



Haverling

LONDON BOROUGH

LOCAL PENSION BOARD AGENDA

4.00 pm

**Tuesday
4 June 2024**

Microsoft Teams

Members 7: Quorum 2

Jonathan Bunt, Independent, Chairman
Mark Holder, Scheme Member Representative
Yasmin Ramjohn, Scheme Member Representative
Dionne Corrodus-Weekes, Scheme Member Representative
Joanne Sladden, Scheme Employer Representative
Denise Broom, Scheme Employer Representative
Andrew Frater, Scheme Employer Representative

**For information about the meeting please contact:
Luke Phimister 01708434619
luke.phimister@onesource.co.uk**

AGENDA ITEMS

1 CHAIR'S ANNOUNCEMENTS

The Chair will announce details of the arrangements in case of fire or other events that might require the meeting room or building's evacuation.

2 APOLOGIES FOR ABSENCE

(if any) – receive.

3 DISCLOSURE OF INTEREST

Members are invited to disclose any interest in any items on the agenda at this point of the meeting.

Members may still disclose any interest in an item at any time prior to the consideration of the matter.

4 MINUTES OF THE MEETING (Pages 3 - 6)

To approve as correct the minutes of the meeting held on 27 February 2024 (attached) and authorise the Chair to sign them.

5 TO RECEIVE FEEDBACK FROM RECENT MEETINGS OF THE PENSIONS COMMITTEE

6 TRAINING REPORT UPDATE (Pages 7 - 22)

Documents attached

7 PENSIONS COMMITTEE PAPERS REVIEW (Pages 23 - 32)

Documents attached

8 RISK REGISTER UPDATE (Pages 33 - 66)

Documents attached

9 PENSIONS ADMINISTRATION AND LEGISLATION UPDATE (Pages 67 - 124)

Documents attached

Zena Smith
Head of Committee and Election Services

**MINUTES OF THE MEETING OF THE
LOCAL PENSION BOARD
Microsoft Teams
27 February 2024 (4.00 - 6.25 pm)**

Present:

Jonathan Bunt (Independent) (Chairman), Denise Broom (Scheme Employer Representative), Andrew Frater (Scheme Employer Representative), Joanne Sladden (Scheme Employer Representative), Yasmin Ramjohn (Scheme Member Representative) and Dionne Corrodus-Weekes (Scheme Member Representative)

194 CHAIR'S ANNOUNCEMENTS

The Chairman reminded members of the actions to be taken if they were to be disconnected from the virtual meeting.

195 APOLOGIES FOR ABSENCE

Apologies were received from Mark Holder.

196 DISCLOSURE OF INTEREST

There were no disclosures of interests.

197 MINUTES OF THE MEETING

The minutes of the previous meeting were agreed as a correct record.

198 TO RECEIVE FEEDBACK FROM RECENT MEETINGS OF THE PENSIONS COMMITTEE

The feedback from the Pensions Committee was incorporated into the Pensions Committee Papers Review item.

199 COMMUNICATIONS POLICY

Members noted the updated communications policy was due to be presented to the Pensions Committee in November 2024. Officers explained to the Board that the plan had been presented to members for their comments.

Members noted there were different plans for communicating with members of the pension fund and scheme employers.

The Board **noted** the report.

200 **RISK REGISTER**

The Board was presented with the Council's Risk Register.

The Chairman and members suggested the fund's target be added to the register to allow members to track any progress easier.

The Board **noted** the position of the register.

201 **PENSIONS ADMINISTRATION AND LEGISLATION UPDATE**

The Board was presented with a Pensions Administration and Legislation update.

It was explained to members that the performance for the quarter was above target the only casework under 95% was deaths and estimates. Members noted the helpdesk wait times had started to fall with the average being just under 2 minutes with the satisfaction with regards to the helpdesk having increased. Work was undergoing to receive more feedback on the helpdesk.

AI was explained to have reduced the risk of data leaks as it was explained that 'phishing' was the primary access method. An external company conducted annual penetration tests.

The Board asked for enquiries to be made regarding the viability of giving Board members Havering email addresses to reduced GDPR risks.

The Board **noted** the report.

202 **PENSIONS ADMINISTRATION STRATEGY MONITORING PLAN 2024-25**

The Board was presented with a report on the Pensions Administration Strategy Monitoring for 2024/25.

Members noted Havering had checks it needed to undertake as an administration authority with some PAS tasks to be removed as they were not being monitored. Members also noted the last consultation was in 2021 and there were no plans of a future consultation as there had been no major changes.

The Board **noted** the report.

203 **PENSIONS COMMITTEE PAPERS REVIEW**

The Board was presented with a review of the Pension Committee Papers.

It was noted that the money had increased but was still underperforming against the tactical benchmark. The consultation on the next steps had

closed with 152 responses. CBRE reported no issues and feedback had been received at the previous Pensions Committee meeting.

The Board **noted** the report.

Chairman

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LOCAL PENSIONS BOARD

4 June 2024

Subject Heading:

Board Member Training

SLT Lead:

Kathy Freeman Strategic director of Resources

Report Author and contact details:

Debbie Ford

Pension Fund Manager (Finance)

01708432569

Debbie.ford@havering.gov.uk

Policy context:

Financial summary:

None directly

SUMMARY

This report addresses the training requirements of the Local Pension Board and progress.

RECOMMENDATIONS

The Board is asked to:

1. Agree to the completion of the CIPFA knowledge and skills questionnaire, as attached at Appendix A.
2. Determine and address skills and knowledge gaps
3. Note the regulatory training requirements

REPORT DETAIL

1. Background

1. The Pensions Regulator (TPR) new General Code of Practice ('the Code') was laid in Parliament on 10 January 2024 and came into force on 27th March 2024. It replaces Code of Practice 14 for Public Sector Pension Schemes and brings together 10 previous TPR Codes into one single code.
2. TPR General Code of Practice states that it is a regulatory requirement, in accordance with section 248A of the Pension Act 2004 that:
 - a) Every individual of the Pension Board must be conversant with
 - The rules of the scheme, and
 - Any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.
 - b) And have knowledge and understanding of—
 - The law relating to pensions, and
 - Such other matters as may be prescribed.
 - c) The degree of knowledge and understanding required by subsection (b) is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.
3. As set out in the Local Pension Board (LPB) terms of Reference and in line with the above requirements Board members are:
 - a) required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date,
 - b) required to maintain a written record of relevant training and development.
 - c) undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses, and
 - d) will comply with the Scheme Manager's training policy.
4. The LPB will be expected to accept ongoing training on relevant issues and developments that meet the Boards needs to ensure that the Board is able to perform its duties effectively.

5. It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Board.
6. To assist the Board in monitoring its knowledge and skills requirement the Fund uses guidance as issued by The Chartered Institute of Public Finance and Accountancy (CIPFA) “A Technical Knowledge and Skills Framework” for Local Pension Boards to benchmark their training requirements.
7. This Knowledge and Skills Framework (KSF) was first issued in 2015. A revised version was issued in 2021, which applied to the Pensions Committee and Senior Officers.
8. Whilst the 2021 framework targets the Committee and does not directly apply to the LPB, it is broadly similar to the 2015 Framework for the Local Pension Board.
9. CIPFA has identified eight core technical areas where appropriate knowledge and skills should be achieved and maintained. They are:
 - a) pensions legislation and guidance
 - b) pensions governance
 - c) funding strategy and actuarial methods
 - d) pensions administration and communications
 - e) pensions financial strategy, management, accounting, reporting and audit standards
 - f) investment strategy, asset allocation, pooling, performance and risk management
 - g) financial markets and products
 - h) pension services procurement, contract management and relationship management.
10. The Board has previously been issued with CIPFA KSF and includes a self-assessment of training needs as attached at **Appendix A**. The intention is to repeat this exercise during 2024 and for the CIPFA KSF be reissued to the LPB members. On completion, this will be used to identify the knowledge and skills gap and enable a training plan to be developed to target specific areas.
11. To support Board member training, since 15 August 2022, the Fund has also been subscribing to the LGPS Online Learning Academy (LOLA) launched by our Actuaries (Hymans Robertson). This is an online platform designed to support the training needs of Pensions Committees, Local Pension Boards and Officers. On the 1 October 2023 the Fund transitioned to LOLA v2.0, which brings the learning modules more in line with the CIPFA KSF shown in paragraph 9 above and The Pensions Regulator General Code of Practice.
12. The Fund will receive regular progress reports from LOLA allowing it to easily evidence member’s development and progress, as shown below:

Table 1 –LOLA v1

| | LOLA v1.0 | | | | | |
|----------------------------|-----------------------------|------------------------------------|----------------------------------|-------------------------------|-------------|-------------------------|
| | Module 1 | Module 2 | Module 3 | Module 4 | Module 5 | Module 6 ⁽¹⁾ |
| | An introduction to the LGPS | LGPS Governance & Oversight Bodies | Administration & Fund Management | Funding and Actuarial Matters | Investments | Current Issues |
| Local Pension Board | | | | | | |
| Denise Broom | in Progress | enrolled | enrolled | enrolled | enrolled | enrolled |
| Andrew Frater | completed | completed | completed | completed | completed | completed |
| Mark Holder | completed | completed | completed | completed | completed | completed |
| Yasmin Ramjohn | completed | completed | completed | completed | completed | in Progress |
| Joanne Sladden | completed | completed | completed | in Progress | enrolled | enrolled |
| Dionne Weekes | completed | in Progress | enrolled | enrolled | enrolled | enrolled |

(1) Given the nature of Module 6, we expect it to be refreshed regularly with hot topics relating to the LGPS. This section is not part of the mandatory learning required under the CIPFA Knowledge and Skills Framework. As such, we have removed the Module 6 Knowledge Check and reconfigured the learning plan so that certification is awarded after completion of Modules 1 - 5. This means that Module 6 will always show as 'In Progress'.
Some colleagues may show as 'Completed' on Module 6, this is just dependant on when they were onboarded to the platform as we changed the knowledge check after some users had been onboarded.

Table 2 – LOLAv2

| | LOLA v2.0 | | | | | | | | | |
|------------------------------|---|---|---------------------|-------------------------|---|---|--|---|--|----------------|
| Mar-24 | Module 1 | Module 2 | Module 3 | Module 4 | Module 5 | Module 6 | Module 7 | Module 8 | | |
| | An introduction to LGPS Online Learning Academy | Committee Role and Pensions Legislation | Pensions Governance | Pensions Administration | Pensions Accounting and Audit Standards | Procurement and Relationship Management | Investment Performance and Risk Management | Financial Markets and Product Knowledge | Actuarial methods, Standards and Practices | Current Issues |
| Local Pension Board | | | | | | | | | | |
| Jonathan Bunt ⁽¹⁾ | | | | | | | | | | |
| Denise Broom | completed | completed | In progress | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | completed |
| Andrew Frater | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled |
| Mark Holder | completed | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | In progress |
| Yasmin Ramjohn | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled |
| Joanne Sladden | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled |
| Dionne Weekes | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled | enrolled |

⁽¹⁾ enrolled on Sussex LOLA v2.0 platform - certificates to be sent to evidence completion

13. In addition to the LOLA training the TPR also provides a free online training resource to assist those members involved with public service pension schemes, which is accessed via a “Trustee Toolkit” link on its website. The toolkit provides a set of 12 learning modules although not all are applicable for Local Government Pension Scheme (LGPS).
14. Of the 12 modules (10 of which are applicable to the LGPS) there are five core modules for all pension schemes, plus four for Defined Benefit Scheme (LGPS) and plus one for all scheme types.
15. Board Members are encouraged to visit the site and assess whether this will enhance their learning & development.
16. The fund provides board members with a list of items that the Board should be familiar with and made available as part of Board member inductions.
17. It is a statutory requirement for the Fund to report and include within its Annual report, training undertaken by the LPB. To facilitate this the Fund maintains a training register to record appropriate board member training and development.

IMPLICATIONS AND RISKS

Financial implications and risks:

TPR will assess non-compliance with any code when considering if a statutory requirement has been met. There is a risk to the Fund that penalties may be imposed if the TPR, upon assessment, determines that legal requirements are not met.

It is a statutory requirement for the Fund to report and include within its Annual report, training undertaken by the LPB. To facilitate this the Fund maintains a training register to record appropriate board member training and development. There is a risk that this may not be complete if members do not notify officers of any external training undertaken.

Based on number of licences currently active, there is a cost of c£5,000 to access the LOLA training.

Costs are met from the Pension Fund

Legal implications and risks:

Codes of practice are not statements of the law and there is not usually a direct penalty for failing to comply with them, but it does set out expectations of how governing bodies should comply with their legal duties.

It is not necessary for all the provisions of a code of practice to be followed in every circumstance. Any alternative approach to that appearing in the code of practice will need to meet the underlying legal requirements, and a penalty may be imposed if these requirements are not met.

Those legal requirements are set out in the body of the report.

Human Resources implications and risks:

No direct implications

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqHIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

BACKGROUND PAPERS

Background Papers List

None

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LOCAL PENSION BOARD

NAME:

CIPFA KNOWLEDGE AND SKILLS - SELF ASSESSMENT OF TRAINING NEEDS

| | Knowledge & Skills (KS) | | | Further Development (FD) | |
|--|--|---|---------------------------|--|--|
| | Please select Yes/No if you feel you meet criteria | If Yes please give details of how knowledge/skills acquired | Score available Knowledge | Minimum credits earned for knowledge development | Please give details of how knowledge/skills acquired |
| 1 PENSIONS LEGISLATION AND GOVERNANCE CONTEXT | | | | | |
| A general understanding of the pensions legislative framework in the UK | Yes/No | | 1 | | |
| An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment | Yes/No | | 1 | | |
| An appreciation of the Local Government Pensions Scheme (Benefits, Membership and Contributions) Regulations 2007 and Local Government Pension scheme (Administration) Regulations 2008 and their main features and any updated versions | Yes/No | | 1 | | |
| An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers | Yes/No | | 1 | | |
| A regularly updated appreciation of the latest changes to the scheme rules | Yes/No | | 1 | | |
| Knowledge of the role of the administering authority in relation to the LGPS | Yes/No | | 1 | | |
| An understanding of how the roles and powers of the DCLG, Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme. | Yes/No | | 1 | | |
| Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure | Yes/No | | 1 | | |
| Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers. | Yes/No | | 1 | | |

LOCAL PENSION BOARD

NAME:

CIPFA KNOWLEDGE AND SKILLS - SELF ASSESSMENT OF TRAINING NEEDS

| | Knowledge & Skills (KS) | | | Further Development (FD) | |
|---|--|---|---------------------------|--|--|
| | Please select Yes/No if you feel you meet criteria | If Yes please give details of how knowledge/skills acquired | Score available Knowledge | Minimum credits earned for knowledge development | Please give details of how knowledge/skills acquired |
| Awareness of the role and statutory responsibilities of the treasurer and monitoring officer | Yes/No | | 1 | | |
| A Knowledge of the LGPS main features | Yes/No | | 1 | | |
| Knowledge of the Myners principles and associated CIPFA and SOLACE guidance | Yes/No | | 1 | | |
| A detailed knowledge of the duties and responsibilities of committee /board members | Yes/No | | 1 | | |
| Knowledge of how pension fund management risk is monitored and managed | Yes/No | | 1 | | |
| Knowledge of the stakeholders of the pension fund and the nature of their interests | Yes/No | | 1 | | |
| An understanding of how conflicts of interest are identified and managed | Yes/No | | 1 | | |
| An understanding of how breaches of law are reported | Yes/No | | 1 | | |
| | | score 1 for each yes from above | 17 | 0 | |
| 2 PENSIONS ACCOUNTING AND AUDITING STANDARDS | | | | | |
| An understanding of the Accounts and Audit regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the accounts and annual report. | Yes/No | | 1 | | |
| An understanding of the role of both internal and external audit in the governance and assurance process | Yes/No | | 1 | | |
| An understanding of the role played by third party assurance providers | Yes/No | | 1 | | |

LOCAL PENSION BOARD

NAME:

CIPFA KNOWLEDGE AND SKILLS - SELF ASSESSMENT OF TRAINING NEEDS

| | Knowledge & Skills (KS) | | | Further Development (FD) | |
|--|--|---|---------------------------|--|--|
| | Please select Yes/No if you feel you meet criteria | If Yes please give details of how knowledge/skills acquired | Score available Knowledge | Minimum credits earned for knowledge development | Please give details of how knowledge/skills acquired |
| a PENSIONS ADMINISTRATION | | | | | |
| An understanding of best practice in pensions administration e.g. performance and cost measures | Yes/No | | 1 | | |
| Understanding of the required and adopted scheme policies and procedures relating to: | Yes/No | | 1 | | |
| member data maintenance and record-keeping processes | | | | | |
| internal dispute resolution | | | | | |
| contributions collection | | | | | |
| scheme communication and materials | | | | | |
| Knowledge of how discretionary powers operate | Yes/No | | 1 | | |
| Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes) | Yes/No | | 1 | | |
| An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration | Yes/No | | 1 | | |
| An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements | Yes/No | | 1 | | |
| | | score 1 for each yes from above | 9 | 0 | |

LOCAL PENSION BOARD

NAME:

CIPFA KNOWLEDGE AND SKILLS - SELF ASSESSMENT OF TRAINING NEEDS

| | Knowledge & Skills (KS) | | | Further Development (FD) | |
|---|--|---|---------------------------|--|--|
| | Please select Yes/No if you feel you meet criteria | If Yes please give details of how knowledge/skills acquired | Score available Knowledge | Minimum credits earned for knowledge development | Please give details of how knowledge/skills acquired |
| 3 PENSIONS SERVICES PROCUREMENT AND RELATIONSHIP MANAGEMENT | | | | | |
| Understanding of the background to current procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations. | Yes/No | | 1 | | |
| A general understanding of the main public procurement requirements of UK and EU legislation | Yes/No | | 1 | | |
| An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties | Yes/No | | 1 | | |
| An understanding of how the pension fund monitors and manages the performance of their outsourced providers | Yes/No | | 1 | | |
| | | score 1 for each yes from above | 4 | 0 | |
| 4 INVESTMENT PERFORMANCE AND RISK MANAGEMENT | | | | | |
| Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks | Yes/No | | 1 | | |
| Awareness of the Myners principles of performance management and the approach adopted by the administering authority | Yes/No | | 1 | | |
| Awareness of the Myners principles and the need to set targets for the committee and to report against them. | Yes/No | | 1 | | |
| Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime. | Yes/No | | 1 | | |

LOCAL PENSION BOARD

NAME:

CIPFA KNOWLEDGE AND SKILLS - SELF ASSESSMENT OF TRAINING NEEDS

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|--|--|---|---------------------------|--|--|
| | Please select Yes/No if you feel you meet criteria | If Yes please give details of how knowledge/skills acquired | Score available Knowledge | Minimum credits earned for knowledge development | Please give details of how knowledge/skills acquired |
| | | score 1 for each yes from above | 4 | 0 | |

LOCAL PENSION BOARD

NAME:

CIPFA KNOWLEDGE AND SKILLS - SELF ASSESSMENT OF TRAINING NEEDS

| | Knowledge & Skills (KS) | | | Further Development (FD) | |
|---|--|---|---------------------------|--|--|
| | Please select Yes/No if you feel you meet criteria | If Yes please give details of how knowledge/skills acquired | Score available Knowledge | Minimum credits earned for knowledge development | Please give details of how knowledge/skills acquired |
| 5 FINANCIAL MARKETS AND PRODUCTS KNOWLEDGE | | | | | |
| An understanding of the risk and return characteristics of the main asset classes (equities, bonds, property). | Yes/No | | 1 | | |
| Understanding of the role of these asset classes in long-term pension fund investing | Yes/No | | 1 | | |
| Understanding of the primary importance of the Fund's Statement of Investment Principles and the investment strategy decision. | Yes/No | | 1 | | |
| A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks. | Yes/No | | 1 | | |
| An understanding of the limits placed by regulation on the investment activities of local government pension funds | Yes/No | | 1 | | |
| An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments | Yes/No | | 1 | | |
| | | score 1 for each yes from above | 6 | 0 | |
| 6 ACTUARIAL METHODS, STANDARDS AND PRACTICES | | | | | |
| A general understanding of the role of the Fund Actuary | Yes/No | | 1 | | |
| Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring | Yes/No | | 1 | | |
| Awareness of the importance of monitoring early and ill-health retirement strain costs | Yes/No | | 1 | | |

LOCAL PENSION BOARD

NAME:

CIPFA KNOWLEDGE AND SKILLS - SELF ASSESSMENT OF TRAINING NEEDS

| | Knowledge & Skills (KS) | | | Further Development (FD) | |
|---|--|---|---------------------------|--|--|
| | Please select Yes/No if you feel you meet criteria | If Yes please give details of how knowledge/skills acquired | Score available Knowledge | Minimum credits earned for knowledge development | Please give details of how knowledge/skills acquired |
| A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers | Yes/No | | 1 | | |
| A general awareness of the relevant considerations in relation to outsourcing and bulk transfers | Yes/No | | 1 | | |
| A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers | Yes/No | | 1 | | |
| | | score 1 for each yes from above | 6 | 0 | |
| Maximum score available | | | 46 | 8 | |

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LOCAL PENSIONS BOARD

4 June 2024

Subject Heading:

Review of Pension Committee Papers

SLT Lead:

Kathy Freeman Strategic director of Resources

Report Author and contact details:

Debbie Ford

Pension Fund Manager (Finance)

01708432569

Debbie.ford@havering.gov.uk

Policy context:

Oversight and Scrutiny with respect to decisions taken by the Pension Committee

Financial summary:

None directly

SUMMARY

The Pension Board is invited to note the reports from the most recent Pension Committee meeting held on 19 March 2024.

RECOMMENDATIONS

To note the report.

REPORT DETAIL

1. Background

The papers from the most recent Pension Committee meeting are available online for the December meeting on the council's website: [Pensions Committee - 19 March 2024](#) with the exception of exempt papers, which can be made available on request. **Highlights of all papers are covered below:**

2. Pension Fund Performance Monitoring for the quarter ending 31 December 2023 (Agenda Item 7).

- 2.1 The Committee considered the quarterly investment performance of the Fund as at 31 December 2023.
- 2.2 The market value of the Fund's assets at 31 December 2023 was £932.0m, an increase of £32.8m compared with 30 September 23. Movement is attributable to an increase in asset values (£37.2m) and decrease in cash including Foreign Exchange (£4.4m).
- 2.3 Fund underperformed the tactical benchmark by -0.38% and underperformed the strategic benchmark by -5.22%.
- 2.4 Amid expectations of larger and sooner rate cuts in 2024, bond prices rose and yields fell sharply, pushing up expected liability values. This resulted in the Fund's liabilities increasing by more than the Fund's assets over the quarter so the funding level of the fund has fallen slightly. This market backdrop also contributed to equity and credit mandates delivering positive returns, with the Fund's global equity mandates benefiting strongly from this.
- 2.5 Full details of the Fund's asset allocation and individual manager performance are included within Appendix A (Pensions Committee 19 March 2024 Document pack – item 7), provided by the Fund's investment advisers, Hymans.
- 2.6 At each reporting cycle, the Committee will see a different fund manager until members have met them all unless there are performance concerns that demand a manager be brought back again for further investigation. The fund manager attending the meeting was **Permira – Private Debt Manager**. (report exempt from public).
- 2.7 Investment strategy movements from the September report:

- completed £1.9m of capital draw down requests, funded with cash received from investment income held with the Custodian.
- As agreed at the 25 July 23 Pensions Committee meeting, £13m was paid to JP Morgan on the 2 October 23. In line with the Fund's Investment Strategy. This was funded by a divestment from LCIV Diversified Growth Fund.
- As agreed at the 12 September 2023 Pensions Committee meeting, £45m was invested in the LCIV Global Bond Fund on the 10 November 2023. This was funded by a full redemption of the LCIV Diversified Growth Fund. Residual cash balance from the full redemption of the LCIV Diversified Growth Fund will be held pending future investment decisions or to fund outstanding capital call.
- At 31 January 2023 there was £55m of outstanding capital commitments.

2.8 LCIV Updates:

- All Havering investments funds are on 'normal' monitoring status
- **LCIV Absolute Return Fund** in depth review was completed on 10 January 2024. Whilst monitoring status remains 'normal', assessment against the categories *Performance* was reduced from Green to amber, due to deterioration in performance (-1.0% over the last quarter, - 10.9% over the last 12 months and -0.6% since inception) and *Risk management* changed from green to amber, due to number of drawdowns. *Execution* changed from amber to green due to strengthened sophistication of their implementation and dealing processes. Closer monitoring means the next review will be held in May 2024. The LCIV Renewable Fund annual review is due in Q2 24 (April to June).
- Staffing update – New Chief Investment Officer – Aoifinn Devitt joined LCIV on 15 January 2024.

2.9 LGPS General Updates:

- **The Pensions Regulator(TPR) – General Code of Practice** –A new general Code of Practice “the Code” was laid in parliament on the 10 January and came into force on the 28 March 2024.
- The Code contains new governance requirements and sets out TPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place.
- The Code consists of 51 topic based modules, grouped into five themes:
 - The Governing Body
 - Funding and Investment
 - Administration
 - Communication and Disclosure
 - Reporting to TPR

- Within the 51 modules that apply to the running of a pension scheme not all apply to the Local Government Pension Scheme (LGPS).
- The Fund previously assessed compliance against the Code of Practice 14 (CoP14) (Governance and Administration of Public Service Pension Schemes) and this will be superseded by the new single code. Whilst the content remains largely the same, the move from CoP14 to the new Code will require Funds to identify the required changes to their current processes, check current policies and procedures are fit for purpose, and implement changes where necessary.
- The Fund has now signed up to the Hymans “LGPS compliance checker” and officers with the use of this tool, assess compliance against the Code and identify if there are any gaps. Funds have up to 6 months from implementation of the Code to produce an action plan to address any partial or non –compliance –so end of September 2024
- The outcome of the compliance assessment and any action plan will be reported to the Local Pension Board and the Pensions Committee.

3. Cash Management Policy Review

- 3.1 The report set out a proposed Cashflow Policy establishing an acceptable working cash balance to be held by the Fund
- 3.2 The Committee considered and agreed the Cashflow policy and also agreed for the policy to be reviewed every three years or in the event that Fund’s cash flow profile was to materially change, for example if the Fund benefit payments increased by more than 20%.
- 3.3 In summary, the cashflow policy (refer to Appendix A to the report for details):
 - A target working cash balance of £8m (previously £6m) to be set, with an operational range of £5m to £13m (previous range between £3m and £8m).
 - This cash balance of £8m provides a buffer to cover one month of predictable outgoings (£3.5m) and three months of unpredictable outgoings (£1.5m) plus, an allowance for currency settlements (£3m).
 - The cash balance will be replenished by monthly contributions and by income received from the UK property and private market investment arrangements.
 - The working cash balance will be reviewed on a monthly basis immediately following receipt of contributions, and permitted to vary between £5m and £13m. In the event that cash levels fall out of these limits then officers should take the following actions:
 - If cash falls below the lower limit of £5m, assets will be disinvested from the most overweight liquid allocation to increase the working cash balance back to £8m.

- In the event that cash levels rise above the upper limit of £13m, cash will be invested in the most underweight liquid allocation to reduce the working cash balance back to £13m. Officers may consult the Fund's Investment adviser for the most appropriate investment for the excess cash.
- The cash balance may be retained above the upper limit at the discretion of the Section 151 officer.
- Where the Fund has undrawn capital commitments amounting to £60m and £24.9m of those are expected to be called over the next 12 months, the Fund may retain additional cash to meet such commitments. These amounts will be considered as being additional to the working cash balance set out above.

4 Review of Voting and Engagement Activity June 2023

- 4.1 This report presented a summary of the Investment Managers' Voting and Engagement Activities over the 12-month period to **30 June 2023**.
- 4.2 The committee noted the review undertaken by Hymans and agreed the recommendations as set in **Appendix A** to the report and noted the next steps also set out in **Appendix A** to the report (para 4.7 below also refers)
- 4.3 This review is in support of the Committee's ongoing annual monitoring requirement as set out in the Investment Strategy Statement (ISS) as follows:
- The Committee monitors the voting decisions made by all its investment managers and receive reporting from their advisers to support this on an annual basis.
 - The Committee will request its investment managers provide details of any change in policy on an annual basis. The Committee will review these changes and, where necessary, will challenge managers to explain the reasoning for any change
 - The Committee reviews voting activity by its investment managers on an annual basis and may also periodically review managers' voting patterns. The Committee will challenge its managers to explain voting decisions on certain issues, particularly with regard to climate risk disclosure.
- 4.4 The Fund does not have its own voting policy and in line with the Fund's current ISS, engagement and voting activity is delegated to the Fund's Investment managers with the Fund reviewing their approach on an annual basis. This review having been undertaken by the Fund's Investment Advisor.
- 4.5 Hymans report as per **Appendix A** addresses the above for the Committee's consideration, which also includes information on the Fund's managers that are signatories to the UK Stewardship Code 2020 and who report against the Principles for Responsible Investment (PRI):

- Stewardship Code 2020 – is a voluntary code that sets high stewardship standards. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society for those investing money on behalf of UK savers and pensioners, and those that support them. Signatories must report annually against 12 principles. **(3 out of 12 fund managers are not signatories – Stafford, Churchill and Permira)**
- PRI - is voluntary and allows organisations to publicly demonstrate its commitment to incorporating environmental, social and governance (ESG) factors into its investment decision making and ownership practices. Signatories must report annually against 6 principles (all investment managers are signatories scoring a rating of 4 out of 5 stars or above).

4.6 Summary of observations as set out in detail within Appendix A:

- The Fund had investments through two managers, across seven mandates with equity exposure. The two managers are LGIM and LCIV, although LCIV's policy is currently to delegate voting implementation to EOS at Federated Hermes ("EOS") for global equity funds and to the underlying managers (Baillie Gifford, Ruffer) for multi-asset funds.
- The vast majority of resolutions were voted upon. Exercise rates for managers including LGIM, across their mandate, and LCIV Absolute Return Fund were at least 99.0%. LCIV Global Alpha Growth Paris Aligned Fund and LCIV Diversified Growth Fund (had a lower rate across their two mandates but at least 95.0% of votes were exercised. Lastly, LCIV PEPPA Passive Equity Fund had an exercise rate of 97.0% across their mandate.
- EOS and managers demonstrated a preparedness on occasion to vote against company management. LGIM voted against management most frequently with around 19% of votes against management. This was in line with the previous reporting period. This is consistent with the index-tracking nature of these mandates.
- Similar to last year, there was commonality in the reasons why EOS/managers voted against management, with board diversity and remuneration being key themes. It should be noted that managers vote against the re-election of directors for a number of reasons some of which may be unrelated to the particular directors standing for re-election.

4.7 Next Steps/recommendations:

- recommend that at future Pensions Committee meetings where LGIM or LCIV present, focus should be given to voting practices and the progress of climate ambitions being met. Hymans propose to identify appropriate case studies for each to facilitate discussion and recommend that the Committee agree a short list of focus companies over which manager activity can be challenged.
- that the Committee or Officers undertake a more structured engagement on stewardship issues with key managers. (Structured engagement would seek to probe into greater detail into the actions of an asset manager on a particular subject and would generally envisage a longer, more focused dialogue than would take place during a Committee meeting. The aim is to ensure that managers are being held fully accountable for their actions by setting clear expectations and outcomes that are needed. The way that Hymans have approached this with others is by creating an “engagement framework” to guide discussions, fully documenting the objectives and actions and then using this as a basis for further conversations. Hymans envisage this more as a dialogue for Officers than Committee members (although could include a member of Committee if desired) and it could be focused on a small number of key relationships, eg LGIM and LCIV in the first instance and then expanded).

5 Admission of Caterlink for the provision of catering services to St Edwards Academy

- 5.1 The Committee agreed to admit Caterlink Limited into the Havering Pension Fund, enabling 5 members continued membership to the LGPS.
- 4.2 The contract commenced 11 February 2023 and is due to expire on the 23 October 2025.
- 4.3 Caterlink employer contribution rate has been set at 24.8% and admitted on a pass through basis and therefore not required to obtain an indemnity bond. The notional value of assets and liabilities remain with the responsibility of the St Edwards Academy for the duration of participation in the Fund. The Academy is covered by the Department for Education guarantee so the Council and all other Havering scheme employers are protected should the academy fail as a going concern

IMPLICATIONS AND RISKS

Financial implications and risks:

This report provides feedback from items that have already been presented to the Pensions Committee on the 19 March 24.

Report clearance was achieved as part of that process and no new recommendations are necessary. Therefore, there are no direct financial implications arising from the recommendations in this report to the Local Pension Board.

Legal implications and risks:

This report provides feedback from items that have already been presented to the Pensions Committee on the 19 March

Report clearance was achieved as part of that process and no new recommendations are necessary. Therefore, there are no legal implications arising from the recommendations in this report to the Local Pension Board.

Human Resources implications and risks:

This report provides feedback from items that have already been presented to the Pensions Committee on the 19 March 2024

Report clearance was achieved as part of that process and no new recommendations are necessary. Therefore, there are no Human Resources implications arising from the recommendations in this report to the Local Pension Board.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

(iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqHIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

BACKGROUND PAPERS

Background Papers List

None

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LOCAL PENSIONS BOARD

4 June 2024

Subject Heading:

**PENSION FUND RISK REGISTER
UPDATE**

SLT Lead:

**Kathy Freeman, Strategic Director
Resources**

Report Author and contact details:

Debbie Ford
Pension Fund Manager (Finance)
01708432569
Debbie.ford@havering.gov.uk

Policy context:

Financial summary:

SUMMARY

The Local Pension Board review the current Risk Register at **Appendix A**, which details the potential risks the Fund is exposed to and the controls in place to manage those risks.

This report updates the Board and Committee on changes to the Fund's Risk Register since the last meeting

RECOMMENDATIONS

The Local Pension Board:

1. Review the process for ongoing monitoring of the Risk Register
2. Recommend any updates to the Risk Register

REPORT DETAIL

1. Background

1.1 Risk management is a key responsibility of those charged with Pension Fund Governance and the need for effective risk management is reflected throughout Local Government Pension Scheme (LGPS) guidance and regulation, including:

- Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (Regulation 12(2) of the Local Government Pension Scheme
- The Pensions Regulator's Code of Practice 14 (which includes a section on internal controls and managing risks).
- The CIPFA Publication Delivering Good Governance in Local Government: Framework (2016 Edition) based upon the CIPFA/SOLACE Code of Corporate Governance and the later version Managing Risk in the Local Government Pension Scheme (2018 Edition).
- Statutory guidance under Regulation 58 of the LGPS Regulations 2013 (Regulation 56 of The Local Government Pension Scheme (Scotland) Regulations 2018).
- Preparing and Maintaining a Funding Strategy Statement in the LGPS, 2016 Edition.
- CIPFA's guidance on Investment Pooling and Governance Principles, published in 2016.

1.2 The effective management of risk is also an area which is covered within the CIPFA Knowledge and Skills framework recognising the importance that those charged with governance have an understanding of the risks that could impact on the Fund and steps taken to mitigate such risks.

1.3 It should be recognised that it may not be possible to eliminate all risks but accepting and actively managing risk is crucial to fulfilling the governance of the Fund.

1.4 The Risk Register is a 'live' document and therefore all risks are reviewed quarterly by the Local Pension Board to ensure that they remain relevant and that appropriate controls are in place to manage risks where feasible. Any recommendations for change are reported to the Pensions Committee annually.

1.5 The Fund uses a matrix to plot risk likelihood and risk impact. 'green' shaded area on the matrix show the risks where there is adequate control.

Risks in the 'amber' and 'red' zones are those over which closer control is required.

1.6 Actions taken following the 7 November 2023 Pensions Committee meeting:

- a) Risk No.2.2 - amended to reflect that the contract, which ended on 31 March 2024, has an option to extend to 31 March 2026
- b) New risk added No. 4.4 - "Employers ability to meet contribution rates determined by the Actuary in the Valuation Rates and Adjustment certificate due to budget pressures"
- c) Risk No 5.4 - Cyber Risk has been changed to C/2 (likely/serious) from D/3 (possible/moderate),
- d) The Risk matrix has been updated to include words along with letters and numbers to easily identify its risk likelihood and risk impact category without having to refer to the key at the top of the document.
- e) The amended version to reflect the above is attached as **Appendix A**.
- f) Committee asked for a benchmarking exercise to be undertaken to determine how our risk register compares to other funds and to include a comparison of how risk scoring is assessed. This exercise has been completed and results are shown below:

1.7 Results of Benchmarking exercise:

- a) 22 London Boroughs were included in the scope for research and compared to the Havering Risk Register.
- b) All registers cover the same risks (with different wording) and are in line with CIPFA guidance and most use the CIPFA Traffic Light Risk Matrix
- c) Registers vary on the number of individual risks within each high level risk categories. Not all individual risks were classified under the same high level category.
- d) Risk Register formats vary and not all have columns for mitigations/actions.
- e) Some used the CIPFA guidance traffic light model matrix with 6 columns, columns 1-3 being pre control scores and columns 3-6 being post control score. Havering only use one score for pre and post control.
- f) There were no details on any of the registers as to who was responsible for the risk scoring. The Scheme Advisory Board was contacted and commented that it was mainly Officers who scored the registers (contact was made with a few boroughs who confirmed this)
- g) In 2 cases the Pensions Committee/Hymans Robertson also took part setting the risk scorings however Hymans charge for the service.

- h) Risk and their Scorings are discussed at Local Pension Board and Pensions Committee meetings.
- i) Havering Complies with the above apart from not showing a direction of travel column

1.8 Actions from Local Pension Board meeting - 27 February 2024

- a) Risk Register: Determine risk appetite – Officers to determine how this will be achieved
- b) Ask Hymans to cast an eye over register and officer scoring – Officers have contacted Hymans for a quote to undertake review
- c) Feedback for monitoring - split risks into Strategic and Operational classifications – Officers have undertaken this action and have determined the following definitions of classifications:
 - Strategic - risks that arise from the decisions that the committee or Fund take concerning the Fund’s objectives. Essentially, strategic risks are the risks of failing to achieve these business objectives
 - Operational – risks connected with the internal resources, systems, processes, and employees of the organisation Strategic and Operational Risks
- d) A summary of risks defined by the above categories are shown in Table 1.
- e) An updated register incorporating the above is attached as Appendix A for review.

Table 1 – Summary of Risks with Strategic or Operational classifications

| Summary of Risks with Strategic or Operational classifications | | Strategic | Operational |
|--|---|-----------|-------------|
| Risk 1 Inaccurate 3 yearly actuarial valuation | | ✓ | |
| 1.1 Inappropriate assumptions used by actuary in calculations for valuation. | | | ✓ |
| 1.2 Poor quality data | | | ✓ |
| Risk 2 Incorrect/ Inappropriate Investment Strategy | | | |
| 2.1 Lack of or poor professional investment advice given or not taken. | ✓ | | |
| 2.2 Poor governance of Investment Advisor | | | ✓ |
| 2.3 Lack of understanding and awareness | | | ✓ |
| 2.4 Concentration risk by asset, region and sector/Lack of clear risk appetite. | ✓ | | |
| 2.5 Based upon inaccurate actuarial valuation. | ✓ | | |
| Risk 3 Failure of Investments to Perform In-Line with Growth Expectations | | | |
| 3.1 Poor Fund Manager selection. | ✓ | | |
| 3.2 Underperformance by Fund Manager. | ✓ | | |
| 3.3 Poor investment advice provided to the Fund or not taken. | ✓ | | |
| 3.4 financial market impacts/external factors/increased market volatility | ✓ | | |
| 3.5 Delays in the implementation of the strategy | | | ✓ |
| 3.6 Delays in compliance with capital calls/FX Hedges mandates could result in penalty payments. | | | ✓ |
| 3.7 Underperformance of LCIV Fund manager. Failure to achieve Asset Under Management (AUM) Target | ✓ | | |
| 3.8 Fund Managers –noncompliance to the Code of Transparency | ✓ | | |
| 3.9 Climate Risk /ESG Considerations | ✓ | | |
| 3.10 Existing MATS Consolidation with Funds external to Havering Fund. | ✓ | | |
| Risk 4 Failure to comply with Legislation | | | |
| 4.1 Lack of appropriate skills/knowledge. Unaware of Legislative changes/poor/inaccurate interpretation of regulations | | | ✓ |
| 4.2 Key person dependency | | | ✓ |
| 4.3 Failure/inability to administer the pension scheme in accordance with regulations. | | | ✓ |
| 4.4 Employers ability to meet contribution rates determined by the Actuary due to budget pressures | | | ✓ |
| Risk 5 Inability to Manage/Govern the Pension Fund and Associated Services | | | |
| 5.1 Staffing issues: Loss of corporate knowledge/Long-term sickness/staff turnover/lack of resources | | | ✓ |
| 5.2 LCIV resourcing – LCIV staff turnover. | ✓ | | |
| 5.3 ICT failure/Disaster Recovery. | | | ✓ |
| 5.4 Cyber Security Risk. | | | ✓ |
| 5.5 Functionality of Oracle Cloud causes pension fund system issues | | | ✓ |
| 5.6 Poor Pension fund administration by the outsourced service LPPA. | | | ✓ |
| 5.7 Poor administration by the employers/payroll providers in the fund | | | ✓ |
| 5.8 Failure/inability to undertake the accounting of the pension scheme appropriately. | | | ✓ |
| 5.9 Poor communications with stakeholders. | | | ✓ |
| 5.10 Excessive charges by suppliers | | | ✓ |
| 5.11 The Data migration from Altair to UPM (Universal Pensions Management) is not complete and accurate | | | ✓ |
| Risk 6 Failure to onboard or exit Employers/Members effectively | | | |
| 6.1 Delays in internal processing of documentation/ admission agreements. | | | ✓ |
| 6.2 Poor communications with stakeholders/ lack of understanding by employers with regard to their responsibilities. | | | ✓ |
| 6.3 Member data incomplete or incorrect | | | ✓ |
| 6.4 Government white paper on academies, all LEA's to convert to academy status within the next 8 years. | ✓ | | |
| Risk 7 Pension Fund payment Fraud | | | |
| 7.1 Pension overpayments arising because of non-notification in change of circumstances. | | | ✓ |
| 7.2 Internal staff fraud/ Staffacting outside of levels of authorisation | | | ✓ |
| 7.3 Conflict of interest. | | | ✓ |
| | | 14 | 25 |
| Total = 39 individual Risks | | | 39 |

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no immediate direct financial consequences arising as a result of this report. However, understanding the risks that are present in the Fund and how they are managed is essential to the overall strategic management of the Fund and the governance role of the Board.

Legal implications and risks:

Ongoing review and monitoring of the Risk Register will enable the Board to meet its responsibilities in securing compliance with the LGPS regulations and other legislation relating to the governance and administration of the LGPS

Human Resources implications and risks:

None arise from this report

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment/identity.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An EqHIA is not considered necessary regarding this matter as the protected groups are not directly or indirectly affected

BACKGROUND PAPERS

Background Papers List

None

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Havering Pension Fund

Risk Register

September 2023

Generic Pension Fund Risk Register

The pension fund uses a 4 x 6 matrix to plot risk likelihood and impact and has set its risk appetite. The Risk Likelihood/Impact score shows in the column “Risk Likelihood / Impact Prior to controls” and the column “Risk Likelihood / Impact Post Controls.” The green shaded area on the matrix shows the risks where there is good control and the Council is comfortable with the risk. Risks in the amber and red zones are those over which closer control is needed.

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| | | | | | |
|------------|--------|-------|-------|-------|-------|
| Likelihood | A | Green | Amber | Red | Red |
| | B | Green | Amber | Amber | Red |
| | C | Green | Green | Amber | Amber |
| | D | Green | Green | Green | Amber |
| | E | Green | Green | Green | Green |
| | F | Green | Green | Green | Green |
| | | 4 | 3 | 2 | 1 |
| | Impact | | | | |

Risk Likelihood

F = Very Unlikely

E = Unlikely

D = Possible

C = Likely

B = Very likely

A = Certainty

Risk Impact

4 = Negligible

3 = Moderate

2 = Serious

1 = Major

| Abbreviations | Description |
|---------------|---|
| CMO | Contract Monitoring Officer - Caroline Guyon |
| CIPFA | Chartered Institute of Public Finance and Accountancy |
| DLUHC | Department for Levelling UP, Housing & Communities |
| DWP | Department for Work and Pensions |
| ESG | Environmental, Social and Governance |
| FCA | Financial Conduct Authority |
| GAD | Government Actuary's Department |
| ICT | Information and Communications Technology |
| LCIV | London Collective Investment Vehicle |
| LGPS | Local Government Pension Scheme |
| LPB | Local Pension Board |
| LPPA | Local Pensions Partnership Administration |
| PFM | Pension Fund Manager, Finance – Debbie Ford |
| SAB | Scheme Advisory Board |
| SLA | Service Level Agreement |
| SLT | Society of London Treasurers |
| TCFD | Task Force on Climate-related Financial Disclosures |
| tPR | The Pensions Regulator |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|---|-------------------|---|---|--|--|--|---|--|
| RISK TITLE | | | | | | | | |
| No 1. Risk of Inaccurate three yearly actuarial valuation | | | | | | | | |
| Upper Level: S151 Officer/Director of Exchequer and Transactional Services | | | | | | | | |
| 1.1 | Lower Levels: PFM | Strategic Risk Inappropriate assumptions used by actuary in calculations for valuation. | Inappropriate investment risk may be adopted and deficit not reduced. | AMBER B/2 Very Likely/ Serious | Assumptions for valuation are compliant with regulation. | GREEN E/3 Unlikely/ Moderate | | Officer meeting October 2022. Valuation training for pensions Committee members delivered by Hymans December 22. Valuation 2022 process completed by March 2023 deadline. Risk and Controls Reviewed by LPB July 23. GAD S13 report for 2022 not expected until 2024 – Officers to assess results and report to Committee on the outcomes. |
| | | | | | Actuarial assumptions are open to challenge by officers, members during training and as part of the Funding Strategy Statement consultation with stakeholders. | | | |
| | | | | | Valuation results are checked for consistency across LGPS funds via GAD S13 report. | | GAD S13 report measures valuations using 4 criteria: <ul style="list-style-type: none"> • compliance • constituency • solvency • long-term cost efficiency. GAD S13 report on 2019 valuations resulted in the Fund receiving “white” flag under the solvency measure – meaning no overall concerns. | |
| | | | | | Local Government benchmarking/comparisons of assumptions. | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|---|--|---|--|---|--|
| | | | | | Asset/Liability review following Valuation and consideration by members. | | | |
| | | | Potential for Council Tax increases to plug funding gap. | | Valuation completed by a qualified professional actuary. | | | Risk and Controls Reviewed by LPB July 23. |
| | | | | | Robust, open procurement process in place for appointment of actuary. | | | 22/23 Service Review due to be presented to Pensions Committee in November 2023. |
| | | | | | Annual review of actuary performance undertaken by Pensions Committee. | | 21/22 Service Review submitted to Pensions Committee 08 November 2022. Current contract extended to 2025, in line with framework agreement. | |
| 1.2 | PFM / CMO | Operational Risk Poor quality data provided /personal data not maintained (gaps/incorrect). | Poor quality or incomplete data could result in an increase to employer contributions/ inappropriate contribution percentages calculated. | AMBER B/2 Very Likely/ Serious | Data cleansing/Controls in place to ensure accuracy and completeness of data. Data accuracy measured against the Pensions Regulator scoring criteria with a requirement to achieve 100% accuracy on common data. An annual data improvement plan is in place with agreement from LPPA to ensure identified areas for improvement are recorded and dealt with. | GREEN E/3 Unlikely/ Moderate | Risk and Controls Reviewed by LPB July 23. | |
| | | | | | Annual Data Improvement plan implemented with agreement from LPPA and regular checking of the Pensions Regulator data | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|---|---|---|--|---|--|---|---|
| | | | | | <p>scores to identify areas to be fed into the plan.</p> <p>Pensions Administration Strategy implemented with effect from 01/10/21 to clarify employer responsibilities regarding data accuracy and timeliness.</p> | | | |
| | RISK TITLE No 2. Risk of Incorrect / Inappropriate Investment Strategy | | | | | | | |
| | Upper Level:S151 Officer | | | | | | | |
| 2.1 | Lower Levels: PFM | Strategic Risk Lack of or poor professional investment advice given or not taken. | Potential for financial loss. | AMBER C/2 Likely/Serious | Investment Advisor appointed to advise the Fund who is instrumental in setting Investment Strategy. | GREEN D/3 Possible/Moderate | | Risk and controls reviewed September 23. No changes required to current controls. |
| | | | Loss of investment opportunities and adverse performance. | | Investment Advisor is FCA regulated so is required to evidence that they meet the required standards. | | | |
| | | | Growth opportunities are not maximised. | | | | | |
| 2.2 | PFM | Operational Risk Poor governance of Investment Advisor. | Potential for financial loss. | AMBER C/2 Likely/Serious | Robust, open procurement process in place for appointment of Investment Advisor. | GREEN E/3 Unlikely/Moderate | Contract ends 31 March 2024 with the option to extend to 31 March 2026. | Risk and controls reviewed September 23. |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|--|--|---|--|--|--|
| Page 45 | | | | | Investment Advisor performance is annually reviewed by the Pensions Committee and conforms to Competitive Markets Order. | | 21/22 Service review presented to Pensions Committee 13 December 2022. | No changes required. 22/23 Service review due to Pensions Committee November 2023. Officers to recommend extension of contract to 31 March 2026. |
| | | | | | Option to appoint an Independent advisor to undertake a health check and add robustness to the investment strategy as required. | | | |
| 2.3 | PFM | Operational Risk Lack of understanding and awareness (Pension Committee). | More investment risk may be taken to bridge a gap that does not actually exist and could generate inefficiencies and unintended risks if not fully understood. | AMBER C/2 Likely/Serious | Investment strategy /risks continually assessed as part of the quarterly monitoring process by the Pensions Committee. | GREEN D/2 Possible/ Serious | | Risk and controls reviewed September 23. Hymans LOLA Version 2 to go live 1 October 2023. Continue to monitor completion of modules |
| | | | | | Investment Advisor attends each quarterly Pension Committee meeting. | | | |
| | | | | | Knowledge and skills training of LPB and Committee Members / Inductions carried out for new LPB and Pension Fund Committee members. | | Pensions Committee & LPB -Training / Awareness ongoing - working towards full compliance with CIPFA Knowledge and Skills framework. Signed up to Hymans online learning | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|---|----------------------|--|--|--|--|--|-----------------------------------|---|
| | | | | | | | platform (LOLA) from August 2022. | |
| 2.4 | PFM | Strategic Risk Concentration risk by asset, region and sector/Lack of clear risk appetite. | Potential for a more risk averse Investment Strategy when more risk is required or more investment risk may be taken to bridge a gap that does not actually exist. | AMBER C/2 Likely/Serious | Investment Strategy Statement (ISS) /risks continually assessed as part of the quarterly monitoring process by the Pensions Committee. Diversify portfolio to reduce concentration. Members are informed of risk vs return consequences on any proposal to change the ISS. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. No changes required. |
| 2.5 | PFM | Strategic Risk Based upon inaccurate actuarial valuation. | Pension deficit not reduced and potential for Council Tax increases. | AMBER C/2 Likely/Serious | Liabilities analysed during inter-valuation period in addition to every three years. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. No changes required. Inter-valuation report as at 30 September 2023 due in December 2023. Officers to report outcomes to Pensions Committee. |
| | | | | | A close working relationship is encouraged between the actuary and the investment advisor in the development of the investment strategy. Thus made easier as both services undertaken by the same firm. | | | |
| RISK TITLE | | | | | | | | |
| No 3. Risk of Failure of Investments to Perform In-Line with Growth Expectations | | | | | | | | |
| Upper Level: S151 Officer | | | | | | | | |
| 3.1 | Lower Levels: PFM | Strategic Risk Poor Fund Manager selection. | Potential for losses to be incurred. | AMBER C/2 Likely/Serious | Fund Manager selection now undertaken by LCIV. LCIV is FCA regulated | GREEN E/3 Unlikely/ | | Risk and controls |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|---|--|--|--|--|--|
| | | | Reputational risk from poor investments. | | Product reviews and due diligence are undertaken by the Investment Advisor before the Fund invests. A robust Fund Manager selection process is in place (Non LCIV where required). | Moderate | | reviewed September 23. No changes required. |
| 3.2 | PFM | Strategic Risk Underperformance by Fund Manager. | Deficit reduction targets not met/Increased employer contributions. | AMBER C/2 Likely/Serious | Fund Managers and LCIV attend Pension Committee to present quarterly performance reports and are challenged by the Committee and Fund Investment Advisor. | GREEN D/3 Possible/ Moderate | | Risk and controls reviewed September 23. No changes required. |
| 3.3 | PFM | Strategic Risk Poor investment advice provided to the Fund or not taken. | Deficit reduction targets not met. | AMBER C/2 Likely/Serious | Investment Advisor performance is annually reviewed by the Pensions Committee and close working relationship are maintained with officers. | GREEN D/3 Possible/ Moderate | 21/22 Service Review submitted to Pensions Committee 13 December 2022. | Risk and controls reviewed September 23. No changes required. 22/23 Service review due to Pensions Committee November 2023. |
| 3.4 | PFM | Strategic Risk A negative financial market impacts/external factors/increased market volatility (i.e. Recession, COVID 19 Pandemic, inflation). | Economy downturn could result in general fall in investment values. | RED B/1 Very Likely/Major | Diverse portfolio to reduce effects from market volatility. Close monitoring of Markets by the Fund's investment Advisor. | GREEN D/3 Possible/ Moderate | | Risk and controls reviewed September 23. No changes required. |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|--|---|--|--|---|---|---|
| | | | | | Investment Advisor produces monthly market updates. | | | |
| 3.5 | PFM | Operational Risk Delays in the implementation of the strategy will reduce the effectiveness of the strategy and may impact growth. | The Fund's assets are not sufficient to meet its long-term liabilities. | AMBER C/2 Likely/Serious | Investment advisor/Pensions Committee and officers review fund performance and asset class targets quarterly. | GREEN D/3 Possible/ Moderate | | Risk and controls reviewed September 23. No changes required. |
| 3.6 | PFM | Operational Risk Delays in compliance with capital calls/FX Hedges on new illiquid mandates could result in penalty payments. | Penalty payments are charged to the Fund. | GREEN D/3 Possible/ Moderate | Robust processes in place to ensure capital calls/FX cash settlements are funded in a timely manner. | GREEN D/4 Possible/ Negligible | No penalty charges or missed capital calls to date. | Risk and controls reviewed September 23. No changes required. |
| 3.7 | PFM | Strategic Risk Underperformance of LCIV Fund manager. Failure to achieve Asset Under Management (AUM) Target. | The Fund's assets are not sufficient to meet its long-term liabilities. | AMBER C/1 Likely/Major | Officers attend LCIV monthly business meetings to ensure the Fund is up to date with LCIV events. Summaries are reported back to the Pensions Committee quarterly. | GREEN D/3 Possible/ Moderate | | Risk and controls reviewed September 23. No changes required to current controls. |
| | | | | | LCIV arrange regular "meet the manager" sessions that are open to Officers and Committee members. | | | |
| | | | | | LCIV attend Pension Committee, as part of the reporting cycle, to report on sub fund manager performance and LCIV updates. Open to challenge by the Pensions Committee and Fund Advisor. | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|--|--|---|--|---|--|
| | | | | | LCIV sub fund manager performance is monitored by LCIV – monitoring status awarded “normal”, “enhanced” or “on-watch”. Deep dives undertaken annually or more frequently if on “enhanced” monitoring or “on watch | | LCIV Diversified Growth Fund currently classified as “enhanced” monitoring Next review: December 2023. | This Fund is in the process of being fully divested, proceeds to fund LCIV Global Bond Fund. |
| | | | Failure to meet AUM target may impact LCIV service delivery. | | Development charges and ad valorem fees are reported at the LCIV General Shareholder meetings - attended and challenged by shareholder reps i.e. Councillors from each borough, SLT. | | | |
| | | | Annual charges may not decrease in line with MTFS expectations. | | | | | |
| 3.8 | PFM | Strategic Risk Fund Managers – noncompliance to the Code of Transparency. | Failure to disclose full management fees in the Pension Fund Annual Report and accounts and being overcharged. | GREEN C/3 Likely/Moderate | Fund Managers complete the Code of Transparency compliance template annually. Officers have access to the Byhiras client portal to check submission of templates. | GREEN D/3 Possible/Moderate | All fund managers now submit data so further analysis can be undertaken. | Risk and controls reviewed September 23. No changes required. |
| 3.9 | PFM | Strategic Risk Climate Risk /ESG Considerations. | Failure to consider the extent of climate change could impact negatively on financial outcomes e.g. stranded assets, carbon taxes etc. | AMBER C/2 Likely/Serious | The Committee have developed a set of Investment beliefs that recognises that climate change and the expected transition to a low carbon economy represents a long –term financial risk to Fund outcomes. | GREEN D/2 Possible/Serious | Climate Risk Policy agreed by Pensions Committee on 25 July 2023. | Risk and controls reviewed September 23. No changes required. Workshops to be arranged to assess |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|---|--|---|--|---|---|
| | | | Could also result in the Fund missing out on investment opportunities associated with Climate change. | | Investment beliefs incorporated as part of the ongoing implementation of investment strategy and some funds have switched to less carbon intensity products. | | | progress against action plan. |
| | | | | | The Pensions Regulator has set up a working party to consider guidance for pension schemes. The SAB is also expected to incorporate climate change considerations into its guidance for LGPS funds during 2020. climate scenario stress testing is now included in the contribution modelling exercise for the local authority as at the 2022 valuation. | | Consultation "LGPS Governance & Reporting of Climate change Risk" closed in Nov 2022. Officers will monitor progress of regulations and guidance- yet to be issued. | |
| 3.10 | PFM | Strategic Risk Risk that MATS Consolidate existing Pension Fund memberships funded within various Local Authorities into a Pension Fund outside Havering. | If a request to transfer out from the Fund is granted by DLUHC, this could set a precedent for the sector and the potential wider impact on other employers who may also seek to transfer out. There will be an impact on cash flow and the | AMBER C/2 Likely/Serious | The Fund has responded to the consultation issued by DLUHC opposing the transfer on the grounds of the wider risks faced by the Fund. If the Transfer request is granted the Fund will ensure data is correct and work with the actuary to ensure that the settlement of the transfer is valued correctly for exit. | AMBER C/2 Likely/Serious | To monitor DLUHC actions re Transfer request from Oasis Community Learning. To ensure contact with the Actuary regarding transfers and exit valuations. | DLUHC continuing to consider the Oasis application, no update as at September 2023- officers awaiting decision. |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified | |
|----------|--|---|---|---|--|--|---------------------------|--|--|
| Page 51 | | | Investment Strategy, as it is estimated that 10% of the Fund's assets and liabilities would transfer out, if all existing MATS followed precedent | | | | | | |
| | RISK TITLE No 4. Risk of Failure to comply with Legislative requirements | | | | | | | | |
| | Upper Level for All Risks S151 Officer/Director of Exchequer and Transactional Services | | | | | | | | |
| 4.1 | Lower Levels: PFM / CMO | Operational Risk Lack of appropriate skills/knowledge of tPR, DLUHC and CIPFA Guidance, Financial Regulations and accounting standards. Unaware of legislative changes/poor/inaccurate interpretation of the regulations. | Potential for breach of legislation resulting in incurring financial penalties from the tPR/legal challenges/ reputational damage. | AMBER C/1 Likely/Major | Local Pension Board is in place to oversee adherence to the Regulations and guidance. Statutory policy documents reviewed annually to ensure compliance with legislation. Officers are members of the CIPFA Pensions Network and participate in the CIPFA Pensions Network/Peer forums to share knowledge & awareness. Active participation in Legislative Consultations where appropriate. | GREEN E/3 Unlikely/Moderate | | Risk and controls reviewed September 23. No changes required. | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|--|--|--|--|--|--|--|
| 4.2 | PFM / CMO | Operational Risk Key person dependency | Loss of corporate knowledge and expertise in both administration and finance management. | RED B/1 Very Likely/Major | Legislative changes are reported to the Pensions Committee where required. | | | Risk and controls reviewed September 23. No changes required. |
| | | | | | Induction carried out for new Pension Fund Committee and Local Pension Board members. | | | |
| | | | | | External and in house training provided where required. Continual personal development for all Committee/LPB members and Officers. | Personal development for all Committee/LPB members and officers is on-going. | | |
| | | | | | | A K&S questionnaires to be completed by Local Pension Board and Pensions Committee members. Fed up to Hymans online learning platform (LOLA) from August 2022. | Av2 to go live from 1 October 2023. Completion of modules to continue to be monitored. | |
| | | | | | Access to specialist pension media sources. | | | |
| | | | | | Financial requirements are subject to external and internal audit with no qualifications. | | | |
| 4.2 | PFM / CMO | Operational Risk Key person dependency | Loss of corporate knowledge and expertise in both administration and finance management. | RED B/1 Very Likely/Major | Experienced personnel in place at present. | GREEN D/2 Possible/ Serious | One Source is undergoing a restructure. Having Pension Fund finance will be returning to sovereign borough. Succession planning scheduled. | Risk and controls reviewed September 23. No changes required. OneSource restructure ongoing. |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|--|--|--|--|--|--|
| 4.3 | PFM / CMO | Operational Risk Failure/inability to administer the pension scheme in accordance with regulations. | Non-compliance could result in an adverse external audit report. | AMBER C/2 Likely/Serious | Local Pension Board in place to oversee adherence to the Regulations and guidance. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. No changes required. |
| | | | | | tPR undertook a review of the Fund's day-to-day practices and operations in 2019 with no overall concerns and officers have since implemented recommendations arising from their review. | | Continued monitoring against tPR recommendations. | |
| | | | | | Experienced personnel in place at present. | | Risk and controls reviewed September 23. No changes required. | |
| | | | | | Attendance at seminars/training to ensure up to date regulatory requirements. | | | |
| | | | | | Financial statements are subject to external and internal audit with no qualifications. | Outstanding - audit sign off for the 20/21 accounts (audit completed). Outstanding -Pension Fund audit for 21/22 accounts (audit commenced September 2023). Outstanding -Pension Fund audit 22/23 - not commenced. | | Officers currently complying with 21/22 audit requests. |
| 4.4 | PFM | Operational Risk Employers ability to meet contribution rates determined by the | Potential loss of Income to the Pension Fund and target | AMBER C/2 Likely/Serious | The Administrating Authority has a policy included within its FSS, setting out its approach to | GREEN D/2 Possible/ Serious | Officers to keep under review the risk of employer's ability to meet their obligations | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|--|------------------------------|--|--|--|--|---|---|---|
| | | Actuary in the Valuation Rates and Adjustment certificate due to budget pressures | funding level not met. Potentially leading to higher employer contributions rates set in future. | | reviewing contribution rates between triennial valuations. This has been adopted in line with regulations. | | and liaise with the Fund's actuary as appropriate. | |
| RISK TITLE No 5. Risk of inability to Manage/Govern the Pension Fund and Associated Services. | | | | | | | | |
| Upper Level for all Risks: S151 Officer/Director of Exchequer and Transactional Services. | | | | | | | | |
| 5.1 | Lower levels: PFM /CMO | Operational Risk Staffing issues: Loss of corporate knowledge/expertise. Long-term sickness absence. Increase in staff turnover. Lack of resource (Staffing/financial). No knowledge base to store experiences/information. | Negative impacts upon service provision. Potential for Time delays. Increased costs due to "buying in" external expertise. | AMBER B/1 Very Likely/Major | The London Borough of Havering delegated the pension administration service to Lancashire County Council who have engaged the Local Pensions Partnership Administration (LPPA) to undertake their pension portfolio. LPPA have case type dedicated teams to ensure expertise is maintained. Continuous pension training for LPB, Pensions Committee members and staff. | GREEN D/2 Possible/Serious | | Risk and controls reviewed September 23. No changes required. LOLA v2 to go live from 1 October 2023. Completion of modules to continue to be monitored. |
| | | | | | | | Signed up to Hymans online learning platform (LOLA) from August 2022. | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|--------------|---|--|--|---|--|---|--|
| Page 55 | | | | | Participates in the CIPFA Pensions Network/ Peer forums to share knowledge & awareness. | | | Risk and controls reviewed September 23. No changes required. |
| | | | | | oneSource has introduced a knowledge sharing platform (the Finance Academy). | | Pension Fund officers to maintain and ensure procedure notes in place for key activities. | |
| | | | | | Guidance from external agencies (some will be at a cost). | | | |
| | | | | | Members of Local Authority Pensions Web. | | | |
| 5.2 | PFM | Strategic Risk LCIV resourcing – LCIV staff turnover. | Undermines investor confidence in the LCIV. | AMBER C/2 Likely/Serious | Continued monitoring of LCIV in place. | GREEN D/3 Possible/ Moderate | | Risk and controls reviewed September 23. No changes required. |
| 5.3 | PFM / CMO | Operational Risk ICT failure/Disaster Recovery. | Loss of infrastructure. Failure of all ICT services. | RED B/1 Very Likely/Major | ICT/ Disaster Recovery in place. Regular security upgrades to computer systems at both Havering and LPPA. | GREEN D/3 Possible/ Moderate | | Risk and controls reviewed September 23. No changes required. |
| | | | | | Implementation of COVID-19 working restrictions has maintained service continuity. | | | |
| | | | | | Use protected portals to send personal information. | | | |
| | | | | | Internal Firewalls recommended. | | | |
| | | | | | GDPR good practice is undertaken. | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|---|--|---|--|--|--|
| 5.4 | PFM / CMO | Operational Risk Cyber Security Risk. | Ransomware risk. | RED B/1 Very Likely/Major | Internal Audit for oneSource Cyber Security carried out in Oct 2018. | AMBER C/2 Likely/Serious | | Risk and controls reviewed September 23. No changes required. |
| | | | | | LPPA hold a current Cyber Essentials Certificate, issued 13/07/2021. They also undertake regular penetration testing with a CREST accredited company with any vulnerabilities being remediated. | | | |
| 5.5 | PFM / CMO | Operational Risk Functionality of Oracle Cloud causes pension fund system issues. | Pension Fund Accounts system malfunction. | AMBER C/2 Likely/Serious | Oracle team aware of Pension fund system requirements. | GREEN D/2 Possible/Serious | Monitoring ongoing with regard to system reconciliations and balance sheet requirements. | Risk and controls reviewed September 23. No changes required. |
| | | | | | Systems tested at each stage of implementation. Pension Finance staff undertook testing of General Ledger Revenue codes. | | | |
| 5.6 | CMO | Operational Risk Poor Pension fund administration by the outsourced service LPPA. | Service Delivery failure leading to client/customer complaints and reputational damage. | RED B/1 Very Likely/Major | Formal agreement in place with administrator, including SLA's. | GREEN E/3 Unlikely/Moderate | | Risk and controls reviewed September 23. No changes required. |
| | | | | | CMO in post to monitor the administration work of LPPA. | | | |
| | | | | | Service is subject to external auditor report of pension's admin processes. LPPA supply an annual internal assurance report where the control | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified | |
|----------|------------|--|---|--|--|--|---|--|--|
| | | | | | objectives link in to the Pensions Regulator Code of Practice 14. | | | | |
| 5.7 | CMO | Operational Risk Poor administration by the employers/payroll providers in the fund. | Service delivery failure leading to client/customer complaints and reputational damage. | AMBER C/2 Likely/Serious | Local Pension Board is in place to assist the administering authority in effective and efficient governance of the Havering Pension Fund. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. No changes required. | |
| | | | | | Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of data. | | | | |
| | | | | | LPPA have a programme of employer training and a dedicated employer engagement team to provide support. | | | | |
| | | | | | CMO maintains regular contact with scheme employers to provide support. | | | | |
| | | | | | Inaccurate data provided give rise to inaccurate data and financial reputational consequences such as actuary to set contribution rates with a high margin of error. | | CMO in post to monitor the administration work of LPPA. | | |
| | | | | | Actuary undertakes data checks/cleaning as part of triennial review process. | | | | |
| | | | | | Data cleanse checks undertaken as part of the year end pensions administration process. | | | | |
| | | | | | Annual data improvement plan implemented with agreement from LPPA and | | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|--|--|---|--|--|--|
| | | | | | regular checking of the Pensions Regulator data scores to identify areas to be fed into the plan | | | |
| | | | Pension costs and payments delayed or incorrect. | | Monthly reconciliations to monitor cash flow carried out. CMO monitors benefit payments from the Fund. | | | |
| | | | Admission agreements not completed by the transfer date. | | Employer on boarding process in place. Service handover completed when the process of admitting bodies to the fund transferred from LPPA to in-house on 1 April 2021. | | Strengthens the process for on boarding new employers and Bond reviews. Staff member appointed September 2022. | |
| | | | | | Bond or guarantee reviews in place and reviewed every three years as part of valuation process. | | | |
| 5.8 | PFM | Operational Risk Failure/inability to undertake the accounting of the pension scheme appropriately. | Qualified opinion on the accounts by external auditor. | AMBER C/2 Likely/Serious | Pension Fund accounts subject to external audit. | GREEN E/3 Unlikely/ Moderate | Outstanding audit sign off for the 20/21 accounts (audit completed). Outstanding Pension Fund audit for 21/22 accounts (audit commenced September 2023). Outstanding Pension Fund audit 22/23 - not commenced. | Risk and controls reviewed September 23. No changes required. Officers currently complying with 21/22 audit requests. |
| | | | | | Experienced personnel in place. | | | |
| | | | | | Pension Fund uses the service of an external | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|--|--|--|--|---------------------------|--|
| 5.9 | PFM / CMO | Operational Risk Poor communications with stakeholders. | Disaffection and actions against the Council. | GREEN C/3 Likely/Moderate | custodian to verify asset values and performance. | | | Risk and controls reviewed September 23. No changes required. |
| | | | | | Fund Managers performance is monitored quarterly. Fund Managers present at Pension Fund Committee meetings. | | | |
| | | | | | Monitoring of internal control reports of fund managers to ensure operations administered correctly. | | | |
| | | | | | Attendance at accounting seminars/training to ensure adherence to guidance and regulations. | | | |
| | | | | | The Council has in place a complaints system to address complaints via the website that goes all the way up to the pension's ombudsman. | GREEN E/3 Unlikely/ Moderate | | |
| | | | | | The Pension Fund has a communications strategy that is updated annually and reviewed every 3 years. The strategy is reviewed by the local pensions board and approved by the Pensions Committee. | | | |
| | | | | | LPPA has an LGPS dedicated website that contains all relevant information for scheme members and employers. | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|--|----------------------------|---|--|--|---|---|---|--|
| | | | | | The Fund has a pensions dedicated page within the Havering Council website where fund specific information is published and where the Fund publishes an Annual Report. | | | |
| 5.10 | PFM / CMO | Operational Risk Excessive charges by suppliers. | Fund incurring unnecessary costs. | AMBER C/2 Likely/Serious | Third Party Fee Invoices checked prior to payment. | GREEN E/4 Unlikely/ Negligible | | Risk and controls reviewed September 23. No changes required. |
| 5.11 | CMO | Operational Risk The Data migration from Altair to UPM (Universal Pensions Management) in November 2022 is not complete and accurate. | Member's records may not be accurate which would leave LPPA unable to calculate the correct level of pension benefits. | RED B/1 Very Likely/Major | LPPA have a dedicated project team and robust project plan in place that includes rigorous testing of data migration and calculations. The project risk register has been presented to the Local Pensions Board. | GREEN D/2 Possible/ Serious | Havering data migrated to UPM in November 2022. | Continued monitoring in place to ensure accurate transfer. |
| RISK TITLE No 6. Risk of failure to on board or exit employers/members effectively. | | | | | | | | |
| Upper Level for all Risks:S151 Officer/Director of Exchequer and Transactional Services | | | | | | | | |
| 6.1 | Lower Levels: PFM / CMO | Operational Risk Delays in internal processing of documentation/ admission agreements. | Contribution delays from the employers & members until on-boarding has | AMBER C/2 Likely/Serious | Monthly contribution schedules maintained by the Havering Pensions Team. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|--|-----------------|--|--|---|--|---------------------------|--|
| | | | been completed impacts cash flow. | | Reconciliations between the General Ledger and contribution schedules undertaken monthly. | | | No changes required. |
| | | | | | Reconciliations between General Ledger and Altair undertaken quarterly with any queries referred to LPPA/CMO for investigation. | | | |
| | | | | | Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of contribution payments. | | | |
| | | | Late payments of pension benefits | | CMO works closely with LPPA. Carries out spot checks to review LPPA work on a regular basis. | | | |
| | | | | | Pensions Administration Strategy in place to clarify the responsibilities of scheme employers and provide timescales for the submission of data. | | | |
| | | | Adverse External Audit Opinion on internal controls. | | Service handover completed when process of admitting bodies to the fund transferred from LPPA to in-house on 1 April 2021. | | | |
| | LPPA performance report presented to the Local Pension Board at every meeting. | | | | | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|---|---|--|--|--|---------------------------|--|
| | | | | | Escalation to Heads of Service where required. | | | |
| 6.2 | PFM / CMO | Operational Risk Poor communications with stakeholders/ lack of understanding by employers with regard to their responsibilities. | Potential breach of regulations and member entitlement. Potential for litigation. | AMBER C/2 Likely/Serious | Script in place to deliver to new Academy employers, with feedback process in place. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. No changes required. |
| | | | | | Admission policy and manual completed in November 2017. | | | |
| | | | | | TUPE manual completed in November 2017. | | | |
| | | | | | Pensions Administration Strategy in place to clarify the responsibilities of scheme employers. | | | |
| | | | | | CMO maintains contact with employers to provide dedicated point of contact. | | | |
| | | | | | Database maintained on all contact details for LGPS communications. | | | |
| | | | Employer's liabilities may fall back onto other employers and ultimately local taxpayers. | | | | | |
| | | | | | Actuarial assessment completed for all new admission requests to assess the level of financial risk. | | | |
| | | | | | Bonds and suitable guarantees put into place to protect the Fund in case of default. | | | |
| 6.3 | CMO | Operational Risk Member data incomplete or incorrect. | Incorrect member data causes processing delays. | AMBER B/2 Very Likely/ Serious | LPPA raise queries with scheme employers. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. No changes required |
| | | | | | Member self-service – online tool for members to | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|--|--|--|---|--|--|---|
| | | | | | check and update personal data. | | | |
| | | | | | Annual data cleansing and checks are undertaken as part of the year end administration process. | | | |
| | | | | | Data is reviewed as part of the triennial valuation exercise. | | | |
| | | | | | Reconciliations between General Ledger and UPM undertaken quarterly identifies member mismatches. | | | |
| 6.4 | PFM / CMO | Strategic Risk Government white paper on academies, which sets out that it wants all LEA's to convert to academy status within the next 8 years. | There are 42 schools currently with the LEA that may need to convert, which could impact existing resources to on-board and administer. Cost implications for the Administration contract due to increased levels of employers and employees to manage. | AMBER D/3 Possible/ Moderate | To monitor development of Government plans. | AMBER B/3 Very Likely/Moderate | Having to liaise with LPPA to have appropriate plans in place to review resources for implementation and ongoing monitoring. | Risk and controls reviewed February 23. Update – The Government has scrapped the schools bill and the aim to convert all LEA schools to Academies by 2030 will not go ahead. A regulatory review will continue. |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|--|----------------------|---|---|--|---|---|---------------------------|---|
| RISK TITLE | | | | | | | | |
| No 7. Risk of Pension Fund Payment Fraud | | | | | | | | |
| Upper Level for all Risks: S151 Officer/Director of Exchequer and Transactional Services. | | | | | | | | |
| 7.1 | Lower Levels: CMO | Operational Risk Pension overpayments arising because of non-notification in change of circumstances. | Financial loss. Reputational damage of Pension Administration and the Council. | GREEN C/3 Likely/Moderate | Participate in the National Fraud Initiative (bi-annually). | GREEN E/4 Unlikely/ Negligible | | Risk and controls reviewed September 23. No changes required |
| | | | | | Signed up for DWP database Tell us Once – DWP inform Havering of deaths relating to members of the Havering LGPS fund. Monitored on a daily basis | | | |
| | | | | | September 20 – Mortality Screening outsourced to an external supplier. Checks carried out monthly. | | | |
| | | | | | Address checked for deferred pensions prior to payment. | | | |
| | | | | | Process is in place to investigate return of payment by banks. | | | |
| | | | | | Internal audit checks carried out. | | | |
| | | | | | | | | |
| 7.2 | PFM / CMO | Operational Risk Internal staff fraud/ Staff acting outside of their levels of authorisation. | Potential for financial loss. | AMBER C/2 Likely/Serious | Segregation of duties. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. No changes required |
| | | | | | Pension Fund bank account reconciled to General Ledger monthly. | | | |
| | | | | | Internal audit checks carried out. | | | |

| Risk No. | Risk Owner | Details of Risk | Consequences (Effect) of not addressing the risk | Risk Likelihood / Impact prior to Controls | Controls / Mitigations | Risk Likelihood / Impact post Controls | Actions / Recommendations | Review of Actions taken to date and further actions identified |
|----------|------------|--|--|--|---|--|---------------------------|--|
| | | | | | Internal disciplinary process in place. | | | |
| 7.3 | PFM / CMO | Operational Risk Conflict of interest. | Inappropriate decision making. | AMBER C/2 Likely/Serious | Register of interest declarations are covered within the agenda at all Local Pensions Board/Committee meetings. | GREEN E/3 Unlikely/ Moderate | | Risk and controls reviewed September 23. No changes required |

LOCAL PENSIONS BOARD

Subject Heading:

Pensions Administration and Legislation
Update

SLT Lead:

Kathy Freeman
Section 151 Officer

Report Author and contact details:

Caroline Guyon
Pensions Projects and Contracts Manager
caroline.guyon@havering.gov.uk
01708 4323185

Policy context:

Local Government Pension Scheme
Regulations 2013.

SUMMARY

This report reviews the performance of the Local Pensions Partnership Administration (LPPA) against the agreed service levels for the period January to March 2024.

It also provides an update on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment.

RECOMMENDATIONS

It is recommended that members note the report.

REPORT DETAIL

1. Administration Update

- 1.1 From 1 November 2017, the London Borough of Havering delegated the pension administration service to Lancashire County Council who have engaged the Local Pensions Partnership Administration (LPPA) to undertake their pension portfolio. The Local Pensions Partnership was formed in 2016 through a collaboration between Lancashire County Council and the London Pensions Fund Authority and provides pension services to the Local Government Pension Scheme, Police and Firefighter Schemes
- 1.2 LPPA provide a quarterly performance report (attached as Appendix A) and an Annual Appendix (Appendix B)
- 1.3 LPPA are committed to improving their service and have introduced a 3 year Efficiency and Service Improvement Plan.
- 1.4 Overall performance against SLA for Q4 is reported at 98.3%, with the annual performance at 97.6%. The reported service has improved but is still falling below the SLA in retirements from an active status (94.3% on time where the target is 95%). Regular client meetings are held to discuss performance and challenge the service levels reported in line with the independent monitoring of completed cases by the Havering Pensions Team.
- 1.5 The independent checking of cases completed within the quarter notes a discrepancy with the starting point of the SLAs in some cases. The contract states the SLA will be triggered on the date the last piece of information required to complete a case is received. However examples have been identified where this is not the case. LPPA advised the SLA is triggered on the day the benefit calculation is run as this is when the final check is completed to ensure all information is present and correct. Unfortunately this leaves a lack of transparency regarding the actual time it takes to complete a case, although LPPA are considering working toward elapsed time reporting. The discrepancies are being challenged and discussions with LPPA are ongoing.

Local Pensions Board, 4 June 2024

1.6 Looking at the 3 highest priority cases, members should note the following:

| Case Type | SLA Target | Brought Forward | Received in Period | Completed | Carried Forward | Completed on time |
|-----------------------|----------------|-----------------|--------------------|-----------|-----------------|-------------------|
| Retirement (Active) | 5 working days | 64 | 154 | 130 | 88 | 94.3% |
| Retirement (Deferred) | 5 working days | 93 | 178 | 190 | 81 | 98.1% |
| Deaths | 5 working days | 152 | 177 | 179 | 150 | 99.4% |

1.7 When looking at retirement satisfaction surveys, the results remain disappointing with a limited number of members responding. The table below provides the breakdown of the Q4 responses

| Calendar Month | Satisfied | Neutral | Dissatisfied | Surveys Taken |
|----------------|-----------|---------|--------------|---------------|
| January 2024 | 66.7% | 16.7% | 16.7% | 6 |
| February 2024 | 0.0% | 0.0% | 100% | 2 |
| March 2024 | 0.0% | 0.0% | 100% | 2 |

1.8 LPPA received 5 complaints during Q4 and carried forward 6 complaints from Q3. 5 cases were upheld where the complaint is justified due to errors or omissions in processing, 2 case was not upheld and no error or omission had been made and 1 case was partially upheld where LPPA acknowledge part of the complaint is justified. 3 cases will carry forward to Q1.

1.9 Calls into the LPPA's helpdesk are now recorded at a client level with 1009 calls being answered during the quarter. The 69.6% of calls were answered in under 2 minutes with only 8 calls having to wait over 15 minutes.

1.10 Helpdesk satisfaction levels are shown below:

| Calendar Month | Satisfied | Neutral | Dissatisfied | Surveys Taken |
|----------------|-----------|---------|--------------|---------------|
| January 2024 | 88.2% | 5.9% | 5.9% | 17 |
| February 2024 | 77.3% | 13.6% | 9.1% | 22 |
| March 2024 | 66.7% | 25.0% | 8.3% | 12 |

1.11 The report details the data quality and the Pension Regulator data scores for common and scheme specific data. At the end of Q3 our common data score was 98.1% (previously 98.2%) and the scheme specific data score was 89.4% (previously 89.2%).

1.12 LPPA have started working on a data project, designed to improve data quality for both the reporting to tPR and in readiness for the implementation of pension dashboards. More information will be available at the next meeting.

2. Legislation Update

2.1 The McCloud Remedy

2.1.1 The Regulations were laid on 8 September 2023, coming into force on 1 October 2023 to allow underpin protections to be extended to all members of the scheme who meet the relevant criteria.

2.1.2 LPPA have been working with Civica, who provide the pensions administration platform, to install the system updates required to ensure the McCloud underpin can be applied. The functionality is now available to calculate the underpin at the point of retirement for our active members. An update to revise the benefits already paid is due to be delivered for testing in September and, pending approval, into the live environment in October. Revisions will be carried out by August 2025 in line with DLUHC guidance

2.1.3 In total 4875 Havering fund members have been flagged as meeting the eligibility criteria for an underpin calculation. This does not mean they will receive an underpin, only that they meet the criteria. The following table shows the number of members in each status: .

| Active | Deceased | Deferred | Full Commutation | Pensioner | Deferred Pensioner | Transfer Out |
|--------|----------|----------|------------------|-----------|--------------------|--------------|
| 1928 | 105 | 1187 | 28 | 1443 | 1 | 183 |

2.1.4 The underpin can only correctly be applied if the hours and service breaks are held on a members record. When the LGPS moved from a final salary to a care scheme in 2014 it was no longer a requirement to record service (hours or breaks) as they are not used in the calculation of care benefits. The exception to this was for people covered by the underpin protections in force at the time (ie those born prior to 1957 and within 10 years of retirement). As an internal administration team, Havering made the decision to continue recording changes in hours but stopped reporting on breaks in service.

2.1.5 The reports now required to retrospectively establish those members with a nil pay period of service due to a maternity, paternity or adoption leave span 3 different payroll systems (for anyone on a Havering payroll) and many of our scheme employers are in a similar position. It is therefore difficult to identify any members with a period of relevant nil pay and extract the required data. We are currently reviewing the Scheme Advisory Board guidance to establish the correct method of dealing with potentially 'missing data'.

2.2 The Pension Regulator's General Code of Practice

2.2.1 tPR's new General Code of Practice came into force on 27th March 2024. The code contains new governance requirements and sets out tPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place

2.2.2 We have purchased the Hymans Robertson Compliance Checker tool and will begin to identify any areas of non or partial compliance over the coming weeks. We will bring an update and an action plan to the September Board meeting.

2.3 The Cost Control Mechanism

2.3.1 The cost control mechanism is designed to ensure a fair balance with regard to the cost of providing public service defined benefit pension schemes between the members and the Exchequer (and by extension, the taxpayer). It assesses certain elements of the costs of the schemes and if that cost has increased or

decreased by more than 3% of pensionable pay compared to the original level, the member benefits are decreased or increased to bring the costs back in line.

2.3.2 A case was taken to the Court of Appeal by the British Medical Association and the Fire Brigades Union. This requested a second opinion on HMT's decision to classify the cost of the McCloud remedy as a member cost rather than an employer cost, leaving the cost of the schemes within the allowable 3% corridor.

2.3.3 The appeal was rejected by the Court and therefore no retrospective changes are required to the benefit or employee contribution structure of the scheme.

2.4 Pension Dashboards

2.4.1 DWP has published its Dashboard Connection Guidance, outlining the staging timetable for connection. The guidance confirms the staging date for public sector schemes will be 31 October 2025.

2.4.2 LPPA have created an internal project group to agree the objectives and work with their appointed provider, Intellica, and Civica to ensure dashboard readiness.

2.4.3 LPPA will provide regular updates on the progress of the project.

2.5 tPR Trustee Diversity and Inclusion Survey

2.5.1 tPR conducted a D&I survey during July and August 2023. The results are based on responses from 2197 trustees and Local Pension Board members, including Havering.

2.5.2 The report is attached for your information as Appendix C

IMPLICATIONS AND RISKS

Financial implications and risks:

The Administering Authority must ensure the Shared Service Agreement is working efficiently, providing value for money and meeting the statutory requirements of the Fund via the monitoring of the work of LPPA.

Legal implications and risks:

Havering as the Administering Authority must ensure the Local Government Pension Scheme Regulations are adhered to however there are no specific legal implications within the report.

Human Resources implications and risks:

There appear to be no HR implications or risks arising directly as a result of this report.

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants. We will ensure that disabled people with sensory impairments are able to access the strategy.



LPP

Local Pensions Partnership
Administration

Havering Pension Fund

Quarterly Administration Report

1st January - 31st March 2024

lppapensions.co.uk

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DEFINITIONS

Page 8

Total Fund Membership

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

Current Age Demographic

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

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

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

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

Page 10

Casework Performance - All Cases

Performance is measured once all information is made available to LPPA to enable them to complete the process. Relevant processes are assigned a target timescale for completion, and the performance is measured as the percentage of processes that have been completed within that timescale.

Page 11

Casework Performance - Standard

The category of 'Other' on this page covers processes including, but not limited to:

- APC/AVC Queries
- Additional Concs Cessation
- Change of Hours
- Change of Personal Details
- Under Three Month Opt-Out
- Main to 50/50 Scheme Changes
- Divorce Quotes
- Divorce Settlement
- Ill Health Reviews

Please note that this page includes cases that have met the SLA target, but the stop trigger may also have been actioned before the process has been completed.

Page 12

Ongoing Casework at the end of the Reporting Quarter

Please note the number of processes brought forward, does not match the corresponding number of outstanding processes reported in the previous quarter (due to various reasons which can include; but not limited to, the deletion of a process or changes in assigned categories).

Page 14 & 15

Helpdesk Performance

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

Page 20 & 21

Member Online Portal

The number and percentage of member records by status, that are registered for LPPA's Member Self-Service facility, PensionPoint.

Page 29

Common/Scheme Specific Data Fails

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

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

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

OUR CORE VALUES

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

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

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



ANNUAL PLAN

✓ COMPLETED 📅 DUE

Page 77

| | Apr 23 | May 23 | Jun 23 | Jul 23 | Aug 23 | Sep 23 | Oct 23 | Nov 23 | Dec 23 | Jan 24 | Feb 24 | Mar 24 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Annual Benefit Statement and Newsletter to Deferred Members | | | | ✓ | | | | | | | | |
| Pension Increases | | ✓ | | | | | | | | | | |
| P60s and Newsletter to Pensioners | | ✓ | | | | | | | | | | |
| Annual Benefit Statement and Newsletter to Active Members | | | | | ✓ | | | | | | | |
| Pension Saving Statements | | | | | | | ✓ | | | | | |
| HMRC Scheme Returns | | | | | | | ✓ | | | | | |
| IAS19 data | | | | ✓ | ✓ | | | | ✓ | | | ✓ |

EXECUTIVE SUMMARY

Forward thinking...
Working together...
Doing the right thing...
Committed to excellence...

This performance report covers the reporting period of Q4 2023/24 (January – March 2024)

Statutory deadlines

All regulatory and statutory deadlines due in the reporting period were met.

- IAS19 data

Casework SLA performance

Overall performance continues to be strong. Performance in the key areas of requirements and bereavements is now at or close to the 95% target.

Satisfaction scores

Satisfaction scores across the Helpdesk and retirements are reported at client level. Low survey responses can lead to volatility. Improvements to member satisfaction is a key focus area.

Pensions Helpdesk

Helpdesk wait times have been consistently under the targeted 4 minute wait time. Both average wait time and call volumes are reported at client level. Abandoned calls percentage has also been consistently favourable to target. Abandoned rate is reported across all LPPA clients as we do not know which client a member was calling from until after a call has been accepted.



Fund Membership

In this section...

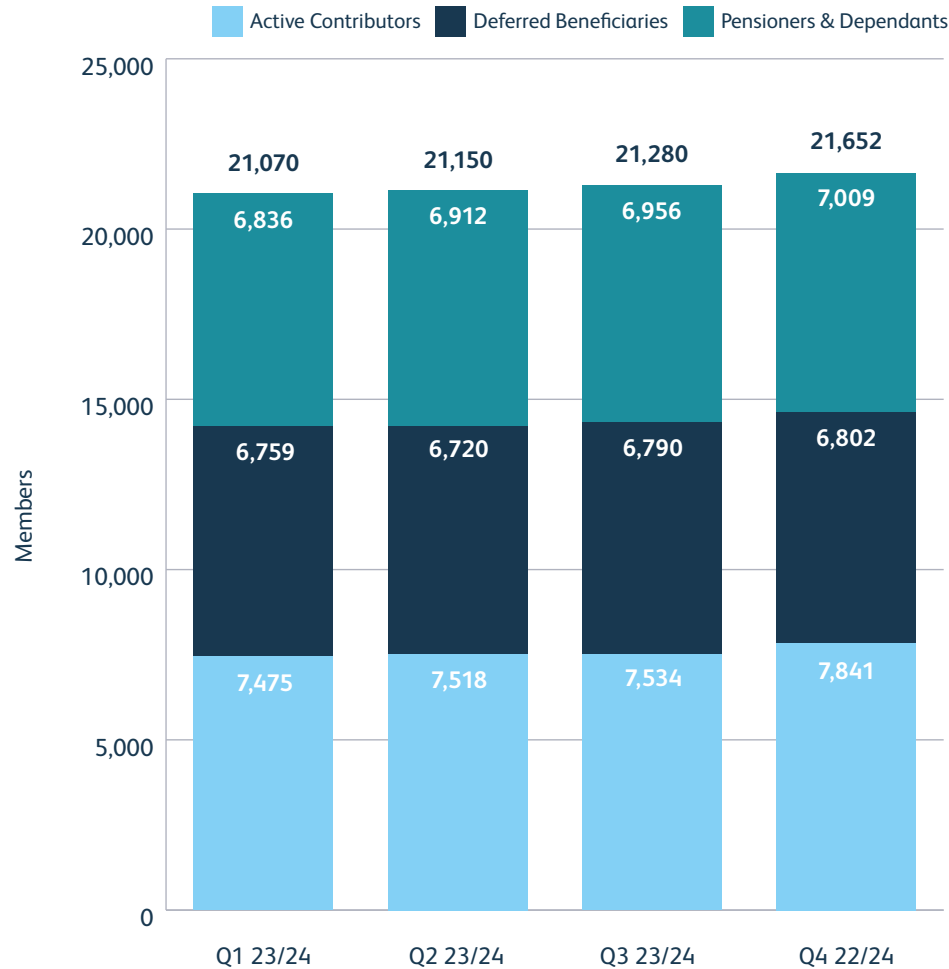
- Total fund membership
- Current age demographic

TOTAL FUND MEMBERSHIP



TOTAL FUND MEMBERSHIP

CLIENT SPECIFIC

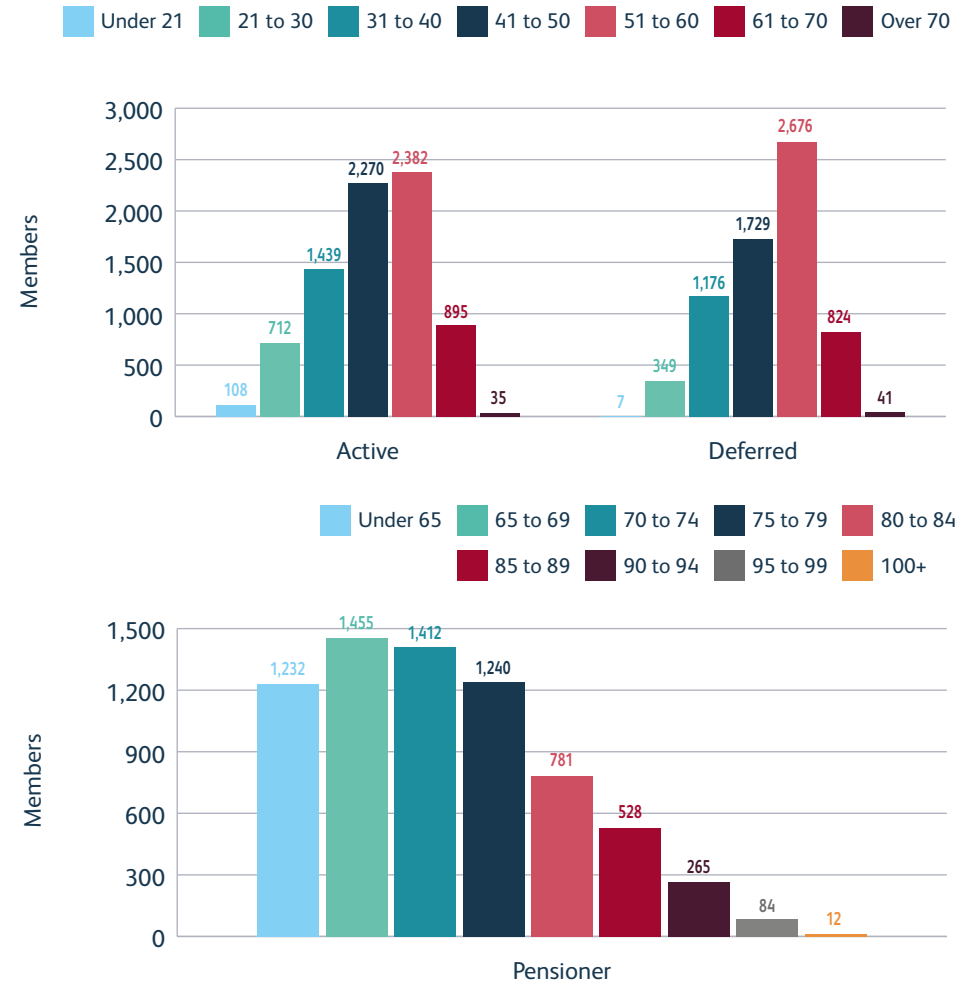


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CURRENT AGE DEMOGRAPHIC

CLIENT SPECIFIC



Casework Performance

In this section...

- Performance – all cases
- Performance standard
- Ongoing casework at end of reporting quarter

CASEWORK PERFORMANCE



PERFORMANCE – ALL CASES

CLIENT SPECIFIC

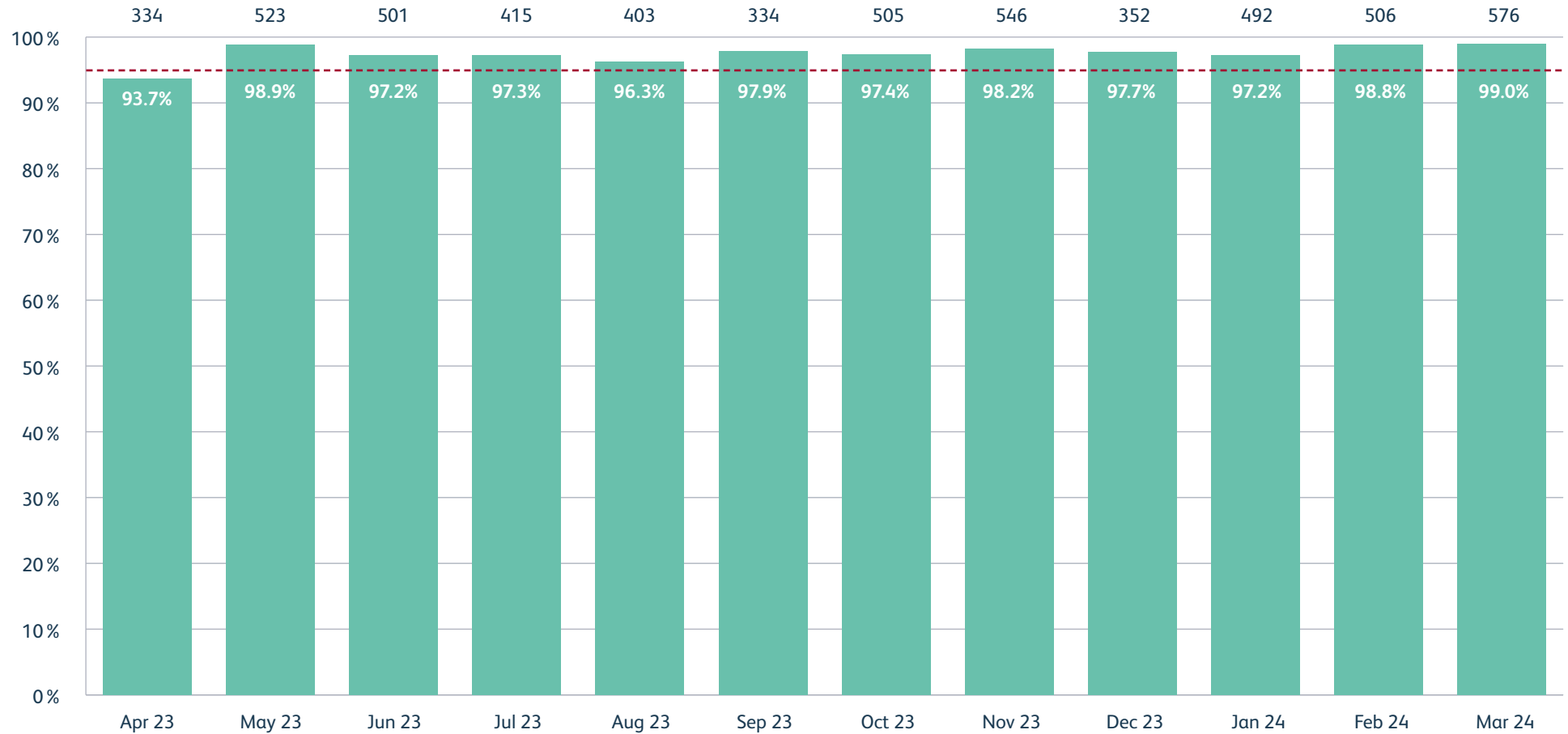
--- Target

The quarterly SLA performance was 98.3%

Total completed cases included for each month.

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Performance



CASEWORK PERFORMANCE



PERFORMANCE STANDARD

CLIENT SPECIFIC

----- Target (95%)

Page 83



CASEWORK PERFORMANCE

ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER CLIENT SPECIFIC

The following table is created by identifying all reportable casework within UPM, and includes those that have subsequently Completed / Aborted / Remain Outstanding within the quarter. The figures in this table cannot be compared to those in the previous slide for a number of reasons including: the table includes aborted cases, but the horizontal bar graph does not; the SLA 'stop trigger' can be actioned before the process has been completed.

Page 84

| | Brought Forward at 01/01/24 | Received (Inbound) | Completed (Outbound) | Outstanding as of 31/03/24 |
|------------------------|-----------------------------|--------------------|----------------------|----------------------------|
| New Starters | 7 | 239 | 226 | 20 |
| Transfers In | 135 | 107 | 100 | 142 |
| Transfers Out | 163 | 120 | 119 | 164 |
| Estimates | 23 | 38 | 39 | 22 |
| Deferred Benefits | 268 | 220 | 190 | 298 |
| Retirements - Deferred | 93 | 178 | 190 | 81 |
| Retirements - Active | 64 | 154 | 130 | 88 |
| Refunds | 56 | 135 | 126 | 65 |
| Deaths | 152 | 177 | 179 | 150 |
| Correspondence | 46 | 100 | 106 | 40 |
| Aggregation | 262 | 270 | 214 | 318 |
| <i>Other</i> | 84 | 297 | 315 | 66 |
| Total | 1,353 | 2,035 | 1,934 | 1,454 |

Helpdesk Calls Performance

The Helpdesk deals with all online enquiries and calls from Members for all funds that LPPA provide administration services for.

In this section...

- Wait time range
- Calls answered

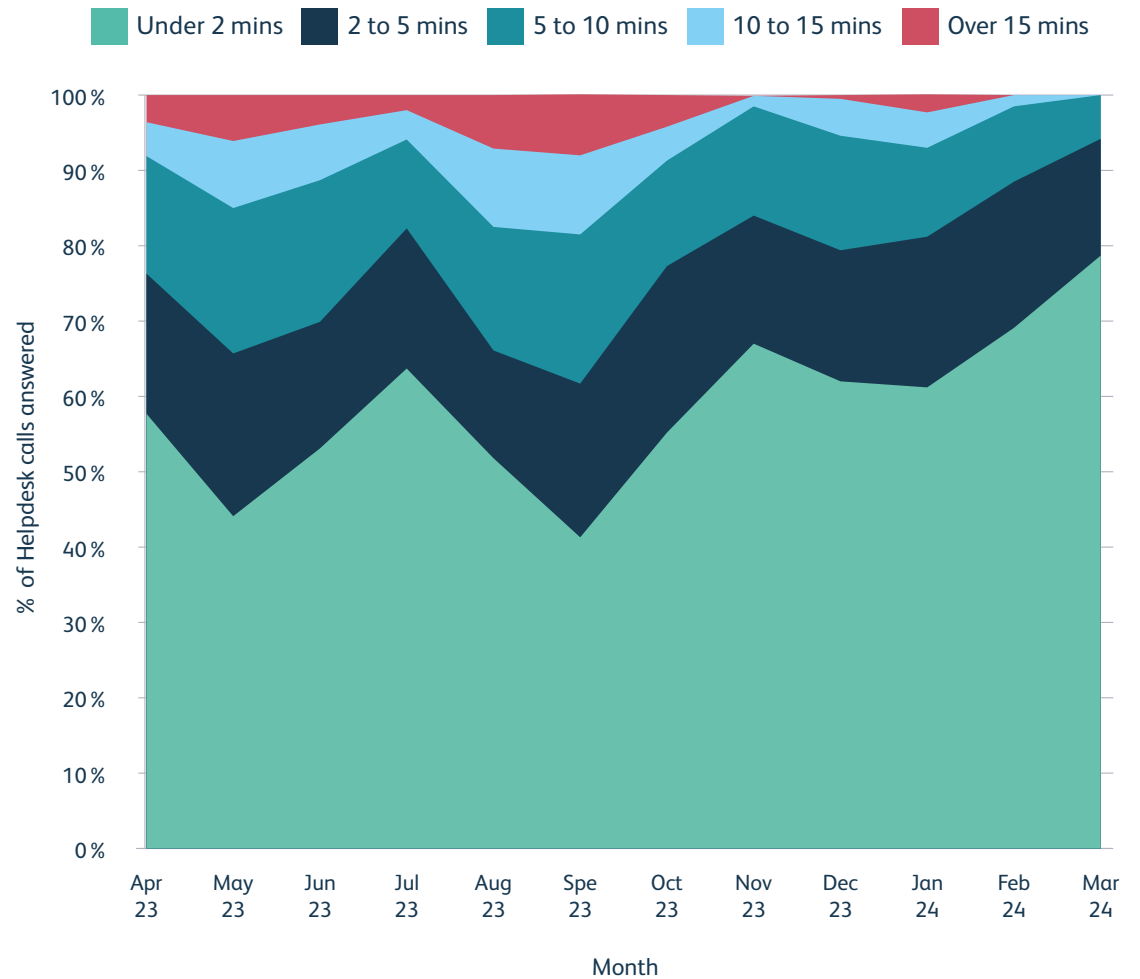
HELPDESK CALLS PERFORMANCE



WAIT TIME RANGE

CLIENT SPECIFIC

| | Under 2 mins | 2 to 5 mins | 5 to 10 mins | 10 to 15 mins | Over 15 mins |
|--------|--------------|-------------|--------------|---------------|--------------|
| Apr 23 | 57.7% | 18.6% | 15.6% | 4.5% | 3.6% |
| May 23 | 44.1% | 21.6% | 19.3% | 8.9% | 6.1% |
| Jun 23 | 53.1% | 16.8% | 18.8% | 7.4% | 3.9% |
| Jul 23 | 63.7% | 18.6% | 11.8% | 3.9% | 2.0% |
| Aug 23 | 51.8% | 14.3% | 16.4% | 10.4% | 7.1% |
| Sep 23 | 41.3% | 20.4% | 19.8% | 10.5% | 8.1% |
| Oct 23 | 55.2% | 22.1% | 14.0% | 4.5% | 4.2% |
| Nov 23 | 67.0% | 17.0% | 14.5% | 1.4% | 0.0% |
| Dec 23 | 62.0% | 17.4% | 15.2% | 4.9% | 0.5% |
| Jan 24 | 61.2% | 20.0% | 11.8% | 4.7% | 2.4% |
| Feb 24 | 69.1% | 19.4% | 10.0% | 1.5% | 0.0% |
| Mar 24 | 78.7% | 15.5% | 5.8% | 0.0% | 0.0% |



HELPDESK CALLS PERFORMANCE

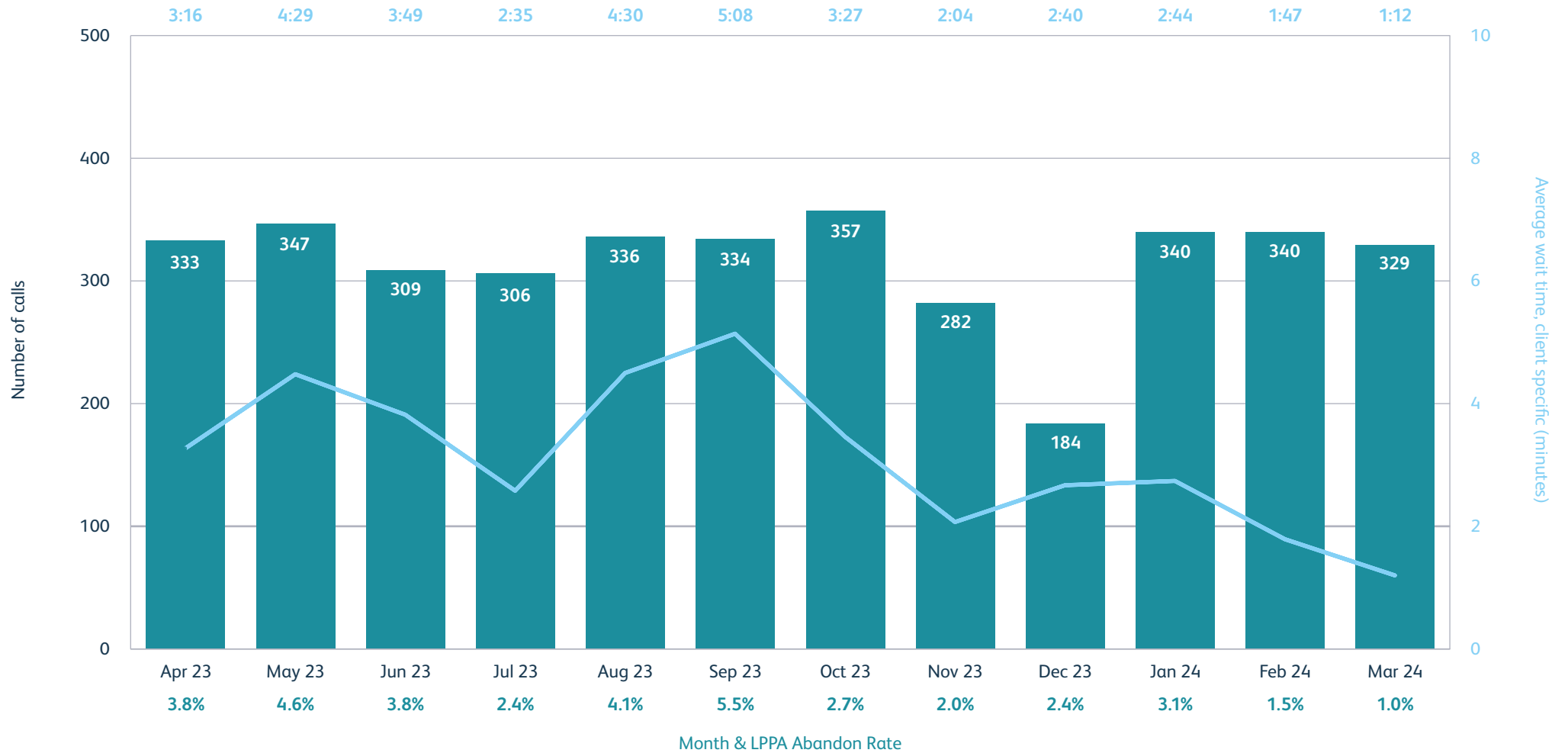


CALLS ANSWERED

CLIENT SPECIFIC

— Average wait time (mm:ss)

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Customer Satisfaction Scores

In this section...

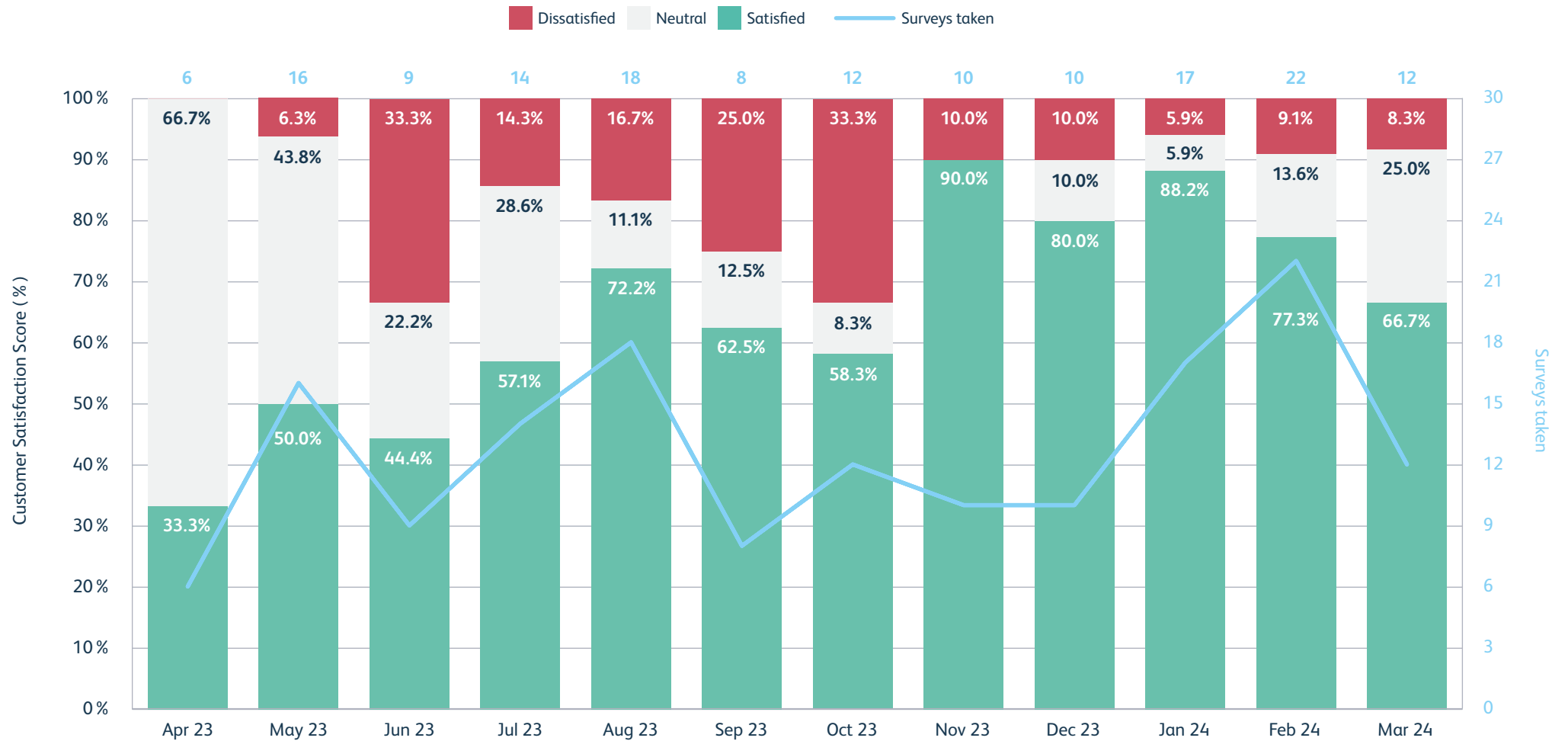
- Helpdesk calls satisfaction
- Retirements

CUSTOMER SATISFACTION SCORES



HELPDESK CALLS SATISFACTION

CLIENT SPECIFIC



CUSTOMER SATISFACTION SCORES

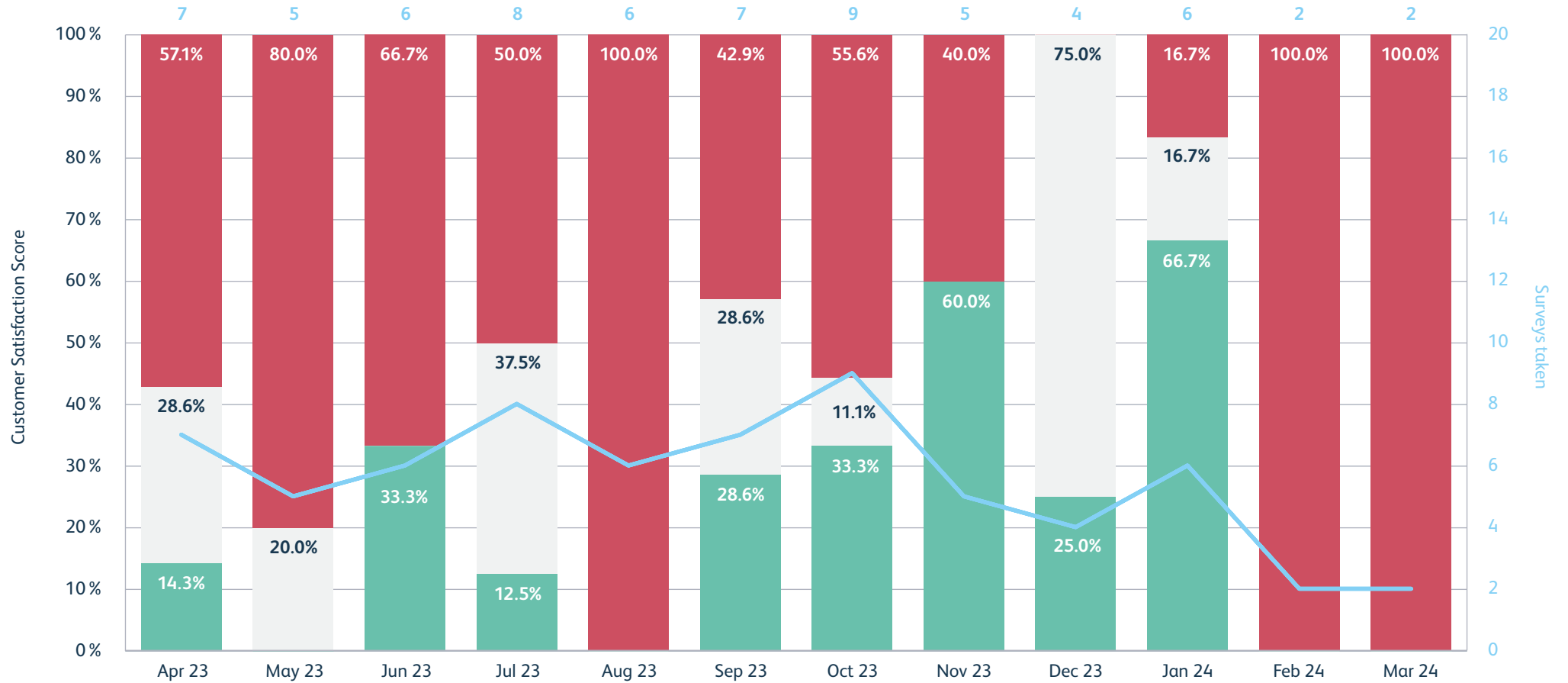


RETIREMENTS

CLIENT SPECIFIC

■ Dissatisfied
 ■ Neutral
 ■ Satisfied
 — Surveys taken

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Member Online Portal

In this section...

- Total members registered
- Members registered (%)



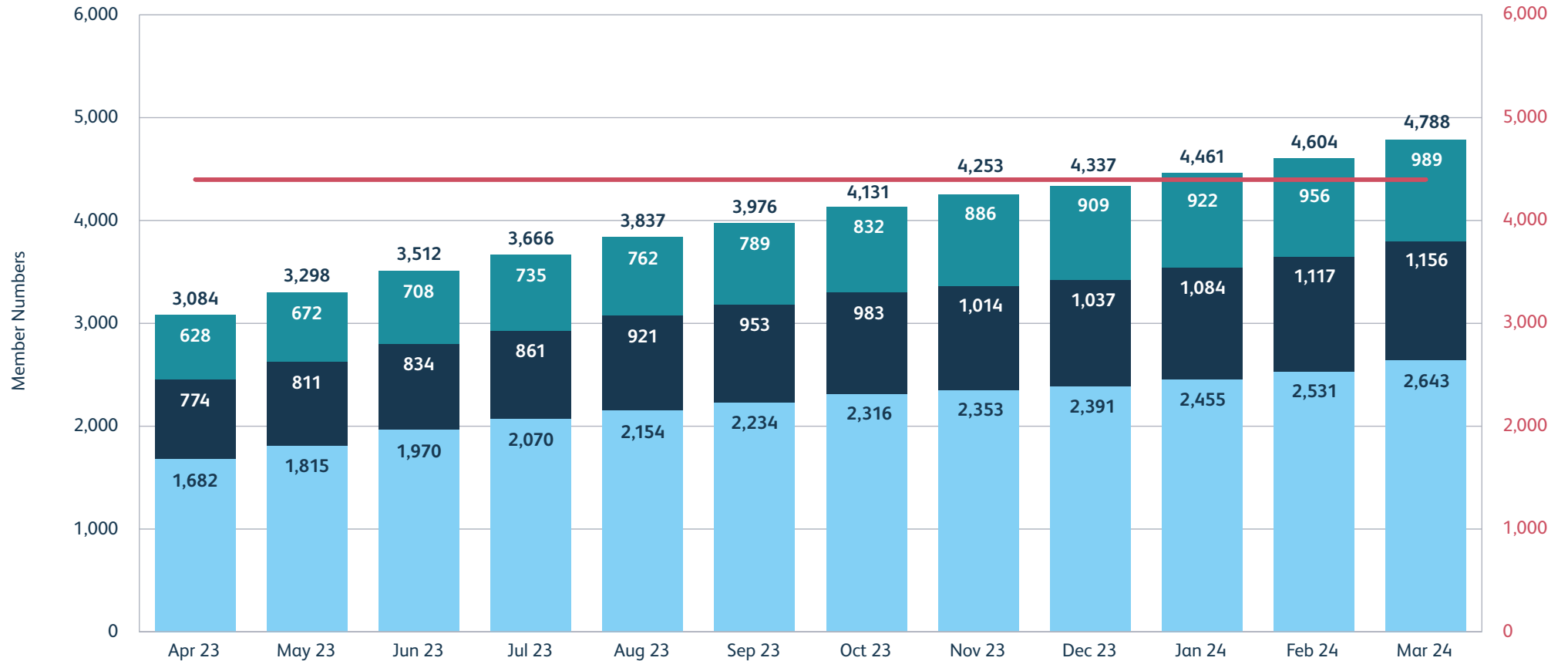
TOTAL MEMBERS REGISTERED

CLIENT SPECIFIC

Active Deferred Pensioner

4,395 (previous My Pension Online registrations as of October 2022)

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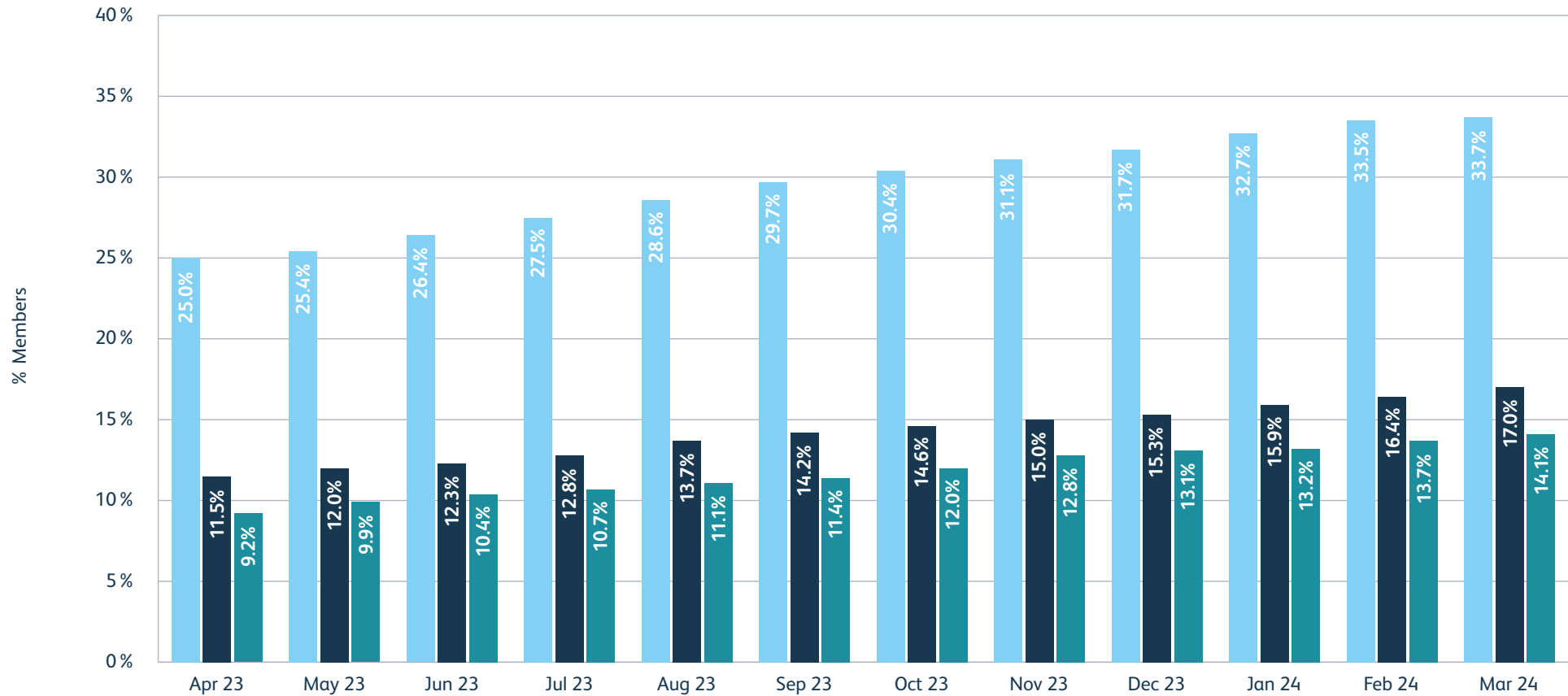




MEMBERS REGISTERED (%)

CLIENT SPECIFIC

Active Deferred Pensioner



Employer Engagement & Member Communication Activity

In this section...

- Delivered
- Scheduled
- Engagement communications (Employers & Members)

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED

ALL LPPA

Page 95

- Monthly return reminder emails have continued to go out to employers, including updates on the [validations process](#) (explaining that ‘Reasons for Leaving’ must be added in the right format when completing their monthly return – this will help reduce the number of individual leaver forms needed in the future).
- A new Retirement section has been added to the LPPA website to help members understand and navigate the retirement process. Key pages that have been updated for members include (click links to view):
 1. [New retirement landing page](#)
 2. [LGPS planning for retirement page](#)
 3. [Early retirement](#)
 4. [Late retirement](#)
- [Planning for retirement](#) emails were also sent to active members aged over 55, to signpost them through to the new retirement website section for more information.
- Further LPPA website pages were updated for members, with information provided on [P60s](#), [pension increases and CARE revaluation](#), and [employee contribution rates](#).
- The [50/50 page](#) has also been updated to promote the benefits of staying in the LGPS.
- A [Pension Pulse](#) employer bulletin was produced in February highlighting the key dates for employers to look out for throughout 2024 – also promoting the [employer toolkit](#) and [training schedules](#).
- In addition, an additional [Pension Pulse](#) was issued to employers in March, with useful updates on new contribution and APC rates, carer’s leave regulations and CARE revaluation.
- Annual [life certificate emails](#) have been sent to retirees who live outside of the UK.
- The PensionPoint [resources page](#) on the LPPA website has been updated to promote the benefits of PensionPoint and improvements (view service history etc), and [emails](#) have been issued / are planned to increase registration numbers.
- A letter review project has been implemented, with an initial focus on retirement letters. The aim of this project is to make sure letters are jargon-free, easy to understand and support members with the right information at the right time. The project will continue until March 2025.
- Finally, the 2024 / 25 LPPA communications schedule, highlighting planned, statutory campaigns was circulated to clients.

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

▾ SCHEDULED

- P60s will be added to PensionPoint by 31 May 2024 and emails will be sent in Q1 to any members where we hold an email address. Paper P60s will be mailed to those who have opted out of digital communications or contact LPPA to request a copy.
- An online newsletter will be emailed to retired members and will be made available on the LPPA website.
- Email communications and telephone calls will continue to non-submitting (monthly return file) employers.
- ABS communications will be prepared for issue in Q2 (by August 31), including letters, emails and website pages.
- The LPPA Communications team are working on further, planned improvements to the LPPA website.

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EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



ENGAGEMENT COMMUNICATIONS

CLIENT SPECIFIC

- Submitting monthly returns training was delivered and 1 employer attended.
- Monthly member sessions were delivered, with 3 Havering Fund members attending the Making Sense of your Pension sessions and 4 attended Making Sense of your Retirement sessions.

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EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



EMPLOYERS

CLIENT SPECIFIC

| Date | Employer | Activity | Number in attendance |
|--------|----------------------------|-------------------------|----------------------|
| 19 Mar | Submitting Monthly Returns | Coopers & Coborn School | 1 |

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MEMBERS

CLIENT SPECIFIC

| Date | Employer | Activity | Number in attendance |
|--------|-------------|------------------------------|----------------------|
| 13 Feb | HPF Members | Making Sense of Your Pension | 1 |
| 15 Feb | HPF Members | Making Sense of Retirement | 2 |
| 19 Mar | HPF Members | Making Sense of Retirement | 2 |
| 22 Mar | HPF Members | Making Sense of Your Pension | 2 |



Data Quality

In this section...

- TPR data scores
- Common data
- Scheme specific data

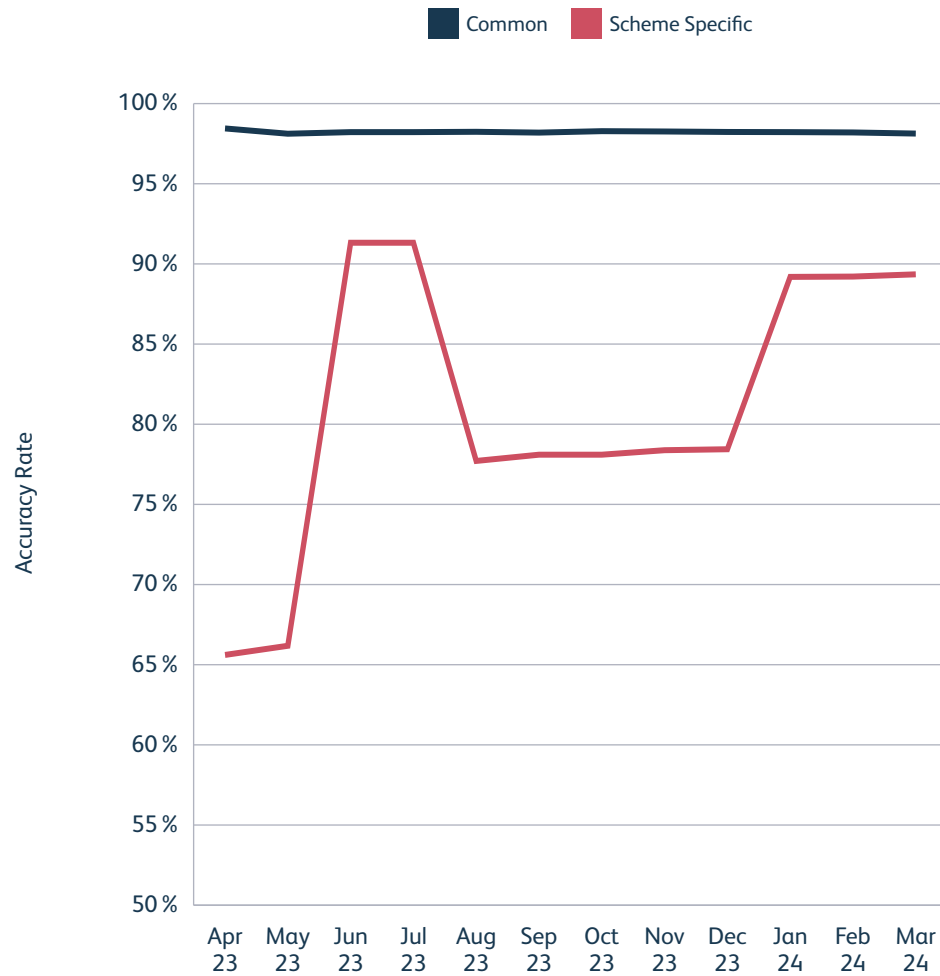
DATA QUALITY

Please note:

Fall in April's Conditional Data score is seasonal, and specifically related to Annual Allowance calculations (which follow employer submission of data returns and ABS processing).

TPR DATA SCORES

CLIENT SPECIFIC



| | Common (Target 95%) | Scheme Specific (Target 90%) |
|--------|------------------------|---------------------------------|
| Apr 23 | 98.45% | 65.61% |
| May 23 | 98.12% | 66.18% |
| Jun 23 | 98.22% | 91.32% |
| Jul 23 | 98.22% | 91.32% |
| Aug 23 | 98.24% | 77.71% |
| Sep 23 | 98.19% | 78.10% |
| Oct 23 | 98.28% | 78.10% |
| Nov 23 | 98.26% | 78.38% |
| Dec 23 | 98.23% | 78.44% |
| Jan 24 | 98.22% | 89.19% |
| Feb 24 | 98.20% | 89.21% |
| Mar 24 | 98.13% | 89.35% |

END OF QUARTER DATA QUALITY

(TPR SCORES)



COMMON DATA

CLIENT SPECIFIC

| Data Item | Active | Deferred | Pensioner / Dependant |
|--|--------------|--------------|--------------------------|
| Invalid or Temporary NI Number | 0 | 5 | 16 |
| Duplicate effective date in status history | 0 | 17 | 6 |
| Gender is not Male or Female | 15 | 0 | 0 |
| Duplicate entries in status history | 10 | 25 | 14 |
| Missing (or known false) Date of Birth | 0 | 0 | 0 |
| Date Joined Scheme greater than first status entry | 5 | 1 | 0 |
| Missing Surname | 0 | 0 | 0 |
| Incorrect Gender for members title | 0 | 0 | 0 |
| Invalid Date of Birth | 3 | 0 | 0 |
| No entry in the status history | 3 | 0 | 0 |
| Last entry in status history does not match current status | 50 | 7 | 5 |
| Member has no address | 43 | 143 | 22 |
| Missing Forename(s) | 0 | 0 | 0 |
| Missing State Retirement Date | 15 | 0 | 0 |
| Missing postcode | 43 | 163 | 50 |
| Missing Date Joined Pensionable Service | 2 | 1 | 0 |
| Total Fails | 189 | 362 | 113 |
| Individual Fails | 123 | 199 | 82 |
| Total Members | 7,841 | 6,802 | 7,009 |
| Accuracy Rate | 98.4% | 97.1% | 98.8% |
| | | | 98.1% |

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SCHEME SPECIFIC DATA

CLIENT SPECIFIC

| Data Item | Fails |
|-------------------------------|---------------|
| Divorce Records | 0 |
| Transfer In | 24 |
| AVCs/Additional Contributions | 13 |
| Deferred Benefits | 5 |
| Tranches (DB) | 17 |
| Gross Pension (Pensioners) | 2 |
| Tranches (Pensioners) | 138 |
| Gross Pension (Dependants) | 8 |
| Tranches (Dependants) | 19 |
| Date of Leaving | 287 |
| Date Joined Scheme | 295 |
| Employer Details | 3 |
| Salary | 283 |
| Crystallisation | 81 |
| CARE Data | 853 |
| CARE Revaluation | 4 |
| Annual Allowance | 581 |
| LTA Factors | 176 |
| Date Contracted Out | 5 |
| Pre-88 GMP | 155 |
| Post-88 GMP | 330 |
| Total Fails | 3,279 |
| Individual Fails | 2,305 |
| Total Members | 21,652 |
| Accuracy Rate | 89.4% |

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Administration

Havering Pension Fund

Administration Report - Annual Appendix

1st April 2023 - 31st March 2024

lppapensions.co.uk

CONTENTS

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ANNUAL SUMMARY

LPPA has made considerable progress in ensuring that monthly casework performance is consistently delivered against the 95% target, and in line with contractual obligations.

Helpdesk and Retirement satisfaction scores have been reported at client level to provide a more specific view of satisfaction scores for members. To improve the service provided to clients, employers and members, a key focus has been on delivering more functionality through the online self-service portals, and enabling more automation across the casework processes that are integral to our administration responsibilities. This will remain a priority as we move forwards into 2024-25, to ensure that the quality of casework continues to improve, and that this is reflected in both the member and employer experience.



Forward thinking...
Working together...
Doing the right thing...
Committed to excellence...



Helpdesk performance has continued to trend in the right direction in 2023-24, with average call wait times below the non-contractual 4-minute target.

McCloud has been a significant project in the year and will continue to be a key focus in 2024-25, as LPPA follows the national guidelines and timescales relating to the implementation of the remedy.

All regulatory and statutory deadlines in the year were successfully met.

Casework Performance Against SLA

In this section...

- Performance – All cases
- Performance Standard

CASEWORK PERFORMANCE AGAINST SLA



PERFORMANCE – ALL CASES

CLIENT SPECIFIC

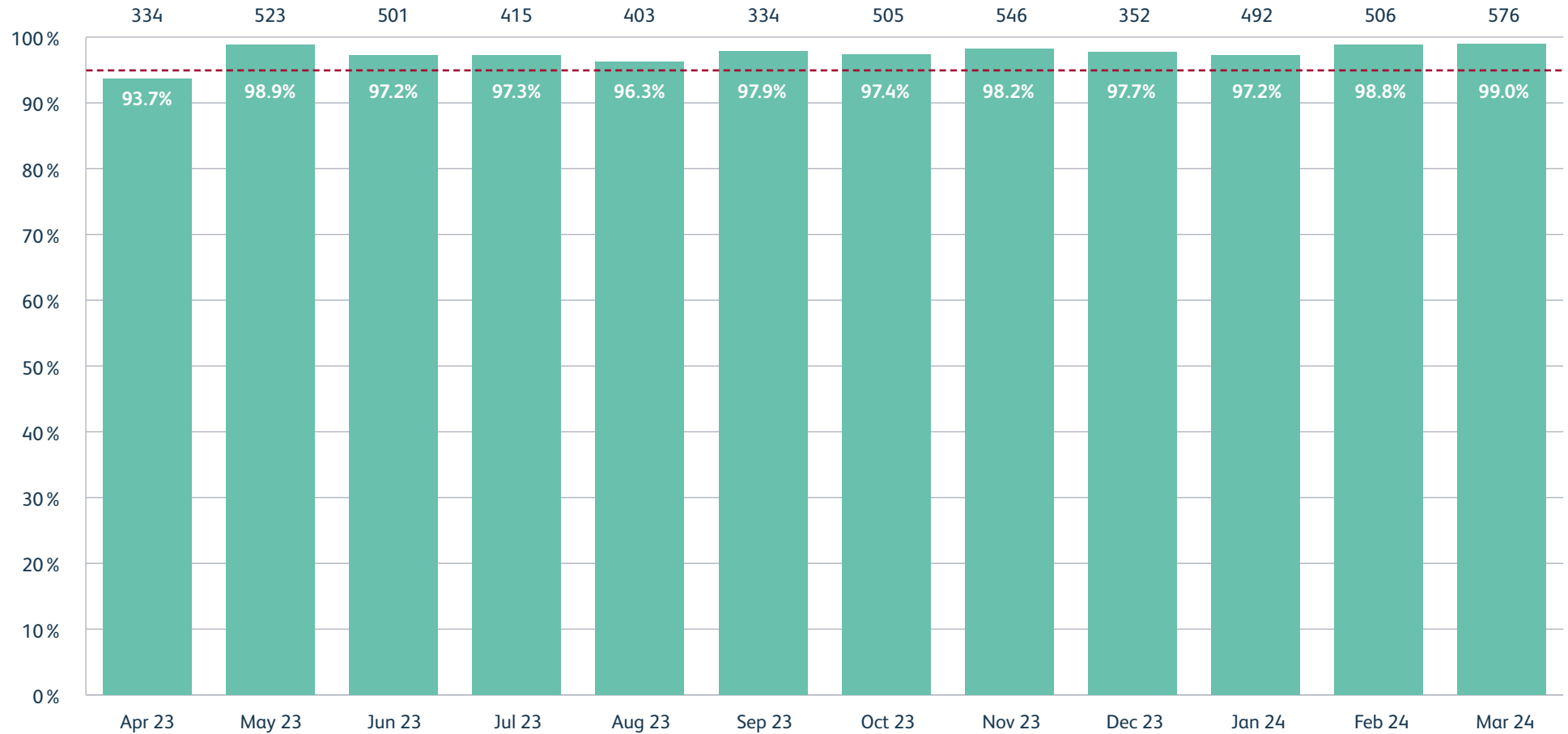
--- Target

The annual SLA performance was **97.6%**

Total completed cases included for each month.

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Performance



CASEWORK PERFORMANCE AGAINST SLA



PERFORMANCE STANDARD

CLIENT SPECIFIC

----- Target (95%)

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CASEWORK PERFORMANCE



ONGOING CASEWORK AT THE END OF THE REPORTING YEAR

CLIENT SPECIFIC

The following table is created by identifying all reportable casework within UPM, and includes those that have subsequently Completed / Aborted / Remain Outstanding within the quarter. The figures in this table cannot be compared to those in the previous slide for a number of reasons including: the table includes aborted cases, but the horizontal bar graph does not; the SLA 'stop trigger' can be actioned before the process has been completed.

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| | Brought Forward at 01/04/23 | Received (Inbound) | Completed (Outbound) | Outstanding as of 31/03/24 |
|------------------------|-----------------------------|--------------------|----------------------|----------------------------|
| New Starters | 41 | 1,009 | 1,030 | 20 |
| Transfers In | 128 | 324 | 310 | 142 |
| Transfers Out | 127 | 388 | 351 | 164 |
| Estimates | 15 | 213 | 206 | 22 |
| Deferred Benefits | 164 | 738 | 604 | 298 |
| Retirements - Deferred | 146 | 669 | 734 | 81 |
| Retirements - Active | 128 | 581 | 621 | 88 |
| Refunds | 41 | 397 | 373 | 65 |
| Deaths | 135 | 576 | 561 | 150 |
| Correspondence | 36 | 405 | 401 | 40 |
| Aggregation | 123 | 874 | 679 | 318 |
| <i>Other</i> | 91 | 1,180 | 1,205 | 66 |
| Total | 1,175 | 7,354 | 7,075 | 1,454 |

Employer Engagement & Communication Activity

In this section...

- Delivered
- Engagement communications

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 1

ALL LPPA

- Employer training sessions have been delivered with a focus on annual and monthly data returns and navigating the UPM employer portal.
- Automated UPM email notifications went live, confirming to employers when data files have successfully been submitted, and processing has been completed by LPPA.
- Following feedback from employers, improvements have been made to the leaver form in the UPM portal (it is now quicker and more straightforward to complete).
- The online LPPA [retired member newsletter](#) was issued to all email contactable members (and is available to access on the LPPA website), including details on how to access their online P60 in PensionPoint (paper copies issued when requested by members).
- LPPA website updates:
 1. 2023 Spring Budget updates - update on pension increases.
 2. P60 information for retired members.
 3. A new homepage went live on the LPPA Pensions website, to make it easier for members and employers to find relevant information.

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 2

ALL LPPA

- [Pension Pulse](#) bulletin (employer newsletter) was issued to all employers.
- A separate email communicating [GAD factor](#) changes was also issued to all employers.
- An annual LPPA [Member newsletter](#) was produced for active/deferred members. Articles included pension increases, cost of living tips and member real-life stories.
- Member emails communicating [newsletter and ABS](#) were issued in July and August.
- [Automated email notifications](#) went live, alerting employers when they have unresolved data queries in their UPM portal work feed.
- Employers were also updated on [LGA training resources](#).
- Following feedback from members, a new “Service History” page went live in PensionPoint for active LG members. This now provides information on employment service, transfers and CARE history.
- The LPPA website was updated to provide more information for LG members on the [impact of remedy](#) (including links to the LGPS McCloud remedy page).
- Several emails were issued in September to employers, to provide updates on improvements to UPM employer portal functionality (generating [member estimates](#) – includes Tier 1 and 2 ill health), new [training sessions](#) and an update on [ABS activity](#).

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EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 3

ALL LPPA

- The [member contact form](#) was improved to assist member self-service requests for information contained on the LPPA website – this has resulted in more member visits to retirement and PensionPoint pages (FAQ's, how to videos etc.).
- Monthly return files - reminder [emails](#) and telephone calls to non-submitting employers were issued / actioned, to ensure that support is provided, as well as highlighting the impact if files are not up-to-date, ready for the production of ABS documents in 2024.
- An employer email promoting [Get Online week](#) was issued.
- A McCloud (LGPS) client round table was facilitated by LPPA to provide a business (project) and communications update, together with a discussion on employer data requirements, followed by a Q&A.
- The [Employer toolkit page](#) was updated (simplified) on the LPPA website.
- An [email invite](#) was issued promoting the virtual LPPA Employer Forum (23 November 23).
- [Pension Pulse](#) (newsletter) was issued to employers and focused on the LPPA Employer Forum (including a link to the session recording), the employer toolkit and a reminder that member estimates can be generated in the employer portal.
- Several new resource pages were added to the LPPA website:
 1. [Increasing your pension benefits](#) - provides members with information on taking out an AVC, APC or added pension.
 2. [Age discrimination remedy pages](#) – explaining how members are affected by the McCloud judgement.
 3. New [Forms, documents and scheme information](#) page added.
 4. [GMP page](#) and [Trivial commutation](#) pages added to LPPA website.

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EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 4

ALL LPPA

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- Monthly return reminder emails have continued to go out to employers, including updates on the [validations process](#) (explaining that ‘Reasons for Leaving’ must be added in the right format when completing their monthly return – this will help reduce the number of individual leaver forms needed in the future).
- A new Retirement section has been added to the LPPA website to help members understand and navigate the retirement process. Key pages that have been updated for members include:
 1. [New retirement landing page.](#)
 2. [LGPS planning for retirement page.](#)
 3. [Early retirement.](#)
 4. [Late retirement.](#)
- [Planning for retirement](#) emails were also sent to active members aged over 55, to signpost them through to the new retirement website section for more information.
- Further LPPA website pages were updated for members, with information provided on [P60s, pension increases and CARE revaluation](#), and [employee contribution rates](#).
- The [50/50 page](#) has also been updated to promote the benefits of staying in the LGPS.
- A [Pension Pulse](#) employer bulletin was produced in February highlighting the key dates for employers to look out for throughout 2024 – also promoting the [employer toolkit](#) and [training schedules](#).
- An additional [Pension Pulse](#) was issued to employers in March, with useful updates on new contribution and APC rates, carer’s leave regulations and CARE revaluation.
- Annual [life certificate emails](#) and letters have been sent to retirees who live outside of the UK.
- The PensionPoint [resources page](#) on the LPPA website has been updated to promote the benefits of PensionPoint and improvements (view service history etc), and [emails](#) have been issued / are planned to increase registration numbers.
- A letter review project has been implemented, with an initial focus on retirement letters. The aim of this project is to make sure letters are jargon-free, easy to understand and support members with the right information at the right time. The project will continue until March 2025.

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



ENGAGEMENT COMMUNICATIONS

CLIENT SPECIFIC

- UPM employer portal training was delivered and 7 Havering Pension Fund employers attended.
- Year end training was delivered and 1 employer attended.
- 2 Virtual employer visits were held.
- Absence and Ill Health training was delivered with 2 employers attending.
- 2 employers attended LGPS Scheme Essentials Training.
- Employer Responsibilities training was delivered with 3 employers attending.
- Submitting monthly returns training was delivered and 4 employer attended.
- 5 employers attended Scheme Leavers Training.
- 4 people from Havering employers attended our Employer Forum.
- Monthly member sessions were delivered, with 26 Havering Fund members attending the Making Sense of your Pension sessions and 19 attended Making Sense of your Retirement session.

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Trustee Diversity & Inclusion (D&I) Survey

Summary of key findings from the 2023 survey

Prepared for The Pensions Regulator by OMB Research
February 2024

1. Key findings

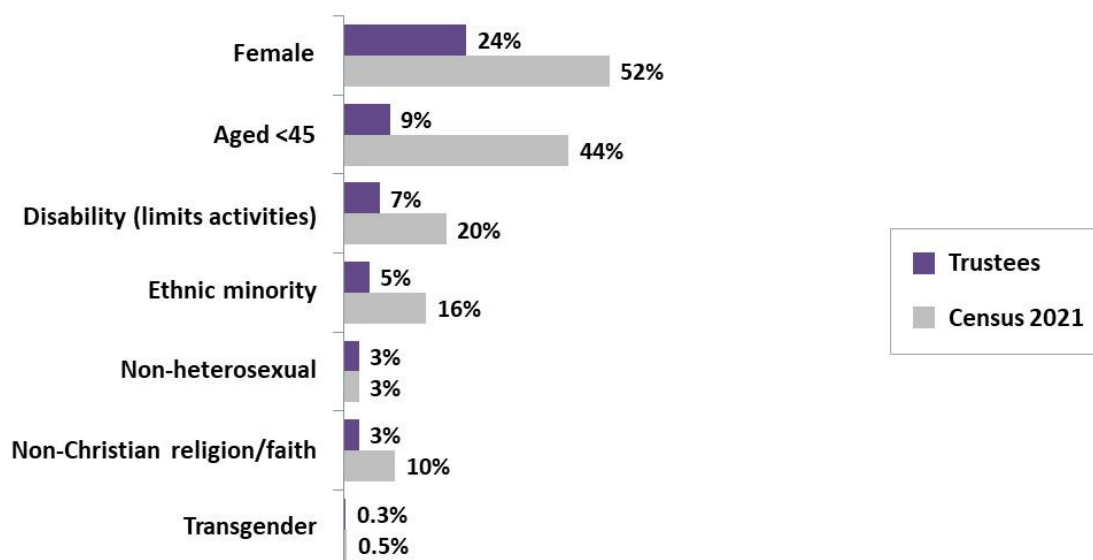
This summary report provides the key results from TPR's first Trustee Diversity & Inclusion (D&I) survey, conducted in July and August 2023. Results are based on responses from 2,197 trustees and public service scheme pension board members¹.

The research sought to provide a baseline measure of the diversity and inclusivity of trustee boards, identify the actions being taken to improve this, and explore the attitudes of trustees towards D&I.

1.1 Trustees were less diverse than the population as a whole in relation to most protected characteristics

Trustees were less diverse than the overall population on most of the protected characteristics. In comparison to the national picture, they were less likely to be female, aged under 45, have a disability that limited their day-to-day activities, come from an ethnic minority background or be of a non-Christian faith.

Figure 1.1 Proportion with minority characteristics



All respondents (Base 2197, Prefer not to say 3-7%)
[View a table showing all data from the above figure](#)

According to the survey results, the typical trustee was white, male, aged 45 or over, heterosexual, non-disabled, either Christian or had no religion, and not transgender. Over half of trustees (53%) had all seven of these characteristics.

In contrast, 10% had two or more 'minority' protected characteristics. To illustrate, 4% were female and under the age of 45 (vs. 22% in the Census) and 2% were female and from an ethnic minority background (vs. 8% in the Census).

¹ The survey was completed by 2,847 trustees/board members but those who only acted as a trustee for Relevant Small Schemes or Executive Pension Plans have been excluded from the analysis in this report due to the different size/nature of these schemes. For brevity, references to 'trustees' in this report include public service scheme board members.

The survey also captured data on other personal characteristics. Around a third of trustees were retired (31%), with the remainder employed or self-employed/freelance. Around one in ten (11%) were born outside of the UK, with 3% reporting that English was their second language. A minority (3%) described themselves as neurodivergent, compared to an estimated 15% nationally².

1.2 Although trustees were less diverse than the population as a whole on protected characteristics, around half still considered their board to be diverse in terms of gender and age

Trustees were most likely to describe their board as being diverse in terms of gender (58%) and age (49%). Perceived diversity was lower for other protected characteristics such as ethnicity (19%), disability (9%) and sexual orientation (9%) although many answered “don’t know” for these often less visible characteristics.

Approximately a fifth of schemes (22%) collected data on the diversity of their trustees (in terms of the protected characteristics). Where this was captured, it typically covered gender and age (both 20%) but comparatively few recorded data on gender reassignment, sexual orientation or religion (3%, 4% and 5% respectively).

1.3 Trustee boards were widely felt to be diverse in relation to broader indicators (such as experience and skills) and to have inclusive practices

The majority of trustee boards were seen as being diverse in terms of skills (82%), life experience (74%), professional background (73%), cognitive diversity (73%) and education (61%). Half (48%) were described as diverse in relation to accent/dialect.

In terms of indicators of inclusivity, around nine in ten trustees agreed that they could express their true feelings to the board (91%), communications between trustees were open and honest (91%), board members fairly considered ideas and suggestions (90%), they felt valued (88%) and board members were recognised for their contributions to member outcomes (85%).

1.4 Around half of trustees felt that their chair played a key role in driving equality, diversity and inclusion (EDI)

Half (50%) of trustees agreed that the chair drives and promotes EDI, and a similar proportion (45%) agreed that the chair leads progress in meeting EDI objectives. A third (32%) said that assessments of the board’s performance included how well EDI has been embedded into processes.

² 15% is a widely quoted figure from a number of different sources including [ACAS](#), [ICAEW](#) and the [NHS](#)

1.5 Most trustees believed that D&I is important, although inclusion was seen as more important than diversity

Around three-quarters (78%) felt that having a diverse trustee board is important, and 87% believed that inclusive practices are important. In addition, there was a broad consensus that diverse and inclusive pension boards are important for good decision-making (84%), good governance (83%) and good member outcomes (85%).

Almost nine in ten trustees believed they had good knowledge of diversity (87%) and inclusion (87%) issues, and a similar proportion were confident discussing diversity (88%) and inclusion (87%) with other board members.

1.6 The main perceived benefits of diverse and inclusive boards related to recruitment and skills

The most widely perceived benefits of diverse and inclusive boards were widening the pool of potential candidates (54% said this was a significant benefit), broadening the skill set of the trustee board (53%) and providing opportunities to under-represented groups (51%).

In contrast, trustees were least likely to see better value for money (17%), improved trustee retention (24%) and reduced risk (27%) as significant benefits of diverse and inclusive boards, although the majority still described these as at least a moderate benefit (54-65%).

1.7 Two-fifths of schemes had taken (or planned) action to improve trustee diversity or inclusion, and board diversity was felt to have improved over the last five years

A third (34%) of schemes had taken action to create a more diverse trustee board and/or planned to do so in the next 12 months, and the same proportion (34%) had taken/planned action to encourage greater inclusivity among trustees. Overall, 43% had taken or planned action in either of these areas (with 25% doing both).

The most widely taken actions related to trustee recruitment; 25% had considered D&I when recruiting new board members, 14% had changed how they recruit new board members to encourage diversity and 11% had adopted reasonable adjustments to their recruitment process (with between 2% and 3% planning to take each of these actions in the next 12 months).

The other most common actions were undertaking training or awareness raising on D&I (12%) and adopting more inclusive working practices (10%). However, comparatively few boards had developed a formal EDI strategy/policy (8%) or an EDI action plan (5%), although in each case a further 4% intended to do these in the next 12 months.

On balance, trustee board diversity was felt to have improved; 45% said their board had become more diverse in the previous five years whereas 4% felt it had become less diverse. However, most of those reporting improved diversity said the board had become 'a little' more diverse over this period (37% vs. 8% 'much more' diverse).

1.8 Half of trustees were aware TPR's EDI guidance and D&I Action Plan

Overall, 52% were aware of TPR's guidance on EDI but fewer knew about any other sources of guidance/standards (the highest was 16% for the National Equality Standards and 14% for the FCA guidance). Two-thirds (64%) of schemes that had developed an EDI strategy/policy said this was influenced by TPR guidance.

A similar proportion (49%) were aware of TPR's D&I Action Plan, although fewer (36%) had read it. Most of those who had read the Action Plan felt it was easy to understand (70%) and the content was relevant to trustees (66%).

1.9 Professional and corporate trustees were associated with higher engagement in relation to D&I issues

Schemes with professional or corporate trustees were most likely to describe diversity as being important to the trustee board (60% vs. 51%) and to believe inclusion was important to the board (77% vs. 66%). They were also more likely to collect trustee diversity data (25% vs. 19%).

Professional and corporate trustees were also associated with greater action on D&I. Whereas two-fifths of schemes with professional or corporate trustees had taken/planned action to create a more diverse trustee board (41%) or encourage greater inclusivity (42%), this fell to 24% and 25% respectively among schemes with only non-professional trustees.

Awareness of TPR's guidance on EDI was highest among professional trustees (78% vs. 51% of corporate and 50% of non-professional trustees). A similar picture was seen for awareness of TPR's D&I Action Plan (83% for professionals vs. 52% of corporate and 44% of non-professional).

1.10 Micro schemes were typically less engaged with D&I issues

In comparison to other scheme sizes, trustee boards of micro schemes were perceived to be less likely to view diversity (40%) and inclusion (47%) as important.

Micro scheme trustees indicated they were also least likely to have taken/planned action to create a more diverse trustee board (9%) or to encourage greater inclusivity (10%), to collect trustee diversity data (12%) or to have become more diverse over the last five years (12%).

Furthermore, micro scheme trustees had the lowest awareness of TPR's D&I Action Plan (29%) and EDI guidance (12%).

1.11 The attitude and approach of the chair of trustees was the key common factor that drove the scheme's positivity towards D&I

Advanced statistical analysis was undertaken to identify the characteristics of trustee boards that were most associated with positive attitudes and actions relating to D&I. This analysis found that the chair driving and promoting EDI was the factor most closely associated with the board seeing diversity as important, higher levels of board D&I, and the likelihood of taking action on inclusivity.

Scheme size was the key predictor of taking action on diversity (with larger schemes more likely to do so), followed by the chair driving and promoting EDI.

1.12 The shorter the tenure of a trustee the greater their personal positivity towards D&I

Similarly, advanced statistical analysis was also used to identify the characteristics of individual trustees that were most associated with positive attitudes towards D&I. The factor that most strongly differentiated between trustees that saw D&I as important and those that did not was the length of their tenure as a trustee, with newer trustees most positive.

The second highest indicator was gender, with females more positive about D&I than males. The segment most likely to view D&I as important was female trustees with less than three years' experience.

Appendix

This appendix provides the underlying data for Figure 1.1.

Data for 'Figure 1.1 Proportion with minority characteristics'

| | Trustees | Census 2021 |
|--------------------------------|----------|-------------|
| Female | 24% | 52% |
| Aged <45 | 9% | 44% |
| Disability (limits activities) | 7% | 20% |
| Ethnic minority | 5% | 16% |
| Non-heterosexual | 3% | 3% |
| Non-Christian religion/faith | 3% | 10% |
| Transgender | 0.3% | 0.5% |

[Return to Figure 1.1](#)

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