and Eurozone economies ended 2020 on a weak note but the global equivalent remains at a level signalling expansion, supported by solid readings in the US, China and elsewhere. Though COVID-19 cases continue to rise at a global level, many advanced economies could potentially vaccinate a large proportion of their most vulnerable citizens in the first half of 2021.

UK headline inflation slowed more than expected falling from 0.7% in October to 0.3% year-on-year in November as restrictions to curb the spread of coronavirus were re-imposed.

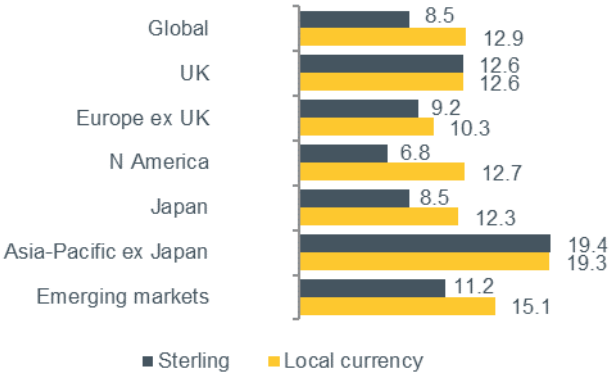
Despite hopes of economic recovery in 2021, government bond yields rose only modestly in the US and fell in the UK and Germany due to near-term economic weakness and central bank intervention. Implied inflation rose at longer terms despite the government's announcement that RPI will be aligned with CPIH from 2030. Global investment grade credit spreads fell from 1.4% p.a. to 1.0% p.a. and global speculative-grade spreads from 5.6% p.a. to 4.1% p.a., as lower rated credit outperformed higher quality.

Sterling was volatile as Brexit talks approached their conclusion, although it ended the period 1.9% higher in trade-weighted terms as the EU and UK reached a trade deal. In comparison, on a trade-weighted basis the US Dollar and Japanese Yen, both typically considered safe-haven currencies, fell 5.3% and 1.4% below end-September levels.

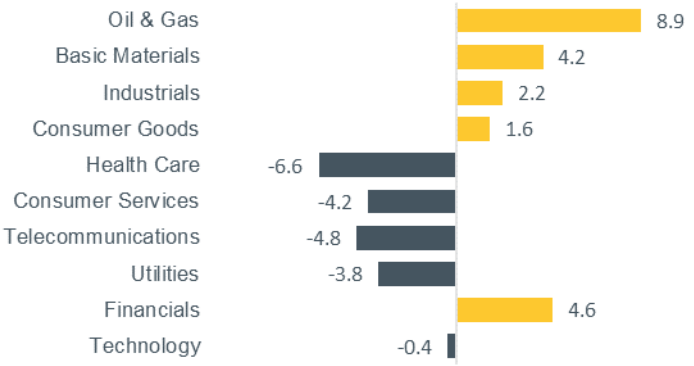
Historic returns for world markets [1]



Regional equity returns [2]



Global equity sector returns (%) [3]



[1] All returns are in Sterling terms. Indices shown (from left to right) are as follows: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, JP Morgan GBI Overseas Bonds, MSCI UK Monthly Property Index; UK Interbank 7 Day. [2] FTSE All World Indices [3] Relative to FTSE All World Indices.

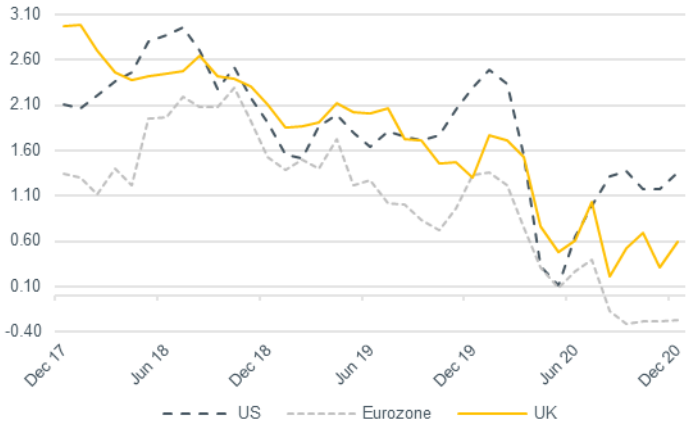
Market Background

After falling in October amid renewed restrictions to curb rapidly rising COVID-19 cases, positive vaccine news propelled equity markets higher, with the FTSE All World returning 12.9% in Q4. This news also caused some moderate rotation within global equities as areas of the market most impacted negatively by the pandemic outperformed. This was evident in the outperformance of cyclical sectors such as oil & gas, financials and materials and interconnectedly, styles such as value and smaller capitalisation stocks. Defensive areas such Healthcare, Utilities and Telecoms all underperformed.

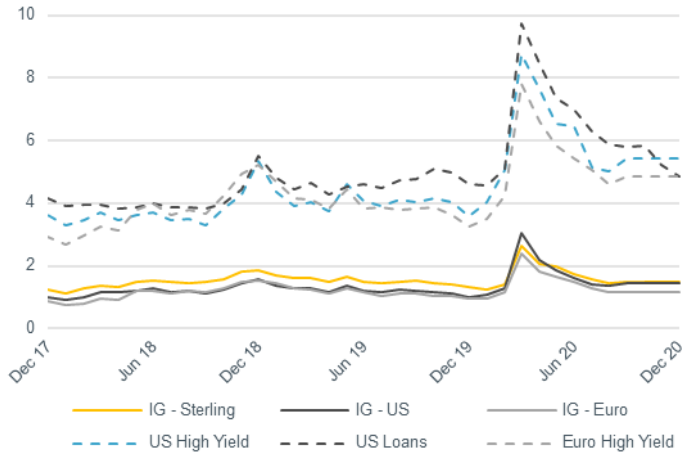
From a regional perspective, Emerging market and Asia ex-Japan equities outperformed, both benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity.

The rolling 12-month total return on the MSCI UK Monthly Property index was -1.9% to the end of November, although monthly total returns have now been positive since July. Capital values, in aggregate, have fallen 7.1% in the year to November, predominantly due to a 17.9% fall in the retail sector, where capital values continue to decline sharply.

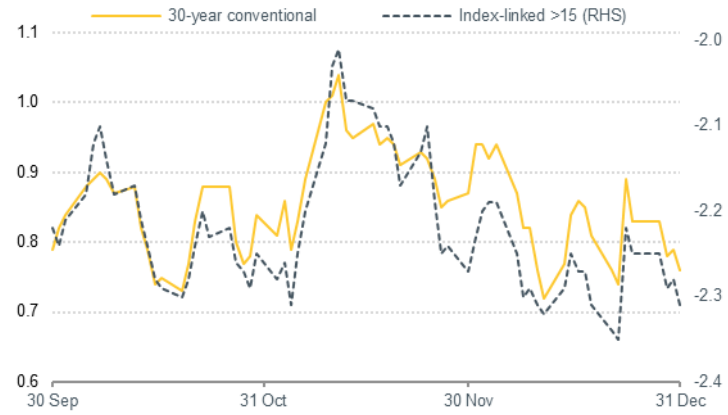
Annual CPI Inflation (% p.a.)



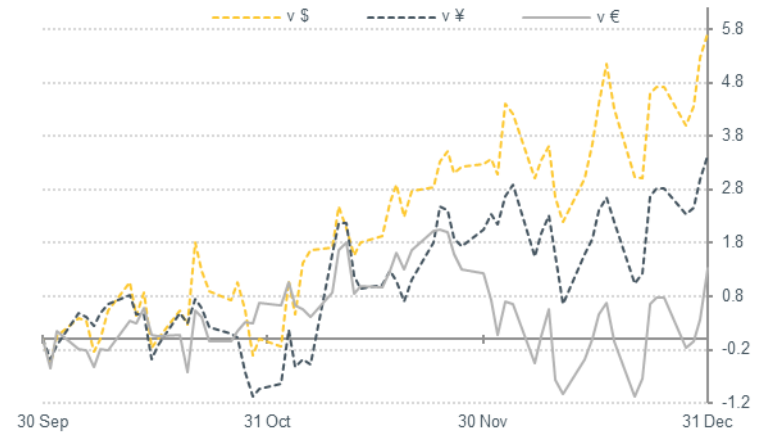
Investment and speculative grade credit spreads (% p.a.)



Gilt yields chart (% p.a.)



Sterling trend chart (% change)



Source: Reuters

Hymans Rating

Preferred	Our highest rated managers in each asset class. These should be the strategies we are willing to put forward for new searches.
Positive	We believe there is a strong chance that the strategy will achieve its objectives, but there is some element that holds us back from providing the product with the highest rating.
Suitable	We believe the strategy is suitable for pension scheme investors. We have done sufficient due diligence to assess its compliance with the requirements of pension scheme investors but do not have a strong view on the investment capability. The strategy would not be put forward for new searches based on investment merits alone.
Negative	The strategy is not suitable for continued or future investment and alternatives should be explored.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.

Responsible Investment

Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge to be able to form an opinion on.

Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

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Geometric v Arithmetic Performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:

$$\frac{(1 + Fund\ Performance)}{(1 + Benchmark\ Performance)} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$Fund\ Performance - Benchmark\ Performance$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

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Brent	**Pensions Fund Sub-Committee** 24 February 2021
	Report from the Director of Finance
Investment update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	PART EXEMPT - as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
No. of Appendices:	Two 1. Private Debt (Exempt) 2. Investment strategy: Transition Roadmap
Background Papers:	▪ Review of Investment Strategy - 25 February 2020
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst

1.0 Purpose of the Report

1.1 The purpose of this report is to update the committee on the Fund's investments.

2.0 Recommendation(s)

2.1 The Committee is asked to:

- Note the overall report including the investment update and Capital Dynamics proposal.
- Note that officers will be proceeding with the allocation to Private Debt through the London CIV offering, subject to further due diligence, which is in line with the previously agreed strategic allocation to the asset class.

3.0 Detail

Private Debt

3.1 Following the Fund's investment strategy review in February 2020, it was agreed to continue significant allocations to diversifiers and, as part of this review, to introduce an allocation to Private Debt. Private debt is an income focussed asset with a shorter-term focus than infrastructure. The strategic rationale for doing this was to deliver an absolute return, meaningfully higher than might currently be achieved investing in cash or short-term high-quality bonds.

3.2 As part of pooling, it is expected that any new investments will only be made through London CIV. This is in line with the Fund's investment strategy statement which states that the Fund's intention is for all assets (subject to due diligence) to be transitioned into the London CIV. At the time of the investment strategy review, it was mentioned that the London CIV planned to offer a Private Debt vehicle although the development of this product was at an early stage.

3.3 Since the investment strategy review and as previously reported to the committee, London CIV have progressed development of the product with the proposed structure in place and a planned launch date of March 2021.

3.4 Appendix 1 (exempt) provides a proposed term sheet and further analysis of the London CIV Private Debt offering.

3.5 Private Debt assets operate in a similar manner to the Fund's current infrastructure holdings where the Fund commits a certain amount of money to the investment managers' funds, with the manager then calling these monies over time, as investments become available. Therefore once the commitment is made, the allocation will take some time to be built up.

3.6 In light of this, the Fund's long-term objective is to invest 5% of its strategic allocation to Private Debt. Based on the Fund's most recent asset valuation of approximately £1bn, this would represent an investment of £50m. It is expected that, initially, capital calls will be funded using the Fund's existing cash holdings. This commitment will be monitored as part of the Fund's regular cash flow analysis and rebalancing will have to be considered when cash holdings have been used up.

3.7 The committee is asked to note that officers will be proceeding with this allocation to Private Debt through the London CIV offering, subject to further due diligence, which is in line with the previously agreed strategic allocation to the asset class.

Investment Update

3.8 In February 2020, the Committee agreed to the investment strategy review undertaken by the Fund's investment advisors and in July 2020 the committee was presented with a transition roadmap which presented a plan to move to the

agreed asset allocations. The transition roadmap has been attached to this report in Appendix 2.

3.9 At the previous Committee meeting on 6 October 2020, the committee noted the actions being taken to move the investment allocation towards the strategic target allocations agreed.

3.10 This included the intention to reduce the allocation of UK equities to the interim target allocation of 5% by selling down LGIM's UK equity holding and to reinvest the proceeds from LGIM's UK equity holding, each of 3%, into Ruffer and LGIM global equity.

3.11 The fund continues to be in regular contact with its investment advisors, Hymans Robertson LLP and regular meetings to discuss the implementation of the investment strategy. The fund took into account the high level of volatility affecting both the UK and global markets during these times and the trades split into two tranches in order to reduce the timing and volatility risk associated with trading in such times. Additionally, no trading took place between mid-December 2020 and mid-January 2021 to avoid any market volatility or reduced liquidity related to the Christmas period.

3.12 Trading took place between November 2020 and February 2021. A total of £26m was sold in tranche 1 which was completed on 09 December 2020. The proceeds were invested equally between LGIM global equity and Ruffer.

3.13 The Fund revised the trading amount for tranche 2 to reflect updated asset valuations. A total of £30m from LGIM UK equity was sold and the sales proceeds were invested equally between LGIM global equity and Ruffer. Tranche 2 which was completed on 01 February 2021.

3.14 The impact of the implementation of tranche 1 is reflected in the investment monitoring report on the agenda. The impact of tranche 2 will be reflected in the investment monitoring report that will be presented to the committee at its first meeting in the 2021-22 financial year.

3.15 In addition to this, the Committee also approved an initial investment of c£28m into the BlackRock passive low carbon equity fund on 16 July 2020. Deployment of this investment has been delayed in the account opening process, where the Fund has needed to request specialist tax advice from the Council's tax advisors, Ernst & Young. Officers will be making this investment as soon as practically possible.

3.16 The London Borough of Brent Pension Fund committed £50 million to London CIV's infrastructure fund, in October 2019. The total commitments to the fund stand at £399 million therefore London Borough of Brent's investment represents 12.5% of the Fund.

3.17 There were no capital calls for the LCIV Infrastructure Fund in Q3 (Jul – Sep 2020). A total of £4.7m was drawn down in Q4 2020 (Oct – Dec 2020) taking the overall total drawn down to £8.1m.

3.18 The LCIV Infrastructure Fund has made commitments across several sectors and geographies. These sectors include utilities, transportation, datacentres, renewables and telecoms. Overall, the Fund has now committed to 6 primary funds. The fund is within it's investment guidelines. Renewables exposure takes up the largest proportion of the portfolio with a 37% weighting. London CIV estimates that deployment of committed capital is expected to increase in 2021.

Capital Dynamics

3.19 The Brent Pension Fund currently have a number of private equity holdings with Capital Dynamics that were entered into between 2004 and 2006 and are at the end of their expected life. However, these investments have not been fully wound down and Capital Dynamics have proposed that unrealised holdings in 4 of our investments are sold as a block to a single investor ("Project Phoenix").

3.20 Capital Dynamics asked the Fund, together with other investors, to vote on the sale proposal, which requires 50.01% of investors to consent in order to pass.

3.21 If the sale does go through, each investor then has two options – either to take the sale proceeds as cash (at a discount) or to reinvest the proceeds and become an investor in the follow-on fund with the new manager.

3.22 If the sale does not go through, the only viable options would be to either keep extending the fund life until the holdings are fully realised or to explore another sale at a later stage.

3.23 The Fund took advice from it's investment advisors, Hymans Robertson, on this transaction. They have advised that none of the options available to the Fund were perfect and each has its drawbacks but they advised that the Fund should vote in favour of the transaction and elect for the cash redemption.

3.24 This is in line with the Fund's long term strategic aims. As per the 2020 Investment Strategy review, private equity does not factor in the long term investment strategy. Whilst taking cash requires the Fund to accept a discount to net asset value, it is considered a more efficient use of capital to accept cash and re-invest the proceeds in other opportunities rather than wait for 100% of the potential gains to be realised over an unknown period.

3.25 Officers requested approval of this decision from the Chair of the Committee and the Director of Finance prior to the deadline of 04 February 2021 and the committee is required to note this decision. At the time of writing, officers are awaiting the outcome of the vote.

4.0 Financial Implications

4.1 These are discussed throughout the report and further set out in the appendices.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

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Investment strategy: transition roadmap (June 2020)

Introduction

This paper is addressed to the Pension Fund Sub-Committee (the "Committee") of the London Borough of Brent Pension Fund (the "Fund"). Its purpose is to summarise the actions being taken to move the investment strategy towards the strategic target allocations agreed in February 2020. Transitioning to the interim and long-term targets in practice will be fluid and will depend on numerous factors including market conditions and the attractiveness of investment opportunities in the relevant asset classes. However, as a guide, we would expect the Fund to move towards the interim target over the next 12-24 months (so by mid-2022) and towards the long-term target over the next 3-5 years (so by 2025). We understand the Fund remains in a positive cashflow position following the conclusion of the 2019 valuation and new contribution rates coming into force on 1 April 2020. The cashflow position will be monitored at regular intervals. To date we are not aware of any requests for contribution deferrals.

Key points/actions are as follows:

- **Low carbon equities:** subject to approval by the Committee, invest £25m to £30m (c3% of Fund assets) in a passive low carbon equity fund. Build further exposure to low carbon/sustainable oriented equities over time, partially using proceeds from reducing exposure to UK equities.
- **Increase interim allocations to equity and cash as a proxy for future infrastructure investments, until the agreed infrastructure allocation is built up:** investing £25m to £30m will take listed equity allocation c3% above the previously outlined interim target. We recommend this 3% overweight position is maintained alongside a 2% holding in cash while the Fund builds its investment in infrastructure. This is on the basis that a 5% allocation to equities/cash is expected to deliver a similar long-term risk/return profile to 5% in diversifiers.
- **Build infrastructure investment over time:** the Fund has undrawn commitments of c£50m to the LCIV infrastructure fund and c£12m to Alinda (total 7% of Fund assets) so exposure to infrastructure will increase naturally. Balancing this, Alinda (II), Alinda (III) and Capital Dynamics will run off over time (2, 6 and 2 years respectively). Proceeds from Alinda/Capital Dynamics and equity/cash holding can be invested in LCIV's Infrastructure Fund or other suitable alternatives e.g. LCIV's new Renewables Fund which has ESG benefits (subject to due diligence on the funds to ensure they meet the Committee's beliefs/objectives).
- **Baillie Gifford and Ruffer:** Consider appropriate balance between these managers, acknowledging different styles.
- **Cash holding:** the Fund held c£54m of cash at 31 March 2020. £12m being used to increase the Fund's emerging markets equities (£8m) and multi-asset credit (£4m) holdings plus there is a proposal to invest £25m to £30m in a passive low carbon equity fund. As explained above, we recommend a cash balance of £15m to £20m is maintained while the Fund builds its investment in infrastructure.

This paper should not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety. We accept no liability to any party unless we have expressly accepted such liability in writing.

Summary – current and target allocations

Asset class	31 March 2020 value (£m)	31 March 2020 allocation (%)	Interim target allocation (%)	Long-term target allocation (%)	Comments
Total growth	**461.8**	**55.3**	**58**	**50**	Focus is to introduce low carbon equity fund, seeded by c£25-30m of cash (approx. 3% of assets). Will take allocation 3% above the previously outlined interim target.
Total diversifiers	**196.2**	**23.5**	**25**	**35**	Will take time to for initial commitment to infrastructure to be drawn. Meantime increased interim positions in equities (+3%) and cash (+2%) expected to deliver similar risk/return to 5% invested in diversifiers. Unwind equity/cash position as infrastructure investment increases.
Total protection	**123.2**	**14.8**	**15**	**15**	In line with interim target allocation.
Cash	**53.9**	**6.5**	**2**	**-**	£12m being used to increase emerging markets equities (£8m) and multi-asset credit (£4m) holdings Proposal to invest c£25-30m (c3% of assets) in low carbon equity fund Retain remainder in cash, partly as part of the infrastructure proxy and partly to reflect current market uncertainty
Total	**835.1**	**100.0**	**100**	**100**	

Growth assets

Asset class	Style	Manager	31 March 2020 value (£m)	31 March 2020 allocation (%)	Interim target allocation (%)	Long-term target allocation (%)	Comments
Equities	Global passive	LGIM	293.4	35.1	43	40	Proposal to establish low carbon equity holding, seeded by c£25-30m of cash (c3% of assets). Monitor and unwind interim versus long-term target as infrastructure investment increases. Increase exposure to low carbon equities over time. Options are to build investment in BlackRock low carbon fund and/or diversify by manager/style via London CIV offerings or suitable alternative. Prepare plan to reduce UK exposure over time. Rebalancing towards global equities could be time-based and/or based on relative market movements.
	Global low carbon	Discussed in a separate paper	-	-			
	UK passive	LGIM	94.1	11.3	5	5	
	EM active	JP Morgan (LCIV)	25.2	3.0	5	5	Investing c£8m of cash to increase allocation to c4%.
Private Equity	Fund of funds	Capital Dynamics	49.1	5.9	5	0	Long-term target allocation is 0%. Prepare plan to reduce exposure over the longer term and reallocate to diversifiers.
Total growth			**461.8**	**55.3**	**58**	**50**	

Diversifiers

Asset class	Style	Manager	31 March 2020 value (£m)	31 March 2020 allocation (%)	Interim target allocation (%)	Long-term target allocation (%)	Comments
Div Growth	Multi-asset	Baillie Gifford (LCIV)	110.8	13.3	20	5	Consider balance between BG and Ruffer, acknowledging different styles. Longer term plan to reduce exposure to 5%.
Abs Return	Multi-asset	Ruffer (LCIV)	50.1	6.0			
Infrastructure	Direct	Alinda	24.6	2.9	5	15	Undrawn commitments of c£50m to the LCIV infrastructure fund, c£12m to Alinda (total 7% of assets) so exposure will increase. Balancing this, Alinda and Capital Dynamics to run off over time (6 and 2 years respectively). Proceeds could be reinvested in LCIV funds, including new renewables fund which has ESG benefits. Carry out due diligence on LCIV renewables fund to ensure meets Brent beliefs/objectives. Initially work to interim target then increase this as additional commitments are made to the asset class.
	Funds+ Direct	Capital Dynamics	10.1	1.2			
		LCIV	0.5	0.1			
Property	UK and potentially some global	Aviva (current holding a Europe fund of funds)	0.1	-	-	10	Consider options to access property market, including LCIV, as part of a longer term plan. Outside of LCIV options are one or more core balanced funds and supplement this with allocations to other parts of the market such as secure income (long lease), UK residential and/or global property. Would involve reassessing current strategic 10% allocation to 'UK Core'.
Private debt	-	-	-	-	-	5	No immediate action.
Total diversifiers			**196.2**	**23.5**	**25**	**35**	

Protection assets

Asset class	Style	Manager	31 March 2020 value (£m)	31 March 2020 allocation (%)	Interim target allocation (%)	Long-term target allocation (%)	Comments
Multi-asset credit	Active credit focused	CQS	30.6	3.7	5	5	Investing c£4m of cash to increase holding to c4.2% Worth noting the CQS mandate, through its credit exposure provides diversification benefits, rather than any protection of capital.
Gilts	Passive duration	BlackRock	92.6	11.1	10	10	Fixed interest gilts. No immediate action.
Cash		Fund	53.9	6.5	2	0	As part of the infrastructure proxy.
Total protection			**177.1**	**21.3**	**17**	**15**	

Prepared by:-
William Marshall, Partner
Kenneth Taylor, Associate Investment Consultant
Kameel Kapitan, Associate Investment Consultant
For and on behalf of Hymans Robertson LLP

June 2020

General Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

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Brent	**Pensions Fund Sub-Committee** 24 February 2021
	Report from the Director of Finance
LAPFF Engagement Report	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	OPEN
No. of Appendices:	1. LAPPF Engagement Report Q4 2020
Background Papers:	▪ N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst Saagar Raithatha, Finance Analyst

1.0 Purpose of the Report

1.1 This report is for noting and presents members with an update on the engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. The Fund's commitment with LAPFF and its work demonstrates its commitment to Responsible Investment and engagement as a way to achieve its objectives.

2.0 Recommendation

2.1 The Committee is recommended to note this report.

3.0 Background of LAPFF

3.1 LAPFF (the Local Authority Pension Fund Forum) has 81 members, 6 pools and combined assets of £300bn. With investments widespread in many of the sectors, LAPFFs aim is to act together with the majority of the UK's local authority pension funds and pool companies to promote the highest standards of corporate governance in order to protect the long-term value of local authority pension funds.

3.2 Leading the way on issues such as executive pay, reliable accounting and a just transition to a net zero economy, the Forum engages directly with company chairs and boards to affect change at investee companies. LAPFF engages with companies and its stakeholders, such as employees and local communities, to understand their views on a company's behaviour and risks. Some issues extend beyond the behaviour of individual companies to the way markets function. The engagement is member led and on behalf of the Brent Pension Fund and other local authorities, LAPFF are able to challenge regulators and deliver reforms that advance corporate responsibility and responsible investment.

3.3 In October 2019, the Pension Sub-committee approved Brent Pension Fund's membership into LAPFF. Members of the Pension Sub-committee are welcome to attend meetings of the Forum. As a member of LAPFF, Brent Pension Fund are entitled to contribute to and participate in the work plan organised by the Forum around issues of common concern.

4.0 Engagement Report

4.1 The LAPFF policy on confidentiality requires that all company correspondence (letters and meeting notes) remain confidential; however LAPFF produce a Quarterly Engagement report to give an overview of the work undertaken. A summary of key engagement work has been provided in this report. However the full report is attached in Appendix 1 and highlights the achievements during the most recent quarter.

Engagement Conducted by LAPFF

4.2 LAPFF have approached HSBC to discuss a climate resolution. The resolution calls on HSBC to 'reduce financed emissions from its portfolio of customers to net zero by 2050 or sooner. The Company should report on progress against its targets and strategy in its annual report on an annual basis, starting from 2021 onwards, including a summary of the framework, methodology, timescales and core assumptions used. A meeting with HSBC has been requested to discuss the issue.

4.3 LAPFF met with Standard Chartered to seek evidence of progress in the period to 2030 against the company's net zero targets and request the 2021 AGM to be opened up to virtual attendance. Standard Chartered has committed to net-zero emissions across its global properties by 2030 by sourcing energy from renewable sources and pursuing energy efficiency measures. The company is

working with its clients to measure, monitor and reduce emissions in order to ensure alignment of the portfolio with Paris goals. There are clear standards for non-compliance set but the bank has also committed to providing funding, with significant amounts for renewables and clean-tech projects over the next five years.

4.4 During 2020, LAPFF called on the UK government to ban sales of all new petrol, diesel and hybrid cars by 2025. Since then, the Government has confirmed that it will ban the sale of all new petrol and diesel cars by 2030, representing a significant outcome in terms of carbon reduction impact. LAPFF has sought to engage with the auto industry to ascertain how car makers will be approaching the challenges of electrifying their fleets and what their plans are to reduce carbon emissions. So far, LAPFF has written to six vehicle manufacturers regarding these issues, and the Forum recently met with BMW to understand targets set for its emissions. The company assured LAPFF that it is ready to meet a rise in demand for electric vehicles and that its own operations will be carbon neutral by next year by offsetting its carbon emissions in a number of ways. They have also ensured that all of their battery cell suppliers use green energy and are looking at all aspects of supply to reduce CO2 emissions.

4.5 Over the last quarter, LAPFF vice Chair met with ArcelorMittal to seek evidence of progress in the period to 2030 against the companies' net zero targets and to encourage board consideration of putting climate transition plans to shareholders for approval. It was a productive discussion with ArcelorMittal committing to look at providing appropriate hybrid arrangements for investors to participate in annual meetings and for their presentation in these meetings to include detail on the zero-carbon transition, with time being allowed for discussion on this. There have also been efforts made to explore partnerships with other companies in working towards using renewable power in manufacturing green steel.

4.6 Other engagement efforts conducted from LAPFF has been to push National Grid for a group-wide net zero target to be set. Although the company has been signed up to the science-based target initiative for some time, no scope 3 targets for the group had been set. However, at an ESG investor event, the company announced that it has set an interim target of 20% reduction in scope 3 emissions by 2030.

4.7 Part of LAPFF's strategy has been to make progress on tailings dam safety. To meet this, LAPFF has set out to meet company chairs to explain the Forum's perspective on the importance of speaking meaningfully with affected communities. The Forum had managed to speak to the chairs of Vale and BHP and over the last quarter, the LAPFF Chair spoke with both the AngloAmerican Chair and Glencore Chair on this issue. Both chairs recognised the importance of engaging effectively with affected communities but did not provide much detail on how their respective companies were going about this engagement. As an added dimension to this work, LAPFF have also met with a number of Brazilian investors, including Previ, the largest public pension fund in Brazil, to test their appetite for engaging with the affected communities in order to build a coalition amongst Brazilian communities and investors.

5.0 Financial Implications

5.1 Not applicable.

6.0 Legal Implications

6.1 Not applicable.

7.0 Equality Implications

7.1 Not applicable.

8.0 Consultation with Ward Members and Stakeholders

8.1 Not applicable.

9.0 Human Resources

9.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

Quarterly Engagement Report

October-December 2020

Local Authority Pension Fund Forum

Climate goals, BHP, Vale, Standard Chartered, HSBC

CLIMATE EMERGENCY

It is the fifth anniversary of the Samarco dam collapse in Mariana, Brazil

LAPFF meets AngloAmerican and Glencore chairs on stakeholder engagement

Objective: Part of LAPFF's strategy to make progress on tailings dam safety has been to meet company chairs to explain the Forum's perspective on the importance of speaking meaningfully with affected communities. The Forum had managed to speak to the chairs of Vale and BHP but had yet to meet with the chairs of AngloAmerican and Glencore on this issue.

Achieved: Over the last quarter, LAPFF Chair, Cllr Doug McMurdo, spoke with both AngloAmerican Chair, Stuart Chambers, and Glencore Chair, Tony Hayward, on this issue. Both chairs recognised the importance of engaging effectively with affected communities but did not provide much detail on how their respective companies were going about this engagement.

> "The more I discuss joint ventures with mining companies, the more concerned I become. These entities seem to mask significant governance failings that more often than not lead to significant ESG failings. We need to figure out a way forward on this issue."
>
> Cllr Doug McMurdo

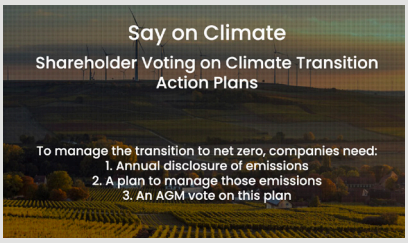
Cllr McMurdo noted that the Forum had held a webinar on 5 November to remember the fifth anniversary of the Samarco dam collapse in Mariana, Brazil and to highlight the fact that reparations thus far have been woefully inadequate. He also raised concerns about the role of joint ventures in contributing to poor environmental, social, and governance standards in mining projects. While there was general agreement that joint ventures were problematic, the different companies had different perspectives on these structures, which might account for the dissonance in running them.

As an added dimension to this work, Cllr McMurdo also met with a number of Brazilian investors, including Previ, the largest public pension fund in Brazil, to test their appetite for engaging with the

CLIMATE EMERGENCY

SAY ON CLIMATE

In December, LAPFF came out in support of the 'Say on Climate' initiative which aims to secure a 'say on climate' vote at a wide number of company AGMs. This followed a meeting with Sir Chris Hohn who earlier this year had been successful in securing an annual vote at the Spanish airport group Aena's AGM on its climate transition plan. Sir Chris runs the Children's Investment Fund Management which is associated with the Children's Investment Fund Foundation. The difference between this initiative and, for example, Climate Action 100+ is that it is not exclusive to high carbon-emitting companies but can be applied to all listed companies. Recommended actions also include advocating for a mandatory 'say on climate' which would mean it would be on every company AGM ballot. Further information can be found at www.sayonclimate.org.



affected communities. LAPFF found in its Rio Tinto engagement on Juukan Gorge that engaging with both local communities and local investors in Australia helped to galvanise a unified voice and support for change. The Forum is looking to build a similar coalition amongst Brazilian communities and investors.

These engagements fit within the continuing collaborative efforts between investors through another Church of England-led initiative on engagement with Indigenous communities. Over 70 letters were sent to mining companies globally to request improved disclosure on stakeholder engagement and governance. The results are now being collected to determine next steps.

In Progress: The Forum has yet to meet with Rio Tinto on the Juukan Gorge incident, despite additional requests to this end. Rio Tinto has granted investors meetings on climate change and general governance at board level but continues to push back on human rights and stakeholder engagement discussions. Having heard from community representatives in both the US and Mongolia on Rio Tinto's conduct, it is becoming clear that there are systemic failings in the company's ESG assessment processes that LAPFF will want to discuss when a meeting is finally granted.

It is also increasingly clear that joint ventures need more investor attention. Apart from the fact that they facilitate governance gaps, it was apparent from this quarter's meetings that the investors involved do not have a common vision for their operation or how to address ESG issues through these structures. This must change quickly for progress to be made.

The Glencore meeting also focused largely on the company's announcement that it would be exiting coal and giving a greater focus to base metals. It will be important to follow up with the company to see how its strategy is being implemented, especially as the company is forecasting an increase in coal production to 2025 and with a new CEO, Gary Nagle, who is currently Head of Coal Assets, taking over from Ivan Glasenberg in the first part of next year.

Financing a Just Transition Alliance

Cllr Rob Chapman, LAPFF vice chair, joined the first meeting of the Alliance which aims to translate financial sector commitments into real world impact. The Alliance aims to build on positive momentum to encourage tangible action and profile promising case studies. Co-ordinated by the London School of Economics, a report will be produced setting out recommendations in time for COP 26.

ArcelorMittal and National Grid CA100+ Engagements Continue

Objective: to seek evidence of progress in the period to 2030 against the companies' net zero targets and to encourage board consideration of putting climate transition plans to shareholders for approval.

Achieved: Cllr Chapman, LAPFF vice-chair, met with Aditya Mittal, ArcelorMittal's Finance Director and Bruno Lafont, the lead independent director, together with representatives from the other two lead Climate Action 100+ (CA100+) investors. It was a productive discussion with Aditya Mittal committing to look at providing appropriate hybrid arrangements for investors to participate in the annual meeting and for his presentation to the meeting to include detail on the zero-carbon transition with time being allowed for discussion on this. He also spoke about exploring partnerships with other companies to work towards using renewable power in manufacturing green steel. The company's progress in the use of hydrogen in steel-making to decarbonise the process, has been the issue raised most consistently in meetings with company representatives. In the 'Climate Action in Europe' report produced during the year, it was notable that this technology was separated out from the other 'smart carbon' technologies with the company announcing this quarter that they will produce the first steel using hydrogen from renewables in 2020.

At National Grid, LAPFF has long

LAPFF HOLDS WEBINAR SERIES TO REPLACE THE ANNUAL CONFERENCE

Presentations at the webinars included an overview from David Enrich, New York Times business investigations editor of his new book Dark Towers. Also expert speakers presented on the Opioid Crisis, Managing climate change in a pension fund portfolio, Just Transition, Financial Reporting on climate, an update from the communities affected by the Tailing Dam disasters, the COVID crisis and workers and Workforce Engagement.

The Chair and Vice Chair also presented the LAPFF 2020 Annual report to the membership and detailed engagements undertaken on behalf of LAPFF.

COMPANY ENGAGEMENT

been pushing for group-wide net zero targets to be set. Although the company has been signed up to the science-based target initiative for some time, no scope 3 targets for the group had been set. At an ESG investor event, the company announced that it has set an interim target of 20% reduction in scope 3 emissions by 2030. LAPFF asked the chair if he would consider putting the net zero transition plan to vote at the next AGM. The answer was not in the affirmative, but will be something to pursue with Paula Rasput Reynolds who will replace Sir Peter Gershon as chair in 2021. After this event, Cllr Chapman met with Sir Peter and followed up on the possibility of the board putting a climate transition plan to shareholders at the AGM.

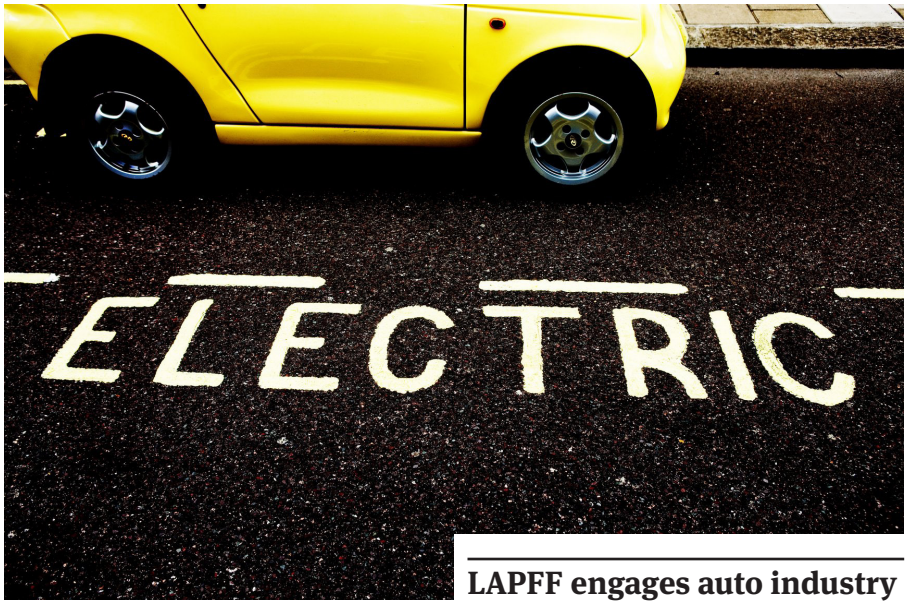
In Progress: Discussions continued with both ArcelorMittal and National Grid on the CA100+ benchmarking process. Some of the issues raised will be addressed in ArcelorMittal's second group climate report which seems likely to be issued in January 2021. Discussions with National Grid referred to the company's proposed Responsible Business Review to be published annually and how elements of the CA100+ benchmarking process might map into this and investors' ability to measure progress towards net zero.

LAPFF Approaches HSBC to Discuss Upcoming Climate Resolution

Objective: As was the case with the Barclays resolution this year, ShareAction has again approached LAPFF about co-filing a shareholder resolution with a UK bank. This time, HSBC is the target. The resolution calls on HSBC to 'reduce financed emissions from [its] portfolio of customers to net zero by 2050 or sooner. The Company should report on progress against its targets and strategy in its annual report on an annual basis, starting from 2021 onwards, including a summary of the framework, methodology, timescales and core assumptions used.'

Achieved: LAPFF's policy is to engage with companies prior to taking a view on whether or not to support a resolution, so a meeting with HSBC was requested in December to discuss the issue.

In Progress: This meeting will be pursued again in the new year.



LAPFF Engages Standard Chartered on Climate Finance

Objectives: LAPFF met with Standard Chartered to seek evidence of progress in the period to 2030 against the company's net zero targets and request the 2021 AGM be opened up to virtual attendance

Achieved: A virtual 'ESG' meeting provided access to the chairs of all board committees as well as the chair, José Viñals. Mr Viñals was responsive to both LAPFF questions. On progress to 2030, Standard Chartered has committed to net-zero emissions across its global properties by 2030 by sourcing energy from renewable sources and pursuing energy efficiency measures. For scope 3, he explained how the company is working with clients to measure, monitor and reduce emissions in order to ensure alignment of the portfolio with Paris goals. There are clear standards for non-compliance set but the bank has also committed to providing funding, with significant amounts for renewables and clean-tech projects over the next five years.

In Progress: In response to the question about running a 'hybrid' AGM, by allowing virtual attendance, Mr Viñals noted that the 2020 AGM had prepared for this by asking for a change in the articles of association. The board is reflecting on how this would work, including reflecting on the virtual ESG meeting itself and would 'try to do something that makes sense'.

LAPFF engages auto industry on climate

Objective: During 2020, LAPFF called on the UK government to ban sales of all new petrol, diesel and hybrid cars by 2025. Since then, the Government has confirmed that it will ban the sale of all new petrol and diesel cars by 2030, representing a significant 'real world' outcome in terms of carbon reduction impact. LAPFF has sought to engage with the auto industry to ascertain how car makers will be approaching the challenges of electrifying their fleets and what their plans are to reduce carbon emissions.

Achieved: So far, LAPFF has written to six vehicle manufacturers regarding these issues, and the Forum recently met with BMW. BMW has openly set science based targets for its Scope 1 & 2 emissions but has yet to set such targets for Scope 3 emissions. The company assured LAPFF that it is ready to meet a rise in demand for electric vehicles and that its own operations will be carbon neutral by next year by offsetting its carbon emissions in a number of ways. They have also ensured that all of their battery cell suppliers use green energy and are looking at all aspects of supply to reduce CO_2 emissions.

In Progress: LAPFF has meetings organised for early 2020 with two other vehicle manufacturers to discuss these issues. LAPFF hopes to get manufacturers that haven't already, to set science based targets for their scope 3 emissions and also wants to ensure that these companies are set up sufficiently to deal with the electrification of their fleets.

COMPANY ENGAGEMENT

Protesters demonstrate outside the Grosvenor House Hotel whilst arms dealers, MPS, and military personnel hold a black tie dinner.

LAPFF Attends BAE Briefing

Objective: About a year and a half ago, the Forum began an engagement with widely held defence contractors to discuss their arms policies given the use of their weapons for the war in Yemen. One of the companies engaged was BAE. The company had intended to hold an investor meeting just as the Covid pandemic broke, so decided to hold a webinar later in the year in lieu of a physical meeting. Cllr McMurdo attended to see if there were any updates on the initial meeting from August 2019.
Achieved: When Cllr McMurdo met with BAE, he raised the question of engagement with human rights. However, the company appears to continue to focus on staff issues as its primary indicator of performance on the 'S' element of ESG. While it is understandable that the company is in a difficult position with government arms contracts, it is worrying that it appears to barely acknowledge the human rights implications of its arms contracts.
In Progress: In the first instance, it seems that raising awareness within the industry of investor concerns about human rights is necessary. Perhaps further progress can be made once this has been done. Post-Covid, the Forum will also explore whether it might be fruitful to engage with government on this issue.

Israeli-Palestinian engagements underway

Objective: A number of LAPFF funds were approached by both pro-Israeli and pro-Palestinian groups about investments in the Israeli-Palestinian territories. Consequently, the Forum cross-referenced the companies of concern with a UN list of companies raising concerns based on their operations in this area to determine a preliminary list of companies with which to engage on this issue.
Achieved: The first engagements have taken place with three of the seventeen companies approached on this issue. So far, there has been pushback on two fronts from all three companies. Motorola, which the Forum has approached in the past, merely provided its standard annual report text in response to a meeting request and has not yet granted a meeting of any sort. Altice, a French telecommunications company, and Israeli Discount Bank have both pushed back on LAPFF's request for human rights impact assessments in respect of their operations in the territories on the grounds that the UN list is political and it would do no good to undertake these assessments because existing legal requirements ensure human rights compliance in any case. Altice did engage through a meeting, though, while Israeli Discount Bank submitted only a written response.
In progress: Forum members continue to be approached on this seemingly intransigent issue, and LAPFF will continue to engage with the companies approached. Although the Forum is not likely to solve this political problem, it is hoped that the companies engaged will come to understand the importance of conducting human rights impact assessments both for their own operations and in order to provide more helpful investment information to shareholders.

LAPFF IOPA Engagement Continues

Objective: LAPFF originally joined the Investors for Opioid and Pharmaceutical Accountability (IOPA) to combat the opioid epidemic in the US. However, since the Covid pandemic arose, the investor coalition has also engaged with pharmaceutical companies on their approaches to Covid vaccines.
Achieved: IOPA's Meredith Miller spoke at the LAPFF webinar series in early December and noted the dire situation on opioids in the US. Forum representatives also regularly attend IOPA meetings and have flagged shareholder resolutions stemming from the initiative.
In Progress: LAPFF will continue to notify members of co-filing opportunities as they arise.

COMPANY ENGAGEMENT

CONSULTATION RESPONSES

A letter on climate change was sent to the International Energy Authority (IEA) expressing LAPFF's concerns about carbon capture and storage (CCS). The letter points out the unproven record and technical lack of viability of CCS, coupled with the drastically reduced price of renewables in the last couple of years in questioning the IEA's position in support of CCS.

The CCS issue is of growing concern as company reporting in many of the hard-to-abate sectors appears to promote the technology and a meeting in December with the Global CCS Institute (GCCSI) revealed the extent of unsubstantiated and misleading material being shared with investors.

MEDIA COVERAGE

SAY ON CLIMATE:
Reuters UK local government pension group seeks mandatory climate votes
The Independent Why companies should give their investors a say on climate as well as bosses pay
Nasdaq UK local government pension group seeks mandatory climate votes
LSE (London South East) UK local government pension group seeks mandatory climate votes
IPE Ethos includes say on climate vote in guidelines
OTHER:
Telegraph Pension funds say accounting watchdog is compromised
Reuters Rio Tinto Names Sausholm as CEO in surprise pick after cave destruction

NETWORKS AND EVENTS

LAPFF Webinars

In addition to these end of year webinars, the Forum also held webinars with community members affected by mine operations in the US, Brazil, and Mongolia.

Once the world's fourth largest lake, the Aral has shrunk so much that it has now split into two separate bodies of water. [The United Nations Development Programme (UNDP) has been running an Aral Sea Programme since 1995, focusing mainly on water resources management, small business development, humanitarian assistance and a social and health programme as the ecological disaster of the dying sea has brought

VALUING WATER TASK FORCE

As a founding member of the Valuing Water Task Force, LAPFF attended the second task force meeting at the end of November. The purpose of the meeting was to provide feedback on the global impact assessment currently being undertaken by a team at the University of Saskatchewan. Task Force members discussed the importance of highlighting the link between water resources and climate change as well as the need for a solution-orientated approach. Members also discussed how best to encourage asset allocation to the future of water security. Part of the allocation discussion focussed on the potential scope and methods for harmonizing water risks and financial materiality. Ultimately, the methodologies of both the cost of inaction and the shadow price on water were identified as a potentially meaningful way of undertaking financial materiality assessments.

LGIM Stakeholder Webinar

A Forum representative also attended Legal and General Investment Management's annual stakeholder forum, held this year via video conference. The idea behind the event is to highlight upcoming issues for LGIM to consider in its voting and investing activities. This year, topics covered included anti-microbial resistance, climate, and human capital management.

CHRB and Covid Webinars

Forum representatives also attended a number of human rights-related webinars, including one on the impact of Covid on human rights and the launch of this year's Corporate Human Rights Benchmark (CHRB). This year's benchmark covers the auto industry for the first time with auto companies performing very poorly.

IIGCC Weekly Meetings

LAPFF continues to be represented in weekly meetings co-ordinated by IIGCC around the shareholder resolution filing process for CA100+. Information sharing at this group helps in engagements with chairs and joint-CA100+ leads on putting net zero transition plans to shareholders. A meeting was also held with JustShare, a south African NGO, who has had a proposed shareholder resolution on climate refused by the energy and chemicals company Sasol, despite other listed South African companies having tabled similar resolutions over the previous 15 years.

COMPANY PROGRESS REPORT

145 companies engaged over the quarter during 172 engagements

*The table below is a consolidated representation of engagements so reflects the number of companies engaged, not the number of engagements

Company	Activity	Topic	Outcome	Position Engaged	Domicile
AFRICAN RAINBOW MINERALS LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
AGNICO EAGLE MINES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
AIR LIQUIDE SA	Received Correspondence	Climate Change	Moderate Improvement	Non-Exec Director	FRA
AIRBUS SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
AK ALROSA PAO	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
ALCOA CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
ALSTOM SA	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	FRA
ALTICE EUROPE NV	Meeting	Human Rights	Dialogue	Chairperson	NLD
ALUMINUM CORPORATION OF CHINA LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ANGLO AMERICAN PLATINUM LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
ANGLO AMERICAN PLC	Meeting	Governance (General)	Dialogue	Chairperson	GBR
ANGLOGOLD ASHANTI LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
ANTOFAGASTA PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	GBR
AP MOLLER - MAERSK AS	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DNK
ARCELORMITTAL	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	LUX
ARCELORMITTAL SA	Meeting	Climate Change	Change in Process	Specialist Staff	LUX
ASTRAZENECA PLC	Meeting	Other	Satisfactory Response	Specialist Staff	GBR
B2GOLD CORP.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
BAE SYSTEMS PLC	Meeting	Governance (General)	Dialogue	Chairperson	GBR
BANK HAPOALIM B M	Sent Correspondence	Human Rights	Dialogue	Chairperson	ISR
BANK LEUMI LE-ISRAEL BM	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
BARRICK GOLD CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
BASF SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
BAYERISCHE MOTOREN WERKE AG	Meeting	Environmental Risk	Change in Process	Specialist Staff	DEU
BEZEQ THE ISRAELI TELECOMMUNICATION CORP LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
BHP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
BHP GROUP PLC	Meeting	Human Rights	Dialogue	Specialist Staff	GBR
BOLIDEN AB	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	SWE
BOOKING HOLDINGS INC.	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
BP PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	GBR
CHINA MOLYBDENUM CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CHINA NORTHERN RARE EARTH HIGH-TECH CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CHINA SHENHUA ENERGY CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
CITIGROUP INC.	Resolution Filed	Climate Change	Dialogue	Chairperson	USA
COAL INDIA LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
COMPAGNIE DE SAINT GOBAIN	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	CHE
CONTINENTAL AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
CRH PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	IRL
DAIMLER AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
DELEK GROUP LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
DIXONS CARPHONE PLC	Sent Correspondence	Environmental Risk	Dialogue	Chairperson	GBR
E.ON SE	Received Correspondence	Climate Change	Dialogue	Specialist Staff	DEU
EDF (ELECTRICITE DE FRANCE) SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
ENDESA SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
ENEL SPA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ITA
ENGIE SA.	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
ENI SPA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ITA
EQUINOR ASA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NOR

COMPANY PROGRESS REPORT

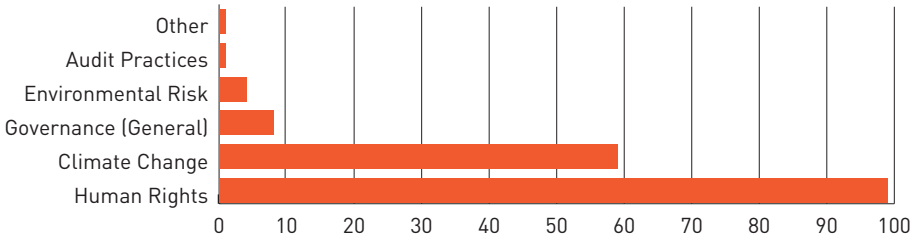
EVOLUTION MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
EVRAZ PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	GBR
EXPEDIA GROUP INC	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
EXXON MOBIL CORPORATION	Received Correspondence	Climate Change	Dialogue	Specialist Staff	USA
FIAT CHRYSLER AUTOMOBILES N.V.	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
FIRST INTERNATIONAL BANK OF ISRAEL	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
FIRST QUANTUM MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
FORD MOTOR COMPANY	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	USA
FORTESCUE METALS GROUP LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
FREEPORT MCMORAN INC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
GANFENG LITHIUM CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
GENERAL MILLS INC	Sent Correspondence	Human Rights	Dialogue	Chairperson	USA
GENERAL MOTORS COMPANY	Sent Correspondence	Climate Change	Dialogue	Chairperson	USA
GLENCORE INTERNATIONAL AG	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
GLENCORE PLC	Meeting	Governance (General)	Small Improvement	Chairperson	JEY
GOLD FIELDS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
GRUPO MEXICO SERVICIOS SA DE CV	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	MEX
HAIER ELECTRONICS GP CO LTD	Sent Correspondence	Environmental Risk	Awaiting Response	Chairperson	HKG
HSBC HOLDINGS PLC	Sent Correspondence	Climate Change	Dialogue	Chairperson	GBR
IBERDROLA SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
ILUKA RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
IMPALA PLATINUM HOLDINGS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
INCITEC PIVOT LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
INDEPENDENCE GROUP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
INDORAMA VENTURES PCL	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	THA
INDUSTRIAS PENOLES, S.A.B. DE C.V	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	MEX
ISRAEL DISCOUNT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
JIANGXI COPPER COMPANY LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KGHM POLSKA MIEDZ	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	POL
KINROSS GOLD CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KIRKLAND LAKE GOLD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
KUMBA IRON ORE LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
LAFARGEHOLCIM LTD	Received Correspondence	Climate Change	Small Improvement	Non-Exec Director	CHE
LINDE PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	IRL
LUFTHANSA AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
LYNAS CORP LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MINERAL RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MITSUBISHI MATERIALS CORPORATION	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	JPN
MIZRAHI TEFAHOT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
MMC NORILSK NICKEL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
MMG LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
MOTOROLA SOLUTIONS INC.	Sent Correspondence	Human Rights	Dialogue	Chairperson	USA
NATIONAL GRID PLC	Meeting	Climate Change	Moderate Improvement	Specialist Staff	GBR
NEWCREST MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
NEWMONT MINING CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
NEXTERA ENERGY INC	Sent Correspondence	Climate Change	Dialogue	Chairperson	USA
NISSAN MOTOR CO LTD	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	JPN
NORTHERN STAR RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
NOVOLIPETSK STEEL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
NUTRIEN LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
OMV AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	AUT
OROCOBRE LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
OZ MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
PAN AMERICAN SILVER CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
PAZ OIL CO LTD	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	ISR
PEUGEOT SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
PILBARA MINERALS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS

COMPANY PROGRESS REPORT

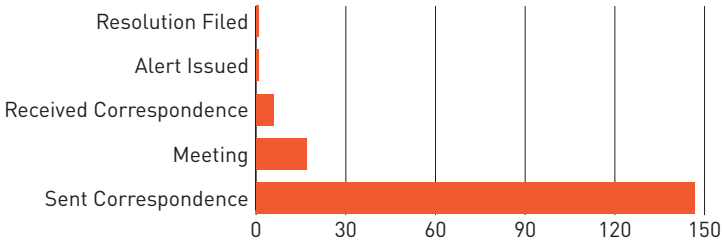
POLYMETAL INTERNATIONAL PLC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CYP
POLYUS MC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
REGIS RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
RENAULT SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	FRA
REPSOL SA	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	ESP
RESOLUTE MINING LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
RIO TINTO GROUP (GBP)	Sent Correspondence	Climate Change	Change in Process	Non-Exec Director	GBR
ROYAL DUTCH SHELL PLC	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	NLD
SAINSBURY (J) PLC	Sent Correspondence	Environmental Risk	Awaiting Response	Chairperson	GBR
SANDFIRE RESOURCES	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SARACEN MINERAL HOLDINGS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SAUDI ARABIAN MINING COMPANY SJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	SAU
SEVERSTAL PJSC	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	RUS
SHAANXI COAL INDUSTRY COMPANY LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
SHANDONG GOLD MINING CO., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
SIBANYE STILLWATER LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	ZAF
SILVER LAKE RESOURCES	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SOUTH32	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
SOUTHERN COPPER CORP	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
ST BARBARA LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
STANDARD CHARTERED PLC	Meeting	Climate Change	Small Improvement	Chairperson	GBR
SUMITOMO METAL MINING CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	JPN
SUMITOMO MITSUI FINANCIAL GROUP	Sent Correspondence	Governance (General)	Dialogue	Chairperson	JPN
TECK RESOURCES LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CAN
TESLA INC	Sent Correspondence	Climate Change	Awaiting Response	Chairperson	USA
THE MOSAIC COMPANY	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	USA
THYSSENKRUPP AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
TOTAL SE	Received Correspondence	Climate Change	Moderate Improvement	Exec Director or CEO	FRA
TRIPADVISOR INC.	Sent Correspondence	Human Rights	Awaiting Response	Chairperson	USA
UNIPER SE	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	USA
UNITED TRACTORS	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
VALE SA	Meeting	Human Rights	Dialogue	Chairperson	BRA
VEDANTA LIMITED	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	IND
VOLKSWAGEN AG	Sent Correspondence	Climate Change	Dialogue	Non-Exec Director	DEU
WESTERN AREAS LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	AUS
YARA INTERNATIONAL	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	NOR
YES BANK	Meeting	Audit Practices	Awaiting Response	Chairperson	IND
ZHEJIANG HUAYOU COBALT	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ZHONGJIN GOLD CORP., LTD.	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN
ZIJIN MINING GROUP CO LTD	Sent Correspondence	Human Rights	Dialogue	Exec Director or CEO	CHN

ENGAGEMENT DATA

ENGAGEMENT TOPICS



ACTIVITY



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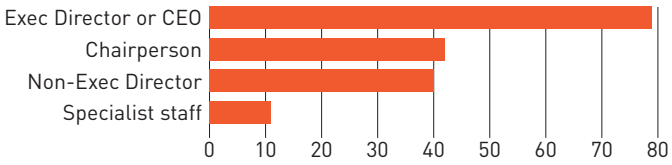
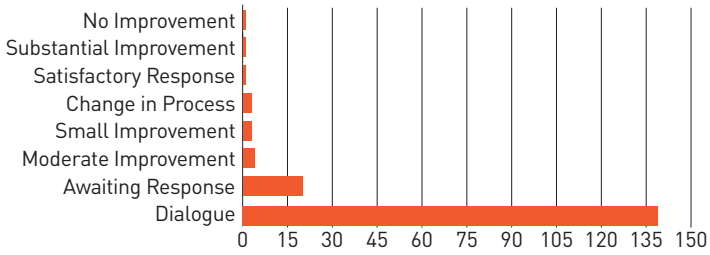
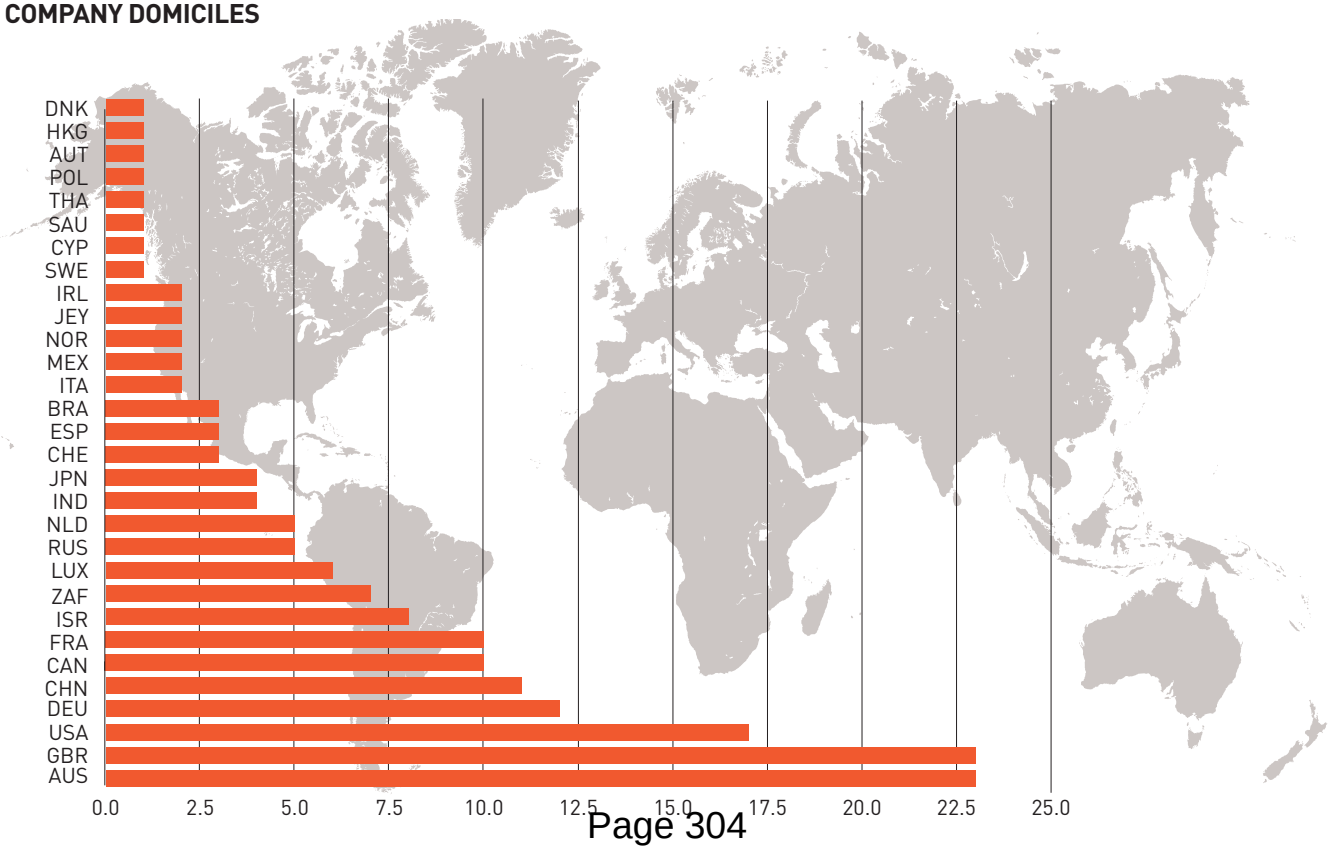


MEETING ENGAGEMENT OUTCOMES



COMPANY DOMICILES



LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Individual Member Funds
Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Bexley Pension Fund
Brent Pension Fund
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hounslow Pension Fund
Islington Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members
Border to Coast Pensions Partnership
Brunel Pensions Partnership
LGPS Central
Northern LGPS
London CIV
Wales Pension Partnership

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