

**INTRODUCTION**

This briefing note summarises key points to note in the items being presented to the Pension Fund Committee on 8 September 2023 (procedural items have not been included).

**PART A****STANDING ITEMS**

**Compliance Update** – “amber” breach in period re an employer owing £7k in contributions dating back to October 2022.

**Business Plan 23/24** – progress on delivery of quarter 2 actions is reported as “amber” due to delays in delivery of Admin and Comms actions, much of which is due to actions outside the Fund’s control. Forecast outturn of £0.19m underspend, largely due to staff vacancies.

**Regulatory update** – items include the Mansion House speech and consultation around LGPS investment asset pooling, the Boycotts Investments and Sanctions Bill, an update on the long running McCloud remedy, and delays to the national Pensions Dashboards programme.

**ANNUAL REPORT / STATEMENT OF ACCOUNTS 2022-23**

**Key points:** Contributions, benefit payments, and payments to members leaving before retirement have all increased; investment assets have decreased to £6.3bn from £7.0bn due to market value changes. No changes to primary statements from draft accounts presented in June 2023. Minor changes to some notes to the accounts.

**OVERPAYMENTS POLICY**

Current policy dates back to 2012 and has been reviewed by legal team. Principles in new policy unchanged but more detail provided on supporting processes. Report sets out additional detail on processes in place designed to reduce risk of overpayments occurring.

**LGPS POOLING CONSULTATION**

DLUHC have issued a consultation which includes proposals on LGPS asset pooling, levelling up and private equity investments. Report sets out key issues which will inform the Fund’s final response. Concerns include the proposed deadline of March 2025 for pooling liquid investments, delegation of investment decision making and strategic implementation to pools, and requirement for 10% investment allocation to private equity. Overall the consultation fails to sufficiently recognise the primary purpose of LGPS investments is to generate returns to support the payment of pension benefits. Fund officers will finalise a response to the consultation based on these issues.

**PART B - CONFIDENTIAL ITEMS****RESPONSIBLE INVESTMENT POLICY UPDATE**

Some investment managers / index providers are introducing exclusions which mean they will not invest in certain companies e.g. those producing tobacco products and thermal coal. The Fund’s current RI policy does not support blanket disinvestments. However, analysis of the impact of the proposed introductions by two investment managers (one of which is LGPS Central) indicates that the number of companies excluded will be small and is unlikely to have a material impact on financial performance. There are concerns as to the potential cost of moving investments to other funds without such exclusions. Report proposes accepting the indicated exclusions and amending the Fund’s RI policy so that the Fund reviews any proposed exclusions on a case by case basis.

**CYBER RISK AND VULNERABILITY REVIEW**

A review of cyber risk management arrangements across i) the Fund, ii) the Council's ICT service, and iii) Civica (provider and host of the Fund's administration system) is underway. The review of Fund arrangements is complete. Key actions to progress are: i) develop a Fund cyber strategy, ii) provide guidance to staff and members on their role in managing cyber risk, iii) develop a Fund incident response plan, and iv) review use of unencrypted emails. Fund proposals in response are set out. Outcomes from ICT and Civica reviews are expected at next Committee.