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City of Westminster

Committee Agenda

Title:	**Pension Fund Committee**
Meeting Date:	**Thursday 21st October, 2021**
Time:	**7.00 pm**
Venue:	**Rooms 18.01 - 18.03 - 18th Floor, 64 Victoria Street, London, SW1E 6QP**
Members:	**Councillors:** Eoghain Murphy (Chairman) Barbara Arzymanow Angela Harvey Patricia McAllister

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

Admission to the public gallery is by ticket, issued from the ground floor reception from 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.

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

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

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

AGENDA

PART 1 (IN PUBLIC)

1.	**MEMBERSHIP** To note any changes to the Membership.	
2.	**DECLARATIONS OF INTEREST** To receive declarations of interest by Members and Officers of any pecuniary interest or any other significant interest in matters on this agenda.	
3.	**MINUTES** To approve the minutes of the Pension Fund Committee meeting held on 24 June 2021.	**(Pages 5 - 12)**
4.	**PENSION ADMINISTRATION UPDATE**	**(Pages 13 - 48)**
5.	**PENSION ADMINISTRATION STRATEGY (PAS)**	**(Pages 49 - 80)**
6.	**GUARANTEED MINIMUM PENSION RECONCILIATION UPDATE**	**(Pages 81 - 84)**
7.	**FUND FINANCIAL MANAGEMENT**	**(Pages 85 - 104)**
8.	**TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD) REGULATIONS**	**(Pages 105 - 114)**
9.	**THE LONDON FUND**	**(Pages 115 - 120)**
10.	**FIXED INCOME STRATEGY**	**(Pages 121 - 134)**
11.	**QUARTERLY FUND PERFORMANCE**	**(Pages 135 - 194)**
12.	**AFFORDABLE HOUSING**	**(Pages 195 - 208)**

13. EXCLUSION OF PRESS AND PUBLIC

RECOMMENDED: That under Section 100 (A) (4) and Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), the public and press be excluded from the meeting for the following items of business because they involve the likely disclosure of exempt information on the grounds shown below and it is considered that, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information:

Agenda Item No	Ground	Para of Part 1 of Schedule 12A of the Act
14 and 15	Financial information	3

14. PENSION COMMITTEE CONFIDENTIAL UPDATE

(Pages 209 - 212)

15. LONDON CIV REGULATORY CAPITAL

(Pages 213 - 218)

Stuart Love
Chief Executive
13 October 2021

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CITY OF WESTMINSTER

MINUTES

Pension Fund Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Pension Fund Committee** held on **Thursday 24th June, 2021**, Rooms 18.01, 18.02 and 18.03, 18th Floor, 64 Victoria Street, London, SW1E 6QP.

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

1 MEMBERSHIP

There were no changes to the membership.

2 DECLARATIONS OF INTEREST

Councillor Eoghain Murphy declared that he is an employee of HSBC Global Asset Management, however, this did not directly involve any business for this meeting.

3 MINUTES

RESOLVED:

That the minutes of the meetings held on 29 October 2020, 7 December 2020 and 11 March 2021 be signed by the Chairman as a correct record of proceedings.

4 PENSION ADMINISTRATION UPDATE

Sarah Hay (Senior Pensions and Payroll Adviser) presented the report and advised that the key performance indicators were generally holding up, however there had been a drop in March 2021 due to a change in the location of the pension administration team, but figures were more positive from April 2021. There was concern raised about turnaround on retirement KPIs, but this was being closely monitored. Address tracing was reported as working well and a new system, Admin 2 Pay, was explained. Work will be required by the new Surrey team to ensure urgent cases are processed on time and WCC pension officers will monitor this progress closely.

The Committee sought clarification regarding the go-live date of the new team in Surrey and were reassured that this was being set up in readiness of a July start

date. The team was going to be run by personnel who had been working on the processes already and that the team were to be led by an experienced person.

The Committee queried whether there was correlation between delays in retirement cases and provision of data from employers. The officer advised, however, that she did not notice particular patterns in this regard, but cases should be escalated by the Surrey team to the Pension team at Westminster if employer responses are slow. Members noted the importance of ensuring pension payments were paid swiftly to ensure people's income is not adversely affected, especially in relation to benefit entitlements affected by pension payments.

RESOLVED

The Committee noted and commended the report.

5 ANNUAL PENSION FUND ACCOUNTS AND ANNUAL REPORT

Matt Hopson, Strategic Investment Manager, presented the report and highlighted the impressive performance of the Pension Fund accounts.

The Committee noted a significant increase in the value of the fund and requested some changes to the Annual Report, including adding thanks to the members of the Committee, the Local Pension Board and officers but agreed to feed back more detailed comments by the end of July 2021 to the team.

The Committee requested alternative photographs to the ones included in the report to represent the work carried out in Westminster, for example, with regards to social housing.

RESOLVED

That the Pension Fund accounts for 2020/21 be noted. Further comments relating to the draft Pension Fund Annual Report for 2020/21 were to be provided by the end of July 2021 before the final document was completed and approved by the Tri-Borough Director of Treasury and Pensions.

6 ACTUARY CONTRACT

PUBLIC MINUTES

Phil Triggs, the Tri-Borough Director of Treasury and Pensions, presented the report on the procurement process for actuarial services.

RESOLVED

The Committee noted the report but agreed to reconsider this item in the confidential part of the meeting due to the confidential nature of the appendix.

CONFIDENTIAL MINUTES

Phil Triggs, the Tri-Borough Director of Treasury and Pensions, presented the report on the procurement process for actuarial services.

The Committee noted the report, alongside the confidential appendix and queried with officers, the technical aspects of the weighting and the accuracy of the scores. It was noted that the procurement weighting between pricing and qualitative factors was standard for Westminster City Council. Both Hymans Robertson LLP and Barnett Waddingham were acknowledged to be over the acceptable threshold on quality but that there was a significant difference between the two in terms of pricing.

RESOLVED

To award the Actuarial Services contract to Hymans Robertson LLP.

7 ASSET ALLOCATION UPDATE AND RESIDENTIAL PROPERTY REVIEW

Matt Hopson, Strategic Investment Manager, presented the report.

Kevin Humpherson, of Deloitte, was invited to speak to the Committee. Further to an earlier training session for the Committee, the concept behind different asset classes, such as affordable housing, was explained. Social supported housing was outlined including the attractive investment opportunity that this opens up for pension schemes and the significant benefit of these schemes for residents. The private rented sector was summarised, and this was noted to carry less regulatory risk than affordable and social supported housing. The Committee was made aware that the private rented sector did not carry the same social benefit and in some cases could be seen to be contributing to the problem of people not being able to buy their own home. It was noted that all three asset classes have similar returns but that the desired choices were affordable housing and social supported housing due to the supply/demand imbalance and the potential for future risks for the private rented sector.

The projected allocation in the report was outlined in more detail. Deloitte recommended that if an investment was to be made in residential property they would suggest that an allocation be taken from equity as the first option to consider due to high current valuations.

The Committee discussed the importance of investing in something with a strong social purpose, such as social supported housing, where the demand and need for this could rise. Overall, this would carry a financial, as well as a social, benefit to Westminster so was an attractive investment opportunity, despite some risk. The fact social housing initiatives is strongly regulated was highlighted.

Further to questions from the Committee, Deloitte noted that every investment made to social supported housing would contribute to an increased supply of socially supported homes and that the expected return from the asset classes is calculated from the net present value of the future rental income stream. Deloitte noted that it could be worth engaging with the LCIVs London Fund, focused on investing in local infrastructure and property opportunities.

The Committee noted that private equity could be considered alongside a residential property investment to diversify the fund and offset any risk.

RESOLVED

To agree to a contribution of 2.5% to social supported housing alongside a further 2.5% contribution elsewhere to a slightly higher yielding investment, such as the LCIV London Fund, to be funded by a reduction in equities of 5%. Deloitte will feed back as part of their search.

The Committee agreed to consider a private equity investment for the future.

8 FUND FINANCIAL MANAGEMENT

Matt Hopson, Strategic Investment Manager, presented the report.

The Committee felt that the administrative and communicative risk of COVID-19 outlined on the risk register could be lowered for the next update.

It was also noted that the asset and investment risk in relation to the global outbreak of COVID-19 was high, but due to the sensitivity of the markets and the uncertainty this should stay at this level.

The Committee requested a more detailed breakdown of miscellaneous payments (including transfers out, lump sums, death grants and refunds) for future updates.

RESOLVED

- To note the risk registers for the Pension Fund.
- To note the cashflow position for the pension fund bank account and cash held at custody, the rolling 12-month forecast and the three-year forecast.
- That the Committee would be provided with a more detailed breakdown of miscellaneous payments (including transfers out, lump sums, death grants and refunds) for future updates and that the administrative and communicative risk of COVID-19 outlined on the risk register should be considered to be lowered for the next update.

9 FUND COST ANALYSIS

Matt Hopson, Strategic Investment Manager, presented the report, and noted the increase in the level of detail provided in the cost analysis to increase transparency. The reasons behind the significant increase in administrative costs were explained and it was noted that these were transition costs caused by joining with Hampshire from Surrey and that these costs would reduce in future.

The Committee requested a more detailed breakdown of categories in relation to investment management costs. This would be circulated to the Committee.

RESOLVED

To approve the current year's expenditure budget for 2021/22 with a request for further detail of categories in relation to investment management costs.

10 GOVERNMENT ACTUARY DEPARTMENT (GAD) REVIEW

Phil Triggs, Tri-Borough Director of Treasury and Pensions, presented the report and noted the strong position of the City of Westminster Pension Fund.

The Committee commended the work of officers resulting in the positive outcome for the Pension Fund in terms of its Government Actuary Department position.

RESOLVED

The Committee noted the Government Actuary Department (GAD) Review.

11 LCIV MULTI ASSET CREDIT UPDATE

Phil Triggs, Tri Borough Director of Treasury and Pensions, presented the report.

Kevin Humpherson, of Deloitte, advised that they saw little drawback in the appointment of a second manager at LCIV to the Multi Asset Credit (MAC) Fund which reduced the risk of being over-reliant on one manager, which in turn would reduce the risk associated with the MAC Fund. However, this benefit comes through exposure to investment grade credit which typically is not seen in the MAC Fund. It was also noted that the Fund already has significant allocation to investment grade credit through the Insight investment.

Deloitte queried, on a wider note, whether MAC is still a suitable investment for the Pension Fund or whether the Committee wished to move to something that would reduce the volatility associated with the MAC Fund, such as private credit.

The Committee requested further detail regarding the performance of CQS organisationally and whether it had stabilised. Deloitte advised that there was no concern with the performance of the fund when considering the market as a whole and had confidence in the personnel in the relevant team, but this was being monitored.

With regards to private credit investment opportunities and the wider interest in this, Deloitte advised that the manager chosen, and the size of loans, is key to deciding whether to invest in such opportunities and that is was important to stay disciplined in the mid-market range (earnings of between £25 and £75 million).

The Committee requested a paper with options for alternative investments to be considered at the next meeting of the Pension Fund Committee.

RESOLVED

The Committee noted both the report and appendix and agreed to maintain the current LCIV MAC investment, but, prior to communicating a decision to the London CIV, requested a paper, to be presented at the next meeting of the Committee, with

specific options in order to decide whether to maintain the current investment with the LCIV MAC mandate moving forward or switch to another credit class.

12 NORTHERN TRUST ULTRA SHORT BOND FUND

Matt Hopson, Strategic Investment Manager, presented the report and detailed the nature of ultra short bond funds, noting the extremely low-risk nature of such an investment and other benefits, such as a lack of entry and exit fees for this account.

The Committee discussed the positive nature of the investment and noted that it met all the requirements that the Committee had.

RESOLVED

- To note the key details of the Northern Trust Ultra Short Bond fund
- To approve the account opening and use of Northern Trust as the main account for any future asset transitions involving cash receipts.

13 QUARTERLY PERFORMANCE REVIEW

Phil Triggs, Tri Borough Director of Treasury and Pensions, presented the report.

The Committee noted the appointment of Mike Craston as Chair of the London CIV, subject to Financial Conduct Authority approval.

The Committee were pleased to see action on investment companies voting on important matters to improve governance.

RESOLVED

- To note the performance of the investments and the funding position.
- To consider transitioning the Baillie Gifford Global Alpha Equity mandate into the Paris Aligned version of the fund at a future meeting of the Pension Fund Committee, with more detail being provided on transaction and transitional costs.

14 RESPONSIBLE INVESTMENT STATEMENT

Matt Hopson, Strategic Investment Manager, presented the report.

The Committee requested an alternative photograph to replace the existing one on the front cover of the report. The Committee also requested alternative case studies, in relation to governance and other sections of the paper, which would be circulated to the Committee for comment prior to publication.

RESOLVED

The Committee agreed to approve the publication of the Responsible Investment Statement, subject to pictorial amendments and the circulation to the Committee of alternative case studies to be included in the report.

15 S113 AGREEMENT REVIEW

Phil Triggs, Tri Borough Director of Treasury and Pensions, presented the report and noted that the Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham were due to see this report in due course and it had been examined and approved by key officers from the three Boroughs.

With this approval in mind, the Committee were minded to approve the report.

RESOLVED

To approve the S113 Tri Borough Treasury and Pensions agreement review and recommendations.

16 THE PENSIONS REGULATOR: SINGLE CODE

Phil Triggs, Tri Borough Director of Treasury and Pensions, presented the report.

With regards to unregulated markets, it was noted that some current investments of the City of Westminster Pension Fund would fall under this category, if the proposed arbitrary limit of 20% is brought in by the Pensions Regulator.

RESOLVED

To note the TPR single code of practice consultation and Westminster City Council's response, pending further updates for the Committee.

17 EXCLUSION OF PRESS AND PUBLIC

Adjournment: At this stage of the proceedings, the Chairman adjourned the meeting and the Members retired to consider those items of business that were deemed to be exempt under the Access to Information regulations.

18 SURREY PENSION / HEYWOOD / HAMPSHIRE

Diana McDonnell-Pascoe, Pension Project Manager, presented the report.

The Committee held a detailed discussion and noted the report detailing the transition from Surrey to Hampshire, noting the go-live date of 8 November 2021. The Committee wished the team well. A fraudulent case was discussed, and it was agreed that an update on the case would be circulated to the Committee by officers.

RESOLVED: To note the report.

19 CONFIDENTIAL MINUTES

RESOLVED: That the confidential minutes of the Pension Fund Committee meetings held on 29 October, 7 December 2020 and 11 March 2021 be signed by the Chairman as a correct record of proceedings.

The public meeting closed at 21:25. The confidential meeting closed at 21:45.

CHAIRMAN: _____ **DATE** _____

City of Westminster

Pension Fund Committee

Date:	**21st October 2021**
Classification:	**General Release**
Title:	**Pension Administration Update**
Report of:	**Sarah Hay, Pensions Officer People Services**
Wards Involved:	**All**
Policy Context:	**Service Delivery**
Financial Summary:	**Negligible**

1. Introduction

1.1. This report provides a summary of the performance of Surrey County Council (SCC) with the Key Performance Indicators (KPIs) for the period May 2021 to August 2021. The detailed KPIs are shown in Appendix 1. In addition, an update on the address tracing project, general administration on Surrey and brief update on the McCloud solution is also provided.

2. KPI Performance

2.1 The scope of the KPIs in this report have been agreed between WCC and SCC based on the section 101 agreement.

2.2 This paper covers the period of May 2021 to August 2021.

2.3 KPI performance in appendix 1 is summarised as attached. Unfortunately, the overall KPI data is poor compared to the service that the fund received when our administration was run from the East Sussex office. Members currently have not raised any complaints with WCC regarding delays to cases directly. As a matter of comfort, the administration team are still prioritising the urgent case work for deaths and retirements although too many are outside of our KPI targets. The contract manager at Surrey provided me with the table below which shows the number of days above KPI for those cases that were processed late in August. There were cases processed on time, so this is not the average for all cases processed in August. For example, the deferred benefit statements after

leaving, there were nine cases processed in the month. Seven were within KPI but two cases were picked up as part of backlog, one that should have been completed in 2016 and one that should have been completed in 2017. Both were completed in August and thus why for that KPI the cases that were outside of target were significantly delayed.

KPI	Target (days)	Average number of days to complete cases that were over target
Death Benefits Notify potential beneficiary of lump sum death grant	5	6
Retirements Retirement options issued to members	5	12
Retirements New retirement benefits processed for payment following receipt of all necessary documents	5	9.5
Refunds of Contributions Refund paid following receipt of claim form	14	31
Deferred Benefits Statements sent to member following receipt of leaver notification	30	1227 – this looks awful . what does it mean ?
Deferred Benefits Notification to members 2 months before payments due	2 months	14
Deferred Benefits Lump Sum (on receipt of all necessary documentation)/ Pension Payment, member to paid on the next available pension payroll following receipt of all necessary documentation	5	13
Non LGPS transfers-in payments processed	30	66
Non LGPS transfers out payments processed	30	36
Interfunds In – Quotations	30	62
Interfunds In – Actuals	30	49

Interfunds Out – Quotations	30	70
Estimates	5	15
Material Changes Any changes to data which materially affect actual or potential benefits to be processed within 30 days of receiving all necessary data	30	49
Correspondence Response	10	33

2.4 The performance has been impacted by the initial move to the Surrey team, the setting up of the new Hub team that is currently managing the WCC pension fund, BAU work plus addressing any backlog data queries. The Hub team was also asked to concentrate on supporting the London Borough of Hillingdon ahead of their exit to HPS from Monday the 27th of September. In addition, a number of staff that Surrey moved into the Hub team all had annual leave booked in August and therefore the team's performance in that month was particularly poor.

2.5 Surrey have confirmed that they will prioritise WCC now that Hillingdon has transferred to transfer to HPS. There is now an update on the Admin 2 Pay queries, this is where the payroll and admin system disagree. There were originally 42, data cut work for the transfer project increased this number to 60. At the time of writing this report all but two have been corrected for the October payroll with the majority of people being paid arrears. Interest if due will be calculated and paid by HPS after go live. There is potentially one overpayment in the remaining cases, which are still being checked at the time of writing this report. If we need to reduce a pension, we will do this after go live and with at least a month notice to the member.

2.6 Surrey are clearly struggling to maintain the work levels we require for our service. Review of active membership numbers has recently revealed that there are now over 300 active records on the system that have a leaver date attached to the Altair record. This means that Surrey have been notified of the leaver, possibly in the end of year return and have not managed to process that record correctly. Our new administrator Hampshire is aware of the issue and are confident that they can resolve this backlog after we move the service on the 8th of November 2021.

2.7 On a positive note the payroll and pension team have developed a relationship with the manager of the Hub 5 team, David. This includes a biweekly meeting with him and regular contact in relation to any particular sensitive cases, including retirements from WCC. The team are managing with David those cases to ensure that anyone expecting their pension and lump sum in October are processed in time for the final processing by Surrey on October the 21st. The payroll and pensions team have been working with the HR Business Partners and with staff to ask people to avoid retirement if possible, during this time.

3. Data Work

3.1 I have previously updated the committee on the address tracing project we have been running with Target. Below I have set out the different batches of people we sent for tracing and the percentage of successful traces we have had in each batch to date.

FROZEN REFUND TRACE
Percentage addressed located = 75%

55 AND OVER TRACE
Percentage addressed located = 70%

54 to 50 TRACE
Percentage addressed located = 80%

49 to 45 TRACE
Percentage addresses located = 93%

44 to 35 TRACE
Percentage addresses located = 63%

34 – 0 TRACE
Percentage = 24%

3.2 The last batches listed have been running for the least time. We have not proceeded with full trace options either as yet for the last batch pending transfer to HPS and to ensure we did not exceed the agreed PO amount the Committee agreed last year. At the date of writing this report there is still £6032.40 net in the PO with Target but traces are still coming in. There is plenty of scope to continue to work with Target particularly on the later batches however before extending work further we will ask the Hampshire Pension Service (HPS) to do some basic data checks.

4. Surrey General Admin update

4.1 As in paragraph 2.6 above, I notified the committee that Surrey continue to struggle to provide a comprehensive administration service as they manage a number of client exits including ours. The KPI data for the last few months and the fact that there now appears to be a large number of unidentified leavers on our active membership records demonstrate the situation.

4.2 Surrey have only just started to pick up the admin 2 pay queries (42) identified to WCC in May of this year. They are also picking up the pension increase queries and have indicated that they are confident that they will clear these prior

to the transfer to HPS. The team will be working with the leader of the admin team at Surrey to make sure that these cases are being worked through.

4.3 I advise you that Surrey have subsequently to the last committee updated me that there are potential overpayments on a number of children's pensions. These pensions are paid where a member of the scheme dies with an eligible child at the date of death. Childs pensions are paid until the age of 18 or until age 23 if the child remains in full time education. Surrey failed in a number of cases to cease pensions when children reached 18 years of age or where they then ceased full time education. The position as at the time of writing this report is that there is possible overpayment of approximately £53,676, over ten different members. Surrey are chasing responses from some people re confirming their education status but others are being asked to repay monies overpaid. It is not likely that recovery in all cases will be possible, however we need to pursue members for repayment which Surrey is leading as our current administrators and we will review the position with HPS after we have exited the service.

5. McCloud

5.1 Briefly we have commenced some work on the McCloud project and sent data capture spreadsheets to employers requesting that they return data to us by the end of January 2022.

6. Summary

6.1 The KPI data is disappointing and confirms the decision that the fund took to exit the current arrangement with Surrey was in the interest of our fund. The next few weeks we will be working closely with Surrey to ensure that the most urgent cases are processed and that as much backlog as possible is completed by Surrey ahead of our move to HPS.

6.2 Address tracing remains positive with member details being updated. We are not asking Target to start any enhanced traces on the younger age groups at the moment pending our transfer to HPS. We will review with HPS once we go live.

6.3 Data issues continue to surface as we work towards our exit with Surrey. HPS know about the possible issues with unprocessed leavers and are confident that they will be able to deal with those cases after the transfer from Surrey. Surrey have identified a potential overpayment in Childs pensions for our fund of £53,636. We have asked Surrey to seek repayment and will review the position with HPS after they take on the service.

6.4 McCloud work has commenced but the focus in the last quarter has been primarily on supporting the exit work with Surrey and towards creating a new positive relationship with HPS.

Westminster County Council - May 2021 to Augus

Description	Target time/date as per Partnership Agreement	Target
Pension Administration		
Death Benefits Notify potential beneficiary of lump sum death grant	5 days	**100%**
Write to dependant and provide relevant claim form	5 days	**100%**
Set up any dependants benefits and confirm payments due	14 days	**100%**

Retirements Retirement options issued to members	5 days	**100%**
New retirement benefits processed for payment following receipt of all necessary documents	5 days	**100%**
Pension Payment, member to paid on the next available pension payroll following receipt of all necessary documentation	Next available pay run	

Refunds of Contributions Refund paid following receipt of claim form	14 days	**100%**
Deferred Benefits Statements sent to member following receipt of leaver notification	30 days	**100%**
Notification to members 2 months before payments due	2 months	

Lump Sum (on receipt of all necessary documentation)	5 days	
Pension Payment, member to paid on the next available pension payroll following receipt of all necessary documentation	Next available pay run	
New Joiners New starters processed	30 days	**100%**
Transfers In Non LGPS transfers-in quotations	30 days	**100%**
Non LGPS transfers-in payments processed	30 days	**100%**
Transfers Out Non LGPS transfers-out quotations processed	30 days	**100%**
Non LGPS transfers out payments processed	30 days	**100%**
Interfunds In - Quotations	30 days	**100%**
Interfunds In - Actuals	30 days	**100%**

Interfunds Out - Quotations	30 days	**100%**
Interfunds Out - Actuals	30 days	**100%**
Estimates		
1-10 cases	5 Days	
11-50 cases	Agreed with WCC	
51 cases or over	Agreed with WCC	
Material Changes		
Any changes to data which materially affect actual or potential benefits to be processed within 30 days of receiving all necessary data	30 days	
Members notified of terms of purchasing additional pension	15 days	
Monthly Pensioner Payroll		
Monthly Pensioner Payroll	Last day of month	
Issue of monthly payslips	3 days before pay day	
RTI file submitted to HMRC	3 days before pay day	
BACS File submitted for payment	3 days before pay day	
P35	EOY	

Annual Exercises		
Annual Benefit Statements Issued to Active members	31 August each year	
Annual Benefit Statements Issued to Deferred members	31 August each year	
P60s Issued to Pensioners Non LGPS transfers-in quotations processed within 20 days	31 May each year	
Apply Pensions Increase to Pensioners	April each year	
Pensioners Newsletter	April each year	
Customer Service		
Correspondence		
Response	10 days	
Helpdesk Enquiries		

t 2021 Results on KPI Reporting

Quantity May 2021	Actual Score May 2021	Quantity June 2021	Actual Score June 2021
15	100%	11	91%
9	33%	8	75%

12	67%	6	83%
4	100%	7	100%
4	100%	7	100%

6	100%	19	100%
3	100%	3	100%
16	100%	23	100%

27	100%	32	81%
27	100%	32	81%
98	100%	164	100%
1	100%	2	100%
3	100%	0	N/A
7	100%	2	100%
0	N/A	0	N/A
16	81%	11	82%
3	100%	5	100%

15	100%	16	94%
8	100%	8	88%
8	88%	13	92%
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
39	100%	21	90%
0	N/A	1	N/A
	100%		100%
	100%		100%
	100%		100%
	100%		100%
	31-Mar-21		31-Mar-21

	Annual		Annual
	Annual		Annual
	16	47	81%
		477	92%
			-

Comments	Quantity July 2021	Actual Score July 2021	Comments
1 case missed the SLA target	3	100%	
1 death grant case missed the SLA target this was due to delay in response to death correspondence to chasers sent by Lewes team, required additioanl authorisation given then time lapse from death of member. 1 survivor pension set up missed the SLA target by 8 days.	1	0%	Only 1 death grant, which missed the SLA target.

1 case missed the SLA target by 3 days	8	50%	4 missed the SLA target
	5	80%	1 missed the SLA target
	5	100%	

	28	96%	I missed the SAL target
	28	100%	
	27	100%	

6 cases missed the SLA target	13	31%	9 missed the SLA target
	13	31%	
164 starters processed	176	100%	176 starters processed
	4	100%	
	4	100%	
	2	50%	1 missed the SLA target
	0	N/A	
2 cases missed SLA target.	12	75%	3 missed the SLA target
	5	100%	

1 case missed SLA target.	9	100%	
1 case missed SLA target.	8	88%	1 missed the SLA target
1 case missed SLA target.	1	0%	Only 1 estimate, which missed the SLA target.
	n/a	n/a	
	n/a	n/a	
2 cases missed SLA target.	9	100%	
The case missed the SLA target - it was a historic case dating back to 2016 and clarificaiton required that member had purchased additional pension in the correct financial year.	0	N/A	
		100%	
		100%	
		100%	
		100%	
		31-Mar-21	

		Annual	2,572 active statements produced by 31st July 2021.
		Annual	
Issued April 2021			Issued April 2021
Pension Increase applied for 21/22			Pension Increase applied for 21/22
Pensioner newsletter sent in April 2021			Pensioner newsletter sent in April 2021
9 cases missed the SLA target.	35	91%	3 cases missed the SLA target.
92% of calls in June 2021 were dealt with at first point of contact	413	92%	92% of calls in July 2021 were dealt with at first point of contact

Quantity August 2021	Actual Score August 2021	Comments	Comments
12	83%	2 cases missed the SLA target	
0	100%	No dependent benefits this month.	

11	9%	10 cases missed the SLA target	
2	0%	Both missed the SAL target	
2	100%		

27	96%	1 missed the SLA target	
9	78%	2 missed the SLA target	
31	93%	2 missed the SLA target	

17	6%	16 missed the SLA target	
17	6%		
57	100%	57 starters processed	
0	N/A		
1	0%	1 missed the SLA target	
2	100%		
1	0%	1 missed the SLA target	
9	67%	3 missed the SAL target	3 cases missed SLA target
2	50%	1 missed the SLA target	

6	83%	1 missed the SLA target	
3	100%		
1	0%	Only 1 estimate, which missed the SLA target.	1 case missed SLA target.
n/a	n/a		
n/a	n/a		
11	72%	3 missed the SLA target	
0	N/A		
	100%		
	100%		
	100%		
	100%		
	31-Mar-21		

	Annual	4,068 active statements produced by 31st Aug 2021.	
	Annual		
		Issued April 2021	
		Pension Increase applied for 21/22	
		Pensioner newsletter sent in April 2021	
20	75%	5 cases missed the SLA target	
479	91%	91% of calls in August 2021 were dealt with at first point of contact	

Trend	People services Comments
	This KPI was on track until August when 2 cases missed target out of 12.
	Poor performance across the reporting months of May, June and July which followed previous poor performance.

	Again poor performance across the months of May, June, July and August. August is particularly dissapoininting with 10 out of 11 cases processed outside of the KPI target of 5 days.
	July and August are again poor.
	As above KPI are poor, it's pleasing to note that members were at least added to the next available pension payroll in line with KPI requirements. This maybe why despite slow response documented above no complaints have been received to the strategic pension lead.

	Though I am pleased to note the realtively positive KPI for refunds in June, July and August I believe there will be at least one late case for Sepetmber.
	Dissapointing in August.
	Again August was dissapointing though in this case only 2 out of 31 cases were processed outside of KPI.

	Unfortunately this KPI was poor in all three months and worryingly getting worse as we move closer to the contract termination.
	As in the case of the KPI above this one is poor again in all three months June, July and August and worryingly getting worse the closer we get to exit.
	This KPI is ok
	August again poor.
	I case late in July.
	All months in the KPI period were dissapointing.
	Poor in August

	Poor in August
	Poor in June and July
	Surrey have been very late in sending through estimates for employer redundancy cases in particular.
	We are pleased this remains 100%.
	We are pleased this remains 100%.
	We are pleased this remains 100%.
	We are pleased this remains 100%.

City of Westminster

Pension Fund Committee

Date:	**21st October 2021**
Classification:	**General Release**
Title:	**Pension Administration Strategy (PAS)**
Report of:	**Zuzana Fernandes Payroll and Pension Specialist. Sarah Hay Strategic Pension Lead.**
Wards Involved:	**All**
Policy Context:	**Service Delivery**
Financial Summary:	**Negligible**

1. Summary

1.1. The move of the pension administration service from Surrey to Hampshire Pension Services (HPS) on the 8th of November 2021 has led the pension administration team to review a number of existing pension policies to ensure that they work with the fund's new administration partner. The Pension Administration Strategy (PAS) has therefore been amended to match the agreed working practices of Hampshire and to outline the expectations that the fund will have going forward for all employers. This paper and the attachment sets out the details of the new PAS and with the Committees consent, we will communicate details of the new arrangement ahead of our 8th of November go live date.

2. Introduction

2.1. Pension Administration Strategies (PAS) were first introduced into the LGPS regulations in 2008, and now fall under Regulation 59 of the LGPS 2013 Regulations.

2.2. Although they are not a legal requirement, a PAS provides a mechanism to formulate a service level agreement between the administering authority and the scheme employers. They cover a number of areas including procedures for co-operation and communication and set out the performance standards and expectations for employers and the administering authority.

2.3. A PAS also helps to improve governance arrangements, ensuring that scheme employers and City of Westminster Pension Fund (COWPF) work together to ensure compliance with The Pensions Regulator Code of Practice.

2.4. Regulation 59 states that the strategy must be kept under review and revised as appropriate. An administering authority must consult with its scheme employers and such other persons as it considers appropriate during this process.

2.5. COWPF agreed it's first PAS effective from April 2017. The existing PAS set out a set of performance objectives for both the COWPF and for the fund employers. COWPF performance objectives were based on the agreed Key Performance Indicators (KPI) agreed with Surrey.

3. Strategy Revision

3.1. The move to a new administration provider prompted a review of the existing PAS so that we could include details of our new administration partner. We also wanted to outline the requirement for employers to submit data via an employer portal and the timescales that we are asking employers to meet in relation to different data types

3.2. HPSs KPIs are different to those that fund had agreed with Surrey. Surrey did not deliver 100% on the KPI that had been agreed and were included in the 2017 PAS document. For example, in 2017 the fund committed to sending out retirement forms within 5 working days of receipt of relevant leaver information. HPS, for the same measurable is 15 days. The new PAS has increased the KPI timescales for the COWPF in line with the agreed working commitments of our new administration partner HPS. The difference is that HPS should be delivering at 100%.

3.3. The 2017 PAS included the option for COWPF to charge employers for the late or inaccurate provision of data set out against key measurables. However, COWPF was not meeting it's agreed commitments under the PAS 100%, charging employers for their performance failure could have been seen as unbalanced.

3.4. The fund has had a number of data issues that have come to light in the last few years. The Committee are aware that the fund has spent funds on a number of data cleansing exercises in order to improve the quality of the data that we hold. A new PAS with a message to employers that where data is not submitted in a timely manner or is inaccurate, will result in employers being fined which we hope will result in data quality and costs overall being reduced. We also hope this leads to a better quality of service for all our fund members.

3.5. The charges outlined in the 2017 PAS are not significantly different to those we are proposing to include in our new PAS document. Costs for the late provision of new starter information and for retirements is £50 in both the 2017

version and the proposed new version. The timescale for delivery has been amended to 25 working days from the end of the month following the event in 2017. If charges are levied then it should only be done after we have attempted to engage with fund employers for the benefit of members. However, we cannot indefinitely ignore the fact that some employers are not providing statutory data in a timely way and this brings additional cost to the fund plus it's unsettling for members who should expect their pension fund records to be accurate.

3.6. With additional data requirements on employers as a result of the McCloud consultation, it's important that the fund develop a stronger engagement with it's employers to meet the requirements of members going forward.

3.7. The timetable for implementation is set out as follows. If the Committee approves the draft PAS or requires minor amendment, the PAS will be sent to all employers in the week following committee advising them that this is the new PAS and that the effective date will be the 8th of November. We will ask employers for any feedback in relation to the PAS and update the Committee on the response at the next meeting. Please note that although the fund has a duty to consult with all employers, it is for the fund to determine what standards it sets for the benefit of members.

3.8 The PAS is a mechanism to help set out the relationship between the COWPF and the fund employers. It is not the only mechanism open to our fund and we intend to work collaboratively with the fund employers. One of the reasons that HPS will be a different administration partner to Surrey is that they have a dedicated employer team ready to support employers with all aspects of the LGPS. The internal team will be working with HPS and fund employers to ensure that support is offered to help employers where it is reasonable for the fund to do so.

3.9 The proposed new PAS is attached as an appendix to this report for reference

4. Conclusion

4.1. We are asking the Committee to support the new draft PAS or suggest any amendment they would like to see. With the committee's support we will send out the new PAS to employers in the next few days

4.2. We will advise the Committee of any employer response received to the new PAS at the next Committee meeting.

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City of Westminster

Pension Administration Strategy

Effective from 8th November 2021

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5. Communication, Resources and Available Support
6. Feedback and Review Process
Appendix A – Performance Standards - The Employer's Roles and Responsibilities
Appendix B – Performance Standards - The Administering Authority's Roles and Responsibilities

1. Introduction

This is the Pension Administration Strategy of the Westminster City Council Pension Fund (WCCPF "the Fund") about the Local Government Pension Scheme (LGPS) in the City of Westminster.

This document:

- Confirms the purpose of the strategy and says what it is intended to achieve
- Outlines the role of WCCPF's scheme employers and sets out their expected levels of performance
- Outlines the role of WCCPF and sets out its expected levels of performance
- Explains how the performance of WCCPF and its employers will be monitored
- Explains what actions might be taken when employers do not meet the requirements
- Confirms how WCCPF will communicate with its employers
- Details the resources and support that is available for employers to access the UPM Civica - Employer Hub Portal

The LGPS is a statutory scheme, established by an Act of Parliament. Regulation 59 of the LGPS Regulations outline the key responsibilities of administering authorities and fund employers. The regulations include specific provisions recommending the fund develops an administration strategy.

It also includes a schedule of additional administrative costs under Regulation 70 of the LGPS Regulations 2013, which provides scope for pension funds to recover costs where additional costs are being incurred due to an employer's level of performance.

The PAS is linked to the following statutory documents of the Fund which are available on WCCPF website - https://www.wccpensionfund.co.uk/westminster-city-council-pension-fund/ : **NB check with Diana on website new link**

- Retention Policy and Full Privacy Notice
- Communications Policy
- Annual Report
- Statement of Investment Principles

Under no circumstances does the PAS override any provision or requirement of the LGPS regulations nor is it intended to replace the more extensive guide provided by the Employers' Guide available on the Hampshire Pension Services website Employer Administration Tools and Guidance | Hampshire County Council (hants.gov.uk) for day-to-day operations.

2. Purpose of the Pension Administration Strategy

The revision to the PAS, effective from 8th of November 2021, reflect the growth towards a seamless, automated pension service, employing appropriate technologies and best practice which both significantly improves the quality of information overall and the speed with which it is processed to provide better information for Scheme employers and stakeholders and more efficient service to Scheme members.

- Provides clarity on the key roles and responsibilities of WCCPF and its employers
- Sets expectations and confirms the targets that WCCPF and its employers need to work to
- Helps all parties to achieve regulatory compliance by providing a framework that is clear and user-friendly
- Assists WCCPF and its scheme employers in adhering to the Pensions Regulator's Codes of Practice
- Complements procedures that help all parties to meet their data protection and data quality responsibilities
- Helps to ensure all parties provide the best possible service to scheme members and other relevant stakeholders
- Emphasises the importance of the shared role that WCCPF and its scheme employers have in ensuring excellent service delivery to scheme members
- Promotes efficient working practices, hand in hand partnership with transparency and a culture of continual improvement

3. Roles and Responsibilities

The purpose of the strategy set out in Section 2 will be achieved by:

- Clearly defining the respective roles of Scheme Employers and the Administering Authority
- Setting clear and achievable standards of service levels for the functions carried out by Scheme Employers and the Administering Authority
- Setting out clear procedural guidance for the secure and effective exchange of information between Scheme Employers and the Administering Authority
- Monitoring service delivery, identifying poor performance and establishing a platform for the provision of support to improve performance where required
- Continuous development of resources via the use of digital technology and staff training for both the Fund and its employers
- Applying charges where an employer consistently fails to meet deadlines to ensure the resulting additional administrative strain is not a burden on all employers

3.1 The Employer's Roles and Responsibilities

The primary responsibilities for the employer are to:

- Communicate the entitlement to benefit from the LGPS to all eligible staff. Provide staff with information on how they can access further information on their LGPS pension including the member portal.
- Apply the scheme via the collection and payment of the correct levels of pension contributions
- Report information and data to the WCCPF as set out in this strategy

3.2 The Administering Authority's Roles and Responsibilities

The Fund outsources administration to a specialist third party administrator – The Hampshire Pension Services. The WCCPF and The Hampshire Pension Services (HPS), working very closely with our Fund employers, their respective payroll providers are responsible for the delivery of a high quality, value for

money administration service. We want to ensure our members, and employers, receive the appropriate level of service and we fully comply with our statutory requirements.

The key responsibilities for the Administering Authority are to:

- Administer the LGPS in respect of all scheme members (Active, Deferred and Pensioner members) in accordance with this Strategy
- Maintain and review the Fund's Statements, Policies and Reports and all other matters relating to the Governance of the scheme
- Communicate and engage with employers on LGPS matters
- Provide support/training to scheme employers
- Maintain and develop an effective web presence for the benefit of members and scheme employers

A summary to the roles and responsibilities of employers and the Administering Authority are set out in Appendix A, Appendix B. The guide includes a summary of duties, defining the main functions, which enable the Pension Fund to deliver an efficient, accurate and high-quality pension service to scheme members.

4. Performance Monitoring

The strategy recognises that there is a shared responsibility for ensuring compliance with the LGPS regulations and the PAS.

WCCPF will monitor employer performance across the following key areas:

- The submission of monthly data returns
- The payment of contributions and other payments due
- The number of queries, along with the rate and quality of responses
- The number of complaints received and IDRP cases upheld against the employer

The LGPS regulations provide pension funds with the ability to recover any administration costs sustained because of the underperformance of a scheme employer, from the employer responsible for the underperformance. To date the Fund has rarely recovered these additional costs and has taken the decision to work with employers to improve service delivery.

From November 2021, WCCPF will monitor any additional costs sustained in the administration of the scheme as a direct result of underperformance, with a view to recovering these costs from the responsible employer.

WCCPF working in conjunction with our new administration partner in HPS will provide support to employers wherever possible to help fulfil our joint responsibilities to members. We welcome questions on anything that is not clear and will listen to feedback to help improve the service for our employers and members alike.

If you represent an employer that is struggling to meet the terms of this PAS, please contact us at the earliest opportunity so that we can work with you and avoid additional charges if outstanding issues can be resolved in a way agreed between WCCPF and the employer.

Where an employer does not actively engage with the Fund to resolve issues or consistently fails to meet its responsibilities under the LGPS Regulations, the Fund (or stakeholders such as the Pension Board) has a statutory duty to report any breach to The Pensions Regulator.

More information about the work of The Pensions Regulator can be found via the following link: https://www.thepensionsregulator.gov.uk/en

A schedule of charges is detailed in table below.

Administration Description	Performance Targets	Charge
New Starters and Transfers In		
New Scheme Member		
Employer to send to the Administrating Authority the details of the new member.	Within 25 working days after the start date.	£50 per case
Leavers and Transfers Out		
Scheme Leaver		
Employer to send the Administrating Authority a completed leaver notification.	Within 25 working days from the employee's last day in the Scheme.	£50 per case

Administration Description	Performance Targets	Charge
Retirements		

Employer to send the Administrating Authority a completed notification.	15 working days after their final pay.	£50 per case
Deductions		
Monthly Deductions		
Employer to send funds and schedule of deductions from salary to the Administering Authority.	By the 19th day of the month following the month in which contributions were deducted.	£100 per instance of late submission.
Payment of Other Sums Due		
Employer's should make payment of any invoiced sums as set out within this PAS within 30 days of invoice date.	By the 19th day of the month following the month in which contributions were deducted.	£100 per instance of late payment.
Year-End Data Return		
Submitted returns will be subject to additional validation and tolerance checks by officers which must be passed before the return can be accepted and proceed to the next stage. No charge if the return is received by the deadline 30th April and passes the validation check.	We will charge if the return is received after 30 April and does not pass the validation check.	up to £50 daily rate

5. Communication, Recourses and Available Support

The various channels of communication employed by the fund include:

1. The **Westminster City Council Pension Fund** website is the main communication tool for both employers and scheme members.

- **Employers** – a dedicated and secure employer section where employers can access procedure guides, information on courses run by the Fund. All employers are required to provide data through the UPM - Civica Employer Hub Portal.

- **Scheme members** – access to up-to-date information about all aspects of the LGPS and the Member Self Service area where members can update personal details, review annual benefit statements, complete their own pensions estimates and access online tutorials.
- **Contact Details** – Westminster City Council Retained Payroll and Pension contact information are available on the website, together with contact details for the Hymans Robertson Team, Investment and Pension Fund Committee and Pension Board.

2. **Scheme members** who have chosen to opt out of the Member Self Service will continue to receive postal communication. They will still be able to access up-to-date information about all aspects of the LGPS via our website.

3. **Employer newsletter** are issued to scheme members and all employing authorities and published on the WCCCPF website.

4. **Pension surgeries** Maybe arranged to support individuals or groups of individuals who need support with particular pension issues. Employers can contact the WCCCPF administration team to discuss the needs of members.

5. **Regular feedback** sent directly to employer representatives to provide notification of any scheme / administrative updates and developments.

6. **Employer workshops** to review scheme developments, and/or to resolve any training needs that employers may have.

For further information regarding our methods of communication, please see our Communications Policy which is located on our website.

6. Feedback and Review Process

WCCCPF is also accountable for its performance and we welcome feedback from our Employers regarding the performance of the Fund against the standards in this administration strategy, as set out in Section 3. Comments should be sent to the Strategic Pension Lead Sarah Hay shay@westminster.gov.uk . Any feedback received will be incorporated into the quarterly reports provided to the Pension Board.

You should send any questions about this Pension Administration Strategy to the Strategic Pension Lead Sarah Hay.

Sarah Hay
Strategic Pension Lead
Westminster City Council
11th Floor
64 Victoria Street
London
SW1E 6QP
E-mail: shay@westminster.gov.uk

Westminster City Council Pension Fund is not responsible for verifying the accuracy of any information provided by the employer for the purpose of calculating benefits under the provisions of the Local Government Pension Scheme. This responsibility rests with the employer.

Regulation 59 of the Local Government Pension Scheme (LGPS) Regulations 2013 is the regulation that allows WCCPF to create this strategy.

Regulation 59 states that on creating or revising its strategy, the administrating authority must consult with its employers.

The WCCPF Pensions Committee approved this strategy on […date…]

It is effective from 8th of November 2021 and we will keep it under review to ensure it remains up to date and meets the necessary regulatory requirements.

In preparing this pension administration strategy, we have consulted with our Fund employers and our third party administrator. If we need to revise this strategy, we will notify our Fund employers and our third party administrator.

We will publish the current version of the strategy statement on our website at https://www.wccpensionfund.co.uk/westminster-city-council-pension-fund/ and will make paper copies available on request.

Appendix A

Summary of Scheme Employer's Roles and Responsibilities

Responsibility		Agreed Deadline
1	**General Information**	

Page 63	Confirm nominated representative(s) to receive information from the Fund via the submission of a completed contacts form. Each employer will nominate a contact to administer the three main areas of the LGPS: 1.Administration contact for the day to day administration of the administration, completing of forms and responding to queries 2.Nominated Payroll contact who will be the responsible third-party contact who can maintain a Payroll authorised user list. 3.Finance contact for completion and submission of the monthly postings and co-ordination of the exception reports	Authorised officers should sign all documents and/or instructions received from an employer. In signing a document, the authorised officer is not merely certifying that the form comes from the employer stated, but also that the information being provided is correct. Consequently, if an authorised officer is certifying information that someone else has compiled, for example leaving information including a final salary pay, career average pay, assumed pay, they should satisfy themself that the information is correct. All contacts will receive a login name and password that allows them to access the Employer Portal for online administration and the combined remittance and monthly return. When registering, each contact should complete a "main contact registration form and authorised user form" and signing the administrator's user agreement for the secure administration facility. The three main contacts are responsible for ensuring that contacts are maintained by notifying the administrator when one leaves and registering new contacts where necessary. Within 20 days of change or becoming a Scheme employer.

Responsibility	Agreed Deadline

	Employers must nominate an adjudicator to deal with appeals at stage one of the IDRP where the dispute is against a decision the employer has made or is responsible for making. Employers are responsible for providing details of the IDRP and the adjudicator in writing to members when informing them of decisions they have made.	Within 20 days of change or becoming a Scheme employer
	The employer is responsible for exercising the discretionary powers given to employers by the regulations. The employer is also responsible for compiling, reviewing and publishing its policy in respect of the key discretions as required by the regulations to its employees.	A copy of the policy document is to be submitted to the Fund within 20 days of the change in policy
	Distribute any information provided by the Fund to scheme members/potential scheme members (e.g. scheme benefits or benefit statement production)	In a timely manner as required

Responsibility	Agreed Deadline

	Additional responsibilities (optional) of those using an external payroll provider. If that employer decides to outsource some of its functions to a third-party provider or another part of its wider organisation. Therefore, an employer must ensure that the third-party provider or equivalent can meet all of the employer's duties and obligations that they have been appointed to carry out.	Employers should monitor their payroll providers to check they are meeting their responsibilities in full and we recommend employers ask third party providers to confirm compliance with the terms of this PAS on a regular basis. Third party providers should provide reports that confirm compliance in relation to all key aspects covered within the PAS including compliance on joiners, leavers and the provision of annual return data. The fund recommends to employers that they carry out regular audits of any third party to assure themselves of the performance of the third-party contractor. Employers are reminded that non-compliance with the regulations is an employer responsibility and cannot be outsourced to a contractor. WCC recommends that Employers ensure that any third-party contractor understands the requirements of the LGPS and confirms that they will be able to comply with all of the standard terms set out within this PAS where that service has been given to the third party. Any costs or fines that are levied by the fund for non -compliance will be the responsibility of the employer. Employers must tell us when they change providers The employer is responsible for providing correct pay information to the Fund under LGPS regulations. An employer must ensure it always has access to historical pay information for its members, which can include pay data going back as far as the last 15 years.

Responsibility	Agreed Deadline
Methods of data exchange	Employers should submit data and information to the Fund in the requested (original) format. Employers should speak to relevant person in the Fund to obtain approval to submit information in an alternative format. All employers must use Employer Hub transfer system, UPM, to submit data every month. All forms should be submitted using a secure method of data transfer via online portal. Additional information can also be supplied by email. However, employers must consider data protection when sending information by email and take appropriate steps to ensure data breaches do not occur. Employers with access to UPM workflow must use the workflow task and comments functions to respond to queries or exchange information securely where appropriate, unless the Fund have requested a response in a different format.

	Responsibility	Agreed Deadline
2	**New Starters**	
	Decide who is eligible for LGPS membership (and the date from which membership of the LGPS starts).	On joining employer (or at point becomes eligible if later)
	Determine rate of employee contributions	For the first pay period in which the employee joins the LGPS and each April thereafter or following any change of job role.
	Notify the Fund of new joiner via online portal	By end of month following the date joined (e.g. by the end of May if joined in April)
	Provide new employees, who are eligible for the LGPS, with details about the LGPS This may be in the form of providing a copy of the Key Facts leaflet and/or directing them to the Fund's website	With 20 days of commencing eligible employment

	Responsibility	Agreed Deadline
3	**Contributions**	

	Apply the employer contribution rate agreed with the Fund on becoming a scheme employer and adjust as instructed by the Fund from a date determined by the Fund. and Complete monthly remittance form containing detail of the contribution's payment.	Payment date - payment must credit the pension fund bank account on or before 19th of the month following the month to which deductions relate (or previous working day if 19th is a weekend or public holiday) Remittances - a copy of this monthly remittance must be sent 3 working days prior to the date that payments are credited to the fund, to the following email addresses: WCCIMSupport@westminster.gov.uk and PensionFund@westminster.gov.uk
	Implement changes to employer contribution rates as instructed by the Fund at the date specified by the Fund's actuary	In line with the Rates & Adjustment Certificate as per the valuation or on commencement as a scheme employer. We are recommending employers to check the rates every April.
	Calculate and review the correct employee contribution rate band for all members at commencement and on 1st April each year. Also, to be reviewed at intervals during the year at the employer's discretion. Current employee contribution bandings and rates available at **https://www.wccpensionfund.co.uk/westminster-city-council-pension-fund/ contributions**.	As required, typically annually or when the employee has significant change

Responsibility	Agreed Deadline

	Manage the deduction of all additional contributions or amend such deductions, as appropriate	As required
	Arrange payment of Additional Voluntary Contributions (AVCs) to the AVC provider(s) and inform the Fund as required.	As required. AVCs payments - should be paid monthly by 19th of the following month of deduction. AVCs - all LGPS-related AVCs for Westminster must be paid direct to AEGON
	Make additional fund payments in relation to early payment of benefits from flexible, redundancy or business efficiency retirement or where a member retires early with employer's consent, or the employer 'switches on' the 85-year rule, and a financial strain cost arises	Within 20 days of receipt of invoice from the Fund
	Refund contributions through the payroll to any employee who opts out of the scheme with less than 3 months membership. Please note that the correct opt out form needs to be completed and securely stored on the members pay or HR record in case of further query subject to data time limits.	From the next pay period after receiving the employee's request to opt out.

Responsibility		Agreed Deadline
4	**During Membership**	

	Move employees into the 50:50 section or Main section	From the next pay period after receiving the employee's election
	Move employee back into the Main section when member reaches nil pay	If the employee is in the 50/50 section and either goes onto no pay due to sickness or injury or passes the member's automatic re-enrolment date, the employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time.
	Notify the Fund of changes affecting pension entitlement via online portal - changes in employees' circumstances which may impact Fund benefits (eg, movement in and out of scheme, marital or civil partnership status, maternity, paternity, career break, long term absence etc.)	By end of month following the date of change (e.g. by the end of May if the change occurred in April)

	Responsibility	Agreed Deadline
5	**Leavers**	
	Leavers & Redundancy (non-retirement) submit the leaver form via online portal	By end of month following the date of leaving or opting out of the scheme.

	Responsibility	Agreed Deadline
6	**Retirements**	

	Notification of retirement via online portal	Retirement form and signed letter authorising early payment of benefits completed by authorised signatory (optional) should be sent to the Fund as early as possible but, in any event, no later than 10 working days after the member's final payroll has run
	Early Retirement at member's choice	Completed early leaver form or cancellation of membership form as appropriate and also upload previous year's pay information if a certificate of protection is held. The forms should be sent as early as possible but no later than 10 working days after the member's final payroll has run
	Ill Health Retirement notification notify the Fund via Ill Health Retirement (medical certificate) form or via online portal	Signed ill-health certificate completed by approved IRMP should be sent to the Fund as soon as the retirement date is known. The form should be sent to the Fund as early as possible but no later than 10 working days after the member's final payroll has run
	Ill-Health Retirement (Deferred members)	Notification of employer decision relating to applications for the early release of deferred pension benefits on the grounds of ill-health.

Responsibility		Agreed Deadline
	Death in Service	Notify the Fund of the Death of an Employee. Provide Next of Kin details. Provide an initial notification within 5 working days of the employer being informed of the death of the employee

	Review payment of Tier 3 ill-health benefits	After benefits have been in payment for 18 months
	Flexible retirement notification	The Flexible Retirement form should be sent to the Fund as early as possible but no later than 10 working days after the member's final payroll has run accompanied by a covering letter confirming the number of hours p.w. to be worked in the continuing job

	Responsibility	Agreed Deadline
7	**Contracting Out of Services**	
	Notify the Fund of contracting out of services which will involve a TUPE transfer of LGPS eligible staff to another organisation to enable LGPS information to be provided to another organisation.	Immediately if contracting out of services is being considered as a possibility and certainly before making any decisions to contract out services
	Notify the Fund of the intention to contract out of services which will involve a TUPE transfer of staff to another organisation by completing TUPE form to instruct the actuary	At least 6 weeks before going out to tender

Responsibility	Agreed Deadline
Work with Fund Officers to arrange for the admission of a stakeholder as a new employer in the Fund	In advance of the date of contract (admission agreement must be completed and signed before the contract signing)

	Notify the Fund of changes / extension / cessation of arrangements with a stakeholder	During exploratory discussions or as soon as the decision is made
Responsibility		**Agreed Deadline**
8	**Year-End Data Return**	
	Provide a fully reconciled and completed year-end return to the Fund in the format set by the Fund in the instructions issued each February/March	An accurate return to be submitted in the approved format no later than 30th April.

Appendix B

Summary of The Administering Authority's Roles & Responsibilities

Responsibility	Agreed Deadline

1	General Information	
	Regularly review the Fund's pensions administration strategy and consult with all scheme employers	Every three years or earlier if regulatory or service changes justify amendment.
	Each Administering Authority is responsible for exercising the discretionary powers given to it by the regulations. The Administering Authority is also responsible for publishing its policy to its members in respect of the key discretions as required by the regulations.	WCCPF will maintain links to this discretions on WCC website https://www.wccpensionfund.co.uk
	Arrange for the reports and policies to be provided to all employers requiring such an information. WCCPF regularly review the Fund's policies: • Retention Policy and Full Privacy Notice • Communications Policy • Annual Report • Statement of Investment Principles	WCCPF will maintain links to these policies on WCC website https://www.wccpensionfund.co.uk
	Under the General Data Protection Regulations 2018 WCCPF will protect information relating to a member contained on any item issued by them or received by them from improper disclosure.	Ongoing requirement, online security within databases regularly reviewed

Responsibility		Agreed Deadline
2	New Starters	

	Set up a record for each new member and issue a statutory notification.	Within 20 working days from when notified of their membership.
	To accurately record and update changes to a member's records on pension administration systems.	Within 15 working days from when the change was notified.
	To produce a statutory notification and forward to member's home address, together with information relating to the LGPS including how to request a transfer, inform us of previous service, and complete an expression of wish form	Within 2 months of joining the scheme or within 2 months of request being made
3	**Contribution Requirements**	
	Consult with employers on the outcomes of the triennial valuation	Every 3 years
	Notify employers of contribution requirements for three years effective from the April following the actuarial valuation date	On or before 1st April following final issue of rates and adjustments certificate by the actuary

Responsibility	Agreed Deadline

	Notify new scheme employers of their contribution requirements	Within six weeks of receipt of the notification of admission application or commencement as a scheme employer
4	**Additional Contributions**	
	Notify the scheme employer of any scheme member's election to pay additional pension contributions (APCs), including all required information to enable deductions to commence	Within 10 working days of receipt of election from a scheme member
	Process scheme member requests to pay/amend/ cease additional voluntary contributions (AVCs)	Within 5 working days of receipt of request from a scheme member
5	**Leavers**	
	To accurately record and update member records on pension administration systems for those members leaving the scheme, without entitlement to immediate payment of benefits. Provide them with the options available and deferred benefit entitlement.	Within 15 working days
	Calculate benefits due when a member leaves employment and send details to the member.	Within 15 working days for retirements

Responsibility	Agreed Deadline

	Deferred benefits processed and calculated for payment following receipt of election	Within 30 working days for deferred benefits, on receipt of all information needed to make the final calculation
6	**Retirements**	
	To produce retirement estimates for employers, once in receipt of all the necessary information.	Within 15 working days of receipt of all relevant information
	Upon receipt of members completed retirement forms finalise pension records and authorise payment of lump sum and set up of payroll record.	Within 10 working days of completing the calculation.
	Provide details of the final capital costs to be paid by the employer into the Pension Fund.	Within 10 working days of completing the calculation.
7	**Deaths**	
	Acknowledgement of a death	Within 5 working days of receiving the notification.

Responsibility	Agreed Deadline

	Supply survivor beneficiaries with notification of their entitlements including the method of calculation.	Within 15 working days of all the information being received.
	Pay any death grant due and set up dependant on pensioner payroll.	Within 10 working days of completing the calculation of entitlement
8	**Support for Employers**	
	Provide support for employers through: 1. A Dedicated Helpline 2. Written employer manual and technical information 3. Online workshops (organise and provide workshops sessions on the scheme employer role)	Dedicated helpline: Monday - Thursday; 8.30 am - 5.00 pm & Friday 8.30am to 4.30pm Telephone: 01962 845588 E - mail: pensions.employer@hants.gov.uk A dedicated Employer Team who will support with technical questions Employer workshops held at least twice a year
	Provide a facility for employers to submit data via an Employer Hub portal	Employers being on boarded regularly from November 2021 onwards

Responsibility	Agreed Deadline

	Production and maintenance of an Internal dispute resolution procedure (IDRP) employer guide	On an ongoing basis
	Notify scheme employers and scheme members of changes to the scheme rules	As per disclosure requirements
	To process employer year-end contribution returns and provide consolidated and grouped error reports for action by employers.	3 months
9	**Member Information and General Administration**	
	Apply pensions increases annually to the relevant pensions in payment and deferred pensions retained in the Fund in accordance with the Pensions Increase (Review) Order issued by the Government.	Annually
	To produce annual benefit statements for all active members as at the preceding 31 March and notify electronically or by post to member's home address.	By 31 August following the year-end
	To produce annual benefit statements for all preserved members, as at the preceding 31 March, and notify electronically or by post to member's home address.	By 31 August following the year-end

Responsibility		Agreed Deadline
	Produce and issue pension savings statements each year to members who have exceeded their standard annual allowance	By the 6 October for the preceding tax year. (provided receipt of all relevant information from the scheme employer)
	Issue P60s to pensioners and beneficiaries	By 31 May following the year-end
	Publish and keep up to date all forms required for completion by scheme members or employers	Within 30 days from any revision
	Letters/E-mails from members (or member's representatives)	Answer or acknowledge within 5 working days
	Changes to bank details made	By next payroll cut-off date

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

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City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**21 October 2021**
Classification:	**Public**
Title:	**Fund Financial Management**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no immediate financial implications arising from this report.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1. Executive Summary

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

1.2 The cashflow forecast for the next three years has been updated, with actuals to 30 June 2021 for the Pension Fund bank account and cash held at custody (Northern Trust). The bank position continues to be stable.

2. Recommendations

2.1 The Committee is asked to note the risk registers for the Pension Fund.

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

3. Risk Register Monitoring

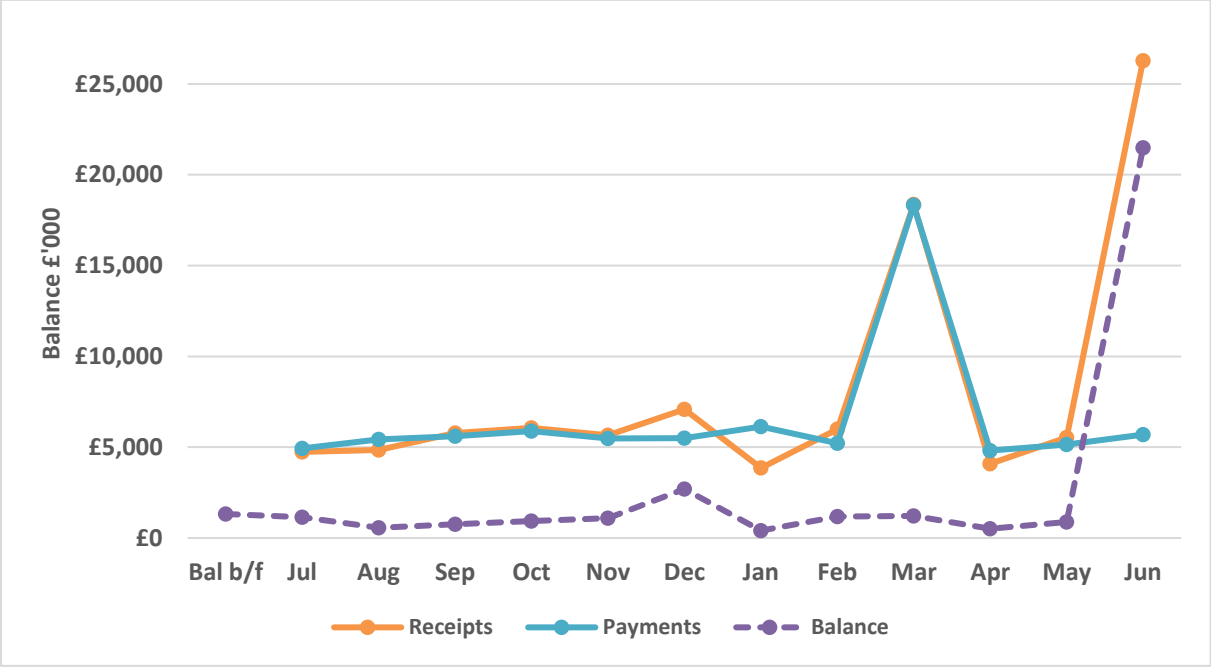
3.1 The risk register is divided into two sections: investment and pensions administration. The risk groups have been updated to reflect the CIPFA guidance on risk categories. The current top five risks to the Pension Fund are highlighted in the table below:

CIPFA Risk Group	Risk Rank	Risk Description	Trending
Administrative and Communicative Risk	1st/17	Failure to successfully transition the pensions administration service to Hampshire County Council by 8 November 2021, following termination of the Surrey contract. Alongside this, the administration software is to be moved from Heywood's Altair to Civica.	
Administrative and Communicative Risk	2nd/17	Administrators do not have sufficient staff or skills to manage the service, leading to poor performance and complaints. Surrey's contract is due to end in November 2021, however, cooperation is needed during transition.	
Asset and Investment Risk	1st/40	Investment managers fail to achieve benchmark/ outperformance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.9m. Following COVID-19 there was some concern around fund managers outperforming their benchmarks within risk parameters.	
Regulatory and Compliance Risk	2nd/40	Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation. The Pension Fund is changing pension administration providers, a transition of data will take place during late 2021.	
Liability Risk	3rd/40	Scheme members live longer than expected, leading to higher than expected liabilities.	

4. Cashflow Monitoring and Forecasted Cashflows

4.1 The balance on the pension fund Lloyds bank account at 30 June 2021 was £21.480m. The Lloyds bank account is the Fund's main account for day-to-day transactions which includes receiving member contributions and transacting out pension payments to scheme members. Payments from the bank account will continue to exceed receipts on a monthly basis. During the year, withdrawals from cash at custody are expected to take place to maintain a positive cash balance.

4.2 The graph below shows changes in the bank balance from 1 July 2020 to 30 June 2021.



4.3 Payments and receipts have remained stable over the last twelve months. Officers will continue to keep the cash balance under review and take appropriate action where necessary to maintain necessary liquidity. The Fund received a deficit recovery receipt of £20m from Westminster City Council during June 2021.

4.4 The Pension Fund held £59.4m in cash with the global custodian, Northern Trust, as at 30 June 2021. Fund manager distributions, deficit recovery receipts, proceeds from the sale of assets and purchases of assets, take place within the Fund's custody account at Northern Trust. The income distributions are largely from the Baillie Gifford Global Alpha and CQS Multi Asset Credit mandates. The following table shows the cash inflows and outflows within cash at custody for the three-month period from 1 April 2021 to 30 June 2021.

Cash at Custody	Apr-21	May-21	Jun-21
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	**59,107**	**60,788**	**59,783**
Distributions	3,660	0	787
Deficit Recovery	0	0	0
Sale of assets	0	0	3,733
Interest	(1)	0	47
Cash withdraw	0	(1,000)	(2,000)
Foreign Exchange Gains/Losses	21	(2)	(13)
Purchase of Assets	(2,000)	0	(2,800)
Management fees	0	(3)	(113)
Balance c/f	**60,788**	**59,783**	**59,424**

4.5 During the quarter, capital calls totalling £4.8m took place within the infrastructure funds alongside an equalisation of £3.7m. In addition to this, the Fund withdrew £3m from custody cash over the quarter, to maintain a positive cash balance within the pension fund bank account.

4.6 The total cash balance, including the pension fund Lloyds bank account and cash at custody, is shown below for the period from 1 April 2021 to 30 June 2021. The total cash balance as at 30 June 2021 was £80.9m.

Cash at custody & Bank account	Apr-21	May-21	Jun-21
	£000	£000	£000
	Actual	Actual	Actual
Balance b/f	**60,331**	**61,293**	**60,669**
Cash outflows	(6,789)	(5,139)	(8,603)
Cash inflows	7,751	4,514	28,839
(Withdraw)/Deposit from custody to bank account	0	(1,000)	(2,000)
Withdraw/(Deposit) from bank account to custody	0	1,000	2,000
Balance c/f	**61,293**	**60,669**	**80,905**

4.7 During May and June 2021, £1m and £2m respectively was withdrawn from cash at custody to maintain a positive cash balance within the Lloyds bank account. At the end of June, the Council paid £20m in deficit recovery contributions into the pension fund bank account.

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

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

	Apr-21	May-21	Jun-21	*Jul-21*	*Aug-21*	*Sep-21*	*Oct-21*	*Nov-21*	*Dec-21*	*Jan-22*	*Feb-22*	*Mar-22*	*Forecasted Rolling Total*
	£000	£000	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	
	Actual	Actual	Actual	*F'cast*	*F'cast*	*F'cast*	*F'cast*	*F'cast*	*F'cast*	*F'cast*	*F'cast*	*F'cast*	
Balance b/f	**1,224**	**506**	**886**	***21,480***	***1,243***	***1,005***	***768***	***530***	***292***	***355***	***1,117***	***879***	***£000s***
Contributions	3,077	2,896	3,296	*3,231*	*3,231*	*3,231*	*3,231*	*3,231*	*3,231*	*3,231*	*3,231*	*3,231*	*38,349*
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	215	807	188	*373*	*373*	*373*	*373*	*373*	*373*	*373*	*373*	*373*	*4,570*
Pensions	(3,490)	(3,500)	(3,525)	*(3,575)*	*(3,575)*	*(3,575)*	*(3,575)*	*(3,575)*	*(3,575)*	*(3,575)*	*(3,575)*	*(3,575)*	*(42,693)*
HMRC Tax Payments	(604)	(603)	(615)	*(620)*	*(620)*	*(620)*	*(620)*	*(620)*	*(620)*	*(620)*	*(620)*	*(620)*	*(7,402)*
Transfers out, lump sums, death grants, refunds & misc. payments	(660)	(898)	(1,410)	*(1,286)*	*(1,286)*	*(1,286)*	*(1,286)*	*(1,286)*	*(1,286)*	*(1,286)*	*(1,286)*	*(1,286)*	*(14,541)*
Expenses	(57)	(133)	(140)	*(161)*	*(161)*	*(161)*	*(161)*	*(161)*	*(161)*	*(161)*	*(161)*	*(161)*	*(1,777)*
Net cash in/(out) in month	**(1,518)**	**(1,432)**	**(2,206)**	***(2,038)***	***(2,038)***	***(2,038)***	***(2,038)***	***(2,038)***	***(2,038)***	***(2,038)***	***(2,038)***	***(2,038)***	***(23,494)***
Withdrawal/(deposit) from custody cash	0	1,000	2,000	*(19,000)*	*1,000*	*(19,000)*	*1,000*	*1,000*	*(16,000)*	*2,000*	*1,000*	*(12,000)*	*(57,000)*
Deficit Recovery Contributions	800	812	20,800	*800*	*800*	*20,800*	*800*	*800*	*18,100*	*800*	*800*	*13,900*	*80,012*
Balance c/f	**506**	**886**	**21,480**	***1,243***	***1,005***	***768***	***530***	***292***	***355***	***1,117***	***879***	***742***	

4.9 Actual cashflows within the pension fund Lloyds bank account against the forecast for the quarter ending 30 June 2021 are shown below. There may be monthly variances between the actual and forecast amounts due to timing differences, e.g., transfer values in and out, payment of lump sums, retirement benefits and death grants.

Cashflows Actuals Compared with Forecast for April to June 2021:

	Apr-21			May-21			Jun-21		
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	F'cast	Actual	Var	F'cast	Actual	Var	F'cast	Actual	Var
Balance b/f	**1,224**	**1,224**	**0**	**986**	**506**	**481**	**749**	**886**	**(137)**
Contributions	3,231	3,077	**154**	3,231	2,896	**335**	3,231	3,296	**(65)**
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	373	215	**159**	373	807	**(433)**	373	188	**185**
Pensions	(3,575)	(3,490)	**(86)**	(3,575)	(3,500)	**(75)**	(3,575)	(3,525)	**(50)**
HMRC Tax Payments	(620)	(604)	**(16)**	(620)	(603)	**(17)**	(620)	(615)	**(5)**
Transfers out, lump sums, death grants, refunds & misc. payments	(1,286)	(660)	**(626)**	(1,286)	(898)	**(388)**	(1,286)	(1,410)	**124**
Expenses	(161)	(57)	**(104)**	(161)	(133)	**(27)**	(161)	(140)	**(21)**
Net cash in/(out) in month	**(2,038)**	**(1,518)**	**(519)**	**(2,038)**	**(1,432)**	**(606)**	**(2,038)**	**(2,206)**	**168**
Withdrawal/(deposit) from custody cash	1,000	0	**1,000**	1,000	1,000	**0**	0	2,000	**(2,000)**
Deficit Recovery Contributions	800	800	**0**	800	812	**(12)**	20,800	20,800	**0**
Balance c/f	**986**	**506**	**481**	**749**	**886**	**(137)**	**19,511**	**21,480**	**(1,969)**

Variances during the quarter to 30 June 2021:

- Lower number of death/retirement benefits and transfer values out during April and May than forecasted.
- £3m was withdrawn from cash at custody over the quarter to maintain a positive cash balance, before a £20m deficit recovery receipt was received at the end of June 2021.

4.10 The three-year cashflow forecast for 2021/22 to 2023/24 for the pension fund Lloyds bank account is shown below. Forecasted cashflows are calculated using the previous year's cashflows which are then inflated by 2%. Please note this will not match the rolling cashflow.

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

	2021/22	2022/23	2023/24
	£000	£000	£000
	F'cast	F'cast	F'cast
Balance b/f	**1,224**	**803**	**862**
Contributions	38,773	39,549	40,340
Transfers in, overpayments, VAT reclaim, recharges & misc. receipts	4,481	4,570	4,662
Pensions	(42,905)	(43,763)	(44,638)
HMRC Tax	(7,440)	(7,589)	(7,741)
Transfers out, lump sums, death grants, refunds & misc. payments	(15,432)	(15,740)	(16,055)
Expenses	(1,928)	(1,967)	(2,006)
Net cash in/(out) in year	**(24,451)**	**(24,940)**	**(25,439)**
Withdrawal/(deposit) from custody cash	(56,000)	25,000	25,000
Deficit Recovery Contributions	80,030	0	0
Balance c/f	**803**	**862**	**423**

4.11 The final Council deficit recovery receipts expected during 2021/22 total £80m. It is anticipated that from 2022/23 the Fund will have a future cashflow requirement of c.£25 p.a., to be funded from cash held with the custodian, income distributions and liquidation of Fund assets.

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

Billie Emery pensionfund@westminster.gov.uk

BACKGROUND PAPERS: None

APPENDICES:

Appendix 1 – Tri-Borough Risk Management Scoring Matrix
Appendix 2 – Pension Fund Risk Register Review at September 2021

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

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

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

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

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Pension Fund Risk Register - Administration Risk													
Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Reviewed
				Fund	Employers	Reputation	Total						
Administrative and Communicative Risk	1		Failure to successfully transition the pensions administration service to Hampshire County Council by 8 November 2021, following termination of Surrey contract. Alongside this the administration software is to be moved from Heywood's Altair to Civica.	3	3	3	9	4	**36**	**TREAT:** 1) Project is being managed and reported to the I and C board as part of the Council's project governance. Additionally our governance structure that includes a project specific board with COWPF, Hampshire Pension Services, Surrey County Council, Civica (software supplier) representation. Lee Witham is the board member representing COWPF, the project is (27/09/2021) RAG status green. There are no foreseen issues that will prevent go live on the 8th of November. Go live decision will be on 01/11/2021 following the final data cut.	3	**27**	27/09/2021
Administrative and Communicative Risk	2		Administrators do not have sufficient staff or skills to manage the service leading to poor performance and complaints. There is a concern regarding the high level of senior management departures. Surrey contract due to end in November 2021, however co-operation needed during transition.	1	4	3	8	4	**32**	**TREAT:** 1) Admin work has been with Surrey team in Kingston since April 21, New Hub team need to maintain WCC KPI work whilst supporting other exits as well as COWPF 2) Officers will continue to support the admin team with regular meetings and conversation on cases. 3) Ongoing monitoring of contract and KPIs.	3	**24**	27/09/2021
Administrative and Communicative Risk	3		Structural changes in an employer's membership or an employer fully/partially closing the scheme. Employer bodies transferring out of the pension fund or employer bodies closing to new membership. An employer ceases to exist with insufficient funding or adequacy of bond placement.	5	3	1	9	3	**27**	**TREAT:** 1) Administering Authority actively monitors prospective changes in membership. 2) Maintain knowledge of employer future plans. 3) Contributions rates and deficit recovery periods set to reflect the strength of the employer covenant. 4) Periodic reviews of the covenant strength of employers are undertaken and indemnity applied where appropriate. 5) Risk categorisation of employers part of 2019 actuarial valuation. 6) Monitoring of gilt yields for assessment of pensions deficit on a termination basis.	2	**18**	27/09/2021
Resource and Skill Risk	4		Concentration of knowledge in a small number of officers and risk of departure of key staff.	2	2	3	7	3	**21**	**TREAT:** 1) Practice notes in place. 2) Development of team members and succession planning improvements to be implemented. 3) Officers and members of the Pension Fund Committee will be mindful of the proposed CIPFA Knowledge and Skills Framework when setting objectives and establishing training needs.	2	**14**	27/09/2021
Administrative and Communicative Risk	5		Failure of pension payroll system resulting in pensioners not being paid in a timely manner. Transition to new pensions administrator may encounter teething problems. Need to ensure new pension fund bank account is set up in time and ensure overseas pensioners can be paid correctly as well.	1	2	4	7	3	**21**	**TREAT:** 1) In the event of a pension payroll failure, we would consider submitting the previous months BACS file to pay pensioners a second time if a file could not be recovered by the pension administrators and our software suppliers. Additionally HPS data work as part of the transfer includes running payroll figures for members. An effective parallel pay run will be run to compare to the final October data cut. New Bank Account is being set up for HPS, there will be a BACS test run against this account pre November payroll we will also ensure Western Union can be paid to transfer pension to the overseas based pensioners.	2	**14**	27/09/2021
Administrative and Communicative Risk	6		Failure of securely sent sensitive data and any unidentified data flows being sent insecurely.	4	3	5	12	2	**24**	**TREAT:** 1) Active member data is sent on secure platforms between all parties 2) Including "Encrypted" in email subject allows schools and academies to send data to pension admin team securely. 3) Data sent to the actuary using secure webstream portal. 4) The new employer portal used by HPS should offer increased security for member data from all employers.	1	**12**	27/09/2021
Administrative and Communicative Risk	7		Failure of cyber security measures, including information technology systems and processes, leading to loss, disruption or damage to the scheme or its members.	4	2	5	11	2	**22**	**TREAT:** 1) Council has a data recovery plan in place, with files uploaded to the cloud every night and transition of files from the j drive to SharePoint. 2) . As a Council we are continuing to invest in technologies to block and filter phishing emails as well as ensuring our systems are up to date to protect us and our devices against these threats. 3) The IT team continuously review and update the cyber security policies, including the Information Security policy, Acceptable Use policy, Email and Internet policy, Social Media policy, Password Management policy and Data Disposal policy. All of which can be found on the Wire.	1	**11**	27/09/2021

Administrative and Communicative Risk	8		Incorrect data due to employer error, user error or historic error leads to service disruption, inefficiency and conservative actuarial assumptions.	4	4	3	11	2	**22**	**TREAT:** 1) Update and enforce admin strategy to assure employer reporting compliance. 2) Implementation and monitoring of a Data Improvement Plan as part of the Service Specification between the Fund and Orbis.	1	**11**	27/09/2021
Administrative and Communicative Risk	9		Loss of funds through fraud or misappropriation leading to negative impact on reputation of the Fund as well as financial loss.	3	2	5	10	2	**20**	**TREAT:** 1) Third parties regulated by the FCA and separation of duties and independent reconciliation processes are in place. 2) Review of third party internal control reports. 3) Regular reconciliations of pensions payments undertaken by Pension Finance Team. 4) Periodic internal audits of Pensions Finance and HR Teams. 5) Internal Audits last undertaken during 2018/19 showed satisfactory assurance with recommendations implemented during the year.	1	**10**	27/09/2021
Administrative and Communicative Risk	10		Failure of financial system leading to benefits to scheme members and supplier payments not being made and Fund accounting not being possible.	1	3	4	8	2	**16**	**TREAT:** 1) Contract in place with HCC to provide service, enabling smooth processing of supplier payments. 2) Process in place for Surrey CC to generate lump sum payments to members as they are due. 3) Officers undertaking additional testing and reconciliation work to verify accounting transactions.	1	**8**	27/09/2021
Administrative and Communicative Risk	11		Inability to respond to a significant event leads to prolonged service disruption and damage to reputation.	1	2	5	8	2	**16**	**TREAT:** 1) Disaster recovery plan in place as part of the Service Specification between the Fund and Surrey County Council 2) Ensure system security and data security is in place 3) Business continuity plans regularly reviewed, communicated and tested 4) Internal control mechanisms ensure safe custody and security of LGPS assets. 5) Gain assurance from the Fund's custodian, Northern Trust, regarding their cyber security compliance.	1	**8**	27/09/2021
Administrative and Communicative Risk	12		Poor reconciliation process leads to incorrect contributions. Hampshire County Council to undertake contributions reconciliation from November 2021, currently undertaken by pensions officer.	2	1	1	4	3	**12**	**TREAT:** 1) Ensure reconciliation process notes are understood by Pension Fund team. 2) Ensure that the Pension Fund team is adequately resourced to manage the reconciliation process. 3) Contributions reconciliation is undertaken by the pensions team.	2	**8**	27/09/2021
Administrative and Communicative Risk	13		COVID-19 affecting the day to day functions of the Pensions Administration services including customer telephony service, payment of pensions, retirements, death benefits, transfers and refunds.	2	3	2	7	3	**21**	**TREAT:** 1) The Pensions Administration team have shifted to working from home, with a process now embedded. 2) Revision of processes to enable electronic signatures and configure the telephone helpdesk system to work from home. 3) Maintain regular contact with the Surrey administration team.	1	**7**	27/09/2021
Administrative and Communicative Risk	14		Failure of pension administration system resulting in loss of records and incorrect pension benefits being paid or delays to payment.	1	1	1	3	3	**9**	**TREAT:** 1) Pension administration records are stored on the Surrey CC servers who have a disaster recovery system in place and records should be restored within 24 hours of any issue, All files are backed up daily.	2	**6**	27/09/2021
Administrative and Communicative Risk	15		Lack of guidance and process notes leads to inefficiency and errors.	2	2	1	5	2	**10**	**TREAT:** 1) Ensure process notes are compiled and circulated in Pension Fund and Administration teams.	1	**5**	27/09/2021
Administrative and Communicative Risk	16		Rise in discretionary ill-health retirements claims adversely affecting self-insurance costs.	2	2	1	5	2	**10**	**TREAT:** 1) Pension Fund monitors ill health retirement awards which contradict IRMP recommendations.	1	**5**	27/09/2021
Administrative and Communicative Risk	17		Failure to identify GMP liability leads to ongoing costs for the pension fund.	1	2	1	4	1	**4**	**TREAT:** 1) GMP identified as a Project as part of the Service Specification between the Fund and Surrey County Council, with minimal effect on the Fund.	1	**4**	27/09/2021

Pension Fund Risk Register - Investment Risk													
Risk Group	Risk Ref.	Trending	Risk Description	Impact				Likelihood	Total risk score	Mitigation actions	Revised Likelihood	Net risk score	Reviewed
				Fund	Employers	Reputation	Total						
Asset and Investment Risk	1		Investment managers fail to achieve benchmark/ outperformance targets over the longer term: a shortfall of 0.1% on the investment target will result in an annual impact of £1.9m. Following COVID-19, there was some concern around Fund Managers outperforming their benchmarks.	5	3	3	11	3	**33**	**TREAT:** 1) The Investment Management Agreements (IMAs) clearly state WCC's expectations in terms of investment performance targets. 2) Investment manager performance is reviewed on a quarterly basis. 3) The Pension Fund Committee should be positioned to move quickly if it is felt that targets will not be achieved. 4) Portfolio rebalancing is considered on a regular basis by the Pension Fund Committee. 5) The Fund's investment management structure is highly diversified, which lessens the impact of manager risk compared with less diversified structures.	2	**22**	23/09/2021
Regulatory and Compliance Risk	2		Failure to hold personal data securely in breach of General Data Protection Regulation (GDPR) legislation. The Pension Fund is changing pension administration providers, a transition of data will take place during 2021.	3	3	5	11	3	**33**	**TREAT:** 1) Data encryption technology is in place which allow the secure transmission of data to external service providers. 2)WCC IT data security policy adhered to. 3) Implementation of GDPR. 4) Pension administration transition project team in place.	2	**22**	23/09/2021
Liability Risk	3		Scheme members live longer than expected leading to higher than expected liabilities.	5	5	1	11	2	**22**	**TOLERATE:** 1) The scheme's liability is reviewed at each triennial valuation and the actuary's assumptions are challenged as required. The actuary's most recent longevity analysis has shown that the rate of increase in life expectancy is slowing down.	2	**22**	23/09/2021
Asset and Investment Risk	4		Significant volatility and negative sentiment in global investment markets following disruptive geo-political uncertainty. Increased risk to global economic stability.	5	4	1	10	3	**30**	**TREAT:** 1) Continued dialogue with investment managers re management of political risk in global developed markets. 2) Investment strategy involving portfolio diversification and risk control. 3) Investment strategy review took place during June 2020 and a new strategic asset allocation was agreed.	2	**20**	23/09/2021
Asset and Investment Risk	5		The global outbreak of COVID-19 poses economic uncertainty across the global investment markets.	5	3	2	10	3	**30**	**TREAT:** 1) Officers will continue to monitor the impact lockdown measures have had on the fund's underlying investments and the wider economic environment. 2) The Fund holds a diversified portfolio, which should reduce the impact of stock market movements. 3) Asset allocation was reviewed during June 2020, a new strategy was agreed in light of COVID-19 with ESG focused equity and renewable infrastructure mandates agreed. 4) Pension Fund Officers in frequent contact with Fund Managers and the Funds investment advisor.	2	**20**	23/09/2021

Liability Risk	6		Price inflation is significantly more than anticipated in the actuarial assumptions: an increase in CPI inflation by 0.1% over the assumed rate will increase the liability valuation by upwards of 2.7%.	5	3	2	10	3	**30**	**TREAT:** 1) Actuarial valuation results show an increase in the CPI assumption of 0.2% from the 2016 valuation. 2) The Pension Fund has increased its holdings within infrastructure and intends to increase allocations to property into 2022. 3) The Funds high allocation to equity will provide a degree of protection against inflation.	2	**20**	23/09/2021
Liability Risk	7		Employee pay increases are significantly more than anticipated for employers within the Fund.	4	4	2	10	2	**20**	**TOLERATE:** 1) Actuarial valuation assumptions show a decrease in salary increases by 0.3% from 2016. 2) Fund employers should monitor own experience. 3) Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) should be long term assumptions. Any employer specific assumptions above the actuary's long term assumption would lead to further review. 4) Employers to made aware of generic impact that salary increases can have upon the final salary linked elements of LGPS benefits (accrued benefits before 1 April 2014). 5) Employee pay rises currently remain below inflation.	2	**20**	23/09/2021
Asset and Investment Risk	8		That the London Collective Investment Vehicle (LCIV) fails to produce proposals/solutions deemed sufficiently ambitious.	4	3	3	10	2	**20**	**TOLERATE:** 1) Partners for the pool have similar expertise and like-mindedness of the officers and members involved with the fund, ensuring compliance with the pooling requirements. Ensure that ongoing fund and pool proposals are comprehensive and meet government objectives. 2) Member presence on Shareholder Committee and officer groups. 3) Fund representation on key officer groups.	2	**20**	23/09/2021
Asset and Investment Risk	9		Volatility caused by uncertainty with regard to the withdrawal of the UK from the European Union and the economic aftereffects. Supply chain issues and HGV driver shortages affecting UK trade and causing supply issues.	4	4	1	9	3	**27**	**TREAT:** 1) Officers to consult and engage with advisors and investment managers. 2) The Fund transitioned out of UK equities during November 2019, moving funds into the LGIM global passive. 3) Possibility of hedging currency and equity index movements. 4) The UK struck a trade deal with the EU in December 2020, the deal will be formally reviewed every 5 years. The transition period officially ended on 1 January 2021.	2	**18**	23/09/2021

Asset and Investment Risk	10		Increased scrutiny on environmental, social and governance (ESG) issues, leading to reputational damage. The Council declared a climate emergency in September 2019, how this will effect the Pension Fund going forward is currently unknown. TCFD regulations impact on LGPS schemes currently unknown but expected to come into force during 2023.	3	2	4	9	3	**27**	**TREAT:** 1) Review ISS in relation to published best practice (e.g. Stewardship Code) 2) Ensure fund managers are encouraged to engage and to follow the requirements of the published ISS. 3) The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and Pensions and Lifetime Savings Association (PLSA), which raises awareness of ESG issues and facilitates engagement with fund managers and corporate company directors. 4) Following the strategic asset allocation review in June 2020, the Pension Fund has committed 6% towards renewables and 20% to the LCIV Global Sustain Fund, as well as moving the LGIM passive mandate into the LGIM Future World Fund. 5) An ESG and RI Policy was drafted for the Pension Fund as part of the ISS and a Responsible Investment Statement was drafted during late 2020. 6) Officers regularly attend training events on ESG and TCFD regulations to ensure stay up to date with latest guidance.	2	**18**	23/09/2021
Regulatory and Compliance Risk	11		Implementation of proposed changes to the LGPS (pooling) does not conform to plan or cannot be achieved within laid down timescales.	3	2	1	6	3	**18**	**TOLERATE:** 1) Officers consult and engage with MHCLG, LGPS Scheme Advisory Board, advisors, consultants, peers, various seminars and conferences. 2) Officers engage in early planning for implementation against agreed deadlines. 3) Uncertainty surrounding new MHCLG pooling guidance.	3	**18**	23/09/2021
Asset and Investment Risk	12		London CIV has inadequate resources to monitor the implementation of investment strategy and as a consequence are unable to address underachieving fund managers.	3	3	2	8	3	**24**	**TREAT:** 1) Member presence on shareholder Committee responsible for the oversight of the CIV and can monitor and challenge the level of resources through that forum. Tri-Borough Director of Treasury & Pensions is a member of the officer Investment Advisory Committee which gives the Fund influence over the work of the London CIV. 2) Officers continue to monitor the ongoing staffing issues and the quality of the performance reporting provided by the London CIV.	2	**16**	23/09/2021
Liability Risk	13		Impact of economic and political decisions on the Pension Fund's employer workforce. Government funding level affecting the Councils spending decisions.	5	2	1	8	3	**24**	**TREAT:** 1) Barnet Waddingham uses prudent assumptions on future of employees within workforce. Employer responsibility to flag up potential for major bulk transfers outside of the Westminster Fund. The potential for a significant reduction in the workforce as a result of the public sector financial pressures may have a future impact on the Fund. 2) Need to make prudent assumptions about diminishing workforce when carrying out the triennial actuarial valuation.	2	**16**	23/09/2021
Liability Risk	14		Ill health costs may exceed "budget" allocations made by the actuary resulting in higher than expected liabilities particularly for smaller employers.	4	2	1	7	2	**14**	**TOLERATE:** 1) Review "budgets" at each triennial valuation and challenge actuary as required. Charge capital cost of ill health retirements to admitted bodies at the time of occurring. Occupational health services provided by the Council and other large employers to address potential ill health issues early.	2	**14**	23/09/2021

Liability Risk	15		Impact of increases to employer contributions following the actuarial valuation	5	5	3	13	2	**26**	**TREAT:** 1) Officers to consult and engage with employer organisations in conjunction with the actuary. 2) Actuary will assist where appropriate with stabilisation and phasing in processes.	1	**13**	23/09/2021
Liability Risk	16		There is insufficient cash available in the Fund to meet pension payments leading to investment assets being sold at sub-optimal prices to meet pension payments. The Fund currently has £50m in cash held within a short duration bond fund, which allows access at short notice.	5	4	3	12	2	**24**	**TREAT:** 1) Cashflow forecast maintained and monitored. 2) Cashflow position reported to committee quarterly. 3) Cashflow requirement is a factor in current investment strategy review.	1	**12**	23/09/2021
Regulatory and Compliance Risk	17		Changes to LGPS Regulations	3	2	1	6	3	**18**	**TREAT:** 1) Fundamental change to LGPS Regulations implemented from 1 April 2014 (change from final salary to CARE scheme). 2) Future impacts on employer contributions and cash flows will considered during the 2016 actuarial valuation process. 3) Fund will respond to consultation processes. 4) Impact of LGPS (Management of Funds) Regulations 2016 to be monitored. Impact of Regulations 8 (compulsory pooling) to be monitored.	2	**12**	23/09/2021
Liability Risk	18		Mismatching of assets and liabilities, inappropriate long-term asset allocation or investment strategy, mistiming of investment strategy.	5	3	3	11	2	**22**	**TREAT:** 1) Active investment strategy and asset allocation monitoring from Pension Fund Committee, officers and consultants. 2) Investment strategy review is currently underway with an approved switch from equities to fixed income. 3) Setting of Fund specific benchmark relevant to the current position of fund liabilities. 4) Fund manager targets set and based on market benchmarks or absolute return measures. Overall investment benchmark and out-performance target is fund specific.	1	**11**	23/09/2021
Reputational Risk	19		Financial loss of cash investments from fraudulent activity.	3	3	5	11	2	**22**	**TREAT:** 1) Policies and procedures are in place which are regularly reviewed to ensure risk of investment loss is minimised. Strong governance arrangements and internal control are in place in respect of the Pension Fund. Internal Audit assist in the implementation of strong internal controls. Fund Managers have to provide annual SSAE16 and ISAE3402 or similar documentation (statement of internal controls).	1	**11**	23/09/2021
Reputational Risk	20		Failure to comply with legislation leads to ultra vires actions resulting in financial loss and/or reputational damage.	5	2	4	11	2	**22**	**TREAT:** 1) Officers maintain knowledge of legal framework for routine decisions. 2) Eversheds retained for consultation on non-routine matters.	1	**11**	23/09/2021

Liability Risk	21		Failure of an admitted or scheduled body leads to unpaid liabilities being left in the Fund to be met by others.	5	3	3	11	2	**22**	**TREAT:** 1) Transferee admission bodies required to have bonds or guarantees in place at time of signing the admission agreement. Regular monitoring of employers and follow up of expiring bonds.	1	**11**	23/09/2021
Asset and Investment Risk	22		A change in government may result in new wealth sharing policies which could negatively impact the value of the pension fund assets.	5	5	1	11	2	**22**	**TREAT:** 1) Maintain links with central government and national bodies to keep abreast of national issues. Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood.	1	**11**	23/09/2021
Liability Risk	23		Transfers out increase significantly as members transfer to DC funds to access cash through new pension freedoms.	4	4	2	10	2	**20**	**TREAT:** 1) Monitor numbers and values of transfers out being processed. If required, commission transfer value report from Fund Actuary for application to Treasury for reduction in transfer values. 2) No evidence in 2020/21 of members transferring out to DC schemes.	1	**10**	23/09/2021
Resource and Skill Risk	24		Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding	2	2	1	5	4	**20**	**TREAT:** 1) Succession planning process in place. 2) Ongoing training of Pension Fund Committee members. 3) Pension Fund Committee new member induction programme. 4) Training to be based on the requirements of CIPFA Knowledge and Skills Framework under designated officer.	2	**10**	23/09/2021
Liability Risk	25		Inadequate, inappropriate or incomplete investment or actuarial advice is actioned leading to a financial loss or breach of legislation.	5	3	2	10	2	**20**	**TREAT:** 1) At time of appointment ensure advisers have appropriate professional qualifications and quality assurance procedures in place. Committee and officers scrutinise and challenge advice provided.	1	**10**	23/09/2021
Asset and Investment Risk	26		Financial failure of third party supplier results in service impairment and financial loss	5	4	1	10	2	**20**	**TREAT:** 1) Performance of third parties (other than fund managers) regularly monitored. 2) Regular meetings and conversations with global custodian (Northern Trust) take place. 3) Actuarial and investment consultancies are provided by two different providers.	1	**10**	23/09/2021
Asset and Investment Risk	27		Failure of global custodian or counterparty.	5	3	2	10	2	**20**	**TREAT:** 1) At time of appointment, ensure assets are separately registered and segregated by owner. 2) Review of internal control reports on an annual basis. 3) Credit rating kept under review.	1	**10**	23/09/2021
Asset and Investment Risk	28		Financial failure of a fund manager leads to value reduction, increased costs and impairment.	4	3	3	10	2	**20**	**TREAT:** 1) Fund is reliant upon current adequate contract management activity. 2) Fund is reliant upon alternative suppliers at similar price being found promptly. 3) Fund is reliant on LGIM as transition manager. 4) Fund has the services of the London Collective Investment Vehicle (LCIV).	1	**10**	23/09/2021

Asset and Investment Risk	29		Global investment markets fail to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	5	3	2	10	2	**20**	**TREAT:** 1) Proportion of total asset allocation made up of equities, bonds, property funds, infrastructure and fixed income, limiting exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal risk asset allocation. 3) Actuarial valuation and strategy review take place every three years post the actuarial valuation. 4) IAS19 data is received annually and provides an early warning of any potential problems. 5) The actuarial assumption regarding asset outperformance is regarded as achievable over the long term when compared with historical data.	1	**10**	23/09/2021
Resource and Skill Risk	30		Officers do not have appropriate skills and knowledge to perform their roles resulting in the service not being provided in line with best practice and legal requirements. Succession planning is not in place leading to reduction of knowledge when an officer leaves.	4	3	3	10	2	**20**	**TREAT:** 1) Person specifications are used at recruitment to appoint officers with relevant skills and experience. 2) Training plans are in place for all officers as part of the performance appraisal arrangements. 3) Shared service nature of the pensions team provides resilience and sharing of knowledge. 4) Officers maintain their CPD by attending training events and conferences.	1	**10**	23/09/2021
Regulatory and Compliance Risk	31		Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests.	3	3	4	10	2	**20**	**TREAT:** 1) Publication of all documents on external website. 2) Managers expected to comply with ISS and investment manager agreements. 3) Local Pension Board is an independent scrutiny and assistance function. 4) Annual audit reviews.	1	**10**	23/09/2021
Reputational Risk	32		Inaccurate information in public domain leads to damage to reputation and loss of confidence.	1	1	3	5	3	**15**	**TREAT**: 1) Ensure that all requests for information (Freedom of Information, member and public questions at Council, etc) are managed appropriately and that Part 2 Exempt items remain so. 2) Maintain constructive relationships with employer bodies to ensure that news is well managed. 3) Stage AGM every year.	2	**10**	23/09/2021
Liability Risk	33		Changes to LGPS Scheme moving from Defined Benefit to Defined Contribution	5	3	2	10	1	**10**	**TOLERATE:** 1) Political power required to effect the change.	1	**10**	23/09/2021

Regulatory and Compliance Risk	34	**NEW**	There is a technical issue surrounding the accounting classification of the London CIV regulatory capital and can be resolved only by making amendments to the Shareholder Agreement and the company's Article of Association (Articles). There is a risk that the LCIV will not receive all 32 signatures, however it should be noted that no further capital will be called upon as a result of this process.	2	2	1	5	2	**10**	**TOLERATE:** 1) London CIV to facilitate discussions with London Boroughs and gather feedback, before signed amendments to Shareholder Agreement and Articles requested by 1 November 2021. 2) WCC to obtain legal advice regarding updated documents, with Chairman and Tri-Borough Director of Treasury & Pensions to agree a written resolution to approve the necessary changes to the Shareholder Agreement and LCIV's Articles.	2	**10**	08/10/2021
Liability Risk	35		Scheme matures more quickly than expected due to public sector spending cuts, resulting in contributions reducing and pension payments increasing.	5	3	1	9	2	**18**	**TREAT:** 1) Review maturity of scheme at each triennial valuation. Deficit contributions specified as lump sums, rather than percentage of payroll to maintain monetary value of contributions. 2) Cashflow position monitored monthly.	1	**9**	23/09/2021
Resource and Skill Risk	36		Committee members do not have appropriate skills or knowledge to discharge their responsibility leading to inappropriate decisions.	4	3	2	9	2	**18**	**TREAT:** 1) External professional advice is sought where required. Knowledge and skills policy in place (subject to Committee Approval).	1	**9**	23/09/2021
Regulatory and Compliance Risk	37		Failure to comply with recommendations from the Local Pension Board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.	1	3	5	9	2	**18**	**TREAT:** 1) Ensure that a cooperative, effective and transparent dialogue exists between the Pension Fund Committee and Local Pension Board.	1	**9**	23/09/2021
Regulatory and Compliance Risk	38		Loss of flexibility to engage with Fund Managers and loss of elective professional status with any or all of the existing Fund managers and counterparties resulting in reclassification. (The Fund is a retail client to counterparties unless opted up).	3	2	2	7	2	**14**	**TREAT:** 1) More reliance on investment advisor to keep Officers and Committee updated. Officers are considering other financial institution outside of the current mandates to 'opt up' with. 2) Maintaining up to date information about the fund on relevant platforms. 3) Fund can opt up with prospective clients. 4) Keep quantitative and qualitative requirements under review to ensure that they continue to meet the requirements. There is a training programme and log in place to ensure knowledge and understanding is kept up to date. 5) Existing and new Officer appointments subject to requirements for professional qualifications and CPD.	1	**7**	23/09/2021

Regulatory and Compliance Risk	39		Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process.	2	2	3	7	2	**14**	**TREAT:** 1) Ensure that assessment criteria remains robust and that full feedback is given at all stages of the procurement process. 2) Pooled funds are not subject to OJEU rules.	1	**7**	23/09/2021
Regulatory and Compliance Risk	40		Pensions legislation or regulation changes resulting in an increase in the cost of the scheme or increased administration.	4	2	1	7	2	**14**	**TREAT:** 1) Maintain links with central government and national bodies to keep abreast of national issues. 2) Respond to all consultations and lobby as appropriate to ensure consequences of changes to legislation are understood.	1	**7**	23/09/2021

City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**21 October 2021**
Classification:	**Public**
Title:	**Task Force on Climate Related Financial Disclosures (TCFD) Regulations**
Wards Affected:	**None**
Policy Context:	**Effective control over Council Activities**
Financial Summary:	**There are no immediate financial implications arising from this report.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1 EXECUTIVE SUMMARY

1.1 On 11 February 2021 the Pensions Schemes Act 2021 received Royal Assent. The act covers climate risk governance and reporting for the private sector scheme and is expected to have a direct impact on the LGPS.

1.2 The proposed new measures will ensure that trustees are legally required to assess and report on the financial risks of climate change within their portfolios, in line with the Task Force on Climate Related Financial Disclosures (TCFD) recommendations.

2 RECOMMENDATIONS

2.1 The Pension Fund Committee is requested to:

- note the Deloitte paper, attached at Appendix 1, on the introduction of climate change governance disclosures for UK pension schemes, as aligned with the TCFD recommendations.

3 BACKGROUND

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

3.2 Documentation received to date sends a clear signal to UK pensions trustees that government decisions and measures to combat climate change will have a direct impact on pension schemes.

3.3 Large Schemes (£5bn+) have now been required to report since 1 October 2021 and schemes with assets of more than £1bn will need to comply from 1 October 2022. The initial roll out will allow the government to identify best practice, assess progress and extend refined measures to smaller schemes by 2023.

3.4 Although not yet compulsory for public sector pension schemes, it is anticipated these regulations will be extended to the public sector and therefore the LGPS by 2023. The Westminster Fund will need to work with Deloitte on the anticipated reporting requirements well in advance of this deadline.

3.4 The Financial Stability Board's Task Force on Climate Related Financial Disclosures is a global, private, independent body formed in December 2015. The Board has advised a number of TCFD recommendations in relation to climate change, which can be split into four thematic areas.

3.5 The following tables summarises each area of the TCFD recommendations and the main actions for adoption:

1.Governance

Recommendation: Establish and maintain oversight of relevant climate risks and opportunities for your scheme.
Trustee Actions:
Define clear roles/responsibilities for management of climate-related risks/opportunities.
Formulise governance policies, including roles and responsibilities in relation to climate change.
Improve training and knowledge in relation to climate change.

2.Strategy
Recommendation: Identify climate risks and opportunities which will affect the scheme's investment strategy and consider the resilience of the strategy.
Trustee Actions:
Identify related risks and opportunities and define clear goals over the short, medium and long term.
Conduct scenario testing for the scheme's assets and liabilities e.g., how a temperature rise of 1.5C to 2.0C will affect the Fund.

3.Risk Management
Recommendation: Establish and maintain processes to identify, assess and manage relevant climate risks and opportunities.
Trustee Actions:
Create a risk register of climate-related risks and maintain assessments over the short to long-term horizons.
Incorporate these risks into the wider integrated risk management process.

4.Metrics and Targets
Recommendation: Select and monitor a minimum of three climate metrics (Absolute Emissions Metric, Emissions Intensity Metric and trustees to select a third) for the scheme's investment portfolio, setting targets to measure performance against annually.
Trustee Actions:
Establish the quality of data available to identify an appropriate third climate metric for the scheme.
Select at least one appropriate target and measure performance against and review annually.

4 KEY CHALLENGES

4.1 It is anticipated that the introduction of TCFD reporting will be onerous and there will be a number of key challenges to bear in mind. The metrics selected should be suitable and relevant to the scheme and reliable for use in the decision making process.

4.2 It should also be acknowledged that there is a lack of data available in relation to greenhouse gas emissions from certain underlying companies, which may cause inconsistencies and gaps in knowledge.

4.3 The FCA has set out a roadmap to assist companies, asset managers and pension funds towards mandatory TCFD disclosures. Trustees will be required in the meantime to report and monitor metrics with the data currently available.

4.4 Estimates should be used to fill any data gaps and qualitative analysis performed where quantitative data is not available.

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

Billie Emery bemery@westminster.gov.uk

BACKGROUND PAPERS: None

APPENDIX:

Appendix 1 – Deloitte Paper: Climate Change Governance and Reporting Regulations

Deloitte.

September 2021

Climate Change Governance and Reporting Regulations

Risks and opportunities for UK pension schemes

The DWP has announced the phased introduction of mandatory climate change governance and disclosure requirements for UK pension scheme trustees, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

Whilst initially only mandatory for the largest of schemes, the recommendations are considered best practice for trustees to manage climate-related risks and opportunities.

In this note, we set out the TCFD recommendations and actions for those trustees looking to adopt them.

Climate change – risks and opportunities for UK pension schemes

Climate change and the actions taken by governments to combat its causes and effects, both now and in the future, will impact pension schemes.

The risks faced by businesses can be classed into two broad categories:

1. Physical Risks

   Changes in assets and liabilities which are directly caused by changes in the climate, for example the impact on business operations due to extreme weather effects such as flooding, drought, sea level rises and heat.

This includes the potential impact of extreme weather events damaging company assets and infrastructure, supply chain disruption caused by the deterioration of natural resources as a result of climate change, the impact on staff productivity caused by changing working conditions and increases in inflation caused by greater scarcity of certain resources.

2. Transition Risks

   Risks associated with action by institutions to address climate change and the transition to a carbon neutral economy.

This may be caused by governments introducing limits on emissions, carbon tariffs or additional disclosure requirements. It also includes the risk of changes to the demand for certain products and services as consumers change their behaviours to take account of their impact on the climate.

Whilst there are clear risks associated with climate change, there will also be investment opportunities such as the increased demand for renewable energy assets and carbon capture and storage development.

New regulations – scope and timeframes

The new Occupational Pension Schemes Climate Change (Governance and Reporting) Regulations 2021 state that the largest UK pension schemes are to be subject to these obligations from 1 October 2021.

This includes occupational pension schemes with more than £5bn of net assets, along with authorised master trusts and authorised collective money purchase schemes. Schemes with more than £1bn of net assets will need to comply from 1 October 2022 and application to smaller schemes will then be reviewed in 2023.

Creating a robust governance framework for assessing and monitoring climate change risks and opportunities is best practice regardless of whether a scheme is captured in the first wave of these mandatory requirements.

The new climate change regulations are a natural extension of recent amendments to the Occupational Pension Schemes (Investment and Disclosure) Regulations 2005 which promoted the consideration of financially material Environmental, Social and Governance ("ESG") factors more generally within trustees' investment decision-making processes.

TCFD recommendations

The Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") is a global, independent, private sector led group established in December 2015. In June 2017, the TCFD recommended a series of disclosures relating to climate change and its effects.

The UK government, through its Green Finance Strategy, stated its expectation that all listed companies and large asset owners, including pension schemes, will produce TCFD-consistent disclosures by 2022.

The TCFD's recommendations can be split into **four thematic areas**. Below we outline the requirements under each area and suggested next steps for pension scheme trustees to consider when implementing them.

1. Governance

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

Trustee actions:

- Define clear roles and responsibilities for the management of climate-related risks and opportunities.
- Make climate change a regular agenda item at meetings.
- Formalise and document governance policies, including roles and responsibilities and trustee views on climate change.
- Improve trustee knowledge and understanding on climate risk and opportunities through training.
- Assess the competency of advisers on climate change and identify any skills gaps.

2. Strategy

Identify climate risks and opportunities which will affect the scheme's investment strategy (and where relevant funding strategy) and consider the resilience of the strategy.

Assess over appropriate short, medium and long term time horizons and conduct scenario analysis.

Trustee actions:

- Define short, medium and long term time horizons as appropriate for the circumstances of your scheme.
- On an ongoing basis, identify the climate-related risks and opportunities which are considered to have an effect on the scheme's investment strategy (for defined benefit schemes, this should also include consideration of the impact on the scheme's liabilities, the funding strategy and the covenant of the sponsoring employer).
- Conduct scenario analysis for the scheme's asset portfolio (and for defined benefit schemes also consider the impact on liabilities and the covenant of the sponsoring employer). Assess the resilience of the scheme's investment strategy (and where relevant funding strategy) in such scenarios.

  The analysis must include at least two scenarios where there is an increase in global average temperature, and in one of these scenarios the global average temperature rise selected by the trustees must be between 1.5°C – 2°C above pre-industrial levels.

3. Risk Management

Establish and maintain processes to identify, assess and manage relevant climate risks and opportunities. Integrate into overall risk management processes.

Trustee actions:

- Create a risk register of climate-related risks relevant to the scheme – assessing the likelihood and potential financial impact on the scheme of each of these. This should cover liability and covenant risks, as well as risks relating to investments.
- Assessment should be over different time horizons and should be at the asset-class or key sector level at least, if not more granular.
- Incorporate these risks into a wider integrated risk management approach, considering the interconnections between risks and proportionality to the other risks that the scheme faces.

4. Metrics & Targets

*Select and monitor a minimum of three climate metrics for the scheme's investment portfolio. One metric is to give the total greenhouse gas emissions of the scheme's assets categorised between scope 1, scope 2 and scope 3 emissions (**"Absolute Emissions Metric"**) and another is to give the total CO_2 emissions per unit of currency invested by the scheme (**"Emissions Intensity Metric"**).*

Set a target and measure performance against it for one of the calculated metrics.

Metrics are to be calculated annually and to be used to help identify and assess the climate-related risks and opportunities relevant to the scheme.

Trustee actions:

- Understand metric requirements and the quality of data that is available for the scheme's asset portfolio (to identify data gaps).
- Select a third climate metric to assess (in addition to the two mandatory metrics set out above).
- Set at least one appropriate target. Trustees could consider targets linked to those set by the sponsoring employer or aligned to the Paris Agreement for example.
- Annually measure the scheme's performance against the chosen target and consider whether to retain or replace the target.

TCFD report

The TCFD recommendations encourage the annual disclosure of a TCFD report to increase transparency. This is a mandatory requirement for the largest of schemes captured by the new regulations whereby affected trustees must publish a TCFD report within 7 months of the scheme's first year-end after the regulations apply, and then for each year thereafter where their scheme continues to meet the asset size threshold.

The report is to be signed by the Chair of Trustees and made publicly available on a website, accessible free of charge. The website address is to be included in the scheme's annual report and annual benefit statements to members.

Key challenges

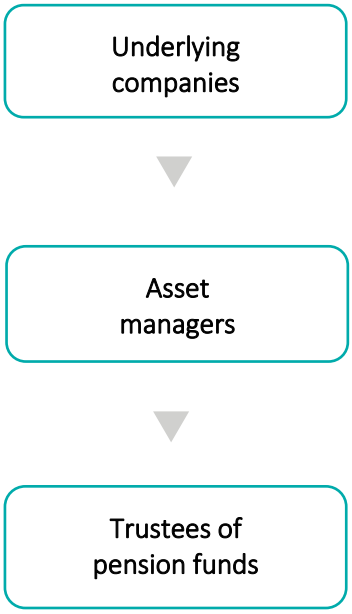
It will be crucial for trustees to identify the climate risks most relevant to their scheme and set targets to manage them going forwards. Reliable metrics are needed to aid trustee investment decision-making.

A key challenge is the lack of greenhouse gas emissions data available from underlying investee companies. Trustees are the end users of this data and are therefore reliant on companies making the information available for asset managers to in turn collate and make available to trustees.

This is exacerbated in private markets where there is no requirement for companies to publish their greenhouse gas emissions data. This is resulting in a lack of consistent and comparable metrics available.

Notwithstanding the above, there is significant progress being made in the industry to improve the availability of this data. The FCA has set out a roadmap towards mandatory TCFD disclosures across listed companies, asset managers, life insurers and FCA-regulated pension providers. There is also progress towards developing global reporting standards and international agreements for mandatory TCFD aligned disclosures.

In the meantime, trustees are required under the Regulations to monitor and report *"as far as they are able"* where it comes to the calculation of metrics and performing scenario analysis. Trustees should use estimations to fill data gaps and perform qualitative analysis where quantitative is not available. Trustees should also explain any exclusions and limitations in the TCFD report and look to improve the reporting over time. Trustees could consider the use of third-party providers but should take a proportionate approach with their costs and efforts to plug data gaps.



Support available

- Statutory guidance has been published to support trustees with the actions to be taken to meet these new regulatory requirements, including guidance from the DWP on what is to be included in a scheme's annual TCFD report.
- The Pensions Climate Risk Industry Group has published non-statutory guidance to help trustees with the assessment, management and reporting of climate-related risks in line with the TCFD recommendations and a 'quick-start' guide as a helpful summary.
- In April 2021, the Pensions Regulator ("tPR") published a new climate change strategy which outlines how it will help regulate compliance with the new requirements. Following a consultation, tPR plans to publish additional guidance to help schemes comply with the new legislation and to integrate the management of climate change risks and opportunities as part of their governance framework.

The Pensions Regulator's new Code of Practice, which is currently under consultation but is expected to become effective in Summer 2022, provides that the trustees of schemes with more than 100 members need to incorporate considerations around climate change into their internal controls, and as part of the 'Effective System of Governance' required under the Code. The new Code of Practice also encourages all scheme trustees to consider environmental factors as part of their investment decision-making, although this is not mandated.

Get in touch

If you would like to discuss how Deloitte can support you with aligning your pension scheme with the recommendations of the TCFD, feel free to get in touch with our specialists or your usual Deloitte contact.

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City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**21 October 2021**
Classification:	**General Release**
Title:	**London CIV's London Fund**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no direct financial implications arising from this report.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1. EXECUTIVE SUMMARY

1.1 This report provides a summary of the London CIV's (LCIV) London Fund, as requested by the Committee at the Pension Fund Committee meeting on 24 June 2021.

2. RECOMMENDATIONS

2.1 The Committee is recommended to:

- note the summary on the LCIV's London Fund, as attached at Appendix 1, with a view to exploring this option post the 2022 actuarial valuation.

3. BACKGROUND

3.1 Following the Pension Fund Committee on 24 June 2021, Deloitte has prepared a report on The London Fund, as requested by the Committee. The London Fund strategy is offered by the LCIV pool company and managed by Local Pensions Partnerships Investments (LPPI), with a focus on investing within property, infrastructure and capital growth. The real estate holdings are anticipated to account for just over half of the portfolio and will be split between private rented sector, affordable housing and specialist accommodation.

3.2 The majority of assets within the mandate is expected to be income generating, with an element of CPI inflation linkage. The London Fund's secondary objective will be to generate social benefit (with 80% of target assets within the Greater London area) through the creation of jobs, regeneration and environmental impact.

3.3 The London Fund targets LGPS investors across London and has a close-ended structure, with a 15-year term and fund capacity of circa £500m. Following the second close in July 2021, the Fund has £195m in committed capital and over £22m drawn to date. The target return is CPI + 3% per annum over seven years with 50% of total return expected after building out of the portfolio.

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

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BACKGROUND PAPERS:

None

APPENDIX:

Appendix 1: Deloitte London Fund Summary

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City of Westminster Pension Fund

The London Fund

Introduction

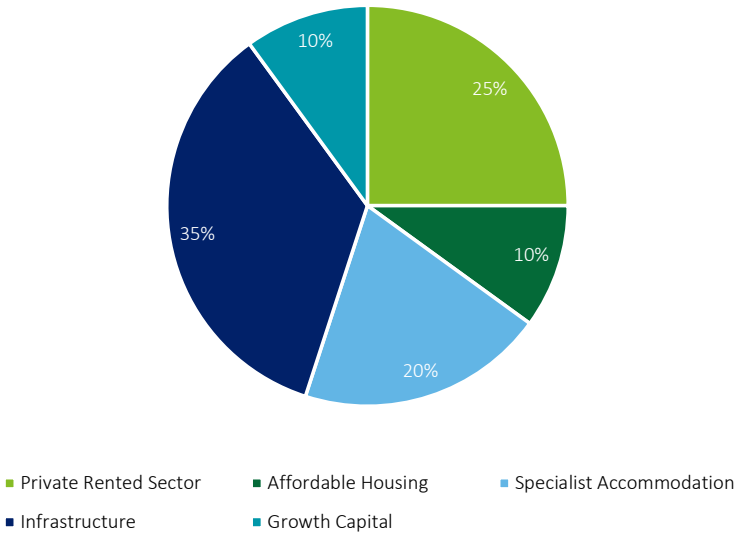
This paper has been prepared for the City of Westminster Pension Fund (the "Fund") and has been written following discussion with the Pension Fund Committee (the "Committee") at the last Committee meeting on 24 June 2021, during which the Committee requested we provide a summary of The London Fund for the October 2021 Committee meeting. There is no recommendation to this paper, as this is for information only. Please note, information in this paper is accurate as of September 2021 and has been provided by the London CIV.

The London Fund

Below, we include details of The London Fund, a fund offered by the London CIV and managed by Local Pensions Partnership Investments (LPPI) which focuses on investing in real estate, infrastructure and growth capital sectors.

The majority of the portfolio will be invested in assets that are income generating with an inflation-linkage and generally operational. The Fund will also include a small allocation to assets with a focus on capital gains and a higher degree of risk (through development or construction risk) with the majority of investment taking place through third party fund managers.

The chart below reflects an illustrative example of what the London Fund portfolio might look like, with 55% of the illustrative portfolio consisting of real estate assets.



Source: London CIV

The London Fund's secondary objective is to generate a social benefit in Greater London through job creation, area regeneration and positive environmental impact with c. 80% of investments targeted within Greater London. The London Fund is being constructed to align with the London Quality of Life Indicators published by

the London Sustainable Development Commission which have been designed to help recognise whether London is making progress towards becoming a sustainable world city.

The London Fund is closed-ended with a 15-year term and has a fund size capacity of c. £500m, targeting LGPS investors across London. While the London Fund portfolio is not primarily made up of social supported or affordable housing, the strategy principally invests in real assets with a focus on generating stable long-term cashflows with an inflation-linkage.

Some of the key details underlying the London Fund are provided in the table below:

The London Fund	
Strategy	Real estate (including build-to-rent and affordable housing), community regeneration projects, infrastructure and growth capital sectors
Fund size/AuM	£195m committed since launch in December 2020, following second close in July 2021. £300m target with a capacity of £500m
Target return	CPI +3% p.a. (net of fees, costs and expenses) over seven years
Yield target	50% of total return after building out portfolio
Term	15-year term with ability to extend for two consecutive periods of two years each with approval from investors
Investment period	4 years from final close
Leverage	Unlevered at a portfolio level but may enter into hedging/working capital facilities
Investment limits	Maximum 25% of commitments on a single asset

Source: London CIV

Deloitte Total Reward and Benefits Limited

October 2021

Risk Warnings

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

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

Deloitte.

City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**21 October 2021**
Classification:	**General Release**
Title:	**Fixed Income Strategy Review**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no direct financial implications arising from this report.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1. EXECUTIVE SUMMARY

1.1 This report details a review undertaken by the Fund's investment advisor, Deloitte, on the current fixed income mandates and strategic asset allocation. In addition, the report will explore the benefits of an allocation to private debt alongside the existing fixed income allocations.

2. RECOMMENDATIONS

2.1 The Committee is recommended to:

- consider adding private debt to the 19% fixed income asset allocation, splitting the portfolio equally between buy and maintain bonds, multi asset credit (MAC) and private debt.
- make a decision regarding the current MAC fund, on whether to proceed with the LCIV's proposal of adding a second, complementing manager.

3. BACKGROUND

3.1 The Fund's strategic asset allocation policy allocates:

- 65% to equities,
- 19% to fixed income,
- 11% to infrastructure, and
- 5% to property.

The current fixed income portfolio consists of a 13.5% allocation to buy and maintain credit, through the Insight Buy and Maintain bond strategy and 5.5% to multi asset credit, via the LCIV MAC Sub Credit fund.

3.2 Based on investment values as at 30 June 2021, the following projected allocations are assumed once the infrastructure allocations are fully drawn down. It should also be noted that the Committee is considering a 5% allocation to affordable housing, to be financed by a reduction in the equity asset allocation.

Asset Class	**Projected Allocation (%)**	**Current Benchmark Allocation (%)**
Global Equity	67.6	65.0
Fixed Income	18.8	19.0
Property	4.0	5.0
Infrastructure Equity	3.6	11.0
Renewable Infrastructure	5.3	
Cash	0.7	0.0
Total	**100.0**	**100.00**

4. LCIV MAC SUB FUND

4.1 During April 2021, the London CIV announced the introduction of a complementary second manager in the LCIV MAC Fund. The second manager will focus on higher credit quality with key exposures to investment grade, high yield and emerging market debt. The second manager (PIMCO) has historically achieved above the benchmark of LIBOR + 4-5%, but with 25% less volatility than the existing fund.

4.2 Each manager will be allocated a 50% holding within the fund, with rebalancing to be done on a mechanistic basis when a 10% deviation is triggered. The return objective will remain unchanged, while the annual management fee is expected to decrease and ESG capabilities to rise.

4.3 With the inclusion of the second manager within the MAC mandate, the Fund's total exposure to investment grade credit will increase to 75% of the total 19.5% allocation to fixed income. Given the current 13.5% allocation to investment grade credit via the Insight Buy and Maintain Bond Fund, the Fund's overall allocation should be reconsidered.

5. PRIVATE DEBT

5.1 There is a wide range of private debt opportunities available within the current market. These strategies provide loans direct to businesses requiring capital, with the loans secured against the company. The returns typically consist of an upfront fee and floating rate interest payments, which are usually priced at LIBOR plus a margin.

5.2 Private debt instruments usually offer higher yields than traditional fixed income investments, particularly in the current low interest rate environment. The asset class would also provide additional diversification within the fixed income allocation, with returns displaying a low correlation to traditional markets.

5.3 Deloitte has expressed a preference for senior secured funds, as these provide a greater level of protection in event of defaults. It should be noted that private debt strategies are typically structured as close-ended vehicles and are, by nature, an illiquid asset class. Therefore, speed of deployment should be a consideration when selecting a manager, as funds are unlikely to be drawn for immediate investment.

5.4 The London CIV holds a private debt strategy on its platform with £290m committed as at 30 June 2021 and circa £40m called to date. The fund has a closed-ended structure and will seek to achieve its return objectives by investing its assets into underlying funds, which make loans to European and North American middle market companies. London CIV selected mandates are managed by Churchill Asset Management and Pemberton Asset Management, with the pool company having undertaken a robust due diligence and legal agreement assessment process.

6. ALTERNATIVE FIXED INCOME STRATEGIES

6.1 The Fund currently has an estimated future cashflow deficit of circa £25m per annum, which is required to be funded from the investment portfolio. The LCIV MAC Fund is currently the only fixed income mandate distributing income, with the Insight Buy and Maintain Fund reinvesting any distributions. However, even if both mandates were switched to a distribution share class, there would still be an annual cashflow deficit of circa £14m.

6.2 An additional fixed income mandate to provide income would be optimal, given its purpose is to provide growth and a stable regular income stream. Deloitte has set out the following three strategies, considering how private debt would complement the existing fixed income mandates and the subsequent impact on risk and returns.

6.3 **Strategy 1: Transition half of MAC holdings to private debt**

One option would be to transition 2.8% of the MAC allocation to private debt, whilst maintaining the current 13.5% allocation to the Insight Buy and Maintain Credit fund. This would result in a slight increase in the expected return of circa 0.1% and small decrease of circa 0.1% in volatility. However, this option would not have a significant impact on the risk/return profile and delivers little additional income.

6.4 **Strategy 2: Split the fixed income allocation equally between MAC, Insight and private debt**

A second option would be to partially divest from the Insight Buy and Maintain strategy and split the allocation equally amongst MAC, Insight and Private Debt. Given the illiquidity premium attached to private debt and reduced exposure to investment grade credit, expected returns could increase by circa 1.3% per annum. Moreover, this income yield would be expected to increase by circa 1.0% per annum (£3.6m). However, it should be recognised that volatility would increase by circa 0.7% due to the illiquid nature of private debt vehicles.

6.5 **Strategy 3: Transfer MAC allocation to private debt**

A third option to consider is fully divesting from MAC and transferring the entire 5.5% allocation to private debt. Expected returns would increase by circa 0.3% and volatility would reduce by circa 0.2% per annum. The income yield would only increase marginally by 0.1%, falling short of the required cashflow needs.

7. RECOMMENDATIONS AND NEXT STEPS

7.1 The Committee is invited to discuss and agree the most appropriate strategic fixed income asset allocation for the Fund going forward, including a decision on the current MAC portfolio.

7.2 Deloitte has recommended the second strategy, splitting the fixed income allocation equally among MAC, Insight and Private Debt. This would increase the expected return as well as volatility. However, the impact at total Fund level would be a circa 0.3% per annum increase in expected return and a circa 0.1% per annum increase in volatility. Income distributions would also be expected to increase by £3.6m per annum to £12.4m, going some way to finance the cashflow deficit, alongside equity distributions and expected future infrastructure income flows.

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

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BACKGROUND PAPERS:

None

APPENDIX:

Appendix 1: Deloitte Fixed Income Strategy Review

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Deloitte.

City of Westminster Pension Fund

Fixed Income Allocation Considerations

Introduction

This paper has been prepared for the City of Westminster Pension Fund (the "Fund") and has been written following discussion with the Pension Fund Committee (the "Committee") at the last Committee meeting on 24 June 2021.

With the London CIV ("LCIV") Multi Asset Credit fund potentially changing, the Committee asked us to consider the impact of this change as well as whether an allocation to private debt would provide any benefit to the current fixed income portfolio and strategic allocation..

Current Allocation

The table below reflects the Fund's asset allocation as at 30 June 2021.

Manager	Asset Class	Current Allocation (£m)	Current Allocation (%)	Current Benchmark Allocation (%)
LGIM	Global Equity (Passive – Future World)	429.4	23.3	25.0
LCIV	Global Equity (Global Alpha Growth)	459.5	24.9	20.0
LCIV	Global Equity (Global Equity Core)	358.2	19.4	20.0
Longview	Global Equity	73.3	4.0	0.0
	Total Equity	**1,320.4**	**71.6**	**65.0**
Insight	Buy and Maintain	246.4	13.4	13.5
LCIV	Multi Asset Credit	100.5	5.5	5.5
	Total Bonds	**346.9**	**18.8**	**19.0**
Aberdeen Standard	Property	73.0	4.0	5.0
	Total Property	**73.1**	**4.0**	**5.0**
Pantheon	Global Infrastructure	34.6	1.9	5.0
Macquarie	Global Renewable Infrastructure	5.6	0.3	3.0
Quinbrook	UK Renewable Infrastructure	11.0	0.6	3.0
	Total Infrastructure and Renewable Infrastructure	**51.2**	**2.8**	**11.0**
	Cash	52.2	2.8	-
Total		**1,844.0**	**100.0**	**100.0**

Source: Northern Trust
Figures may not sum due to rounding

Currently, the Fund's 19% strategic fixed income allocation consists of a 13.5% allocation to the Insight Buy and Maintain Credit Fund, which primarily invests in investment grade corporate bonds, and a 5.5% allocation to the LCIV Multi Asset Credit Sub Fund. Resultantly, the strategic fixed income allocation is currently split 71% to investment grade credit and 29% to multi-asset credit ("MAC").

Projected Allocation (once illiquid investments are fully drawn)

Similar to the analysis undertaken in the report "Asset Allocation and Residential Property Asset Class Review" which was provided to the Committee in June 2021, below we set out what the Fund's asset allocation would look like once the commitments to illiquid investments (Pantheon, Macquarie and Quinbrook) have been fully drawn for investment by the respective investment managers.

We note that the Committee are currently considering a 5% allocation to affordable housing, with the investment being funded from the listed equity allocation. We have therefore included this in the table below.

Asset Class	Current Allocation (%)	Projected Allocation (%)	Current Benchmark Allocation (%)	De-risking Option (5% moved from equities to affordable housing) (%)
Global Equity	71.6	67.6	65.0	60.0
Fixed Income	18.8	18.8	19.0	19.0
Property	4.0	4.0	5.0	10.0
Infrastructure Equity	1.9	3.6	11.0	11.0
Renewable Infrastructure	0.9	5.3		
Cash	2.8	0.7	-	-
Total	**100.0**	**100.0**	**100.0**	**100.0**
Expected Return	**4.7% p.a.**	**4.7% p.a.**	**4.7% p.a.**	**4.6% p.a.**
Volatility	**12.3% p.a.**	**12.2% p.a.**	**11.9% p.a.**	**11.5% p.a.**

Between 31 March 2020 and 31 March 2021, the Fund received a combined total of £5.8m in distributions from the LCIV Global Alpha Growth Fund, the LCIV Multi Asset Credit Fund and the Pantheon Global Infrastructure III Fund.

Should the Committee opt to partially disinvest from equities, with the proceeds invested in residential property as previously recommended, the Fund's expected income yield and volatility are expected to respectively increase and decrease further. However, as a result of the reduction in equities, which is the main driver of investment return in the current portfolio, the Committee may wish to consider if expected return can be increased by adjusting an alternative area of the portfolio.

LCIV Multi Asset Credit Sub Fund

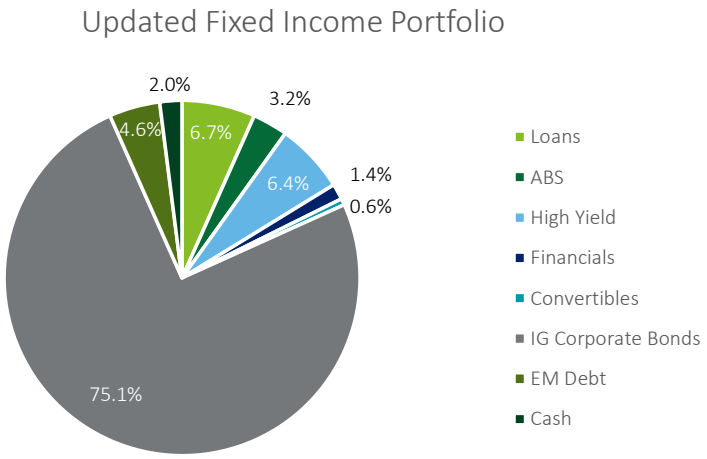
In June 2021, we provided the Committee with a report which delivered an update on the LCIV Multi Asset Credit Sub Fund (the "MAC Sub Fund"). This paper followed the announcement by the London CIV in April 2021 that PIMCO will be added as the second manager in the LCIV MAC Sub Fund, alongside the Sub Fund's current manager CQS.

After an extensive manager selection process, the London CIV selected PIMCO as an additional, complementary manager to sit alongside CQS in the LCIV MAC Sub Fund on the basis of historic performance, downside protection against the current strategy, strong ESG credentials and competitive fees, as well as considering how the combined strategy would perform as a whole on a risk and return basis.

The MAC Sub Fund will consist of a 50:50 allocation between CQS and PIMCO, subject to rebalancing on a mechanistic basis, triggered by a 10% deviation from the agreed split, with the underlying return objective remaining unchanged and the overall annual management charge expected to decrease whilst the Sub Fund's ESG capabilities are expected to rise.

We see no cause for concern with the addition of PIMCO to the mandate. The Sub Fund will benefit from reduced manager risk, although as per our previous updates we see no immediate cause for concern with CQS.

The chart below illustrates the expected composition of the Fund's strategic fixed income portfolio once PIMCO has been added to the MAC Sub Fund, based on an illustrative allocation provided by the London CIV and the Fund's strategic benchmark allocations to the MAC Sub Fund and Insight.



The opportunity set of the MAC Sub Fund, and therefore the Fund's fixed income portfolio will widen slightly with the addition of Emerging Market Debt, and the overall credit quality is expected to increase with CQS' portfolio made up predominantly of allocations to leveraged loans, asset backed securities and high yield bonds.

While we would not typically classify investment grade credit as being a significant part of a Multi Asset Credit strategy, the inclusion of investment grade credit within the MAC Sub Fund means that the fixed income portfolio is expected to consist c. 75% of investment grade credit. The Fund has a 13.5% allocation to investment grade credit via the Insight Buy and Maintain Credit Fund, and so if this allocation was to increase significantly within the MAC Sub Fund, the Fund's overall allocation may need to be reconsidered and reviewed.

Private Debt

Private debt investments provide loans directly to businesses requiring capital, with private debt funds typically consisting of a portfolio of loans issued to companies as an alternative to liquid corporate bond markets and bank loans, where the loan is secured against the company. The loans are relatively short term in nature and early repayment is common. The seniority of the underlying loans, and therefore the level of security and credit risk, determines the risk and return characteristics of the private debt portfolio.

Following the financial crisis in 2008, bank finance became increasingly difficult to obtain for small to medium sized enterprises. As lending capacity became constrained and regulation increased, these businesses saw higher rejection rates, were asked to pay increased interest rates and were more likely to be required to provide collateral. With the size of these organisations precluding them from raising finance in public debt markets, an opportunity arose for pension funds and other institutional investors to 'fill the gap' and lend directly to such businesses.

The underlying returns consist of an upfront fee plus ongoing interest payments, which, historically, are usually priced at LIBOR plus a margin (called a spread). The floating rate nature of the interest payments means that, unlike liquid corporate bonds, the asset offers investors with limited interest rate hedging.

Private debt is considered a good alternative to traditional fixed income investments, offering higher yields than investment grade credit, with private debt delivering particularly attractive risk-adjusted returns in a low interest rate environment. Private debt would deliver additional diversification to the Fund's fixed income portfolio with the underlying returns displaying low levels of correlation with traditional public markets.

There exists a wide range of private debt opportunities available in the market. With the underlying credit risk dependent on the position in the capital structure, we have a strong preference for senior secured only funds to provide investors with greater protection in a default event. Investment managers may also implement certain portfolio restrictions with regards to leverage and revenue risk within the underlying strategy, but reduced covenants on loans, higher leverage levels and a willingness to move down the credit spectrum are all tools being used by managers to preserve return levels.

While less senior and less restricted products would be expected to be higher returning, such strategies will result in higher risk investments at a time where corporate indebtedness remains higher in the aftermath of the impact of COVID-19 lockdown restrictions. The level of risk within any portfolio should be a vital consideration and selecting an appropriate manager with adequate skill will be key.

Private debt is, by nature, an illiquid asset class where funds are typically structured as closed-ended vehicles. As such, should a commitment to private debt be made, funds are unlikely to be drawn for investment immediately and therefore speed of deployment should be a key consideration in selecting an investment manager. The illiquidity premium attached to such investments should be expected to dictate a higher expected return compared to publicly traded liquid debt.

Alternative Fixed Income Strategies

The table below sets out the current fixed income strategic allocation alongside the key investment characteristics of the fixed income portfolio, independent from the remainder of the portfolio.

Asset Class	Current Benchmark Allocation (%)
Buy & Maintain Credit	13.5
Multi Asset Credit	5.5
Total	**19.0**
Expected Return	**2.6% p.a.**
Available Income Yield	**2.5% p.a. or £8.8m p.a.**
Volatility	**7.2% p.a.**

It is estimated that the Fund has a future cashflow requirement of c. £25m per annum, which is required to be funded from the investment portfolio. As discussed earlier in this paper, over the previous year the Fund received c. £5.8m in income from distributing investments. Although the fixed income portfolio has the potential to deliver an income of £8.8m p.a., it is currently distributing c. £3.3m from the LCIV MAC fund only. Even if the Buy & Maintain Credit fund was switched to a distribution share class, there would still be an annual shortfall of c. £14m.

It would be optimal to produce income from the fixed income portfolio as opposed to other investments as their purpose is to provide growth and return.

Below, we set out a number of potential alternative fixed income strategies, considering how a private debt investment would fit into the fixed income portfolio and the corresponding impact on the risk and return characteristics of the fixed income allocation.

Alternative Strategy 1: Transfer half of MAC allocation to private debt

One option would be to maintain the current Insight Buy and Maintain Credit Fund allocation, but invest half of the current MAC allocation into private debt.

The table below compares this alternative strategy with the current strategic fixed income portfolio.

Asset Class	Current Benchmark Allocation (%)	Alternative Strategy 1 (%)
Buy & Maintain Credit	13.5	13.5
Multi Asset Credit	5.5	2.8
Private Debt	-	2.8
Total	19.0	19.0
Expected Return	2.6% p.a.	2.7% p.a.
Available Income Yield	2.5% p.a. or £8.8m p.a.	2.6% p.a. or £8.9m p.a.
Volatility	7.2% p.a.	7.1% p.a.

Totals may not sum due to rounding.

Observing the table, it can be recognised that the volatility of the fixed income portfolio has reduced slightly, owing to the less volatile nature of private debt in comparison to MAC, with the income yield also increasing slightly owing to the higher yielding nature of private debt investments. However, given that the allocations to private debt and MAC are small in the context of the total fixed income portfolio and relative to the Buy & Maintain Credit Fund allocation, this change in strategy does little to impact the risk/return of the fixed income portfolio and delivers little additional income.

Alternative Strategy 2: Split the fixed income allocation equally between Insight, MAC and private debt

Another option would be to partially disinvest from Insight and invest a third of the total fixed income strategic allocation into private debt, whilst topping up the MAC allocation to represent a third of the fixed income strategic allocation – with each strategy equally represented within the total fixed income portfolio.

The table below compares this alternative strategy with the current strategic fixed income allocation.

Asset Class	Current Benchmark Allocation (%)	Alternative Strategy 2 (%)
Buy & Maintain Credit	13.5	6.3
Multi Asset Credit	5.5	6.3
Private Debt	-	6.3
Total	19.0	19.0
Expected Return	2.6% p.a.	3.9% p.a.
Available Income Yield	2.5% p.a. or £8.8m p.a.	3.5% p.a. or £12.4m p.a.
Volatility	7.2% p.a.	7.9% p.a.

Totals may not sum due to rounding.

As a result of the illiquidity premium attached to private debt investments, alongside the impact of the reduced exposure to the lower returning investment grade credit, Alternative Strategy 2 sees the expected return emanating from the fixed income portfolio increase by c. 1.3% p.a. relative to the current benchmark allocation, alongside a c. 1.0% p.a. increase in income yield. It should however, be recognised that the portfolio's expected volatility would increase under Alternative Strategy 2 as a result of the heightened default risk within the private debt portfolio.

Alternative Strategy 3: Transfer MAC allocation to private debt

The Committee may also wish to consider the impact of fully disinvesting from MAC and transferring the proceeds directly to private debt. The impact of Alternative Strategy 3 on the fixed income portfolio is provided in the table below.

Asset Class	Current Benchmark Allocation (%)	Alternative Strategy 3 (%)
Buy & Maintain Credit	13.5	13.5
Multi Asset Credit	5.5	-
Private Debt	-	5.5
Total	**19.0**	**19.0**
Expected Return	**2.6% p.a.**	**2.9% p.a.**
Available Income Yield	**2.5% p.a. or £8.8m p.a.**	**2.6% p.a. or £9.0m p.a.**
Volatility	**7.2% p.a.**	**7.0% p.a.**

Totals may not sum due to rounding.

While this strategy would increase expected return and reduce volatility (largely as a result of the illiquid nature of private debt), the available income yield would only increase marginally and still fall someway short of the Fund's cashflow needs.

Conclusion

We recommend that the Committee considers fixed income Alternative Strategy 2, adding a private debt allocation and splitting the fixed income portfolio equally between investment grade credit, MAC and private debt. This would increase the expected return and volatility of the fixed income portfolio, however the impact it would have at the total Fund level would be a c. 0.3% p.a. increase in expected return and a c. 0.1% p.a. expected increase in volatility relative to the current strategic benchmark.

Under Alternative Strategy 2, the available income from the fixed income portfolio would increase from £8.8m p.a., based on the target benchmark allocation and assuming the Insight Buy and Maintain Credit Fund income facility is switched on, to £12.4m p.a. While this remains short of the annual c. £25m requirement, it should be noted that the Fund is expected to receive c. £2m p.a. in distributions from the LCIV Global Alpha Growth Fund, where the income facility is switched on, and that the Fund could expect to receive c. £15m p.a. from the infrastructure and renewable infrastructure investments once these are fully drawn for investment.

Next Steps

Following consideration of this paper, the Committee should first agree upon the desired strategic fixed income benchmark. If the Committee wishes to make a private debt allocation, the desired level of risk should be decided upon, defined by the seniority of the underlying loans and the existence of relevant covenant agreements and restrictions. Our analysis has been based on senior secured direct lending in the European mid-market. At which point we will consider a number of providers within the relevant guidelines and agree upon a shortlist of providers before arranging a selection exercise where the providers will be asked to present their funds to the Committee. Our search will include options available now or in the future through the London CIV. We will provide a selection report with our full due diligence on each provider and the strategy, as well as the risk/return characteristics of each strategy, and how this relates to the characteristics of the Fund and its liability profile.

Deloitte Total Reward and Benefits Limited

October 2021

Risk Warnings

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

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

Deloitte.

City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**21 October 2021**
Classification:	**Public**
Title:	**Performance of the Council's Pension Fund**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1. EXECUTIVE SUMMARY

1.1 This report presents the performance of the Pension Fund's investments to 30 June 2021, together with an update of the funding position.

1.2 The Fund outperformed the benchmark net of fees by 0.4% over the quarter to 30 June 2021 and the estimated funding level was 101.8% as at 30 June 2021.

2. RECOMMENDATION

2.1 The Pension Fund Committee is asked to:

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

3. BACKGROUND

3.1 This report presents a summary of the Pension Fund's performance to 30 June 2021 and estimated funding level. The investment performance report (Appendix 1) has been prepared by Deloitte, the Fund's investment advisor.

3.2 The investment performance report shows that, over the quarter to 30 June 2021, the market value of the assets increased by £95m to £1,844m. The Fund outperformed the benchmark net of fees by 0.4% over the quarter, with all managers delivering positive performance. The active equity managers all fell short of their respective benchmarks. However, all other managers outperformed their benchmarks during this period.

3.3 Over the twelve-month period to 30 June 2021, the Fund outperformed its benchmark net of fees by 1.9% returning 21.1%. This was achieved largely as a result of excellent performance within Baillie Gifford, Longview and the CQS MAC mandate, which returned 30.7%, 25.3% and 13.2% net of fees respectively. Over the longer three-year period to 30 June 2021, the Fund outperformed the benchmark net of fees by 0.3%, again with Baillie Gifford being the major contributor. Longview underperformed its benchmark net of fees by -3.4% during this period.

3.4 The advisors continue to rate the fund managers favourably, with the exception of Longview. Deloitte removed Longview's Global Equity strategy from its rated manager list, following the departure of the co-founder and CIO Ramzi Rishani. After stepping down as CIO on 31 December 2020. Alistair Graham also left the company on 30 June 2021.

3.5 During the quarter, LCIV announced the appointment of Mike Craston as Chair of the firm. Mike commenced the role in September 2021 following FCA approval and is Chair and Non-Executive Director for a number of organisations, including Aviva Investor Holdings. Rob Hall, Head of Public Markets, left the London CIV during June 2021.

3.6 As reported during the last quarter, the LCIV launched a Paris Aligned version of the Baillie Gifford Global Alpha Equity fund in April 2021. The Paris Aligned fund is an exclusions-based version of the traditional Global Alpha fund, which Westminster currently holds, and both funds are managed by the same investment team with the same fees and investment objectives. There is a stock overlap of circa 94% between both funds, and the Paris Aligned version is expected to track the Global Alpha performance over time. The Paris Aligned version has two carbon screens applied to the fund, which currently excludes nine stocks of the Alpha core portfolio.

3.7 The Paris Aligned fund aims to have a weighted average greenhouse gas intensity lower than the MSCI ACWI Climate Paris Aligned Index, which is consistent with the reduction in emissions needed to meet the Paris Agreement targets. The fund has a carbon intensity 50% lower than the MSIC ACWI and targets a year-on-year decarbonisation rate of 10%, to meet the 1.5C warming target limit. As at 30 June 2021, the fund has invested capital of £508m from two London boroughs, with more investments anticipated.

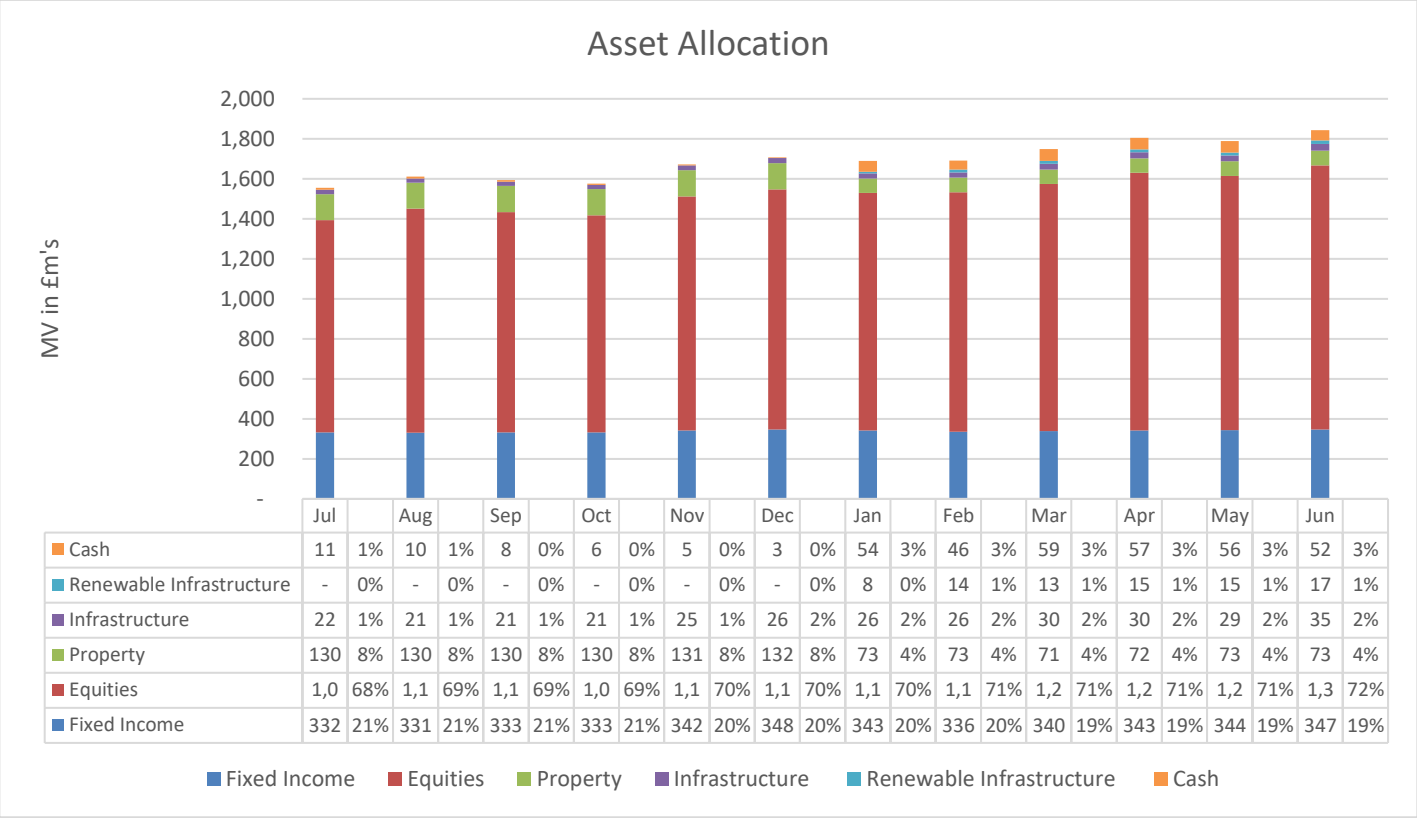
3.8 Over the quarter, the London CIV appointed Hermes EOS, as the firm's stewardship partnership, and is collaborating with the LCIV to review the risk management system and develop the voting and engagement reports.

3.9 During the quarter, LGIM announced Sacha Sadan, Director of Stewardship, had left the company. Michael Marks, Head of ESG Integration, is currently stepping in as interim whilst a recruitment process for a replacement is launched.

3.10 The estimated funding level (Appendix 3) for the Westminster Pension Fund has decreased by 0.5% to 101.8% as at 30 June 2021 (102.3% at 31 March 2021). The funding level for Westminster City Council as an employer has remained stable, with a funding level of 91.0% as at 30 June 2021 (91.0% at 31 March 2021). The Council plans to pay off its deficit by 2022, with final payments of £80.0m due during 2021/22.

4. ASSET ALLOCATION AND SUMMARY OF CHANGES

4.1 The chart below shows the changes in asset allocation of the Fund from 1 July 2020 to 30 June 2021. Asset allocations may vary due to changes in market value.



	Jul		Aug		Sep		Oct		Nov		Dec		Jan		Feb		Mar		Apr		May		Jun	
Cash	11	1%	10	1%	8	0%	6	0%	5	0%	3	0%	54	3%	46	3%	59	3%	57	3%	56	3%	52	3%
Renewable Infrastructure	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	8	0%	14	1%	13	1%	15	1%	15	1%	17	1%
Infrastructure	22	1%	21	1%	21	1%	21	1%	25	1%	26	2%	26	2%	26	2%	30	2%	30	2%	29	2%	35	2%
Property	130	8%	130	8%	130	8%	130	8%	131	8%	132	8%	73	4%	73	4%	71	4%	72	4%	73	4%	73	4%
Equities	1,0	68%	1,1	69%	1,1	69%	1,0	69%	1,1	70%	1,1	70%	1,1	70%	1,1	71%	1,2	71%	1,2	71%	1,2	71%	1,3	72%
Fixed Income	332	21%	331	21%	333	21%	333	21%	342	20%	348	20%	343	20%	336	20%	340	19%	343	19%	344	19%	347	19%

*Fixed Income includes bonds and Multi Asset Credit

4.2 The current Westminster Pension Fund target asset allocation is 65% of assets within equities, 19% in fixed income, 5% within infrastructure, 5% within property and 6% in renewable infrastructure.

4.3 A capital call for the Pantheon Global Infrastructure Fund took place during June 2021, with the fund 48% drawn as at 30 June 2021. A capital call took place for Quinbrook during April 2021. Following this, an equalisation payment was made to the City of Westminster during June 2021. The Quinbrook Renewables Impact Fund was 12% drawn as at 30 June 2021.

4.4 The value of Pension Fund investments managed by the LCIV as at 30 June 2021 was £918m. This represents 50% of Westminster's investment assets. A further £429m continues to benefit from reduced management fees, Legal and General having reduced its fees to match those available through the LCIV.

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

Billie Emery pensionfund@westminster.gov.uk

Background Papers: None

Appendices:

Appendix 1: Deloitte Investment Report, Quarter Ending 30 June 2021
Appendix 2: Deloitte Investment Report, Fee Benchmarking (Exempt)
Appendix 3: Barnett Waddingham Funding Level Update at 30 June 2021

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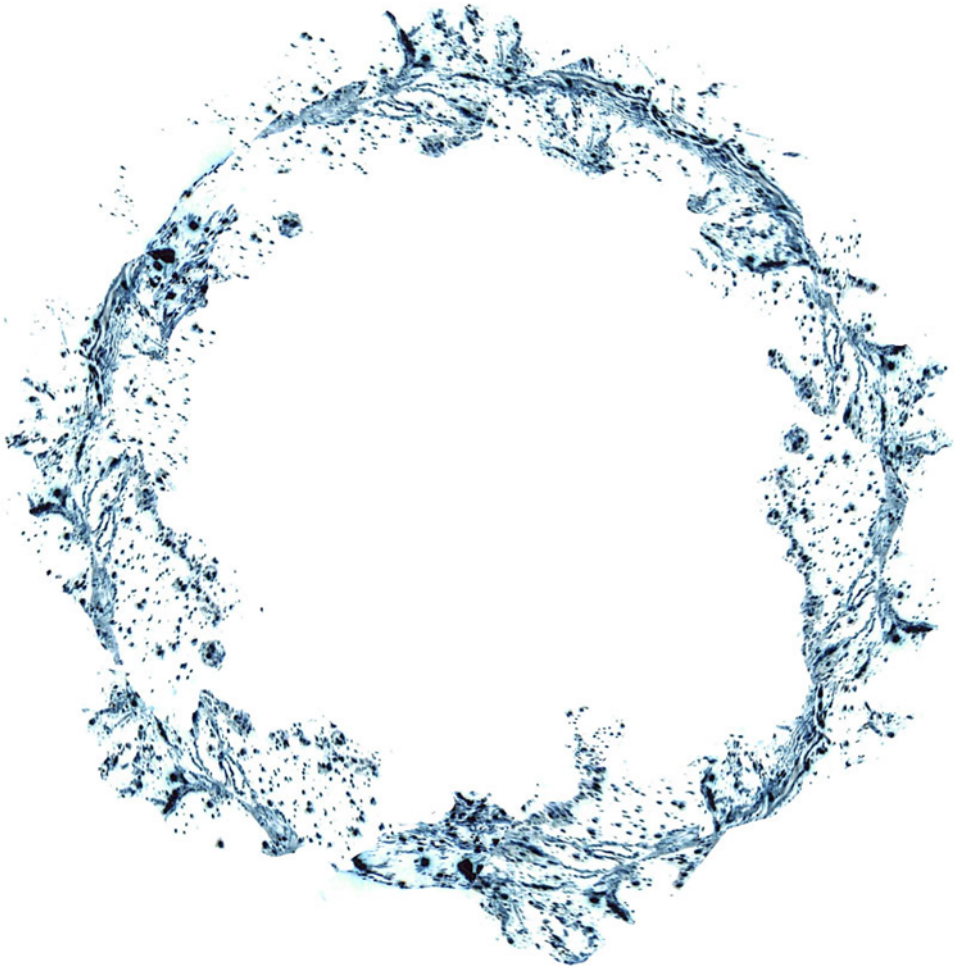
Deloitte.



City of Westminster Pension Fund

Investment Performance Report to 30 June 2021

Deloitte Total Reward and Benefits Limited
October 2021

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1 Market Background

Global Equities

Global equity markets continued to make gains in the second quarter of 2021. The accelerated rollout of COVID-19 vaccines globally led to an easing of restrictions and a rebound in economic activity. That's not to say that there weren't bouts of volatility over the second quarter with investors growing increasingly concerned around rising inflation and tighter monetary policy. Ultimately however, both the UK's Monetary Policy Committee and Federal Reserve reassured investors that they weren't planning pre-emptive action with the Fed indicating no rate rises until at least 2023 at the earliest.

Over the second quarter of 2021, global equity markets delivered a return of 7.1% in local currency terms, or 7.3% in sterling terms, with sterling exchange rates broadly unchanged versus the basket of global currencies over the quarter. All global regions made gains with the US delivering the highest return of 8.8% (in local terms) and Japan delivering the lowest return of 0.1% (in local terms). At the sector level, the first two months of the quarter saw sectors sensitive to economic recovery outperform. However, as central banks reassured investors and Delta cases grew, the Technology sector performed very strongly.

UK equities delivered a positive return of 5.6% over the quarter, slightly underperforming overseas markets. Underperformance was relatively minor compared to the recent past, and mainly due to sector biases in the UK market with relatively lower exposures to the best performing sectors such as Technology, and relatively larger exposures to sectors such as Oil & Gas and Financials which delivered more modest returns.

Government bonds

UK nominal gilt yields fell over the second quarter, most notably at mid-to-long maturities, where yields tightened by 10-15 bps. This was in part driven by a fall in future inflation and growth expectations as a result of increased concern over the Delta variant and its potential negative impact on the reopening of the UK economy. The All Stocks Gilts Index therefore delivered a positive return of 1.7%% over the quarter, whilst the Over 15-year Index delivered a higher return of 3.2%.

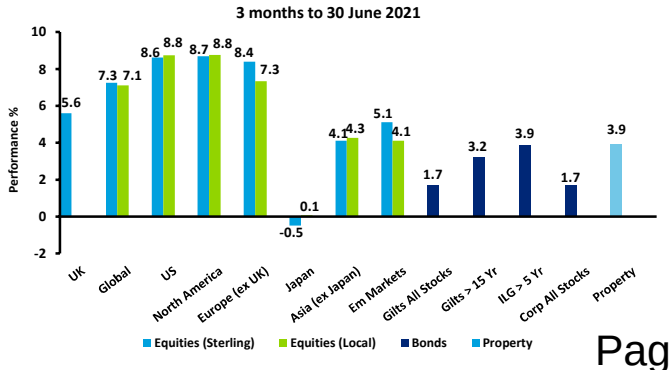
Real yields also decreased by up to 15 bps for longer maturities, but increased by up to 15 bps at short maturities due to the fall in inflation expectations at the short-end. The All Stocks Index-Linked Gilts Index delivered a return of 3.6% as a result.

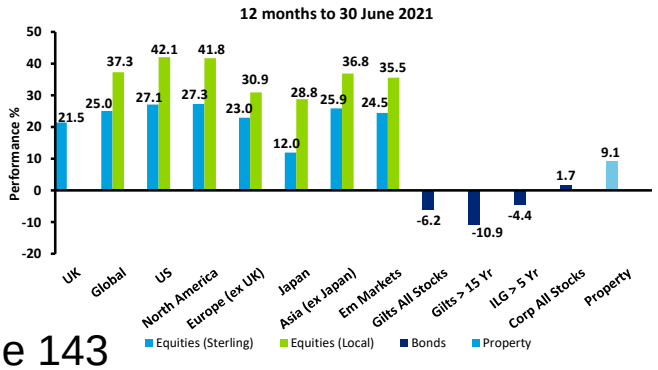
Corporate bonds

Sterling denominated corporate bond yields followed gilt yields lower over the second quarter. Credit spreads marginally narrowed, and remained below historic average levels, with an improved economic outlook benefiting corporate earnings. Central bank reassurance will have also helped to keep spreads low. The combination of a fall in underlying gilt yields and a small tightening of credit spreads caused the iBoxx All Stocks Non-Gilt Index to return 1.7% over the three months to 30 June 2021.

Property

The MSCI UK All Property Index delivered a return of 3.9% over the second quarter, and a return of 9.1% over the 12 months to 30 June 2021. The industrial sector continues to lead the way, benefitting from trends including the switch to online shopping, which have accelerated as a result of the pandemic. We note that these return figures should be caveated given the relatively low level of transaction activity compared to pre-pandemic levels, the pricing lag typical in more illiquid property markets, and continued issues around rental collections and the previous accumulation of rent arrears.





2 Total Fund

2.1 Investment Performance to 30 June 2021

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

Manager	Asset Class	Last Quarter (%)		Last Year (%)		Last 3 Years (% p.a.)		Since inception (% p.a.)	
		Fund Net of fees	B'mark	Fund Net of fees	B'mark	Fund Net of fees	B'mark	Fund Net of fees	B'mark
LGIM	Global Equity (Future World)	7.7	7.7	n/a	n/a	n/a	n/a	22.7	22.5
LCIV	Global Equity (Global Alpha Growth)	7.1	7.3	30.7	24.6	18.7	12.9	17.5	13.0
LCIV	Global Equity (Global Equity Core)	6.2	7.3	n/a	n/a	n/a	n/a	14.5	23.6
Longview	Global Equity	6.0	7.6	25.3	24.4	9.9	13.3	12.5	13.2
Insight[1]	Buy and Maintain	2.2	1.2	4.0	2.3	5.5	3.7	6.1	5.0
LCIV	Multi Asset Credit	1.9	1.0	13.2	4.1	n/a	n/a	3.9	4.7
Aberdeen Standard	Property	2.4	2.2	6.0	-4.4	5.7	5.0	7.8	6.0
Pantheon[2]	Global Infrastructure	5.7	2.0	2.1	8.1	n/a	n/a	6.0	9.4
Macquarie[3]	Global Renewable Infrastructure	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Quinbrook[3]	UK Renewable Infrastructure	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total		**5.6**	**5.2**	**21.1**	**19.2**	**9.4**	**9.1**	**n/a**	**n/a**

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

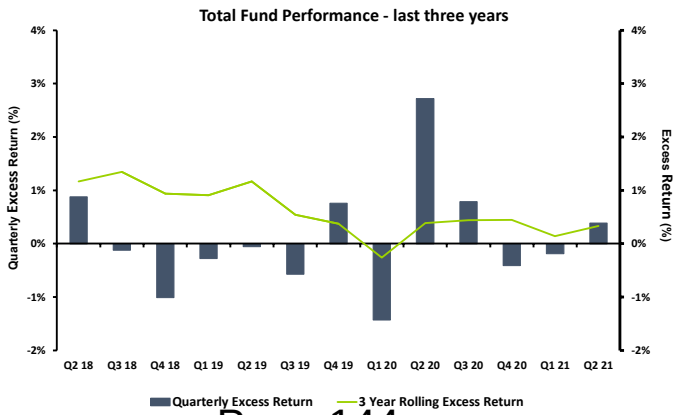
[1]Insight Buy and Maintain Fund was incepted on 9 April 2018. Since inception returns and benchmark returns reflect a combination of Insight Buy & Maintain Fund returns and benchmark returns from date of inception to 30 June 2021, and Insight IM (Core) Fund returns and benchmark returns from inception date 30 September 2011 until inception of the Buy and Maintain Fund.

[2]Pantheon Global Infrastructure Fund performance is calculated by Northern Trust with a 60 calendar day lag, based on Pantheon net asset value in USD which Northern Trust converts to GBP. As such, performance provided is to end January 2021 and includes the impact of fluctuations in the USD to GBP exchange rate.

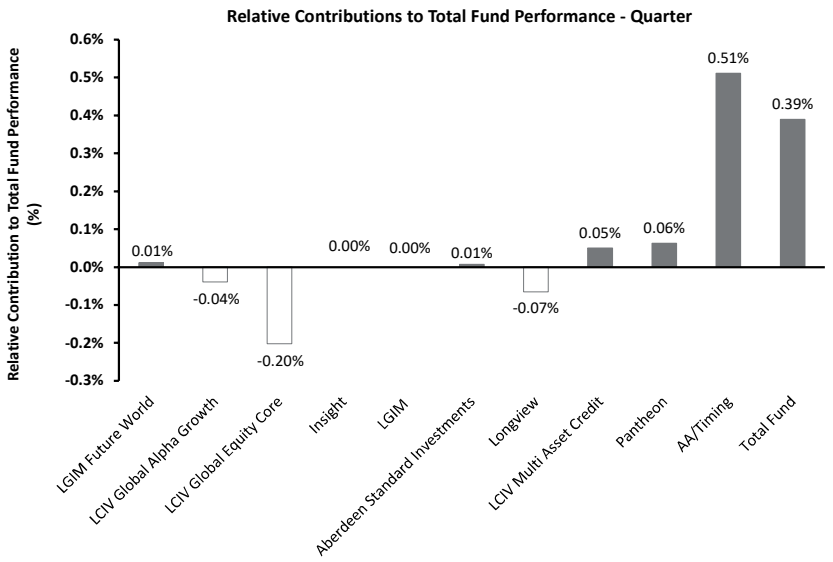
[3]Macquarie and Quinbrook performance figures have not been confirmed as at the time of reporting.

The Total Fund delivered a positive absolute return of 5.6% on a net of fees basis over the quarter to 30 June 2021, outperforming the fixed weight benchmark by 0.4% over the three-month period. Over the one and three year periods to 30 June 2021, the Total Fund delivered positive absolute returns of 21.1% and 9.4% p.a. respectively on a net of fees basis, outperforming the fixed weight benchmark by 1.8% and 0.3% p.a. respectively. Quoted outperformance may not match the figures in the table as a result of rounding. The substantial positive absolute returns over the year continue to be attributed to the sustained recovery in global equity and wider capital markets following the initial outbreak of COVID-19, with outperformance over the longer term in particular attributed to the LCIV Global Alpha Growth Fund, which has considerably outperformed its benchmark over both the one and three year periods to 30 June 2021.

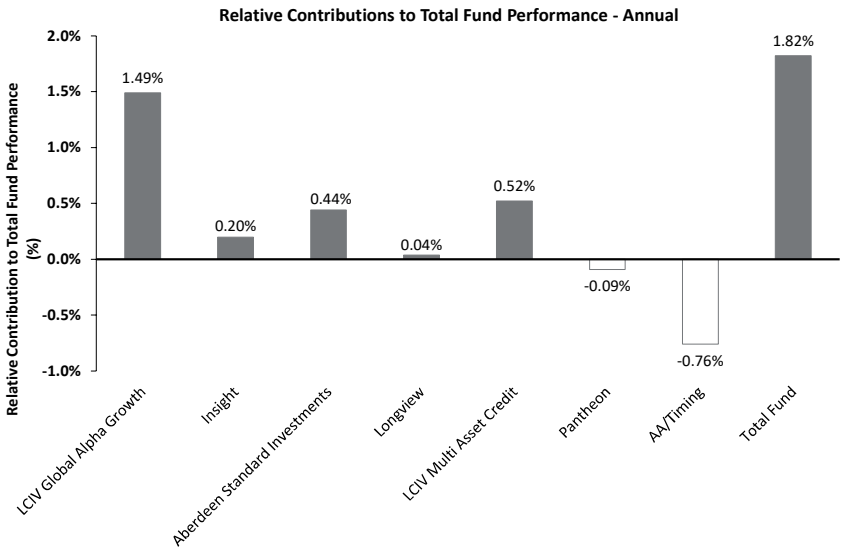
The chart below shows the relative performance of the Fund over the quarter and last three years, highlighting that the rolling three-year performance is ahead of the benchmark. Please note that performance is shown net of fees versus the benchmark.



2.2 Attribution of Performance to 30 June 2021



The Fund outperformed its fixed weight benchmark by 0.4% over the second quarter of 2021, with outperformance partly driven by Pantheon and the LCIV Multi Asset Credit Fund, having outperformed their respective cash-plus targets over the three-month period. Please note, however, that we would expect relative performance differences over shorter time horizons where strategies are measured against cash-plus benchmarks. Outperformance was partiallly offset by the Fund's three active equity investsments. Each of the LCIV Global Equity Core Fund, the LCIV Global Alpha Growth Fund and the Longview Global Equity Fund delivered positive returns on an absolute basis over the quarter, but underperformed their MSCI-based benchmarks, owing to a relative under-allocation to particular stocks and sectors of the market which performed well over the three-month period. That said, the strong positive attribution represented by the "AA/Timing" bar can be attributed to the Fund's overweight allocation to equities, owing to the extent of the positive absolute performance delivered by the equity products. Going forward, it is expectat that the Fund's equity allocation will revert back towards the strategic benchmark equity allocation as the Fund's committed infrastructure investments are drawn down.



Over the year to 30 June 2021, the Fund outperformed its benchmark by 1.8% on a net of fees basis. Outperformance can largely be attributed to the LCIV Global Alpha Growth Fund, having outperformed its MSCI-based benchmark by 6.2% on a net of fees basis over the twelve-month period as well as the LCIV Multi Asset Credit fund which outperformed it's cash-plus target with each of the strategy's underlying asset class exposures delivering positive returns over the period. The negative attribution represented by the "AA/Timing" bar reflects the impact of investing in the LCIV Global Equity Core Fund over the fourth quarter of 2020, which has since underperformed its benchmark since inception, and includes the allocation to the Hermes UK Property Fund, which underperformed the wider property market over the year until the point of disinvestment in January 2021.

2.3 Asset Allocation as at 30 June 2021

The table below shows the assets held by manager and asset class as at 30 June 2021.

Manager	Asset Class	End Mar 2021 (£m)	End Jun 2021 (£m)	End Mar 2021 (%)	End Jun 2021 (%)	Benchmark Allocation (%)
LGIM	Global Equity (Passive – Future World)	398.7	429.4	22.8	23.3	25.0
LCIV	Global Equity (Global Alpha Growth)	429.8	459.5	24.6	24.9	20.0
LCIV	Global Equity (Global Equity Core)	337.3	358.2	19.3	19.4	20.0
Longview	Global Equity	69.2	73.3	4.0	4.0	0.0
	Total Equity	**1,235.0**	**1,320.5**	**70.6**	**71.6**	**65.0**
Insight	Buy and Maintain	241.1	246.4	13.8	13.4	13.5
LCIV	Multi Asset Credit	98.6	100.5	5.6	5.5	5.5
	Total Bonds	**339.7**	**346.9**	**19.4**	**18.8**	**19.0**
Aberdeen Standard	Property	71.3	73.0	4.1	4.0	5.0
	Total Property	**71.4**	**73.1**	**4.1**	**4.0**	**5.0**
Pantheon	Global Infrastructure	29.7	34.6	1.7	1.9	5.0
Macquarie	Global Renewable Infrastructure	6.0	5.6	0.3	0.3	3.0
Quinbrook	UK Renewable Infrastructure	7.3	11.0	0.4	0.6	3.0
	Total Infrastructure and Renewable Infrastructure	**43.1**	**51.3**	**2.5**	**2.8**	**11.0**
	Cash	59.4	52.2	3.4	2.8	
Total		**1,748.7**	**1,844.0**	**100.0**	**100.0**	**100.0**

Source: Northern Trust
Figures may not sum due to rounding

The total value of the Fund's invested assets, including cash, stood at c. £1,844.0m as at 30 June 2021, representing an increase of c. £95.3m over the second quarter of 2021 as a result of positive Total Fund returns.

Over the second quarter of 2021, with equity markets continuing to rise, the Fund's equity allocation became further overweight. However, looking forward, the Fund's equity exposure is expected to reduce as Pantheon continues to draw down capital, funded from the remaining Longview allocation.

During the quarter, Pantheon issued a capital call of $4.2m for payment by 11 June 2021, taking the Fund's total unfunded commitment to Pantheon to c. $46.2m as at the end of the second quarter of 2021. This capital call was funded from the Fund's in-house cash allocation, with future drawdowns expected to be sourced from the Longview allocation. Pantheon anticipates that the Fund's commitment will be fully drawn by the end of the second quarter of 2023.

Following disinvestment from the Hermes UK Property Fund over the first quarter of 2021, the proceeds received from this disinvestment will be used to fund the €55m commitment to the Macquarie Renewable Energy Fund 2 and the £50m commitment to the Quinbrook Renewables Impact Fund. In the interim, the proceeds will remain in the Fund's in-house cash

account until drawn for investment by the renewable infrastructure managers, with the balance being taken from overweight allocations.

Macquarie issued no further requests for capital over the quarter, while Quinbrook issued one drawdown notice, requesting c. £2.0m for payment by 21 April 2021, funded from the Fund's in-house cash account. As such, as at 30 June 2021, the Fund's total commitment to the Macquarie Renewable Energy Fund 2 stands at c. 13% drawn for investment, while c. 12% of the Fund's total commitment to the Quinbrook Renewable Impact Fund has been drawn for investment.

2.4 Yield analysis as at 30 June 2021

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

Manager	Asset Class	Yield as at 30 June 2021
LGIM	Global Equity (Passive – Future World)	1.58%
LCIV	Global Equity (Global Alpha Growth)	0.80%*
LCIV	Global Equity (Global Equity Core)	1.25%*
Longview	Global Equity	1.63%
Insight	Buy and Maintain	1.79%
LCIV	Multi Asset Credit	4.31%*
Aberdeen Standard Investments	Long Lease Property	4.00%
	Total	**1.52%**

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

3 Summary of Manager Ratings

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

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

3.1 London CIV

Business

The London CIV had assets under management of £12,130m within the 14 sub-funds (not including commitments to the London CIV Infrastructure Fund, London CIV Inflation Plus Fund, The London Fund, London CIV Renewable Infrastructure Fund and London CIV Private Debt Fund) as at 30 June 2021, an increase of £1,042m over the quarter primarily as a result of new London Borough investments in each of the LCIV Sustainable Equity Fund, the LCIV Sustainable Equity Exclusion Fund, the LCIV Absolute Return Fund, the LCIV Real Return Fund and the LCIV Global Bond Fund, alongside the newly launched LCIV Global Alpha Growth Paris Aligned Fund.

The total assets under oversight, including passive investments held outside the London CIV platform, was £26.7bn as at 30 June 2021, an increase of c. £1.7bn over the quarter with cumulative commitments of £1.2bn yet to be drawn into the LCIV

Infrastructure Fund, LCIV Inflation Plus Fund, The London Fund, LCIV Renewable Infrastructure Fund and LCIV Private Debt Fund.

In April 2021, the London CIV launched the LCIV Global Alpha Growth Paris Aligned Sub Fund, managed by Baillie Gifford, following the launch of the Baillie Gifford Global Alpha Paris-Aligned Fund. The Paris-Aligned Fund is an exclusions-based variant of the core Global Alpha Growth Fund portfolio, designed to align to the objectives of the Paris Agreement. The Baillie Gifford Global Alpha Paris-Aligned Fund is managed by the same team as the Global Alpha Growth Fund, and inherits the same investment philosophy, fee and performance objective. There is currently a stock overlap of c. 94% between the two funds, and the Fund is expected to closely track the performance of the Global Alpha Growth Fund over time. Over the quarter, two London Boroughs invested in the Sub-Fund and the London CIV expects a further two London Boroughs to transfer assets from the LCIV Global Alpha Growth Fund into the Paris-Aligned Sub-Fund later in 2021.

As previously reported, in relation to the LCIV Global Bond Fund which the Fund currently invests in, the London CIV has been engaging with investors (current and future) in regards to the prospect of transitioning the Global Bond Fund into an ESG-focused version which will be more consistent with its investors' and the London CIV's ESG strategy. The London CIV has now confirmed that any adjustments to the Sub-Fund will be incorporated at the portfolio construction stage only and the process has been approved by Exco, with the broad risk/return profile, investment objective, benchmark and prospectus of the Sub Fund set to be unchanged. This coincides with PIMCO, the underlying manager of the LCIV Global Bond Fund, launching the GIS Climate Bond Fund which is dedicated to investments linked to combating global climate change. The London CIV is looking to make the enhancements to the Sub-Fund before the end of 2021, and investors will receive an official communication with regards to the changes in due course. The modification is expected to be completed over the fourth quarter of 2021.

Over the quarter, as reported previously, the London CIV appointed Hermes EOS as the firm's stewardship partner, with the aim to develop the London CIV's voting and engagement report. The London CIV and Hermes are currently collaborating to review the London CIV's risk management systems. In future, the London CIV will collaborate with Hermes EOS to undertake voting on behalf of London Borough clients' investments in the passive low carbon equity strategy following launch, which is discussed below.

The London CIV also intends to launch a fund with a focus on sterling credit and has held several meetings to discuss the prospect over the second quarter of 2021. The London CIV expects demand for the sterling credit fund to total approximately £510m.

Personnel

Over the second quarter of 2021, the London CIV announced the appointment of Mick Craston as Chair designate of the firm, in succession to Lord Kerslake. The appointment is subject to FCA approval, but Mike is expected to take over the role in September 2021. Mike is Chair and a Non-Executive Director of Aviva Investors Holdings Limited. He is also Non-Executive Chair of the Railpen Investments Board, the body responsible for overseeing the activities of RPMI Railpen and, additionally, Mike serves as Trustee and Chair of the Investment Committee at Independent Age, a charity providing advice on care and support, money and benefits, and on, health and mobility. Prior to this, he held a number of roles at Legal and General, Aegon Asset Management, Scottish Equitable, and Schroders.

On 12 April 2021, Alison Lee joined the London CIV as a new Responsible Investment Manager. Alison will support Jacqueline Jackson in developing the London CIV's commitment to responsible investment and long-term sustainable investment strategies. Alison joins from ADM Capital where she was responsible for ESG integration across a range of asset classes.

As reported last quarter, Rob Hall, Head of Public Markets and Deputy Chief Investment Officer left the firm during June 2021. The London CIV has commenced the search to hire a new Head of Public Markets, with advertising for the new role commencing from 6 May 2021. Initial interviews and panel interviews for the role took place over June 2021.

Following quarter end, on 12 July 2021, Yiannis Vairamis was appointed as Senior Equities Portfolio Manager. Yiannis has previously been employed by Railpen, Russell and Hymans Robertson.

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

3.2 LGIM

Business

As at 30 June 2021, Legal & General Investment Management ("LGIM") had assets under management ("AuM") of c. £1,327bn, an increase of c. £48bn since 31 December 2020. Note, LGIM provides AuM updates biannually.

Personnel

Over the second quarter of 2021, Sacha Sadan, Director of Stewardship, left LGIM with Michael Marks, Head of ESG Integration and Exco member, stepping in as interim head while LGIM searches for a replacement.

In addition, over the quarter to 30 June 2021, specific to the LGIM Index team, Natalie Wong and Elisa Piscipiello joined as an Investment Analyst and ETF Analyst respectively.

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

3.3 Baillie Gifford

Business

Baillie Gifford held c. £352bn in assets under management as at 30 June 2021, representing an increase of c. £28bn over the quarter primarily as a result of positive market returns. The Global Alpha strategy held assets under management of c. £57bn as at 30 June 2021, an increase of c. £6bn over the three-month period.

Personnel

As reported last quarter, following the announcement in Q1 2020, Charles Plowden, Senior Partner and one of the founding Global Alpha portfolio managers, retired on 30 April 2021. Helen Xiong, Partner, has been appointed as Fund Manager on the Global Alpha team, having transitioned from US equity last year.

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

3.4 Morgan Stanley Investment Management

Business

The LCIV Global Equity Core Fund held assets under management of c. £539m as at 30 June 2021, an increase of c. £27m over the quarter.

The Morgan Stanley Global Sustain Fund, which the LCIV Global Equity Core Fund is based upon, held assets under management of c. $4.3bn as at 30 June 2021, representing an increase of c. $0.3bn over the second quarter of 2021 as a result of positive market movements.

Personnel

There were no significant changes to the International Equity Team over the second quarter of 2021.

Following quarter end, in August 2021, Morgan Stanley announced four new joiners to the International Equity Team, each based in London:

- Isabelle Mast joins as an Executive Director and Portfolio Manager covering Financials, moving from Fidelity having also previously worked at Citadel. Isabelle has 16 years of 'buy side' experience researching and investing in insurance companies and diversified financials. Over the coming months Isabelle will assume coverage of the insurance sector. Isabelle will also cover certain diversified financials (asset gatherers, asset managers and insurance brokers) and emerging markets banks.

- Anton Kryachok joins from Sculptor Capital (formerly OchZiff) as a Vice President and Research Analyst covering Banks. Anton has 11 years of experience.

- Jinny Hyun, previously an off-cycle intern in September 2020, has joined the investment team as a research analyst. As with all junior hires, Jinny will at first be a generalist resource for the team developing knowledge across sectors.

- Emma Broderick, also previously an off-cycle intern in 2020, joins the portfolio specialist team focusing on client service, business development and ESG related materials.

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

3.5 Longview

Business

As at 30 June 2021, Longview held assets under management of c. £16.5bn, a decrease of c. £0.7bn over the quarter as a result of positive market returns partially offsetting c. £1.7bn of net outflows from the firm over the quarter.

Personnel

Over the second quarter of 2021, Luke Taylor, Research Analyst, left the firm. Luke had been on paternity leave since the beginning of the calendar year and decided that he would like to devote more of his time to his family. Luke had already worked with the team to reassign his stock coverage to other members of the investment team in advance of his paternity leave.

In addition, further to his previously announced departure and after stepping down as CIO on 31 December 2020, Alistair Graham, Research Analyst, left Longview on 30 June 2021.

Deloitte view – We have removed Longview's Global Equity strategy from our rated manager list following the departure of the co-founder and CIO Ramzi Rishani. As such, going forward, we will not be recommending the Longview Global Equity strategy to clients.

3.6 Insight

Business

As at 30 June 2021, Insight's assets under management stood at c. £742bn, an increase of c. £34bn over the quarter as a result of positive market movements.

The Insight Buy and Maintain Fund's assets under management increased by c. £0.3bn over the second quarter of 2021, standing at c. £3.2bn as at 30 June 2021.

Personnel

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

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

3.7 CQS

Business

CQS held c. $21.9bn in assets under management as at 30 June 2021, an increase of c. $0.9bn over the quarter. The CQS Credit Multi Asset Fund's assets under management remained relatively stable at c. $11.7bn over the second quarter of 2021.

Personnel

There were no specific team or personnel changes to the Credit Multi Asset Fund team over the quarter to 30 June 2021.

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

3.8 Aberdeen Standard Investments

Business

As at 30 June 2021, the Aberdeen Standard Investments Long Lease Property Fund had a total fund value of c. £3.2bn, increasing by c. £0.1bn since 31 March 2021.

COVID-19 Impact:

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

ASI continues to work with its tenants to discuss deferment arrangements where necessary. As at 23 August 2021, the Long Lease Property Fund had collected 98.8% of its Q2 2021 rent with none of the Long Lease Property Fund's rental income subject to deferment arrangements.

Personnel

There were no significant team or personnel changes over the quarter to 30 June 2021.

Deloitte View – We continue to rate Aberdeen Standard Investments positively for its long lease property capabilities.

3.9 Pantheon

Business

Pantheon held c. $71bn in assets under management as at 31 March 2021, an increase of c. $5bn over the quarter since 31 December 2020.

Following the final close in March 2019, the Global Infrastructure III Fund had $2.2bn in committed assets. As at 30 June 2021, the Global Infrastructure III Fund had completed 38 deals, with $2,049m in closed or committed deals as at 30 June 2021, representing a c. 93% commitment level.

Personnel

There were no significant team or personnel changes over the second quarter of 2021.

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

3.10 Macquarie

Business

Macquarie held assets under management of £376bn as at 30 June 2021, in increase of c. £73bn over the quarter.

On 28 January 2021, the Macquarie Renewable Energy Fund 2 ("MGREF2") reached final close with total commitments of €1.64bn across 32 investors, exceeding the initial fundraising target of €1-1.5bn. As at the end of the second quarter of 2021, the Macquarie Renewable Energy Fund 2 has committed €217.5m across two deals, representing 13% of commitments in total.

Following quarter end, during August 2021, Macquarie informed investors in MGREF2 of its intention to replace the current Alternative Investment Fund Manager ("AIFM"), Green Investment Group ("GIG"), with Macquarie Infrastructure and Real Assets ("MIRA"). MIRA is a Macquarie group entity which is also authorised and regulated by the Financial Conduct Authority in the UK. This change is being proposed in order to reduce the number of regulated entities within the Macquarie group in Europe. Therefore, following the transfer of management of funds currently managed by GIG, it is proposed that Macquarie will seek GIG's authorisation as a regulated entity to be rescinded. Macquarie confirmed that following the replacement of GIG by MIRA, there shall be no change to the management fees charged to investors in the MGREF2, nor to the composition of the investment committee of the MGREF2. Please note that the proposed change remains subject to internal approvals within the Macquarie group.

Personnel

There were no significant team or personnel changes related to the MGREF2 team over the second quarter of 2021.

As reported last quarter, in April 2021, Martin Stanley stepped down as Group Head of Macquarie Asset Management ("MAM") and from the Macquarie Group Executive Committee. Martin has been appointed Chairman of MAM and remains on each of the regional infrastructure equity fund investment committees. Ben Way has been appointed Group Head of MAM and joined the Macquarie Group Executive Committee from 1 April 2021. Ben has been with Macquarie for 14 years and is a member of Macquarie Group's Management Committee. Previously, Ben led the Global Alternatives division in MAM and will continue to be based in Hong Kong.

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

3.11 Quinbrook

Business

As at 30 June 2021, a total of £250m has been committed to the Renewables Impact Fund, accounting for 50% of the Fund's target, with no further commitments received over the second quarter of 2021. Quinbrook is confident that momentum will continue and plans to conduct rolling closes over the remainder of 2021.

The Renewables Impact Fund has deployed a total of £16.2m into the investment portfolio as at 30 June 2021, representing 7% of commitments in total.

In addition, Quinbrook has been in negotiations with Silicon Valley Bank regarding a subscription credit facility for the Renewables Impact Fund. The primary purpose of the subscription facility is to provide a source of liquidity to the Fund which can be drawn more quickly and conveniently than calling for capital contributions from investors. The Fund being at a relatively early stage in its lifecycle means that the proposed pipeline of investments is fluctuating as the investment team carries out its due diligence on existing prospects, as well as sourcing new opportunities. This constant evolution means that capital may be required at relatively short notice to secure investments or optionality which would benefit the Fund's Investors. Quinbrook has sought views on the use of subscription credit from several current and prospective investors and has received no negative feedback in relation its use for the Renewables Impact Fund specifically. In particular, certain investors who have committed to the Fund have expressed a strong preference for such a facility to be available to Quinbrook to assist in the efficient management of their own capital call timings from underlying investors. Resultantly, the subscription credit facility will be available to Quinbrook once a minor amendment to the LPA has been agreed and implemented.

Personnel

Brian Chase, Head of Capital Formation and Investor Engagement, joined Quinbrook at the start of June 2021. Prior to joining Quinbrook, Brian was at BlackRock as a Managing Director and the Global Head of Product Strategy for the Alternative Solutions Group, where he worked closely with a wide range of institutional investors focused on the private markets. He also served on the Investment Committee for BlackRock Infrastructure Solutions. Prior to that, Brian was a partner at the placement agent and secondary advisory firm, Campbell Lutyens, where he focused on energy and infrastructure primary fundraising and worked closely with sophisticated institutional investors and leading private fund managers.

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

4 London CIV

4.1 Investment Performance to 30 June 2021

At the end of the second quarter of 2021, the assets under management within the 14 sub-funds of the London CIV was £12,130m with a further combined £1.2m committed to the London CIV's private market funds. The total assets under oversight (which includes passive investments held outside of the CIV platform) increased by c. £1.7bn to c. £26.7bn over the quarter. The table below provides an overview of the sub-funds currently available on the London CIV platform.

Sub-fund	Asset Class	Manager	Total AuM as at 31 Mar 2021 (£m)	Total AuM as at 30 June 2021 (£m)	Number of London CIV clients	Inception Date
LCIV Global Alpha Growth	Global Equity	Baillie Gifford	3,691	3,521	12	11/04/16
LCIV Global Alpha Growth Paris Aligned	Global Equity	Baillie Gifford	-	501	2	13/04/21
LCIV Global Equity	Global Equity	Newton	725	769	3	22/05/17
LCIV Global Equity Focus	Global Equity	Longview Partners	917	930	5	17/07/17
LCIV Global Equity Core Fund	Global Equity	Morgan Stanley Investment Management	512	539	2	21/08/20
LCIV Emerging Market Equity	Global Equity	Henderson Global Investors	497	513	6	11/01/18
LCIV Sustainable Equity Fund	Global Equity	RBC Global Asset Management (UK)	693	971	6	18/04/18
LCIV Sustainable Equity Exclusion Fund	Global Equity	RBC Global Asset Management (UK)	390	449	3	11/03/20
LCIV Global Total Return	Diversified Growth Fund	Pyrford	241	244	3	17/06/16
LCIV Diversified Growth	Diversified Growth Fund	Baillie Gifford	657	689	7	15/02/16
LCIV Absolute Return	Diversified Growth Fund	Ruffer	1,018	1,122	10	21/06/16
LCIV Real Return	Diversified Growth Fund	Newton	124	226	3	16/12/16
LCIV MAC	Fixed Income	CQS	1,137	1,160	12	31/05/18
LCIV Global Bond	Fixed Income	PIMCO	343	496	5	30/11/18
Total			**11,088**	**12,130**		

Over the quarter, the London CIV launched the LCIV Global Alpha Growth Paris Aligned Sub Fund, managed by Baillie Gifford, with two London Boroughs investing in the new Sub Fund over the quarter and one London Borough disinvesting from the LCIV Global Alpha Sub Fund. The LCIV Equity Income Sub Fund was formally closed over the second quarter of 2021, with the remaining two London Borough investors opting to re-invest the proceeds with a different London CIV sub-fund.

In addition, over the quarter to 30 June 2021, two London Boroughs invested into the LCIV Sustainable Equity Sub Fund and an additional London Borough invested in the LCIV Sustainable Equity Exclusion Sub Fund, taking the total number of investors in the Sustainable Equity strategies to nine. Furthermore, one new London Borough invested in the LCIV Absolute Return Sub Fund, one new London Borough invested in the LCIV Real Return Sub Fund and two new London Boroughs invested in the LCIV Global Bond Sub Fund over the second quarter of 2021.

5 LGIM – Global Equity (Passive – Future World)

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

5.1 Passive Global Equity – Investment Performance to 30 June 2021

	Last Quarter (%)
LGIM Future World Global Equity Index Fund – GBP Currency Hedged	7.7
Solactive L&G ESG Global Markets Index	7.7
MSCI World Equity Index	7.6
Relative (to Benchmark)	0.1

Source: Legal & General Investment Management

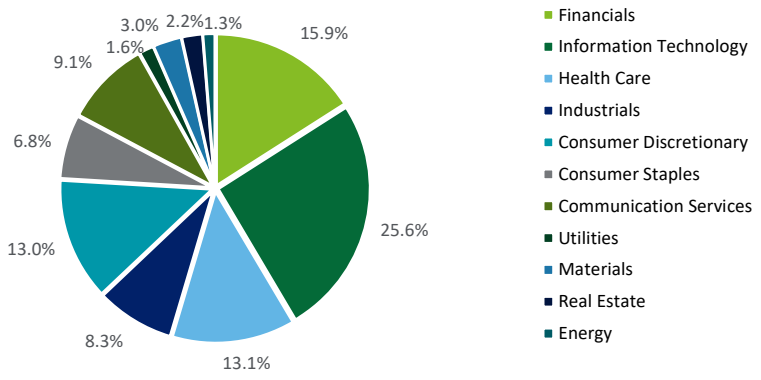
The Fund offers equity exposure while incorporating ESG 'tilts' through LGIM-designed indices. Note, LGIM designs the ESG indices and Solactive are used as the benchmark calculation agent. The tilting mechanism aims to reduce exposure to companies associated with 'poor' ESG practices and to provide greater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

The LGIM Future World Global Equity Index Fund – GBP Currency Hedged has delivered a positive absolute return of 7.7% on a net of fees basis over the quarter to 30 June 2021, performing broadly in line with its Solactive benchmark. The Fund outperformed the MSCI World Equity Index (GBP) by 0.1% over the three-month period, with the strategy's selective stock allocation mechanism proving slightly beneficial over the second quarter of 2021.

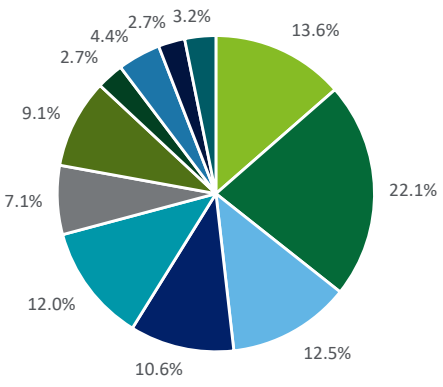
5.2 Portfolio Sector Breakdown at 30 June 2021

The below charts compare the relative weightings of the sectors in the LGIM Future World Global Equity Index Fund and the MSCI World Equity Index as at 30 June 2021.

LGIM Future World Global Equity Index Fund



MSCI World Equity Index



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

6 LCIV – Global Alpha Growth

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

6.1 Global Alpha Growth – Investment performance to 30 June 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Baillie Gifford – Net of fees	7.1	30.7	18.7	17.5
MSCI AC World Index	7.3	24.6	12.9	13.0
Relative	-0.2	6.2	5.8	4.5

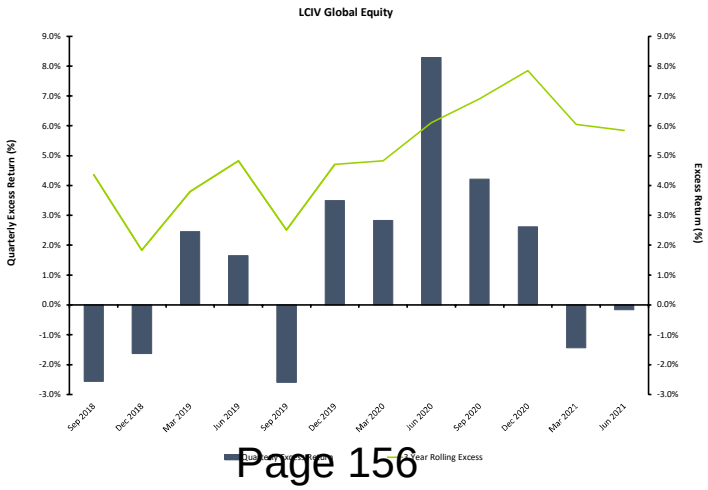
Source: Northern Trust. Relative performance may not tie due to rounding.
Inception date taken as 18 March 2014

The LCIV Global Alpha Growth Fund, managed by Baillie Gifford, underperformed its MSCI AC World Index benchmark by 0.2% over the second quarter of 2021, despite delivering a positive absolute return of 7.1% on a net of fees basis over the period. Over the one and annualised three-year periods to 30 June 2021, the strategy delivered substantial positive returns of 30.7% and 18.7% p.a. respectively, outperforming the benchmark by 6.2% and 5.8% p.a. respectively. The Fund's large positive absolute return over the year can be attributed to the widely sustained recovery in global equity markets following the onset of the COVID-19 pandemic over the first quarter of 2020, with global equity markets delivering positive returns over each of the four separate quarters to 30 June 2021. That said, the LCIV Global Alpha Growth Fund did not fall in value to the same extent as the wider market over the first quarter of 2020, and considerably outperformed the wider market over the remainder of 2020.

Underperformance relative to the benchmark can primarily be attributed to the LCIV Global Alpha Growth Fund's relative under-allocation to cyclical stocks, such is the intended growth-tilt of the portfolio, with cyclical companies continuing to benefit from the widespread success of the COVID-19 vaccine rollout as investors anticipate a return towards normality. In particular, some of the key drivers behind the MSCI benchmark were the "FAANG" stocks, which represent the five most popular American technology companies (Facebook, Amazon, Apple, Netflix and Google), of which the Global Alpha Growth strategy has a decreasing exposure to, with the strategy's Amazon holding notably reduced over the second quarter of 2021. That said, the Fund has underperformed comparable growth-based investors over the quarter. The manager's decision to invest in a portfolio of companies at various stages of the growth cycle has proved beneficial since the onset of the pandemic, but this positioning has detracted from performance over the second quarter of 2021.

At a sector level, the Fund's industrials, real estate and energy allocations detracted from performance. However, the Global LCIV Alpha Growth Fund's information technology, health care and communication services holdings offset underperformance to an extent.

The graph below shows the net quarterly returns and the rolling three-year excess returns relative to the benchmark. The fund's current three-year excess return is ahead of the target (+2% p.a.), having outperformed the benchmark by 5.8% p.a. over the three year period to 30 June 2021.



6.2 Positioning Analysis

The top ten holdings in the portfolio account for c. 22.8% of the fund and are detailed below.

Top 10 holdings as at 30 June 2021	Proportion of Baillie Gifford Fund
Naspers	2.9%
Moody's	2.6%
Shopify	2.4%
SEA	2.3%
Alphabet	2.3%
Microsoft	2.3%
Amazon	2.1%
Anthem	2.0%
Mastercard	2.0%
Taiwan Semiconductor Manufacturing	2.0%
Total	**22.8%**

Source: London CIV
Figures may not sum due to rounding

6.3 Performance Analysis

The table below represents the top five contributors to performance over the quarter to 30 June 2021.

Top 5 contributors as at 30 June 2021	Contribution (%)
Moderna	+0.65
Shopify	+0.63
Moody's	+0.50
SEA	+0.48
Novocure	+0.44

Moderna, the US pharmaceutical company, was the largest contributor to positive performance over the second quarter of 2021 following the successful rollout of its COVID-19 vaccination in India as well as proving its effectiveness against different variants of the virus. In addition, Shopify, the Fund's third largest holding, delivered strong returns over the quarter following accelerating revenue growth.

The table below represents the top 5 detractors to performance over the quarter to 30 June 2021.

Top 5 detractors as at 30 June 2021	Contribution (%)
Naspers	-0.45
Prudential	-0.24
Brilliance China	-0.21
Ping An Insurance China	-0.20
Adr Tencent Music Entertainment	-0.14

7 LCIV – Global Equity Core

Morgan Stanley Investment Management was appointed to manage an active equity portfolio with a focus on sustainability when selecting investment opportunities, held as a sub-fund on the London CIV platform from 31 October 2020. The aim of the fund is to outperform the MSCI AC World Index.

7.1 Global Equity Core – Investment Performance to 30 June 2021

	Last Quarter (%)
Net of fees	6.2
Benchmark (MSCI World Net Index)	7.3
Global Franchise Fund (net of fees)	8.2
Net Performance relative to Benchmark	-1.1

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

The LCIV Global Equity Core Fund delivered a positive return of 6.2% on a net of fees basis over the quarter to 30 June 2021, underperforming the MSCI World Net Index by 1.1% over the three-month period.

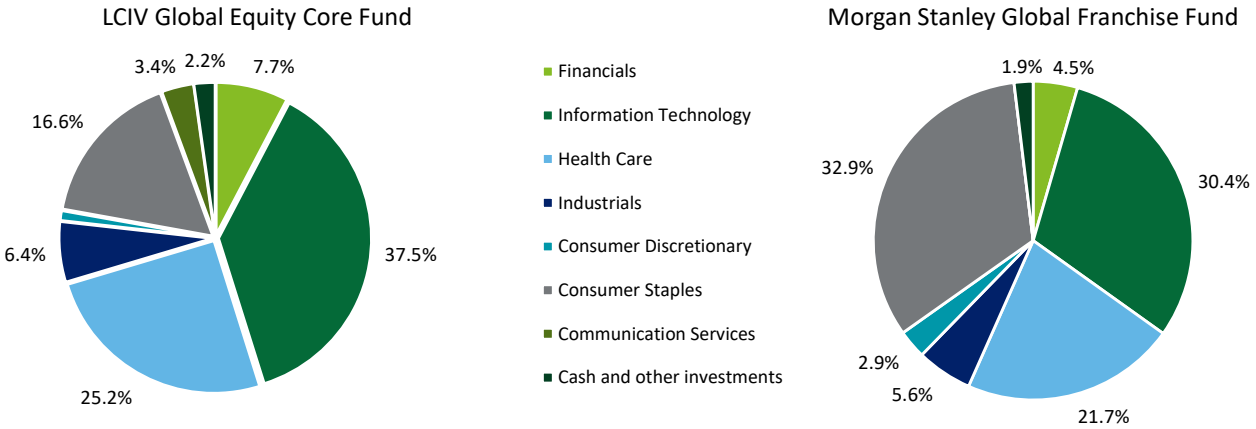
The LCIV Global Equity Core Fund's portfolio is predominantly comprised of quality franchises with strong recurring cash flows. Morgan Stanley's positive absolute return over the second quarter of 2021 can be attributed to a rebound in value-driven global equities, with a backdrop of the further re-opening of economies across the world amid the accelerating global rollout of COVID-19 vaccinations.

The portfolio is expected to prove beneficial during volatile periods. Having therefore underperformed a cyclical-led recovery in equity markets over recent periods due to its under allocation to cyclical stocks, the rally by quality stocks over the second quarter of 2021 should have proved supportive, however the manager's stock selection in such quality non-cyclical sectors such as healthcare and consumer staples sectors was the primary driver of underperformance. In particular, the strategy's holding in Henkel, a German consumer goods and chemical manufacturer, provided a notable detraction to performance as a result of pricing issues impacting its future earnings forecasts.

The LCIV Global Equity Core Fund follows the same strategy and, in general, has the same investment principles as the Morgan Stanley Global Franchise Fund, but is subject to a greater number of restrictions, owing to its key focus on sustainability. As such, there exists a number of small differences in the characteristics of the two funds. The LCIV Global Equity Core Fund underperformed the Global Franchise Fund over the three month period to 30 June 2021, with underperformance largely attributed to a lower allocation to consumer staples companies, with beverage and tobacco companies benefitting from increased global social activity, having been adversely impacted by previous social distancing measures.

7.2 Portfolio Sector Breakdown at 30 June 2021

The charts below compare the relative weightings of the sectors in the LCIV Global Equity Core Fund and the Morgan Stanley Global Franchise Fund as at 30 June 2021.



Source: London CIV and Morgan Stanley

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

As at 30 June 2021, the Global Franchise Fund portfolio held an allocation of c. 11% to tobacco stocks. The Global Equity Core Fund is restricted from investing in tobacco, and hence holds a substantially smaller allocation to consumer staples.

7.3 Performance Analysis

The table below summarises the Global Equity Core Fund portfolio's key characteristics as at 30 June 2021, compared with the Morgan Stanley Global Franchise Fund.

	LCIV Global Equity Core Fund	Global Franchise Fund
No. of Holdings	36	30
No. of Countries	7	5
No. of Sectors*	6	6
No. of Industries*	18	13

*Not including cash

Source: London CIV and Morgan Stanley

Holdings

The top 10 holdings in the Global Equity Core Fund account for c. 47.9% of the strategy and are detailed below.

Global Equity Core Fund Holding	% of NAV
Microsoft	7.7
Reckitt Benckiser	5.6
Visa	5.5
SAP	5.2
Accenture	4.3
Henkel Vorzug	4.3
Baxter International	3.9
Becton Dickinson	3.9
Danaher	3.7
Abbott Laboratories	3.7
Total	47.9*

Global Franchise Fund Holding	% of NAV
Microsoft	9.6
Philip Morris	8.7
Reckitt Benckiser	7.2
Visa	5.4
SAP	4.6
Danaher	4.4
Accenture	4.4
Procter & Gamble	4.3
Abbott Laboratories	4.2
Thermo Fisher	4.1
Total	56.9*

*Note figures may not sum due to rounding

Source: London CIV and Morgan Stanley

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

8 Longview – Global Equity

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

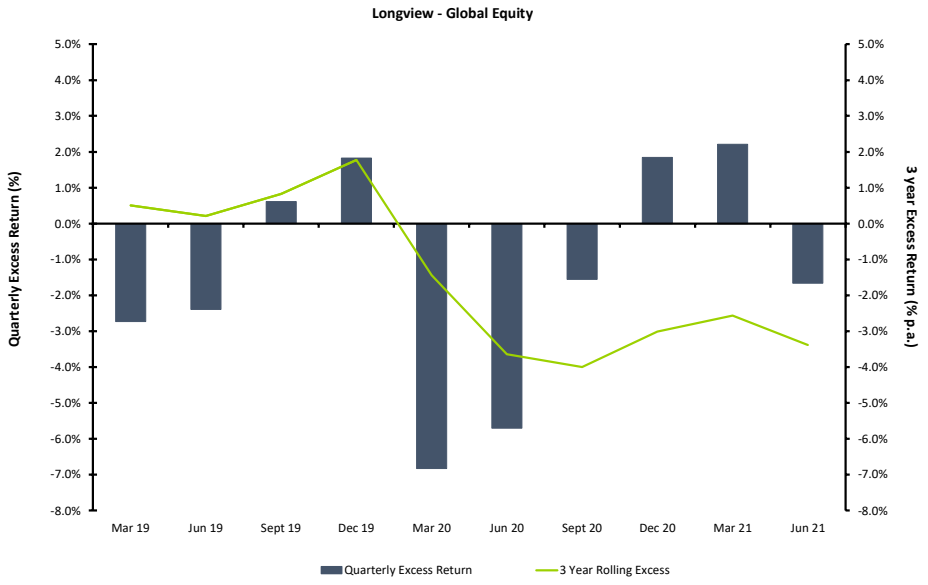
8.1 Active Global Equity – Investment Performance to 30 June 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Longview - Net of fees	6.0	25.3	9.9	12.5
MSCI World Index	7.6	24.4	13.3	13.2
Relative	-1.7	0.9	-3.4	-0.7

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

Over the second quarter of 2021, despite delivering a positive absolute return of 6.0% on a net of fees basis, the Longview Global Equity Fund underperformed its MSCI World Index benchmark by 1.7% (allowing for rounding). Longview has outperformed its benchmark by 0.9% over the year to 30 June 2021, delivering a positive absolute return of 25.3% on a net of fees basis over the period, but has underperformed its benchmark by 3.4% p.a. over the longer three-year period to 30 June 2021. The Fund's large positive absolute return over the year can be attributed to the widely sustained recovery in global equity markets following the onset of the COVID-19 pandemic over the first quarter of 2020, with global equity markets delivering positive returns over each of the four separate quarters to 30 June 2021.

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



Having outperformed its MSCI-based benchmark for the previous two quarters in succession, Longview underperformed over Q2 as a whole in what was a quarter of two halves. Longview saw an initial continuation of outperformance until mid-May following continued macro themes from previous quarters around re-opening, inflation and interest rate expectations, as opposed to stock specific announcements. However, Longview's initial outperformance unwound from mid-May 2021, amid a reversal in market trends as fears increased around new COVID-19 variants alongside increased concern surrounding rising inflation and tighter monetary policy.

Underperformance can also be partially attributed to a fall in long term interest rates. The strategy has limited exposure to interest rate sensitive stocks and is therefore under-exposed to high growth technology stocks relative to the MSCI-based

benchmark, with the fall in long term interest rates contributing to significant growth within the sector over the second half of the quarter.

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

The Global Equity Fund made one new portfolio acquisition and two sales over the second quarter of 2021. Longview has also confirmed that it has commenced the process of adding two new positions to the portfolio which remain in progress and are expected to complete over the third quarter of 2021. Both stocks have been assessed as high quality by Longview, with the manager looking to improve the overall quality of the portfolio. Diageo, the largest producer of spirits globally both by value and volume, was added to the portfolio. Longview views Diageo as a long duration, predictable business that has consistently earned high returns on operating capital, benefitting from a diversified portfolio that is not heavily reliant on one product. Longview sold out of Omnicom over the quarter over concerns that the structural decline of traditional TV viewing and the growth of digital advertising would continue to be a drag on advertising agencies. Longview also sold its position in Emerson Electric, with the company having reached its price target.

8.2 Performance Analysis

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

Top Five Contributors for Q2 2021	Contribution (%)
IQVIA	+0.67
Alphabet	+0.38
American Express	+0.36
Charter Communications	+0.34
ISS	+0.16

IQVIA, a pharmaceutical data and contract research outsourcing provider, delivered the largest contribution to outperformance on the back of strong results based on a faster than previously expected recovery for the parts of the business that have been hit by COVID-19, and an extended benefit for the parts of the business that have benefited from COVID-19. Alphabet, the parent company of Google, having provided the largest contribution to performance over the first quarter of 2021, continued to deliver outperformance over the second quarter, supported by strong performance of Google Search which grew significantly in revenue. Meanwhile, Charter Communications, the strategy's largest detractor to performance over the first quarter of 2021 following weaker broadband take-up than anticipated, was one of the largest contributors to performance over the quarter to 30 June 2021.

Fiserv, a provider of systems and software to the financial industry, underperformed after 2021 expectations were not raised further amid recent company growth, which was viewed as unsatisfactory by the wider market. Meanwhile, State Street, one of the portfolio's two custody bank holdings and one of the largest contributors to positive performance over the first quarter of 2021, was also among the largest detractors to performance over the second quarter as a result of downward revisions to anticipated company revenue growth.

Top Five Detractors for Q2 2021	Contribution (%)
Fiserv	-0.67
Henkel	-0.50
State Street	-0.37
Sysco	-0.32
Whitbread	-0.30

9 Insight – Buy and Maintain

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

9.1 Buy and Maintain Fund - Investment Performance to 30 June 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Insight Non Gilts - Net of fees	2.2	4.0	5.5	6.1
iBoxx £ Non-Gilt 1-15 Yrs Index	1.2	2.3	3.7	5.0
Relative	1.0	1.7	1.8	1.1

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

The Insight Buy and Maintain Fund delivered a positive return of 2.2% on a net of fees basis over the second quarter of 2021, outperforming its temporary iBoxx non-gilt benchmark by 1.0%. The Buy and Maintain Fund delivered positive absolute returns of 4.0% and 5.5% p.a. on a net of fees basis over the year and three years respectively to 30 June 2021, outperforming the benchmark by 1.7% and 1.8% p.a. over the twelve-month and three-year periods respectively.

The strategy delivered a positive return over the quarter amid a fall in underlying gilt yields, reversing some of the losses recognised over the first quarter of 2021, with credit spreads tightening slightly as an improving economic outlook benefited corporate earnings.

Insight's credit positioning proved beneficial over the quarter, with the strategy's greater exposure to strong performing sectors such as Insurance, relative to the iBoxx index, aiding outperformance.

Insight added new issues from Domino's Pizza and Cellnex over the second quarter of 2021, alongside an Assura sustainability-linked bond and a green bond from Salesforce. In addition, shortly after quarter end, the restructuring of Intu SGS bonds was completed with the assets successfully extracted from the parent entity with new management put in place and the underlying four shopping centres remaining open for business, of which the manager anticipates will benefit from the easing of restrictions leading to increased footfall. To offset the recent lower level of rent collection, the coupons on the Intu bonds were converted to pay-in-kind, accruing to maturity, and therefore avoiding the need to write-down the principle of the bonds.

Insight has confirmed that there were no defaults within the Buy and Maintain portfolio over the second quarter of 2021. Insight was not able to provide detail with regards to the number of credit downgrades over the quarter at the time of writing.

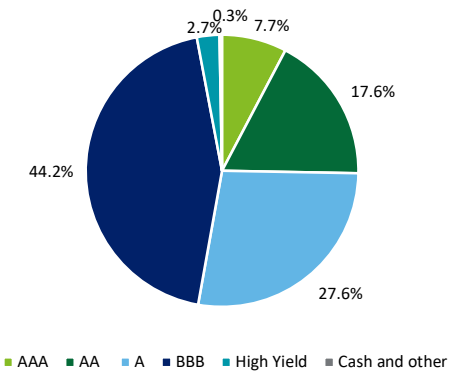
9.2 Performance Analysis

The table below summarises the Buy and Maintain portfolio's key characteristics as at 30 June 2021.

	31 Mar 2021	30 Jun 2020
Yield (%)	2.1	1.8
No. of issuers	175	176
Modified duration (years)	8.1	8.7
Spread duration (years)	7.9	8.1
Government spread (bps)	129	102
Swaps spread (bps)	125	96
Largest issuer (%)	3.6	5.4
10 largest issuers (%)	12.7	14.5

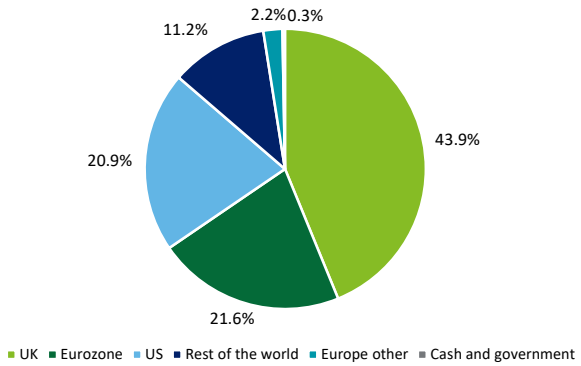
Source: Insight

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

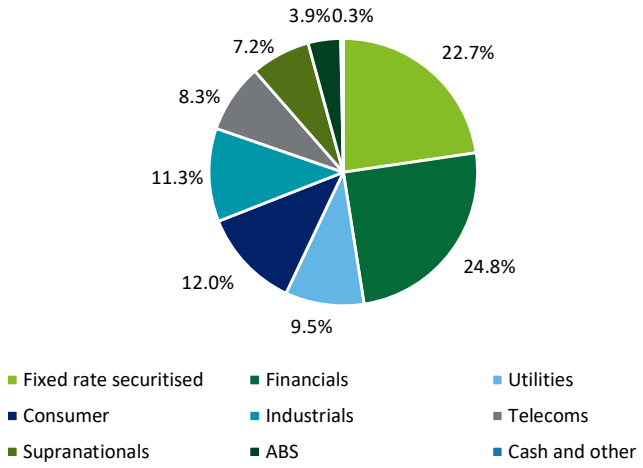


As at 30 June 2021, the fund's investment grade holdings made up c. 97.1% of the portfolio, an increase of c. 2.4% over the quarter. The fund remains predominantly invested in BBB and A rated bonds.

The graph below shows the split of the Buy and Maintain portfolio by country as at 30 June 2021.



The graph below shows the split of the Buy and Maintain portfolio by sector as at 30 June 2021.



The table below shows the top 10 issuers by market value as at 30 June 2021.

Issuer name	Rating*	Holding (%)
UK Treasury	AA	5.4
Cellnex	BB	1.2
Australia and NZ Banking	BBB	1.1
Berg Finance	AAA	1.0
America Movil	A	1.0
Orsted	BBB	1.0
Nestle	AA	1.0
Electricite De France	A	1.0
M&G	BBB	1.0
BMW	A	1.0

**Ratings provided by Insight*

10 LCIV – Multi Asset Credit

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

10.1 Multi Asset Credit – Investment Performance to 30 June 2021

	Last Quarter (%)	Last Year (%)	Since Inception (% p.a.)
CQS – MAC –Net of fees	1.9	13.2	3.9
3 Month Libor + 4%	1.0	4.1	4.7
Relative	0.9	9.1	-0.8

Source: Northern Trust
Inception date taken as 30 October 2018

The Multi Asset Credit Fund, managed by CQS, delivered an absolute return of 1.9% on a net of fees basis over the second quarter of 2021, outperforming its cash-based benchmark by 0.9%. Over the year to 30 June 2021, the strategy outperformed the benchmark by 9.1%, delivering a positive absolute return of 13.2% over the twelve-month period on a net of fees basis.

Each of the strategy's underlying asset classes contributed to positive performance over the quarter to 30 June 2021, with the Multi Asset Credit Fund's senior secured loans allocation providing the largest contribution for the second quarter in succession, with strong performance emanating from both the US and Europe within the asset class. CQS' high yield bonds exposure, particularly in the US, also delivered a positive contribution to performance over the quarter, outperforming the wider investment grade credit market with the manager's high yield bond security selection providing a significant positive impact.

As previously reported, despite the market's focus on an anticipated strong and broad economic recovery, CQS expects that some impacts from COVID-19 are yet to be fully realised, with ongoing central bank support unlikely to be sustainable in the long-term, whilst further lockdowns and travel restrictions remain possible, and recessionary pressures remain elevated. As a result, the Multi Asset Credit Fund continues to implement a cautious approach, ensuring the portfolio remains defensively positioned in terms of sector exposures, reducing exposure to COVID-19 sensitive sectors, and continuing to access positions which CQS feels are cash generative and exhibit a strong fundamental outlook. Therefore, the strategy's financial sector exposure has increased significantly since the beginning of 2020 and the strategy's energy exposure has reduced from an overweight to an underweight position. That said, over the second quarter of 2021, there have been no significant changes to the portfolio except for some marginal opportunistic changes, with CQS slightly increasing the strategy's asset backed securities exposure, adding further to European CLOs where CQS recognises strong relative value, and taking advantage of mark-to-market volatility to add to high yield and financials, locking in attractive credit spreads and in turn reducing the portfolio's cash position.

Over the quarter to 30 June 2021, CQS experienced 15 credit rating downgrades, representing c. 1.5% of the portfolio, with no defaults occurring over the period. The Multi Asset Credit Fund portfolio recognised 76 credit rating upgrades over the quarter, representing c. 4.5% of the portfolio.

10.2 Portfolio Analysis

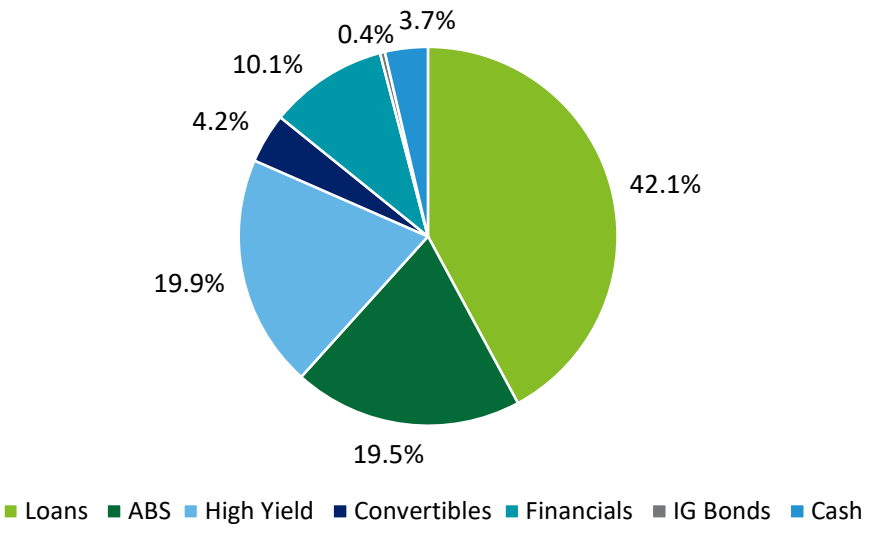
The table below summarises the Multi Asset Credit portfolio's key characteristics as at 30 June 2021.

	31 Mar 2021	30 Jun 2020
Weighted Average Bond Rating	BB-	BB-
Long Bond Equivalent Exposure with Public Rating (%)	88.0	88.8
Investment with Public Rating (%)	87.5	89.0
Yield to Maturity (%)	4.9	4.9
Spread Duration	3.9	3.7
Interest Rate Duration	1.2	1.2

Source: London CIV

10.3 Asset Allocation

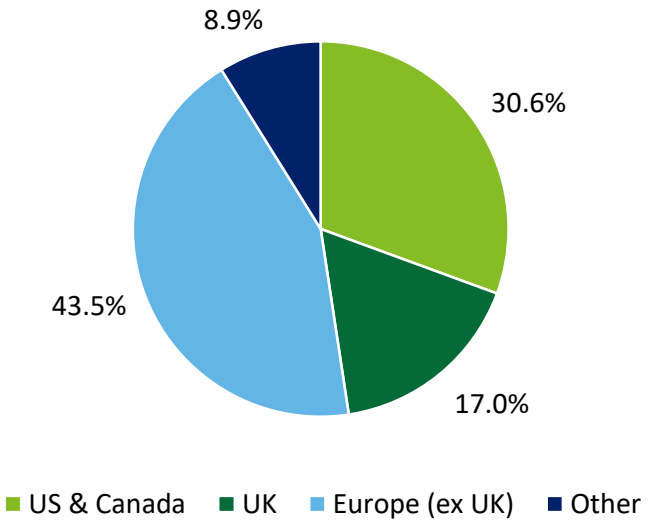
The asset allocation split of the Multi Asset Credit Fund as at 30 June 2021 is shown below.



Source: London CIV

10.4 Country Allocation

The graph below shows the regional split of the LCIV Multi Asset Credit Fund as at 30 June 2021.



Source: London CIV

11 Aberdeen Standard Investments – Long Lease Property

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

11.1 Long Lease Property – Investment Performance to 30 June 2021

	Last Quarter (%)	Last Year (%)	Last 3 Years (% p.a.)	Since Inception (% p.a.)
Aberdeen Standard - Net of fees	2.4	6.0	5.7	7.8
Benchmark	2.2	-4.4	5.0	6.0
Relative	0.2	10.4	0.7	1.8

Source: Aberdeen Standard Investments. Relative performance may not tie due to rounding.
Since inception: 14 June 2013

Over the quarter to 30 June 2021, the ASI Long Lease Property Fund delivered an absolute return of 2.4% on a net of fees basis, outperforming its FT British Government All Stocks Index Benchmark by 0.2%.

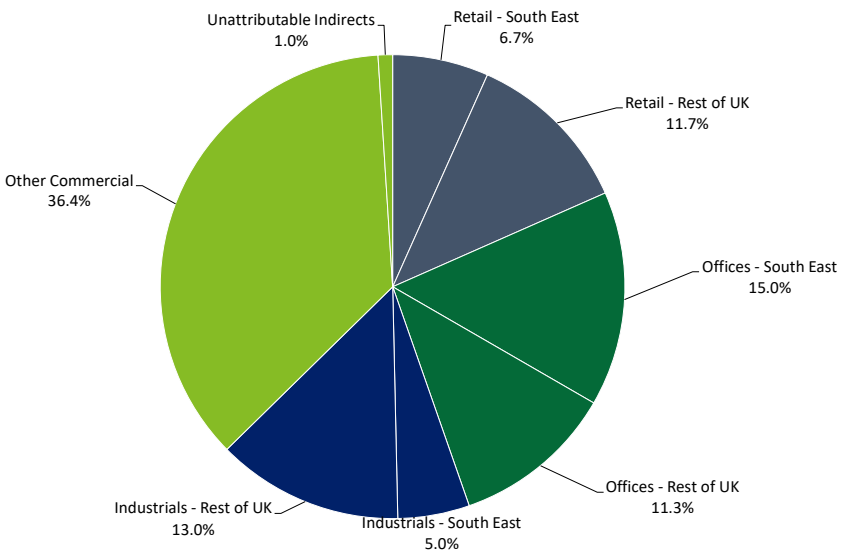
The Long Lease Property Fund has underperformed the wider property market, as measured by the MSCI (formerly IPD Monthly) UK All Property Index, by 1.4% over the second quarter of 2021, largely as a result of the strategy's underweight position to the industrial and retail warehousing sectors, relative to the wider property market, with yield compression recognised across both of these sectors.

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

Rent collection improved slightly over the second quarter of 2021 as ASI realised Q2 collection rates of 98.8% (as at 23 August 2021). Over the second quarter of 2021, none of the Long Lease Property Fund's rental income was subject to deferment arrangements, with 1.2% unpaid or subject to ongoing discussions with tenants. As at 23 August 2021, ASI had collected 95.7% of its Q3 2021 rent, with 1.0% subject to deferment arrangements and 3.3% of rent unpaid or subject to ongoing discussions with tenants.

11.2 Portfolio Holdings

The sector allocation in the Long Lease Property Fund as at 30 June 2021 is shown in the graph below.



Over the quarter to 30 June 2021, the ASI Long Lease Property Fund's allocation to the office sector decreased by 3.1% to 26.3%, owing to the Fund's disposals over the quarter, as discussed below. The allocation to the retail sector decreased by 1.9% to 18.3% over the quarter while the industrials sector allocation increased by 4.9% to 18.1% as a result of the below-mentioned acquisitions. The allocation to other commercial properties increased by 0.3% to 36.4% over the quarter.

The ASI Long Lease Property Fund completed four acquisitions over the second quarter of 2021, totaling c. £280m: a newly constructed distribution unit let to Amazon for 20 years in Hinckley, an off-market opportunity for c. £100m reflecting a net initial yield of 3.1%; a smaller distribution unit let to Weston Homes in Braintree, an off-market forward funding acquisition subject to a new 25-year lease upon completion of the unit; a distribution unit let to Next for c. £105m reflecting a net initial yield of 3.5%, structured as a forward-funding agreement and subject to a new 23-year lease upon completion; and a last mile distribution unit in London let to Amazon for 15 years, for £46m reflecting a net initial yield of 3.3%.

ASI completed two disposals over the quarter: an office asset in London, following the impacts of the COVID-19 pandemic on the tenant, Save the Children, for c. £115m (over 20% above the current valuation of the asset) and reflecting a net initial yield of c. 3.4%; and a supermarket in Colchester let to Tesco which had a buyback provision contained within the lease which would have allowed Tesco to buy the property back in 10 years' time at an open market valuation. The supermarket asset was sold for c. 5% ahead of the current valuation.

As previously reported, two pre-let funding hotel projects which have had construction suspended in line with government advice, equating to 2.2% of total Fund value, remain in the construction phase. The Dalata hotel in Glasgow is due to complete early in the third quarter of 2021 and the Dalata hotel in Bristol is expected to complete in early 2022.

Q2 and Q3 2021 rent collection, split by sector, as at 23 August 2021 is reflected in the table below:

Sector	Proportion of Fund as at 30 June 2021 (%)	Q2 2021 collection rate (%)	Q3 2021 collection rate (%)
Alternatives	6.0	100.0	100.0
Car Parks	3.7	100.0	100.0
Car Showrooms	3.2	100.0	100.0
Hotels	7.8	90.1	91.8
Industrial	14.7	97.0	100.0
Leisure	3.3	100.0	88.0
Public Houses	5.5	100.0	82.0
Offices	29.6	100.0	92.3
Student Accommodation	8.1	100.0	100.0
Supermarkets	18.2	100.0	100.0
Total	**100.0**	**98.8**	**95.7**

As at 30 June 2021, 1.0% of the Fund's NAV is invested in ground rents via an indirect holding in the ASI Ground Rent Fund, with 15.9% of the Fund invested in income strip assets.

The hotels sector has expressed the poorest rental collection statistics over the second quarter of 2021 as at 23 August 2021, with the public houses and leisure sectors expressing the poorest rental collection statistics over Q3 2021 as at 23 August 2021.

ASI has stated that the majority of the Long Lease Property Fund's underlying tenants have reverted to paying rent as per their lease terms, with no Q2 2021 rental income subject to deferment arrangements as at 23 August 2021.

ASI has now collected over 99% of 2020 rents, and the majority of outstanding rent in 2021 has been reduced to a small number of tenants, continuing with monthly repayments for the time being with all rent expected to be collected in due course. There has been no write-off of any outstanding rent, or rent-free periods agreed.

The table below shows details of the top ten tenants in the fund measured by percentage of net rental income as at 30 June 2021:

Tenant	% Net Income	Credit Rating
Whitbread	5.5	BBB
Viapath	4.9	AA
Tesco	4.9	BBB
Sainsbury's	4.5	BB
Marston's	4.3	BB
Asda	3.7	BBB
Salford University	3.5	A
Secretary of State for Communities	3.4	AA
QVC	3.3	BB
Lloyds Bank	3.2	AA
Total	41.2*	

*Total may not equal sum of values due to rounding

As at 30 June 2021, the top 10 tenants contributed 41.2% of the total net income of the Fund. Of which 13.1% of the net income came from the supermarket sector, with Tesco, Sainsbury's and Asda continuing to make up a significant proportion of the Fund at quarter end.

The unexpired lease term decreased from 25.7 years as at 31 March 2021 to 25.2 years as at 30 June 2021 as a result of the new acquisitions. The proportion of income with fixed, CPI or RPI rental increases fell by 0.2% over the quarter to 91.1%.

12 Pantheon – Global Infrastructure Fund III

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

12.1 Global Infrastructure - Investment Performance to 30 June 2021

Capital Calls and Distributions

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

Over the quarter, Pantheon issued one capital call:

- A capital call of $4.2m for payment by 11 June 2021, representing c. 4.5% of the Fund's total commitment.

In addition, following quarter end, Pantheon issued two further capital calls:

- A capital call of $11.4m for payment by 20 September 2021, representing c. 12.5% of the Fund's total commitment; and
- A capital call of $4.6m for payment by 7 October 2021, representing c. 5.0% of the Fund's total commitment.

The remaining unfunded commitment as at 7 October 2021 was c. $30.2m, with the Fund's total contribution at c. $61.4m and the Fund's $91.5m commitment c. 67% drawn.

Activity

The PGIF III completed five further deals over the second quarter of 2021:

- One secondary energy infrastructure project in North America, Project Emerald, with a commitment value of c. $48m, was completed in April 2021;
- Two co-investment digital infrastructure projects, Project Teemo in Europe, and Project Astound Broadband in North America, with commitment values of c. $29m and c. $69m respectively, were completed in April 2021;
- One APAC co-investment transportation project, Project Kinetic, with a commitment value of c. $45m, closed in April 2021; and
- One secondary core infrastructure project, Project Blue Jays, with a commitment value of c. $121m, was completed in June 2021.

Pantheon stated that the PGIF III is also in the process of closing two further co-investment deals:

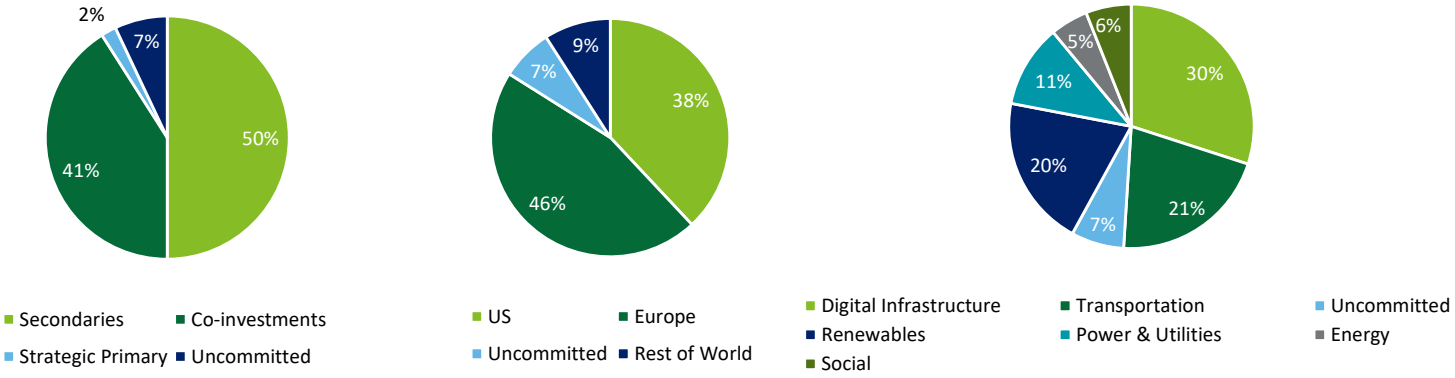
- One private transaction, Project Aurora, with a commitment value of c. £105m, which is expected to close over the fourth quarter of 2021; and
- One co-investment, Project Ermewa, with a commitment value of c. €56m, which is expected to close over the fourth quarter of 2021.

Pipeline

Pantheon currently has an investment pipeline of infrastructure opportunities, comprised of three large transactions. If Pantheon is successful across all deals, the PGIF III could be expected to be fully deployed by the second quarter of 2022. However, there is no guarantee that each of these opportunities will be completed.

12.2 Asset Allocation

The charts below show the current diversification by strategy, geography and sector in PGIF III as at 30 June 2021.



Source: Pantheon

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

12.3 Investments Held

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

Project Name	Geography	Sector	Type	Deal Size ($m)	Commitment Date
Roger	Europe	Diversified Infrastructure	Secondary	29	Dec 17
TRAC Domestic	North America	Transportation	Co-investment	12	Dec 17
Naturgy	Europe	Energy Infrastructure	Co-investment	33	May 18
Luton Airport	Europe	Transportation	Co-investment	24	May 18
Invenergy	North America	Energy Infrastructure	Co-investment	35	Aug 18
VTG	Europe	Transportation	Co-investment	65	Sep 18
Inti	Europe	Energy Infrastructure	Secondary	23	Dec 18
Megabyte	North America	Digital Infrastructure	Secondary	75	Dec 18
Hivory	Europe	Digital Infrastructure	Co-investment	34	Dec 18
Fairway	Global	Diversified Infrastructure	Secondary	53	Dec 18
Proxiserve	Europe	Energy Infrastructure	Co-investment	33	Mar 19
Springbank	North America	Transportation	Secondary	60	May 19
ORYX Midstream	North America	Energy Infrastructure	Co-investment	65	May 19
Gatwick Airport	Europe	Transportation	Secondary	65	Jun 19
Kookaburra	APAC	Diversified Infrastructure	Secondary	61	Jul 19
Sullivan	Global	Diversified Infrastructure	Secondary	121	Jul 19
GlobalConnect	Europe	Digital Infrastructure	Secondary	67	Dec 19
McLaren	Global	Diversified Infrastructure	Secondary	54	Jan 20
IFT	Europe	Digital Infrastructure	Co-investment	68	Jan 20
Zayo	North America	Digital Infrastructure	Co-investment	66	Mar 20
Energy Asset Group	Europe	Energy Infrastructure	Co-investment	23	Apr 20
Viridor	Europe	Energy Infrastructure	Co-investment	49	July 20
Taurus	Europe	Energy Infrastructure	Co-investment	26	Oct 20
Thor	North America	Digital Infrastructure	Co-investment	52	Oct 20
Kapany	Europe	Diversified Infrastructure	Secondary	128	Nov 20
Megabyte II	North America	Digital Infrastructure	Secondary	52	Nov 20
Epsilon	Europe	Diversified Infrastructure	Co-investment	69	Dec 20
MapleCo	Europe	Energy Infrastructure	Co-investment	44	Jan 21
Emerald	North America	Energy Infrastructure	Secondary	48	March 21
Teemo	Europe	Digital Infrastructure	Co-investment	26	April 21
Kinetic	APAC	Transportation	Co-investment	46	April 21
Antin Mid Cap	Global	Diversified	Strategic Primary	12	April 21

Astound Broadband	North America	Digital Infrastructure	Co-investment	69	April 21
Project Blue Jays	North America	Social	Secondary	121	June 21
Project Aurora	Global	Social	Secondary	147	Pending
Ermewa	Europe	Transportation	Co-investment	68	Pending

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

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

13.1 MGREF2 - Investment Performance to 30 June 2021

Capital Calls and Distributions

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

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

- Macquarie issued a total distribution of €101k on 9 August 2021, consisting of €83k return of capital and €18k interest income.

The remaining unfunded commitment as at 9 August 2021 was c. €47.7m, with the Fund's total contribution at c. €7.3m and the Fund's €55m commitment c. 13% drawn.

Activity

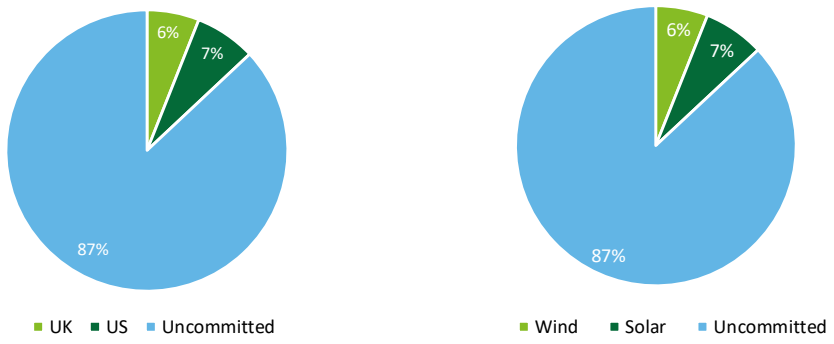
The MGREF2 did not complete any further deals over the second quarter of 2021.

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

Since early 2020, MGREF2 has reached late stages of over 30 transactions in which it was unsuccessful, reflecting Macquarie's price discipline. Macquarie states that the near-term pipeline remains healthy and the team is progressing on several transactions across the globe with a potential to close over the second half of 2021. This near-term pipeline includes 10 projects, diversified across solar PV, onshore wind and offshore wind, both operational and at various stages of construction.

13.2 Asset Allocation

The charts below show the current diversification by geography and sector in the MGREF2 as at 30 June 2021, following the strategy's initial investments.



Source: Macquarie

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

14 Quinbrook – Renewables Impact Fund

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

14.1 Renewables Impact Fund - Investment Performance to 30 June 2021

Capital Calls and Distributions

The Fund committed £50m to Quinbrook in December 2020.

Over the quarter, Quinbrook issued one capital call and one distribution of capital:

- A capital call of £2.0m, consisting of a capital contribution in respect of the Fund's commitment, for payment by 21 April 2021; and
- A distribution of £3.8m, representing an equalisation payment for additional investor commitments at the fourth close of the Renewables Impact Fund, paid back to Westminster on 7 June 2021.

The remaining unfunded commitment as at 30 June 2021 was c. £44.1m, with the Fund's total commitment at c. £5.9m and the Fund's £50m commitment c. 12% drawn.

Activity

The Renewables Impact Fund completed its second investment over the second quarter of 2021, entering into a strategic partnership with prominent UK dispatch management platform Habitat Energy, specialising in the optimisation of battery storage and utilising advanced machine learning. Habitat provides dispatch optimisation services to battery storage projects, enabling improved control and profitability of energy storage assets and providing balancing of electricity supply and demand. Quinbrook believes that the partnership with Habitat, which represents a development agreement, can provide the Renewables Impact Fund with competitive advantages in maximising revenues from the Fund's growing portfolio, particularly given the increasing complexity and electrification of the UK market.

In addition, over the quarter, in relation to the Renewables Impact Fund's first investment, Quinbrook progressed construction of the Rassau synchronous condenser. Rassau has executed an index-linked revenue contract with National Grid under which the project will provide a range of critical grid support services. Following quarter end, the Renewables Impact Fund has acquired the remaining minority share of the project to take equity ownership to 100%, with the minority share previously owned by Quinbrook's Low Carbon Power Fund and was acquired at fair value.

Following quarter end, in September 2021, Quinbrook announced that it had acquired Project Fortress, a consented 350MW solar and battery storage project in Kent. Quinbrook expects to commence construction of the project over the first half of 2022. Once operational, Fortress is expected to be the largest single site solar PV installation in the UK, more than three times the size of the UK's next largest consented solar PV project. The addition of battery storage to large scale solar generation at Fortress is designed to provide critical support to improve security and reliability for the UK power grid and help continue the UK's sustainable drive to Net Zero. Fortress is forecast to generate enough renewable power each year to meet the power needs of c. 100,000 UK homes and to reduce carbon emissions by 164,450 tonnes in its first year of operations alone.

Pipeline

The Renewables Impact Fund has a pipeline of investment opportunities which Quinbrook believes represent key gaps in the market, where the manager believes core demand creates a need for greater use of such assets. The current pipeline of target investments includes seven synchronous condenser projects which are under agreed exclusivity, a utility-scale solar and storage project, a joint venture with an originator of energy storage and solar PV development projects, a storage portfolio and a tender to supply renewable energy and storage to a UK water utility.

Quinbrook assesses a diverse set of development opportunities across renewable energy supply assets, battery storage and grid support assets, and is in active negotiations on a number of projects which are progressing through the investment process.

Appendix 1 – Fund and Manager Benchmarks

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

Total Fund

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

Manager	Asset Class	Long Term Strategic Benchmark Allocation	Benchmark	Outperformance Target	Inception Date
LGIM	Future World Global Equity	25.0	Solactive ESG Global Markets Index	Passive	15/10/20
Baillie Gifford	LCIV Global Alpha Growth	20.0	MSCI AC World Index	+2.0 p.a. (net of fees)	18/03/14
Morgan Stanley	LCIV Global Equity Core	20.0	MSCI AC World Index (net dividends reinvested)	Generate total returns (comprising of both capital growth and income) over a 5-10 year period	30/10/20
Longview	Global Equity	0.0	MSCI World (GBP) Index	To outperform the benchmark over a market cycle	15/01/15
Insight	Buy and Maintain	13.5	Insight Custom Benchmark	n/a	12/04/18
CQS	Multi Asset Credit	5.5	3 Month Libor	+ 4% p.a. (net of fees)	30/10/18
Aberdeen Standard Investments	Property	5.0	FTSE Gilts All Stocks Index +2% p.a.	+0.5 p.a. (net of fees)	14/06/13
Pantheon	Global Infrastructure	5.0	3 Month Libor	+ 8% p.a. (net of fees)	15/04/19
Macquarie	Global Renewable Infrastructure	3.0	3 Month Libor	TBC once fully drawn for investment	08/02/21
Quinbrook	UK Renewable Infrastructure	3.0	3 Month Libor	TBC once fully drawn for investment	25/01/21
	Total	100.0			

Appendix 2 – Manager Ratings

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

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

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

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

Appendix 3 – Risk Warnings & Disclosures

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

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

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City of Westminster Pension Fund

Funding update report as at 30 June 2021

Barnett Waddingham LLP

11 August 2021

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Introduction

Westminster City Council, as administering authority for the City of Westminster Pension Fund (the Fund), has asked that we carry out a quarterly monitoring assessment of the Fund as at 30 June 2021. The purpose of this assessment is to provide an update on the funding position.

The Fund participates in the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme administered in accordance with Local Government Pension Scheme Regulations 2013 (the Regulations).

We have taken account of current LGPS Regulations (as amended) as at the date of this report.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases in relation to age discrimination. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. At the same time, the Government also announced the unpausing of the 2016 cost cap process and that it would take into consideration the McCloud remedy. At the time of producing this report the outcome of these matters is still to be agreed so the exact impact they will have on LGPS benefits is unknown. An allowance consistent with that adopted for the Fund's 31 March 2019 valuation has been made for the current uncertainties in LGPS benefits, details of which can be found in the Changes in market conditions – market yields and discount rates section.

The information in this report is addressed to and is provided for use by Westminster City Council as the administering authority to the Fund. This report may be shared with other interested parties but it does not constitute advice to them.

This report complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work (TAS 100) and Technical Actuarial Standard 300: Pensions (TAS 300) as issued by the Financial Reporting Council (FRC).

We assess the funding position on a smoothed basis which is an estimate of the average position over a six month period spanning the reporting date. As the smoothing adjustment reflects average market conditions spanning a six month period straddling the reporting date, the smoothed figures are projected numbers and likely to change up until three months after the reporting date. The smoothed results are indicative of the underlying trend.

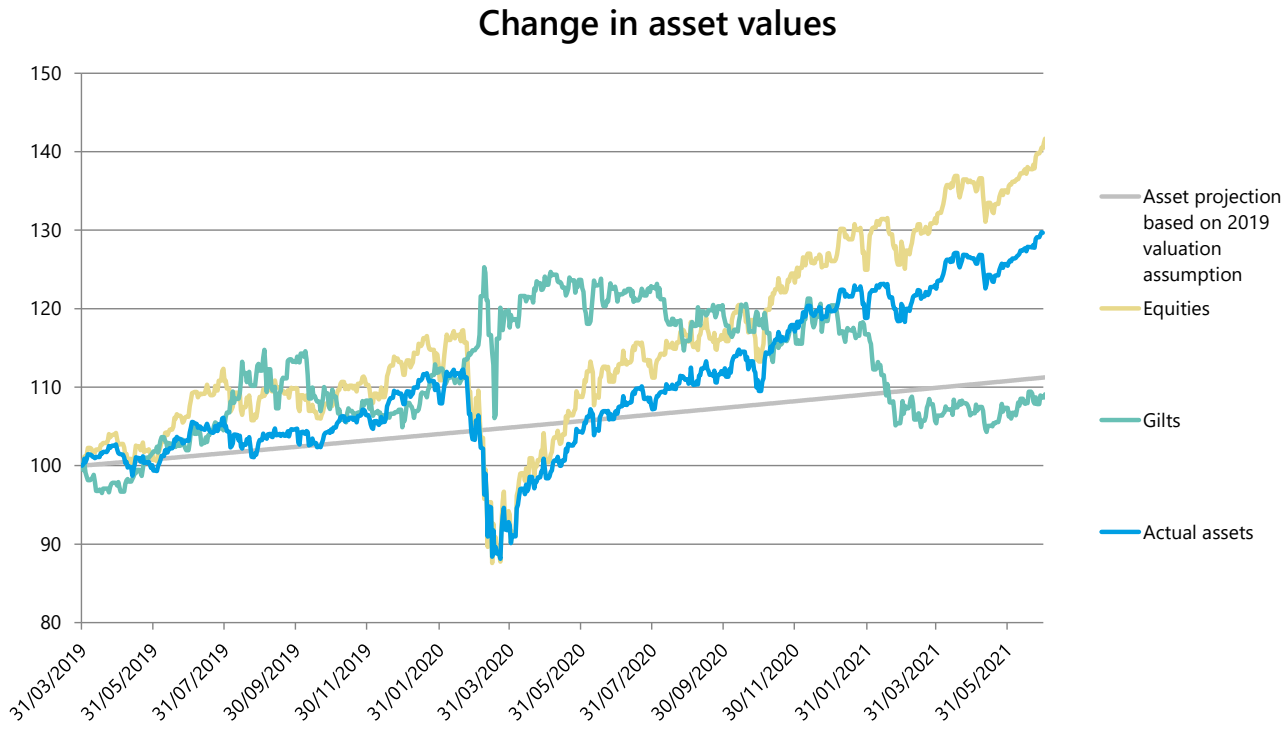
Assets

The estimated (unsmoothed) asset allocation of the City of Westminster Pension Fund as at 30 June 2021, based on data received from Westminster City Council, is as follows:

Assets (market value)	30 June 2021		31 March 2021		31 March 2019	
	£000s	%	£000s	%	£000s	%
Equities	1,421,157	77%	1,330,021	76%	1,064,368	75%
Other bonds	246,375	13%	240,140	14%	198,690	14%
Property	124,354	7%	114,386	7%	144,358	10%
Cash	52,078	3%	62,805	4%	10,916	1%
Total assets	**1,843,963**	**100%**	**1,747,353**	**100%**	**1,418,332**	**100%**

The investment return achieved by the Fund's assets in market value terms for the quarter to 30 June 2021 is estimated to be 5.8%. The return achieved since the previous valuation is estimated to be 29.7% (which is equivalent to 12.2% p.a).

The following chart shows the changes in equity and bond markets since the previous actuarial valuation and compares them with the estimated actual fund returns and the expected fund returns assumed at the previous valuation:



As we can see the asset value as at 30 June 2021 in market value terms is more than where it was projected to be at the previous valuation.

For funding purposes, we use a smoothed value of the assets rather than the market value. The financial assumptions that we use in valuing the liabilities are smoothed around the valuation date so that the market conditions used are the average of the daily observations over the six month period around 30 June 2021. Therefore, we value the assets in a consistent way and apply the same smoothing adjustment to the market value of the assets.

Changes in market conditions – market yields and discount rates

The actual investment returns earned by the Fund will affect the value of the Fund's assets. The value of the Fund's liabilities, however, is dependent on the assumptions used to value the future benefits payable.

For the purpose of this exercise it is appropriate to use the method and assumptions consistent with those set by the Fund actuary for the purpose of the 31 March 2019 actuarial valuation, updated where necessary to

reflect market conditions, except for the inflation assumption which has been updated in light of new market information. Following the Government's response (on 25 November 2020) to the consultation on the reform of RPI, and the expectation that the UK Statistics Authority will implement the proposed changes to bring RPI in line with CPIH from 2030, it has been agreed with the administering authority that CPI inflation will be 0.8% p.a. below the 20 year point on the Bank of England implied inflation curve with effect from 31 December 2020. This has been updated from the assumption at the 2019 valuation where this gap was assumed to be 1.0% p.a. Further details of this update are available on request.

The following table show how the main financial assumptions have changed since the last triennial valuation:

	30 June 2021		31 March 2021		31 March 2019	
Assumptions (smoothed)	Nominal	Real	Nominal	Real	Nominal	Real
	% p.a.		% p.a.		% p.a.	
Pension increases (CPI)	2.84%	-	2.66%	-	2.65%	-
Salary increases	3.84%	1.00%	3.66%	1.00%	3.65%	1.00%
Discount rate	4.24%	1.40%	4.14%	1.48%	4.84%	2.19%

The discount rate assumption is set with reference to the Fund's long term investment strategy and therefore reflects the long term expected return on assets for the Fund. Consistent with the method adopted for the 31 March 2019 valuation, we have included in the discount rate assumption an explicit prudence allowance of 0.7%. This incorporates an allowance for current uncertainties in LGPS benefits (relating to the effects of the McCloud/Sargeant judgement and the cost cap).

As noted in the Introduction, the final remedy in response to the McCloud/Sargeant judgement will only be known once the Government's consultation is finalised and a final set of remedial Regulations are published. Furthermore, it is also not known yet what benefit changes in addition to the McCloud remedy (if any) may be made in light of the results of the cost cap process.

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As we see, the real discount rate is lower than at the 31 March 2019 valuation, increasing the value of liabilities used for funding purposes.

Results

The funding position for each month has been rolled forward from the formal valuation and is shown in Appendix 1. It should be borne in mind that the nature of the calculations is approximate and so the results are only indicative of the underlying position.

The results of our assessment indicate that:

- The current projection of the smoothed funding level as at 30 June 2021 is 101.8% and the average required employer contribution would be 22.2% of payroll assuming the deficit is to be paid by 31 March 2039.
- This compares with the reported (smoothed) funding level of 98.6% and average required employer contribution of 18.8% of payroll at the 31 March 2019 funding valuation.

The discount rate underlying the smoothed funding level as at 30 June 2021 is 4.2% p.a. The investment return required to restore the funding level to 100% by 31 March 2039, without the employers paying deficit contributions, would be 4.1% p.a.

Whilst the funding level has improved, the cost of benefits has increased due to a lower real discount rate.

Westminster City Council

We have also estimated the funding position of Westminster City Council. The development since 31 March 2019 can be found in the table below.

Smoothed results	Assets	Liabilities	Surplus / (Deficit)	Funding level	CARE ongoing cost
Valuation date	£000s	£000s	£000s	%	% of pay
31 Mar 2019	952,247	1,104,595	(152,348)	86%	16.8%
30 Apr 2019	967,125	1,117,039	(149,914)	87%	17.1%
31 May 2019	978,573	1,126,775	(148,202)	87%	17.3%
30 Jun 2019	990,090	1,134,713	(144,623)	87%	17.5%
31 Jul 2019	995,425	1,139,250	(143,825)	87%	17.5%
31 Aug 2019	1,002,471	1,144,578	(142,107)	88%	17.6%
30 Sep 2019	1,005,329	1,148,818	(143,489)	88%	17.6%
31 Oct 2019	1,007,432	1,154,176	(146,744)	87%	17.7%
30 Nov 2019	1,009,145	1,159,693	(150,548)	87%	17.8%
31 Dec 2019	991,682	1,146,605	(154,923)	86%	17.3%
31 Jan 2020	979,867	1,139,276	(159,409)	86%	17.0%
29 Feb 2020	1,008,599	1,137,337	(128,738)	89%	16.9%
31 Mar 2020	986,513	1,141,440	(154,927)	86%	17.0%
30 Apr 2020	992,299	1,146,594	(154,295)	87%	17.0%
31 May 2020	998,034	1,155,822	(157,788)	86%	17.2%
30 Jun 2020	1,021,497	1,183,178	(161,681)	86%	17.9%
31 Jul 2020	1,044,076	1,210,734	(166,658)	86%	18.7%
31 Aug 2020	1,112,534	1,232,766	(120,232)	90%	19.2%
30 Sep 2020	1,107,124	1,253,261	(146,137)	88%	19.8%
31 Oct 2020	1,125,404	1,271,148	(145,744)	89%	20.2%
30 Nov 2020	1,144,683	1,282,005	(137,322)	89%	20.5%
31 Dec 2020	1,157,578	1,292,871	(135,293)	90%	20.7%
31 Jan 2021	1,177,276	1,307,945	(130,669)	90%	21.0%
28 Feb 2021	1,202,623	1,320,200	(117,577)	91%	21.3%
31 Mar 2021	1,217,684	1,330,909	(113,225)	91%	21.5%
30 Apr 2021	1,226,726	1,342,616	(115,890)	91%	21.8%
31 May 2021	1,230,662	1,352,494	(121,832)	91%	22.0%
30 Jun 2021	1,240,466	1,364,275	(123,809)	91%	22.2%

Final comments

There are many factors that affect the Fund's funding position and could lead to the Fund's funding objectives not being met within the timescales expected. Some of the key risks that could have a material impact on the Fund include longevity risk, financial risks (including inflation and investment risk) and regulatory risks. There is more detail on this contained within the Fund's Funding Strategy Statement and the 31 March 2019 actuarial valuation report.

Note that the funding position at a future date will be dependent on the investment performance of the Fund as well as future market conditions which determine the financial assumptions.

We would be pleased to answer any questions arising from this report.

Barry McKay FFA
Partner
Barnett Waddingham LLP

BARNETT WADDINGHAM
beyond the expected

Appendix 1 Financial position since previous valuation

Below we show the financial position on a smoothed basis for each month since the previous full valuation. As the smoothing adjustment reflects average market conditions spanning a six month period straddling the reporting date, the smoothed figures for the previous three months are projected numbers and likely to change up until three months after the reporting date.

Please note that the results shown below are sensitive to the underlying assumptions. For example, increasing the discount rate assumption by 0.5% will increase the funding level by about 10%, and increasing the CPI inflation assumption by 0.5% will reduce the funding level by about 9%.

Smoothed results	Assets	Liabilities	Surplus / (Deficit)	Funding level	CARE ongoing cost	Past service ctbn	Total ctbn	Discount rate	Return required to restore funding level
Valuation date	£000s	£000s	£000s	%	% of pay	% of pay	% of pay	% p.a.	% p.a.
31 Mar 2019	1,410,581	1,430,547	(19,966)	99%	17.9%	0.9%	18.8%	4.8%	4.9%
30 Apr 2019	1,447,503	1,447,420	83	100%	18.2%	0.0%	18.2%	4.8%	4.8%
31 May 2019	1,454,375	1,460,533	(6,158)	100%	18.4%	0.3%	18.7%	4.7%	4.8%
30 Jun 2019	1,483,529	1,471,765	11,764	101%	18.6%	0.0%	18.6%	4.7%	4.7%
31 Jul 2019	1,494,312	1,478,072	16,240	101%	18.7%	0.0%	18.7%	4.6%	4.6%
31 Aug 2019	1,490,620	1,485,419	5,201	100%	18.7%	0.0%	18.7%	4.6%	4.6%
30 Sep 2019	1,497,782	1,491,329	6,453	100%	18.8%	0.0%	18.8%	4.5%	4.5%
31 Oct 2019	1,509,343	1,498,720	10,623	101%	18.9%	0.0%	18.9%	4.5%	4.4%
30 Nov 2019	1,522,534	1,506,309	16,225	101%	19.0%	0.0%	19.0%	4.4%	4.4%
31 Dec 2019	1,507,589	1,489,490	18,099	101%	18.5%	0.0%	18.5%	4.4%	4.4%
31 Jan 2020	1,478,239	1,480,233	(1,994)	100%	18.1%	0.1%	18.2%	4.4%	4.4%
29 Feb 2020	1,481,306	1,478,878	2,428	100%	18.0%	(0.1%)	17.9%	4.4%	4.4%
31 Mar 2020	1,447,859	1,484,922	(37,063)	98%	18.1%	1.6%	19.7%	4.4%	4.5%
30 Apr 2020	1,450,763	1,492,138	(41,375)	97%	18.2%	1.8%	20.0%	4.3%	4.5%
31 May 2020	1,461,205	1,502,891	(41,686)	97%	18.3%	1.8%	20.1%	4.3%	4.4%
30 Jun 2020	1,500,202	1,539,265	(39,063)	97%	19.1%	1.7%	20.8%	4.2%	4.4%
31 Jul 2020	1,538,006	1,575,929	(37,923)	98%	19.9%	1.6%	21.5%	4.2%	4.3%
31 Aug 2020	1,623,472	1,605,344	18,128	101%	20.5%	(0.8%)	19.7%	4.1%	4.1%
30 Sep 2020	1,613,561	1,632,733	(19,172)	99%	21.0%	0.8%	21.8%	4.1%	4.1%
31 Oct 2020	1,637,610	1,656,717	(19,107)	99%	21.5%	0.8%	22.3%	4.0%	4.1%
30 Nov 2020	1,665,945	1,670,080	(4,135)	100%	21.7%	0.2%	21.9%	4.0%	4.0%
31 Dec 2020	1,676,728	1,684,659	(7,931)	100%	22.0%	0.3%	22.3%	4.0%	4.0%
31 Jan 2021	1,708,397	1,704,767	3,630	100%	22.3%	(0.1%)	22.2%	4.0%	4.0%
28 Feb 2021	1,753,984	1,721,145	32,839	102%	22.6%	(1.3%)	21.3%	4.1%	4.0%
31 Mar 2021	1,779,755	1,735,517	44,238	103%	22.9%	(1.8%)	21.1%	4.1%	4.0%
30 Apr 2021	1,795,449	1,751,368	44,081	103%	23.1%	(1.8%)	21.3%	4.2%	4.0%
31 May 2021	1,795,543	1,764,832	30,711	102%	23.3%	(1.2%)	22.1%	4.2%	4.1%
30 Jun 2021	1,813,456	1,780,787	32,669	102%	23.5%	(1.3%)	22.2%	4.2%	4.1%

Appendix 2 Data, method and assumptions

Data

In completing our calculations we have used the following items of data, which we received from Westminster City Council:

- The results of the valuation as at 31 March 2019 which was carried out for funding purposes;
- Estimated whole Fund income and expenditure items for the period to 30 June 2021; and
- Estimated Fund returns based on Fund asset statements provided to 30 June 2021, and Fund income and expenditure as noted above.

The data has been checked for reasonableness and we are happy that the data is sufficient for the purpose of this report.

Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet. We have made no allowance for discretionary benefits.

Method

To assess the value of the Fund's liabilities as at 30 June 2021, we have rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2019 using the financial assumptions below and estimated cashflows paid to and from the Fund.

It is not possible to assess the accuracy of the estimated value of the liabilities as at 30 June 2021 without completing a full valuation. However, we are satisifed that the approach of rolling forward the previous valuation data to 30 June 2021 should not introduce any material assumptions in the results provided that the actual experience of the Fund is broadly in line with the underlying assumptions and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

We have been provided with the Fund assets at various dates but for dates that these are not available, we calculate the Fund assets by rolling forward the previous assets provided allowing for investment returns (estimated where necessary), and estimated cashflows paid to and from the Fund. The latest date that we have been provided with the Fund assets is 30 June 2021.

Assumptions

For the purpose of this exercise it is appropriate to use the method and assumptions consistent with those set by the Fund actuary for the purpose of the 31 March 2019 actuarial valuation, updated where necessary to reflect market conditions.

A summary of the main financial assumptions adopted is set out in the main body of this report.

As noted in the Introduction, an allowance has been made for current uncertainties in LGPS benefits (relating to the effects of the McCloud/Sargeant judgement and the cost cap). This is allowed for within the prudence incorporated into the discount rate.

At the time of producing this report the outcome of the effects relating to the McCloud/Sargeant judgement are still to be agreed upon. The final remedy in response to the judgement will only be known once the

Government's consultation is finalised and a final set of remedial Regulations are published. Furthermore, it is also not known yet what benefit changes in addition to the McCloud remedy (if any) may be made in light of the results of the cost cap process.

The main demographic assumptions are:

- The post retirement mortality tables adopted are the S3PA tables with a multiplier of 110% for males and 105% for females.;
- The dependant post retirement mortality tables adopted are the S3DA tables with a multiplier of 70% for males and 85% for females.

These base tables are then projected using the CMI 2018 Model, allowing for a long-term rate of improvement of 1.25% p.a, a smoothing parameter of 7.5 and an initial addition parameter of 0.5% p.a.

The other key demographic assumptions are:

- Members retire at a single age, based on the average age at which they can take each tranche of their pension; and
- It is assumed that members will exchange 50% of their commutable pension for cash at retirement.

Further details of the derivation of the financial and demographic assumptions can be found in the relevant actuarial valuation report.

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City of Westminster

Committee Report

Decision Maker:	**PENSION FUND COMMITTEE**
Date:	**21 October 2021**
Classification:	**General Release, Appendix Not for Publication**
Title:	**Affordable Housing Manager Shortlist**
Wards Affected:	**All**
Policy Context:	**Effective control over council activities**
Financial Summary:	**There are no immediate financial implications arising from this report, although investment performance has an impact on the Council's employer contribution to the Pension Fund and this is a charge to the General Fund.**
Report of:	**Phil Triggs** ***Tri-Borough Director of Treasury and Pensions*** **ptriggs@westminster.gov.uk** **020 7641 4136**

1. EXECUTIVE SUMMARY

1.1 This paper summarises the investment manager shortlist for a proposed new affordable housing mandate, as agreed at the Pension Fund Committee meeting on 24 June 2021.

2. RECOMMENDATIONS

2.1 The Committee is recommended to:

- consider the three managers shortlisted for the proposed allocation to affordable housing, with Deloitte to prepare a manager selection report if approved.

3. BACKGROUND

3.1 At the 24 June 2021 meeting of the Pension Fund Committee, the investment advisor, Deloitte, presented the Committee with a report on the residential property asset class, with the aim of exploring a suitable inflation protection mandate. The Committee decided to proceed with a manager shortlist and selection process for an affordable housing investment manager, with circa 5% asset allocation to be ascribed to the asset class, and to be funded from the allocation to equities. The affordable housing definition has also been widened to include socially supported housing.

3.2 Affordable Housing (AH) is aimed at low-income workers who are not in the financial position to buy their own properties. Median house prices have increased by over 200% in the last 20 years, compared with salary increases of 60%, leading to a substantial reduction in the supply of affordable housing. AH is covered by Section 106 agreements, with developers needing to allocate a proportion of housing developments as affordable.

3.3 These properties are typically let to local authorities, housing associations or directly to tenants, with additional security in that most of the lease agreements are government backed. It is estimated that 60% of returns within AH is generated from rental income, with the remaining 40% attributed to capital appreciation.

4. MANAGER SHORTLIST PROCESS

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

4.2 Deloitte has researched a longlist of managers currently providing affordable housing strategies in the market, focusing on UK-wide exposure. From this list, Deloitte has proposed a shortlist of managers and assessed against a set of key criteria, for the Pension Fund, as follows:

- Investment managers targeting social supported housing and affordable housing.
- Strategies that are currently capital raising.
- Liquidity of the mandates.
- Strategies with strong expected cash yields and to be distributed relatively quickly.
- Strategies that utilise low levels of leverage.
- Credit security of the proposed providers.

4.3 The credit security of the proposed strategy reflects the security of the underlying providers, where strategies operate a leasehold model. These providers are typically Housing Associations, who manage the properties, liaise with tenants, collect rent and are responsible for property maintenance.

5. RECOMMEDATIONS AND NEXT STEPS

5.1 The Committee is recommended to consider the three investment managers highlighted within Deloitte's report, with the intention of commencing a manager selection process. The proposed strategies are the most suitable providers to meet the Fund's key investment criteria, investing predominately within affordable housing and social supported living and all are currently open for investment.

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

Billie Emery bemery@westminster.gov.uk

BACKGROUND PAPERS:

None

APPENDIX:

Appendix 1: Manager Shortlist – Affordable Housing (exempt)

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