

PENSIONS COMMITTEE

15 June 2022

Title: Administration and Governance Report	
Report of the Chief Operating Officer	
Open Report	For Information
Wards Affected: None	Key Decision: No
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Accountable Director: Philip Gregory, Chief Financial Officer	
Accountable Strategic Leadership Director: Fiona Taylor, Interim Chief Executive	
Summary This report provides Members with an update on any administration and governance changes that have occurred and the potential impact that these changes may have on the Pension Fund. The report also provides an update on the Fund's one year and three-year cashflow forecast and on the London Collective Investment Vehicle (LCIV) as the Fund moves towards more pooled investments.	
Recommendations The Committee is recommended to note: <ul style="list-style-type: none">i. that the Fund is cash flow positive;ii. the Fund's three-year budget for the period 1 April 2021 to 31 March 2024;iii. the London CIV Update;iv. The 2021 to 2023 Pension Fund Business Plan; andv. The training Policy for Committee Members (including Observers), Pension Board Members, and Senior Fund Officers. The Committee is recommended to note: <ul style="list-style-type: none">i. that a prepayment was made of £20m on 1 April 2022	

1. Introduction

1.1 It is best practice for Members to receive regular administration data and governance updates. This report covers four main areas including:

- i. Pension Fund Budget 1 April 2022 to 31 March 2025;
- ii. Cash flow to 31 March 2022;
- iii. London CIV update;
- iv. 2021 to 2023 Business Plan; and
- v. The training Policy for Committee Members (including Observers), Pension Board Members, and Senior Fund Officers

2. Pension Fund Budget 1 April 2022 to 31 March 2025

2.1 Table 1 provides Members with the Fund's three-year budget to 31 March 2025.

Table 1: Pension Fund Budget 1 April 2022 to 31 March 2025

	2022/23 Budget	2023/24 Budget	2024/25 Budget
Contributions			
Opening Market Value	1,341,280	1,406,180	1,472,350
Employee Contributions			
Council	8,700	9,000	9,400
Admitted bodies	500	500	500
Scheduled bodies	2,000	2,100	2,100
Employer Contributions			
Council	28,200	29,300	30,500
Admitted bodies	2,100	2,200	2,200
Scheduled bodies	7,700	8,000	8,300
Pension Strain	1,000	1,000	1,000
Transfers In	3,500	3,500	3,500
Total Member Income	53,700	55,600	57,500
Expenditure			
Pensions	-37,600	-39,200	-40,700
Lump Sums and Death Grants	-6,500	-6,800	-7,000
Transfers Out	-4,400	-4,400	-4,400
Administrative expenses	-800	-800	-900
Total Expenditure on members	-49,300	-51,200	-53,000
Net dealings with members	4,400	2,870	1,850
Returns on Investments			
Investment Income	15,000	16,000	17,000
Profit (losses)	50,000	52,000	54,000
Investment management expenses	-4,500	-4,700	-4,900
Net returns on investments	60,500	63,300	66,100
Net increase (decrease) in assets	64,900	66,170	67,950
Closing Market Value	1,406,180	1,472,350	1,540,300

	30/09/2021	Market Move	31/12/2021
Active Investments	£	£	£
LCIV Global Alpha Growth Fund	332,964,612	(41,271,358)	291,693,254
LCIV Global Total Return Fund	112,672,361	1,727,595	114,399,956
LCIV Real Return Fund	85,680,296	(3,744,346)	81,935,950

- 2.2 The three-year budget fairly stable member numbers, although a 4% increase in contributions and pensions has been assumed due to the current high level of inflation. The Council contribution for 2022/23 is 23.0% and it has been assumed that the contribution rate will remain the same for all employers. An increase in management expenses is being forecasted as asset values increase thus increasing the expenses. Overall, the Fund is expected to be cashflow positive.
- 2.3 On 1 April 2022 a £20m prepayment was paid to the Pension Fund from the Council, as agreed by Members at the March 2022 Committee. This prepayment helped to repay a short-term loan made to the Fund from the Council.

3. London Collective Investment Vehicle (LCIV) Update

- 3.1 The LCIV is the first fully authorised investment management company set up by Local Government. It aims to be the LGPS pool for London to enable Local Authorities to achieve their pooling requirements. Below are the investments the Fund currently has with CIV.

Total	531,317,269	(43,288,109)	488,029,160
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3.2 Update from the London CIV

On 31 March 2022, the total assets stood at £26.67 billion, of which £13.98bn are in funds managed by the London CIV, being the ACS plus amounts committed to private market fund. Assets under management in our ACS stood at £13.21bn and assets in private market funds stood at £771m.

In Q1 LCIV had £182 million of additional commitments from three investors to the LCIV Renewable Infrastructure Fund and one investor to the LCIV Inflation Plus Fund, bringing total commitments raised by private market funds as of 31 March 2022 to £2.2 billion. The value of 'pooled' passive assets was £12.70 billion, with £9.47 billion managed by L&G and £3.22 billion managed by BlackRock.

3.3 **Q1 2022 Activity in Brief (relevant to LBBB Pension Fund)**

The re-alignment of the LCIV MAC Fund to introduce PIMCO's diversified income strategy and create a two-manager structure, began as planned on 28 February 2022 with a contribution of £110 million to the LCIV MAC Fund from a new investor. The re-alignment will take place over five months to mitigate transaction costs and achieve a steady progression to the targeted equal split between CQS and PIMCO strategies. LCIV expect further contributions from existing and new investors into the LCIV MAC Fund during Q2 2022.

This is the long-awaited improvement in MAC funds that the Fund is likely to look to invest in and training and meet the managers days will be set aside later in 2022 for Members to make a decision on whether to invest with the LCIV MAC.

Three Client Funds have recently decided to move their investments in the LCIV Global Alpha Growth Fund to the LCIV Global Alpha Growth Paris Aligned Fund, which in aggregate represents c.£820 million. LCIV will be supporting these Client Funds with their transitions in the coming months and there is the potential for LBBB Pension Fund to be one of these.

4. **London Borough of Barking and Dagenham Pension Fund 2021 to 2023 Business Plan**

- 4.1 In December 2020 a Business Plan for the fund was agreed by Members. This is attached to this report as appendix 1.
- 4.2 A review of the Business Plan and the training requirement of the Members will be taken to the September 2022 meeting for agreement.

5. **Training Policy for Committee Members (including Observers), Pension Board Members, and Senior Fund Officers**

- 5.1 In December 2021 the Pensions Committee approved the preparation of a Training Policy taking account of guidance in the June 2021 CIPFA Knowledge and Skills Framework for Committee Members and LGPS Officers. This resulted from the decision of the Committee, also at the December 2021 meeting, to approve the adoption of the CIPFA June 2021 Code of Practice on LGPS Knowledge and Skills.
- 5.2 A Training Policy (Appendix 2 to this report) was prepared by the Independent Advisor, in consultation with Fund Officers and agreed by the Committee in March 2022. This sets out the policy of the Fund regarding LGPS knowledge and skills in respect of Members of the Pension Committee, Observers of the Pension Committee, Members of the Local Pension Board, and Senior Officers of the Fund.
- 5.3 The Training Policy takes particular account of the CIPFA Code of Practice on LGPS Knowledge and Skills 2021. Particular account has also been taken of the CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers 2021, and appropriate account of the CIPFA Local Pension Boards: A Technical Knowledge and Skills Framework 2015.
- 5.4 The Training Policy has been included for Member reference as a revised training plan will be agreed and implemented at the September 2022 Pension Committee.

6. Financial Implications

Implications completed by: Philip Gregory, Chief Financial Officer

- 6.1 The Pension Fund is a statutory requirement to provide a defined benefit pension to scheme members. The management of the administration of benefits the Fund is supported and monitored by the Pension Board.

7. Legal Implications

Implications completed by: Dr. Paul Feild Senior Governance Solicitor

- 7.1 The Council operates the Local Government Pension Scheme which provides death and retirement benefits for all eligible employees of the Council and organisations which have admitted body status. There is a legal duty fiduciary to administer such funds soundly according to best principles balancing return on investment against risk and creating risk to call on the general fund in the event of deficits. With the returns of investments in Government Stock (Gilts) being very low they cannot be the primary investment. Therefore, to ensure an ability to meet the liability to pay beneficiaries the pension fund is actively managed to seek out the best investments. These investments are carried out by fund managers as set out in the report working with the Council's Officers and Members.

8. Consultation

- 8.1 Council's Pension Fund governance arrangements involve continuous dialogue and consultation between finance staff and external advisers. The Finance Director and the Fund's Chair have been informed of the commentary in this report.

8.2 With regard to the Investment Consultants Strategic Objectives Review, the Independent Advisor has been closely and specifically consulted. The closed Appendix to this report has been prepared based on a self-assessment prepared by the Funds Investment Consultant Hymans Robertson which was reviewed and scrutinised by the Independent Advisor as well as Fund Officers.

Background Papers Used in the Preparation of the Report:

Appendix 1: London Borough of Barking and Dagenham Pension Fund 2021 to 2023 Business Plan

Appendix 2: The training Policy for Committee Members (including Observers), Pension Board Members, and Senior Fund Officers

London Borough of Barking and Dagenham Pension Fund

2021 to 2023 Business Plan



1 Introduction and Background

- 1.1. The Local Government Pension Scheme (“the LGPS”) is an occupational pension scheme that has been established by Act of Parliament and is governed by regulations made under the Superannuation Act 1972 and Public Service Pensions Act 2013. The London Borough of Barking and Dagenham Pension Fund (“the Fund”) is maintained under the Act.
- 1.2. The Fund is responsible for providing retirement and other benefits to employees of The London Borough of Barking and Dagenham (“the Council”). Fund membership is approaching 19,000 with 39 employers, including admitted and scheduled bodies. Administration of the Fund is the responsibility of the Council, which also has overall responsibility for the investment of the Fund’s assets and pension administration services to members of the Fund and their employers.
- 1.3. The publication of the Myners Report and the subsequent CIPFA “Principles for Investment Decision Making in the LGPS in the United Kingdom” (CIPFA’s Investment Code of Practice) and “Investment Decision Making and Disclosure”, recommends that the Section 151 officer prepare and submit to the Pension Committee (“the Committee”) an annual business plan (“the BP”) for the Fund.
- 1.4. The BP identifies and outlines the key tasks for the period 1 January 2021 to 31 December 2023, with progress reported on at each quarterly Committee. The key tasks identified reflect the Committee’s commitment to developing a suitable investment strategy and monitoring procedures for the coming year which meet the Fund’s objectives and complies with best practice.
- 1.5. The BP outlines the operation of the Fund and includes provision for training and development. The proposed training and development will equip Committee Members with the necessary skills to make informed decisions on the Fund’s investments.
- 1.6. CIPFA recommends that all Committee Members should have the necessary skills and knowledge to adequately fulfil their governance and fiduciary duties to the Fund Members. This is also a requirement of the Pensions Regulator, who from time to time, monitors compliance with this requirement. In addition, as a result of opting the Fund up to Professional Investor status, there is an expectation that Members will receive relevant, detailed and timely training, with updates of the training and attendance provided to the various fund managers, advisors and custodians that the Fund uses. It is likely that some of the new Members will not have had previous experience of being on a pension Committee and / or will not have sufficient knowledge of the LBBB scheme.
- 1.7. 2019/20 was the completion of the Fund’s triennial valuation, which had a significant impact on the employers within the Fund. A review of the Fund’s investment strategy will be completed by December 2020. Full training will be provided to Members during 2021 on any new asset classes being proposed.

2. Pension Committee

- 2.1 The Council has delegated responsibility for the management of the Fund's investments to the Pension Committee ("the Committee"). The Committee comprises of seven councillors and three non-voting representatives, including a Union, an employer and an employee representative, as per below:

	Committee as at 31 December 2020	Committee as at 15 June 2022
Chair:	Cllr Kashif Haroon	TBC
Deputy:	Cllr Foyzur Rahman	Cllr Olawale Martins
	Cllr Rocky Gill	Cllr Rocky Gill
	Cllr Amardeep Singh Jamu	Cllr Nashitha Choudhury
	Cllr Mick McCarthy	Cllr Giasuddin Miah
	Cllr Dave Miles	Cllr Tony Ramsay
	Cllr Tony Ramsay	TBC
Committee Observers		
Union:	GMB - Steve Davies	
Employer:	UEL – Dean Curtis & Susan Parkin	
Advisors:	Hymans Robertson	
Independent Advisors:	John Raisin Financial Services Limited	
Actuary:	Barnett Waddingham	
Custodian:	Northern Trust	

- 2.2 The Committee meets at least quarterly and its role is to deal with the management of Fund's investments in accordance with Regulations issued by the Secretary of State under Section 7 of the Superannuation Act 1972.
- 2.3 The Section 151 officer has overall responsibility for the financial management of the Fund and the administration of the pension scheme.
- 2.4 The Committee's objectives are to:
- i. approve all policy statements prepared under the LGPS Regulations.
 - ii. be responsible for the investment policy, strategy and operation of the Fund and its overall performance, including considering the Fund's liability profile.
 - iii. appoint and retendering of the Fund Actuary, Custodian, advisors to and external managers of, the Fund and agree the basis of their remuneration.
 - iv. monitor and review the performance of the Fund's investments including receiving a quarterly report from the Chief Finance Officer.
 - v. receive actuarial valuations of the Fund.
 - vi. monitor the LGPS Regulations, Codes of Practice or guidance issued by the Pensions Regulator and the National Scheme Advisory Board.
 - vii. select, appoint and terminate of external Additional Voluntary Contribution (AVC) providers and review performance.
 - viii. consider any recommendations made or views expressed by the London Borough of Barking and Dagenham Pension Board.

3. Pension Administration

3.1 The Council's Pensions Administration Team manage the administration of the Fund and are responsible for paying the benefits to the scheme members and for keeping the records of all other scheme members until their benefits become due.

3.2 Over the past 20 years the LGPS has had many minor adjustments and a few large-scale changes to its benefit structure. With these changes, transitional relief between schemes has occurred, which in practice means that the administration team must be conversant with the regulations throughout this period.

3.3 The Fund uses Altair, a system supported by Heywood Limited to manage its administration. All member records are now electronically held within Altair. The administration system will be tendered in early 2021 using a national framework.

3.4 The quality of the data held is vital to the running of the Pension Fund and there are several additional checks undertaken to ensure information is held correctly, including annual benefit statements, national fraud initiatives, regular data reconciliations between payroll and the pension administration system, the use of a tracing agent and quality checking via Club Vita. The Fund also uses the Government's Tell Us Once service, which is a service that informs the Fund when a death has been registered. Where pensioners live abroad a "certificate of existence" is sent out as a further measure to prevent fraud within the Fund.

3.5 The Pensions Regulator specified measure of the Fund's data quality was:

2020 Common	96.0%	Scheme-specific	94.5%
2021 Common	96.3%	Scheme-specific	94.6%

3.6 These scores represent a good level of data quality, but work will be undertaken in 2022 to improve this figure.

3.7 Pension Administration costs and activities are included in the appropriate CIPFA benchmarking group and the Government SF3 return. The most recent report is the SF3 2019/20, which compares the Fund with similar Councils within London.

3.8 A Pension Administration Strategy has been agreed and has been implemented.

3.9 The main activities covered by the Pension Administration Team in 2019/20 and 2020/21 is summarised in table 1 below:

Type of Activity	2019/20	2020/21
Number of Starters	728	607
Number of Transfer Value Actual	85	89
Number of Refunds	159	87
Number of Deferred Benefits	237	257
Number of Estimates	1213	1396
Number of Retirements	240	264
Number of Death in Service	3	12
Death in Retirement	177	219

4. The Funding Level and Employers' Contribution Rate

4.1 The Fund's triennial review was last completed on 31 March 2019. Following strong investment growth, the funding level increased from 77% in 2016 to 90% at 31 March 2019.

4.2 The Fund's estimated funding level as at 31 March 2022 was approximately 100%.

4.3 The Council's contribution rates for the triennial period are:

2020/21	21.0%
2021/22	22.0%
2022/23	23.0%

4.4 The Council has adopted a stepped contribution rate for a number of reasons, including:

- provide an initial saving to the Council, while providing an average contribution rate of 22.0% over the triennial valuation period;
- a number of staff were transferred, fully funded, to a number of wholly owned companies, with each company paying a rate higher than the Council's contribution rate; and
- The funding level had improved significantly to 90%, based on a discount rate of 4.0%, allowing some flexibility to pay a slightly reduced contribution rate.

4.4 To achieve a 100% funding level and allow a stable contribution rate the Committee are committed to:

- commissioning a full actuarial valuation of the Fund every three years;
- reviewing funding level reports from the Fund's actuary, Barnett Waddingham;
- agree with the actuary to recover deficits through appropriate mechanisms;
- monitor and review the actuarial and consultancy services; and
- implement a de-risking strategy as the Fund's funding level improves.

4.4 Funding strategy and links to investment strategy

The Fund must be able to meet all benefit payments as and when they fall due. These payments will be met by contributions or asset returns and income. To the extent that investment returns or income fall short, then higher cash contributions are required from employers, and vice versa. Therefore, the funding and investment strategies are inextricably linked.

In the opinion of the Fund actuary, the current funding policy is consistent with the current investment strategy of the Fund. The Actuary's assumptions for future investment returns are based on the current benchmark investment strategy of the Fund. The future investment return assumptions underlying each of the fund's three funding bases include a margin for prudence and are therefore considered to be consistent with the requirement to take a "prudent longer-term view" of the funding of liabilities as required by the UK Government.

5. Management of Fund Investments

5.1 The Committee seeks a return on the investments of the Fund that enable 100% funding to be achieved from a stable employers' contribution rate by:

- reviewing managers' performance against those targets over quarterly, annual and three-year rolling periods, at quarterly Committee meetings;
- having officers monitor the level of transaction costs (brokerage and stamp duty) incurred;
- having officers meet quarterly with most fund managers or at least annually with all the fund managers; and
- ensuring officers monitor the external managers' use of soft commission arrangements, if any.

5.2 The Fund's strategy was reviewed in 2020 and 2021.

5.3 The strategic asset allocation of the Fund, together with control ranges and the benchmark index for each asset class is as follows:

Asset Class	Current Position as at 31 March 2022	Strategic Allocation Target	Variance	Range
Equities	55.7%	52%	3.7%	50-60
Diversified Growth	14.2%	16%	-1.8%	14-18
Infrastructure	7.5%	8%	-0.5%	7-11
Credit	4.8%	8%	-3.2%	6-10
Property	4.5%	5%	-0.5%	4-7
Diversified Alternatives	10.7%	9%	1.7%	7-10
Fixed Income	2.7%	4%	-1.3%	3-5
Cash	0.0%	0%	0.0%	0-1
Total Fund	100.0%	100.0%		

6. Arrangements for Additional Voluntary Contributions (AVCs)

6.1 The Committee aims to ensure that there is a varied selection of high-performing investment options available for contributors who wish to make additional voluntary contributions (AVCs).

6.2 The Committee will review the Fund's AVC arrangements regularly, with the next review scheduled for early 2023.

6.3 Currently the Fund's AVC is managed by Prudential Plc. The performance and options offered will be monitored by officers who, in the event of issues arising, will report this to the Committee.

7. Legislation

- 7.1 The Committee aims to respond promptly to legislative changes with implications for the management and administration of the Fund. It seeks to achieve this by:
- considering reports on the implications for the Fund of relevant draft legislation;
 - closely monitoring new legislation affecting the LGPS; and
 - agreeing any actions necessary to ensure full compliance when the final legislation is enacted including any deadlines.

8. Myners Principles on Investment Decision-making

- 8.1 A revised statement of the Myners principles for investment management by institutional investors were published by the Government in 2008. CIPFA has subsequently issued guidance to local authority pension funds on the application of the principles in a local authority context.
- 8.2 Principle 1 of the revised principles states that administering authorities should ensure that:
- decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary for them to take them effectively and monitor their implementation; and
 - those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

9. Decision Making

- 9.1 The Committee will take advice as necessary to ensure that all decisions are made in the best interests of the Fund and its members. Advice is provided by the:
- Section 151 officer and their staff;
 - Fund's Actuary and Investment Advisor;
 - Independent Advisor to the Committee; and
 - External fund managers.
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10. Pension Boards

- 10.1 As part of a Review of Public Service Pensions, published March 2011, Lord Hutton recommended several changes to "make public service pension schemes simpler and more transparent". The Government carried this forward into the Public Service Pensions Act 2013, which requires the Department for Communities and Local Government (DCLG) to make regulations to establish a national Scheme Advisory Board and enabling each LGPS administering authority to establish local pension boards. The names and the roles of the Pension Board Members are below:
- Paul Field (LBBD Employer) (Chair) / Steve Davies (GMB Employees)
 - Vacant (Barking College Employers) / Steve Ridley (Unite Employees)
 - Hugo Wuyts (Unison) (Deputy Chair) / Dean Curtis (UEL Employers)

- 10.2 A key aim of the reform process is to raise the standard of management and administration of public service pension schemes and to achieve more effective representation of employer and employee interests in that process.
- 10.3 A Pension Board (“PB”) was established by 1 April 2015. The PB has the following Terms of Reference, which will be subject to an annual review:
- i. There will be a separate Committee and PB, with the PB functions as per those prescribed within the regulations.
 - ii. The PB will contain 3 employer and 3 scheme member representatives.
 - iii. PB Members will not be remunerated apart from reimbursement of basic transport and training costs.
 - iv. Biannual PB meetings to be held as a minimum, prior to the June and December Pension Committees. The PB will follow the Aon Hewitt method for governance:
 - 1) Direction – what is the fund trying to achieve (legislation, strategy and policy);
 - 2) Delivery – how the Fund meets its aims (business planning, performance monitoring and risk management); and
 - 3) Decisions – does the Fund have effective decision making (governance structure, behaviour and Pension Skills and Knowledge).
 - v. Should the PB be unhappy with the implementation of its recommendation(s) a report will be submitted to the next possible Council Assembly for consideration.
 - vi. The PB will be chaired on an annual rotational basis.
 - vii. Training will be provided prior to each Board Meeting, with two additional half day training sessions held during the year. Bespoke training will be provided to new PB Members as required.

11. Training and Development for Fund Committee Members

- 11.1 The Review on Institutional Investment in the UK called the Myners Review, recommended that trustees should receive more formal training "to be able to take decisions with the skill and care of someone familiar with the issues concerned". The Committee aims to keep abreast of all developments affecting the LGPS by undertaking training and/or taking advice when necessary from external fund managers, external consultants and council officers.
- 11.2 The Committee expects the Officers and Members to keep up to date with developments in pensions and investment matters and to undertake training as required. In addition the best practice guidance on the governance of pension funds issued by the CLG and the CIPFA guidance on the application of the Myners principles emphasise the importance of appropriate training and development for Committee Members to allow them to carry out their responsibilities effectively.

11.3 CIPFA's Knowledge and Skills Framework

CIPFA has developed a Knowledge and Skills Framework for Committee Members and separately, for pension fund professionals with responsibilities in this area. The framework is intended to have two primary purposes:

- as a tool for organisations to determine whether they have the right mix of skills to carry out their responsibilities for the fund; and
- as an assessment tool for individual Members to measure their progress and plan their development.

There are seven areas of knowledge and skills relating to the LGPS, which CIPFA has identified as being the core technical requirements for those involved in decision-making. These will be covered at training to be provided prior to each Committee meeting over a three-year period.

11.4 General training and annual events will be provided and are outlined below:

Training	2021	2022	2023
ESG and Value equity investments	January		
Private debt and Diversified Growth Funds	February		
Multi-asset Credit and Fixed Income (LCIV)	March		
Property Investments	April		
Asset Class Training (tbc)	June	cancelled	June
Asset Class Training (tbc)	December	December	December
Introduction to the LGPS		June	
Legislative and Governance context	June	June	June
Legislative and Governance context	June	June	June
Accounting and Auditing Standards	June	December	June
Actuarial methods standards and practices -		September	March
Financial Services procurement & relationship management	September	September	September
Investment Performance and Risk management	December	December	December
Financial Markets and Products Knowledge	December	December	December

12. Key Fund Activities 2021 to 2024

- 12.1 Over a triennial valuation period there are a number of key activities that are repeated each year and some that lead up to and then follow the production of the triennial valuation period.
- 12.2 Meetings with Fund managers will take place biannually as outlined in the table below. A meeting with the Fund's passive equity and fixed income manager, currently managed by UBS, will be once a year.
- 12.3 A Business Plan Update report will be taken to each Committee containing an update of progress made against the business plan, and will include a summary of the meeting held with each fund manager

Activity	2021	2022	2023
Administration			
Pension Administration Software Tender	January to March		
Pension Internal Audit	March		March
Data Cleanse	February / March	February / March	February / March
Valuation – collection of data		April to July	
Triennial Valuation		Apr to July	January - March
Valuation Results to Employers		Nov - December	
Submission of Data for Employers	April to July	April to July	April to July
Administration Performance Review	Quarterly	Quarterly	Quarterly
Business Plan Review		March	March
Annual Benefit Statements	May to August	May to August	May to August
Refresh pensions website	August	August	August
I-Connect implementation	March		
Investments and Accounting			
Investment Strategy Review			July to December
Investment Performance Review	September	September	September
Review of Strategy (Annual)	December	December	December
Employer Accounting Reports	July, Aug & March	July, Aug & March	July, Aug & March
Governance			
Annual Report and Accounts	Apr to June	Apr to June	Apr to June
Pension Board Meeting	Biannual	Biannual	Biannual
Review Risk Register	August	August	August
Review AVC Provider		March	
Independent Adviser contract	March	March	March
Fund Manager Meetings			
Equities	January / July	January / July	January / July
Fixed Income	February / August	February / August	February / August
Property	Mar / September	Mar / September	Mar / September
Diversified Growth	April / October	April / October	April / October
Infrastructure	May / November	May / November	May / November
Diversified Alternatives	June / December	June / December	June / December

13. Assessment of training needs

- 13.1 CIPFA recognises that there may be a wide range of skills and experience among councillors who are nominated to serve on Committee. They may include Committee Members with specialist expertise in investment matters on the one hand and those with no prior pension knowledge on the other. In these circumstances a ‘one-size-fits-all’ approach to training for Committee Members may not be appropriate.
- 13.2 A questionnaire was sent to all Members to help identify additional training needs. The 2021 to 2024 training plan has been structured around the development needs of Members and observers.

14. Communication

- 14.1 The Committee will plan to keep the Fund's participating employers and members informed on matters that affect them by publishing a variety of documents, details of which can be found in the Fund's Communications Policy.
- 14.2 A pension specific website has been set up which includes details on pension administration and pension investments.
- 14.3 A Fund Annual Report is produced annually and placed on the Council's website, with a summary version distributed to all Fund members.

15. Review and Evaluation of BP

- 15.1 A new BP will be produced after each triennial valuation, with an annual review at the March Committee meeting. The Committee will be provided with a BP update and a reminder of the next quarter's training at each quarterly Committee meetings.

16. Risk Monitoring

- 16.1 Risk has always been a part of the Fund but the past five years have shown that the failure to adequately identify, analyse and manage risk can have dramatic and wide-ranging consequences.
- 16.2 Managing the risk of an overall reduction in the value of the fund and maximising the opportunities for gains across the whole fund portfolio is a top priority. However, while the management of investment risk is rightly a fundamental concern, there is a great deal more to the effective management of risk in the LGPS.
- 16.3 The risk register provides a summary of the key risks the Fund is exposed to and how these risks are managed and / or avoided. The risk register will be updated at least annually and will be taken to Members as part of the BP each year for noting.

17. Performance Management

- 17.1 The monitoring of the returns on the Fund Investments is undertaken by officers on a daily basis with a quarterly return provided by Northern Trust and PIRC.
- 17.2 At each Pension Committee a summary of the Fund's performance over the prior quarter is provided, with comparison of the actual returns after fees achieved against each manager's agreed investment benchmarks and targets.
- 17.3 Where a fund manager has underperformed over three consecutive quarters they will be asked to attend the next Pension Committee, where Members will be able to ask the fund manager questions and to gain an understanding of the reasons for the underperformance.
- 17.4 Where a fund manager has underperformed its benchmark over a rolling two-year period officers will provide a review paper on the manager to be taken to the next available Committee. The review paper will outline the reasons for the

underperformance and will include an overall recommendation as to whether the manager and their strategy are still appropriate for the Fund.

17.5 Where a significant change in strategy, personnel, general operations, or any other relevant issue is identified with a fund manager a paper will be taken to the next available Committee outlining the issue and recommending a course of action if required. If the issue is significant then an emergency meeting can be called following agreement by the Chair or deputy Chair.

17.6 Performance reports will include, where applicable, returns for the previous four quarters, year to date, one year, two years continuing to up to five years. Underperformance will include any red returns.

17.7 The fund manager's performance will be scored using a quantitative analysis compared to the benchmark returns, defined as follows:

■	RED- Fund underperformed by more than 75% below the benchmark
Δ	AMBER- Fund underperformed by less than 75% below the benchmark
○	GREEN- Fund is achieving the benchmark return or better

17.9 All reports contain returns are provided net of fees. PIRC have advised that reporting net of fees will likely reduce the Fund's returns by 0.3% to 0.4% compared to gross returns. If compared to some local authorities, this can be significantly higher if fund manager fees are high.

18. Corporate Governance

18.1 The Regulations require that the Fund's ISS reflect the agreed investment policies and procedures which govern Fund's operation. The appointment of any new fund managers and any other changes that the Committee makes to current investment procedures will need to be incorporated in the ISS. In any event, the Committee will review the Statement annually, to ensure compliance with best practice.

19. Finance implications

19.1 Regulation 59 of the Local Government Pension Scheme Regulations 2013 sets out the framework to produce a Pensions Administration Strategy which would include business planning. The Business Plan includes the major milestones and issues to be considered by the Panel and includes financial estimates for the investment and administration of the fund and appropriate provision for training.

19.2 The key actions, the date they were completed and by whom are summarised in the Business Plan Update report.

20. Legal Implications

20.1 The Pensions Committee has been constituted by the Council to perform the role of administering authority to manage the Fund and as such has legal authority to make the decisions sought by the recommendations. Committee Members have a legal responsibility for the prudent and effective stewardship of LGPS funds, and in more general terms have a fiduciary duty in the performance of their functions.

Appendix 2: Training Policy for Committee Members (including Observers), Pension Board Members, and Senior Fund Officers

Introduction and Applicability

This Training Policy approved by the Pensions Committee on 16/03/2022 sets out the policy regarding Local Government Pension Scheme (LGPS) knowledge and skills in respect of:

- Members of the Pensions Committee.
- Observers of the Pensions Committee.
- Senior Officers of the Fund.
- Members of the Local Pensions Board.

This Policy has been prepared taking particular account of the CIPFA Code of Practice on LGPS Knowledge and Skills (K&S) 2021, which was adopted by the Committee on 14/12/2021. Particular account has also been taken of the CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers 2021, and appropriate account of the CIPFA Local Pension Boards: A Technical Knowledge and Skills Framework 2015. The format of this Training Policy takes account of the guidance in the 2021 CIPFA K&S Framework that it should include the following statements from the 2021 CIPFA Code of Practice:

CIPFA Code of Practice on LGPS Knowledge and Skills Statements

1. This LGPS administering authority adopts the key principles of the Code of Practice on LGPS Knowledge and Skills.
2. This LGPS administering authority recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
3. This administering authority has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of LGPS knowledge and skills for those responsible for the management, delivery, governance, and decision making of the LGPS.
4. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA LGPS Knowledge and Skills Framework.
5. This administering authority will ensure that it has adequate resources in place to ensure all staff, members, or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary LGPS knowledge and skills.
6. This administering authority will report annually on how its knowledge and skills policy has been put into practice throughout the financial year in the fund's annual report.
7. This administering authority has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the administering authority's knowledge and skills policy statement,

and, where they are a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).

The above seven Statements were specifically adopted by the Pensions Committee at its meeting on 14 December 2021.

Policy Aims and Objectives

1. Pension Fund decision making, management, delivery and monitoring is undertaken by people who have the appropriate Knowledge and Skills.
2. Those persons responsible for decision making, management, delivery and monitoring have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.
3. Knowledge and Skills are obtained, maintained, and updated in the light of the requirements of and developments in legislation, regulation, guidance, governance, investment and administration relating to the LGPS.
4. The collective expertise, experience, and knowledge of Committee Members (taking into particular account of any assistance from the Fund's appointed Investment Consultant, and also, as appropriate, input from Fund Officers and other external advisors) be such that each of the Fund's Investment Managers, can with confidence, gain reasonable assurance that the Fund as the client is capable of making investment decisions and understanding the nature of risks involved in the context of the transactions or services envisioned. This is required to maintain the Funds status as an Elective Professional Client under MiFID II (Markets in Financial Instruments Directive) which came into effect from 3 January 2018.
5. In making decisions Pension Committee Members understand why they should put aside political considerations, act in the interests of all Employers and individual Fund members and act within the regulatory framework.

Adherence to relevant Legislation and Guidance

In delivering the Policy Aims and Objectives the Fund will have regard to all relevant legislation and guidance as it applies to the LGPS. This includes the following:

- Public Service Pensions Act 2013.
- LGPS Regulations and LGPS Statutory Guidance.
- Local Authorities (Functions and Responsibilities) (England) Regulations 2000.
- Fiduciary and public law duties relevant to the management of the LGPS (with particular reference to the Legal Opinions and Summaries section of the LGPS Scheme Advisory Board for England & Wales website).
- General Pensions Legislation and Regulations applicable to the LGPS including elements of the Pensions Acts (as amended) 1995, 2004, 2008 and Pensions Scheme Act 2021.

- MiFID II (Markets in Financial Instruments Directive) and Scheme Advisory Board for England and Wales guidance/process.
- The Pensions Regulator Code of Practice No 14.
- The CIPFA Code of Practice on LGPS Knowledge and Skills, 2021.
- The CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers, 2021.
- The CIPFA Local Pension Boards: A Technical Knowledge and Skills Framework, 2015.
- Any document recording policy about the Governance, Funding, Investment, Administration, or Communications of the London Borough of Barking and Dagenham Pension Fund which is for the time being adopted in relation to the scheme.
- The proposals in the Good Governance: Phase 3 Report to SAB (Hymans Robertson) and the SAB (Scheme Advisory Board for England & Wales) Action Plan to implement these of February 2021.

Competencies

Pension Committee Members (and Observers) and Senior Officers

CIPFA (Knowledge and Skills Framework 2021) has identified eight core technical areas where appropriate knowledge and skills should be achieved and maintained by Pension Committee Members (including Observers) and Officers. These are:

- pensions legislation and guidance
- pensions governance
- funding strategy and actuarial methods
- pensions administration and communications
- pensions financial strategy, management, accounting, reporting and audit standards
- investment strategy, asset allocation, pooling, performance, and risk management
- financial markets and products
- pension services procurement, contract management and relationship management.

The CIPFA Knowledge and Skills Framework 2021 includes separate detailed knowledge matrices for Pension Committee Members (and Observers) on pages 32 to 36 and Senior Officers on pages 37 to 44 which are based on the core areas of knowledge listed above. This Policy adopts the knowledge matrices as set out in the CIPFA 2021 Framework. For each subject matter within each core area the CIPFA Framework (page 36) sets out the levels of knowledge required (in ascending order of the level of knowledge required)

For Committee Members (and Observers):

- an awareness, ie recognition that the subject matter exists
- a general understanding, ie understanding the basics in relation to the subject matter
- a strong understanding, ie a good level of knowledge in relation to the subject matter (but not necessary at a detailed level).

For Senior Officers:

- a strong understanding, ie a good level of knowledge in relation to the subject matter (but not necessary at a detailed level)
- a detailed level of knowledge in relation to the subject matter
- an expert level of knowledge in relation to the subject matter

The CIPFA Knowledge and Skills Framework 2021 states (page 17) *“All members of a pension committee are expected to have appropriate knowledge and skills relating to their LGPS duties. However, it is considered appropriate to consider the knowledge and skills of a committee as a collective, ie ensuring that the collective degree of knowledge and understanding is appropriate for the purposes of enabling the committee as a whole to properly exercise their delegated responsibility on behalf of the administering authority. Accordingly, although desirable, it is not necessary for every member of the committee to be able to demonstrate individually that they meet all the expected knowledge and skills competencies...Administering authorities must be able to demonstrate and explain that the combined knowledge and understanding of the pension committee (or sub-committee), together with the advice available to the committee, enable them to properly exercise their delegated functions. The administering authority must maintain an effective plan for the ongoing maintenance and development of the committee’s knowledge. They must also be able to demonstrate how competency will be maintained, including how they will identify and address skills gaps and seek to increase knowledge.”*

Members of the Local Pensions Board

CIPFA (Local Pension Boards A Technical Knowledge and Skills Framework 2015) has identified eight core technical areas where appropriate knowledge and skills should be achieved and maintained by Local Pension Board Members. These are:

- Pensions Legislation
- Public Sector Pensions Governance
- Pensions Administration
- Pensions Accounting and Auditing Standards
- Financial Services Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices

For each core area the CIPFA Local Pension Boards A Technical Knowledge and Skills Framework 2015 provides (pages 11 to 13) a framework which sets out subject areas to be covered and the level of understanding/knowledge/awareness required. This 2015 CIPFA Framework also includes (pages 21 to 23) details of Pension Board Members Knowledge and Skills Responsibilities under the Pensions Regulator Code of Practice No 14. This Policy adopts pages 11 to 13 and 21 to 23 of the CIPFA Local Pension Boards A Technical Knowledge and Skills Framework 2015.

Delivery of Training

In delivering Training consideration will to various training resources and methods. This may include but are not restricted to:

- In house Training events at Council Offices or virtually
- Training as part of Committee or Board meetings or immediately before or after such meetings

- Regular updates to Committee and/or Board from Officers or advisors
- External courses, seminars, and conferences
- External online training including webinars
- Self-directed training including the Hymans Robertson Online Learning Academy and the TPR Public Service Toolkit
- Reading material/documentation/information
- Qualifications, particularly those relevant to senior officers

To ensure that training includes sufficient specific focus on the Barking and Dagenham Pension Fund the Fund Officers will, as appropriate commission Training from the Independent Advisor, Investment Consultant, Fund Actuary, Investment Managers, other suppliers.

Induction Training will be offered to anyone joining the Pensions Committee, Local Pensions Board or becoming a senior officer. This will be in a format determined by the Investment Fund Manager. They will also be immediately provided with documentation that provides a basic understanding of the Fund and copies of or links to the Fund Strategies and Policies including the latest Annual Report & Accounts, and the latest Actuarial Valuation Report.

In addition, they must successfully complete (and provide evidence of this to Fund Officers) both all the modules of the Hymans Robertson LGPS Online Learning Academy and The Pensions Regulator (online) Public Service Toolkit. Both courses must be completed within 6 months of appointment.

An Annual Training Plan will be developed for each of the Committee and the Local Pension Board. Each will be presented at the first meeting of the Financial Year. The Plan will include reference to the Core Technical Areas identified in the relevant CIPFA Knowledge and Skills Framework. The Annual Training Plan will include key training sessions to be delivered internally (by Officers, Fund Advisors, or suppliers).

Monitoring and Review

The Fund will assess on an ongoing basis whether Committee Members, Board Members and Senior Officers have the required Knowledge and Skills to undertake their role. Therefore, the Fund will:

- Require Committee Members (including Observers), Pension Board Members and Senior Officers to undertake a self-assessment against the competencies as set out in the CIPFA Framework 2021 or 2015, as appropriate. This will be required following appointment and then annually
- Prepare tailored Training Plans for Committee Members (including Observers), Pension Board Members and Senior Officers
- Record attendance and ensure appropriate action is taken where poor attendance or non-completion of required learning is identified
- Make available a record of training attended by Committee Members, Pension Board Members and Senior Officers in the Fund Annual Report and Accounts
- Regularly communicate with Committee Members, Board Members and Senior Officers to encourage them to highlight training needs on a regular basis

The responsibility for informing the Fund of actual attendance at any training event and that their Training Record is accurate and up to date lies with the participant.

Reporting and Compliance

The Fund Annual Report and Accounts will include details of all training delivered/facilitated by the Fund to Committee Members, Pension Board Members and Senior Officers and details of actual attendance. Details of external training attended/completed will also be included provided the participant has informed the Investment Fund Manager in writing/by email.

There will be regular reports (at least two annually) to both the Pensions Committee and the Board on training undertaken by Committee Members, Board Member and Senior Officers; actual attendance levels; and planned future Fund provided/facilitated training.

In accordance with the CIPFA Code of Practice on LGPS Knowledge and Skills 2021, the London Borough of Barking and Dagenham has nominated an individual to be responsible for ensuring that this Policy is implemented. The nominated individual is the Investment Fund Manager.

In accordance with the CIPFA Knowledge and Skills Framework for LGPS Committee Members and LGPS Officers 2021, the Investment Fund Manager (nominated individual) will take action where anyone covered by this Policy is not adhering to the requirements of the policy - for example not completing a self-assessment of training needs or satisfactorily participating in training. This action will include reporting noncompliance in the regular reports on Training to the Pensions Committee and the Board.