ROYAL BOROUGH OF GREENWICH

PENSION FUND

Annual Report - 2021/22

Contents

Introduction

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Message on Behalf of the Pension Fund Investment and Administration Panel

We are pleased to introduce the Royal Borough of Greenwich Pension Fund Annual report and financial statement for the year ending 31st March 2022. In presenting the Annual Report, we hope you find it helpful in understanding the Fund.

The Pension Fund finished the year 6.7% up, this continues the strong performance from the previous financial year of 24% return. This has increased the asset available to pay pension benefits by £102m, growing the total fund asset to £1.64bn from £1.53bn as of 31 March 2021.

This strong performance was sadly against the backdrop of the biggest war in Europe since World War II. This unforeseen tragic event unfolded with Russia's invasion of Ukraine in February. The resulting humanitarian crisis followed quickly after and resulted in global sanctions on Russia-related corporates and individuals. In the light of events in Ukraine and the resultant extent and sanctions by the UK government, the fund manager started holding off all new investments in Russian companies and began to divest from existing investments at the earliest possible opportunity. The Panel will continue to monitor the impact of the continuing conflict on manager performance.

The Fund continues to work closely with the London Collective Investment Vehicle (LCIV) to ensure that it provides investment strategies that meet the Fund's needs. This collaborative work resulted in the Fund making tremendous progress in transferring assets onto the LCIV platform, with the fund investing in 4 new investment managers over 3 different asset classes, including the Renewable Infrastructure investment fund. This brings the total investment under LCIV management to £928m. This work will help ensure cost-saving for members of the fund in the long term through lower manager's fees.

The Fund has made some significant steps towards responsible investment, and more specifically climate change risk in the financial year with more work planned on this in the coming months and years.

During the year the Fund started developing a set of carbon footprint measurements, to monitor each manager against a set of target metrics. The Panel also arranged a dedicated Responsible Investment Away Day where all the fund investment managers were invited to discuss the issues around achieving net-zero carbon emissions for the Fund. This meeting was attended by Panel and Board members and included presentations from the Fund's managers on the steps being

taken to address Environmental, Social and Governance factors within the Fund's investments.

Looking ahead to 2022/23, The Panel will continue to focus on climate change risk and plan to deliver a net-zero road map to address the risk. We will continue to strengthen our governance process to better manage our risk and responsibilities, Including the Implementation of the Good Governance project recommendations and the Pension regulator's new Combined Code.

Finally, we would like to take this opportunity to thank colleagues on the Local Pension Board, our advisers, employer organisations and the Pension Fund team involved in the management of the Pension Fund for their work in what has been, and will continue to be, challenging times.

Message on Behalf of the Pension Board

Welcome to the annual message of the Local Pension Board. The purpose of The Board is to assist the Administering Authority to guarantee compliance with the LGPS regulations and the requirements of the Pensions Regulator to ensure efficient and effective governance and administration of the Fund.

In the 7th year of Board operation, we remain focused on its core functions as set out in the terms of reference and remain committed to its statutory responsibilities with a core agenda of key governance themes around the Fund's legal compliance, risk management and best practice.

The Board is still made up of two member representatives and two employer representatives, each with voting rights. Members of the Board do also attend meetings of the Pension Fund Investment and Administration Panel as observers. This provides a useful link between the Board and Panel.

Over the last year the Board has focussed on reviewing various key governance documents including the Governance Compliance Statement which provides details of the delegation arrangements in place for decisions taken in relation to the Fund. The Board has also reviewed the Statement of Compliance with UK Stewardship code, which sets out the key principles of effective stewardship for institutional investors.

The Board has implemented the review of the risk register as a standing item at all Board meetings to provide assurance that good governance of the Fund is followed, with the effective plans in place to reduce and mitigate risk.

During the year, the Board also invited the fund's property investment manager to review the performance of the mandate due to the impact of COVID 19 on the manager`s return. The Board will continue to ensure that it reviews the Fund`s overall performance.

The Board has continued the process of developing the knowledge and skills of Board members, to enable them to undertake their duties with confidence. During the year, Board members received training on investments and updates from our advisor`s Hymans Robertson. Members of the Board also attended the Fund Away day which covered several training topics including ESG training. Members of the Board will continue to develop their knowledge and understanding of the LGPS as required by law.

Looking ahead to next year, the Board will remain abreast of regulatory developments, the activities of the Pensions Regulator and will scrutinise the performance of the Fund, particularly in relation to its administrative functions.

The Board will also continue to keep under review the Pension Investment & Administration Panel work-plan, offering whatever assistance it can give to the administering Authority in fulfilling its statutory duties.

The Board is satisfied that the Royal Borough of Greenwich Pension Fund is operated in compliance with statutory regulations and other legislation.

We would like to thank all the staff involved in the administration and management of the Royal Borough of Greenwich Pension Fund.

Message from the Director of Finance

The Council is the Administering authority for the Royal Borough of Greenwich Pension Fund. As such, the Council has a duty to ensure that the Fund is effectively managed and ensure that all contributions and investments are collected and invested in accordance with the Fund's Investment Strategy Statement.

The Fund performance had been steadily increasing over the first three quarters of last year with total assets increasing to £1.65bn in Q4 2021. Then in Q1 2022, we saw performance detract as markets faced extreme uncertainty amidst the war in Ukraine and higher inflation on the back of surging commodity prices. This resulted in the Fund ending the year with a 6.7% return and total asset value finishing the year at £1.64bn.

We expect that volatility will be a feature of the markets in 2022 and expect our active investment manager to manage their portfolio accordingly, adjusting risk levels and positioning within assets actively to capitalise on emerging opportunities whilst protecting the Fund from the risk of capital loss.

The Fund has made good progress in transferring assets to its pooling operator the LCIV, with asset transfer during the year now valued at £249m, this now means that 57% of the Fund assets are invested via the LCIV platform. This includes renewable infrastructure and private debt which will continue to drawdown funds over 2022/23. The Fund will continue to work with the LCIV to identify opportunities that meet the Royal Borough of Greenwich Pension Fund investment strategy.

Work on the 2022 actuarial valuation of the Fund has started during the year, with the results expected in the latter part of 2022. The actuary calculates to what extent the Fund's assets meet its liabilities. This is presented as a Funding Level. The Fund aims to be 100% funded, and at the last valuation, the actuary was able to declare a funding level of 97%. However, while investment performance has been strong and assets have increased, we have seen higher-than-expected inflation which will put upward pressure on liabilities and impact the funding level. While we can't draw any conclusions on results and contribution rates at this stage, employers should note that any changes required to employer contribution rates are due to come into force from April 2023.

The Fund expects a busy year ahead, with several consultations expected to come out including:

- Good Governance Review
- TPR Single Code of Practice
- Task Force on Climate-related Financial Disclosures (TCFD)

This work will be alongside the Fund's continuing work on the development of a net-zero road map and the implication of a low-carbon passive equity fund. Overall, the Fund has performed well in a long-term context, which is what the Royal Borough of Greenwich Pension Fund should be viewed and as the fund is performing better than the actuary assumed.

I am hopeful that you will find the Annual Report interesting and informative. The Fund will remain innovative, ensuring

that it provides an excellent service to pension fund members and value for money for both employers and local taxpayers.

Damon Cook
Director of Finance

Independent Auditor's Report

Independent auditor's statement to the members of Royal Borough of Greenwich on the pension fund financial statements of Royal Borough of Greenwich Pension Fund included within the Pension Fund Annual Report

Opinion

We have examined the pension fund financial statements of Royal Borough of Greenwich Pension Fund (the 'pension fund') for the year ended 31 March 2022 included within the pension fund annual report, which comprise the Fund Account, the Net Assets Statement, and the notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements are consistent, in all material respects, with the audited financial statements of Royal Borough of Greenwich for the year ended 31 March 2022 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

We have not considered the effects of any events between 31 March 2023 being the date we signed our report on the audited financial statements of Royal Borough of Greenwich, and the date of this statement.

Respective responsibilities of the Section 151 Officer and the auditor

As explained more fully in the Statement of the Section 151 Officer's Responsibilities, the Section 151 Officer is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Our responsibility is to state to the members of Royal Borough of Greenwich our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Royal Borough of Greenwich.

We also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Royal Borough of Greenwich describes the basis of our opinion on those financial statements.

Use of this auditor's statement

This statement is made solely to the members of Royal Borough of Greenwich, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Royal Borough of Greenwich those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Royal Borough of Greenwich and the members of Royal Borough of Greenwich. as a body, for our work, for this statement, or for the opinions we have formed.

Joanne Brown

Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor
London

7 September 2023

Scheme overview

The Royal Borough of Greenwich Pension Fund is part of the LGPS which is governed by various regulations. Its benefits are therefore defined and guaranteed in law. The LGPS was contracted-out of the State Second Pension (S2P) for 2015/16. The scheme changed to be 'contracted in' during April 2016. The Pension Fund fulfils the requirements of the Public Services Pensions Act 2013, which requires Councils to maintain a Pension Fund for its own employees and employees admitted to the Fund under an admission agreement.

The Royal Borough of Greenwich is the Administering Authority and the Director of Finance is responsible for the day to day administration of the Fund.

The Royal Borough of Greenwich Pension Fund is a funded pension scheme which means that contributions into the Fund are made by employers and employees which are then used to make investments upon which a return is anticipated.

Benefits are paid using the Funds cash flow.

Employee contribution rates are set by regulations and are dependent upon each member's actual pensionable pay. Employee contributions attract tax relief at the time they are deducted from pay.

Employers participating in the Fund pay different rates of contributions depending on their history, their staff profile and any deficit recovery period agreed with the Fund. Employer contribution rates are reviewed as part of the triennial actuarial valuation. The last formal triennial valuation took place as at 31 March 2019 and showed that the fund was 97% funded. The deficit is to be funded by employer contributions over the course of 17 years.

The investment objective of the Pension Fund is to ensure that the Fund has sufficient assets to pay pensions and other benefits by maximising investment returns within acceptable risk tolerances.

Some key points about contributions and benefits:

- From 1 April 2014 scheme contributions and benefits relating to service earned from that date changed and have moved to inflation linked Career Average Revalued Earnings (compared to final salary prior to the date of change). The higher accrual rate of 1/49th (rate pension is earned) was introduced
- Flexibility for member to pay 50% contributions, in return for half of the normal benefits.
- The average contribution rate for employees has remained at 6.5%, but higher earners will pay more.
- The option to convert pension to lump sum has remained.
- Benefits from 1 April 2008 to 31 March 2014 are calculated using the accrual rate of 1/60 for pension and based on final salary. The accrual rate Pre April 2008 was 1/80.
- Employees are given a facility to enhance their pension arrangements through the use of Additional Voluntary Contributions (AVCs), as a requirement of the LGPS.
- The Royal Borough of Greenwich pension Fund uses Clerical Medical as its current AVC provider. Members funds held in accounts with our previous AVC provider (Equitable Life) were transferred to Utmost Life and Pensions during 2019/20.

Management and Financial Performance

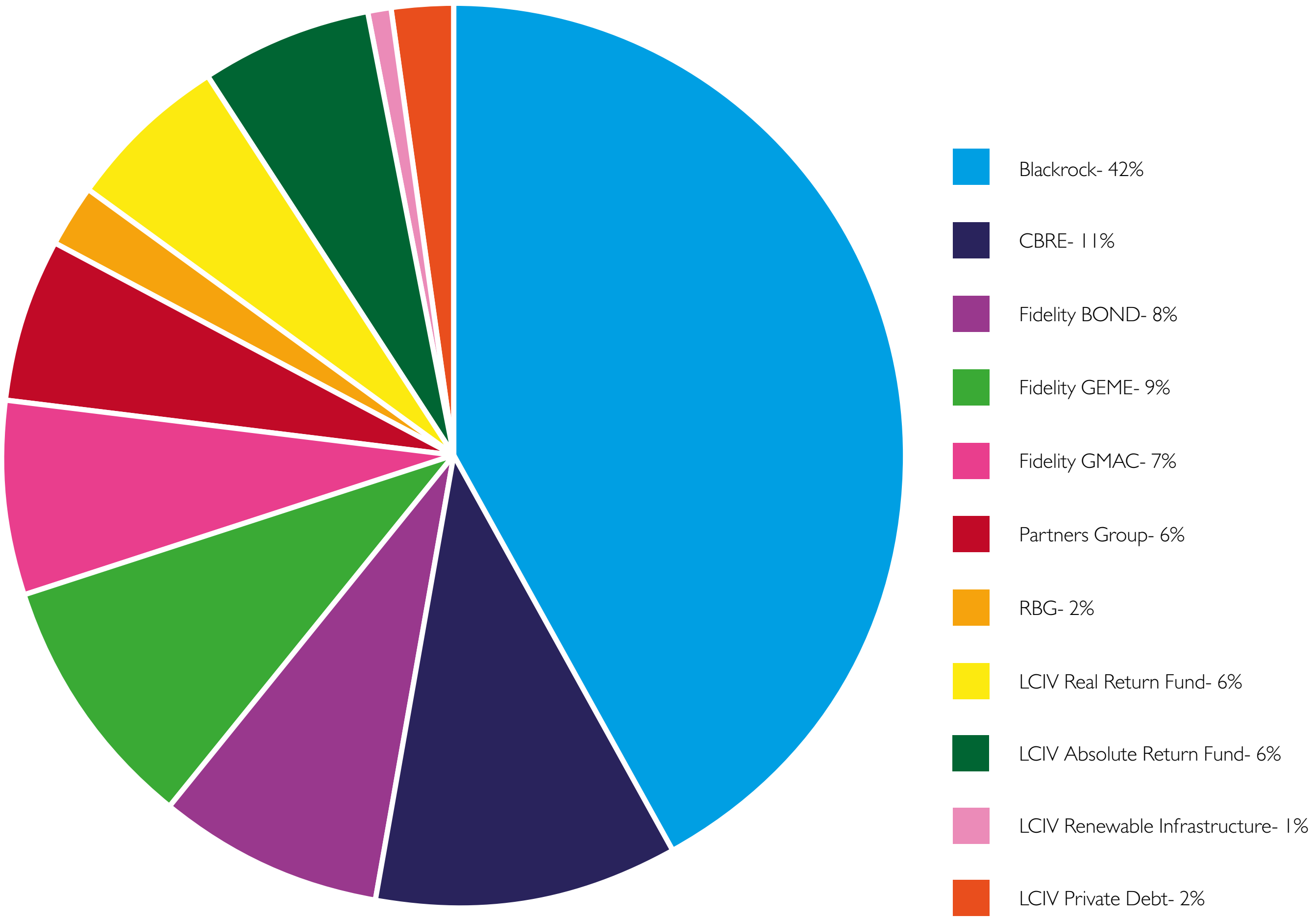
ROYAL BOROUGH OF GREENWICH
PENSION FUND

The Pension Fund at a glance

As at 31 March 2022, the Royal Borough of Greenwich Pension Fund comprised:

- 63 active employers
- Net assets valued at £1.64bn
- 25,893 members of which 8,604 were actively contributing into the fund, 7,856 were drawing benefits from the fund and the remainder had rights to deferred benefits.

Breakdown of Scheme assets by manager as at 31 March 2022



Scheme management and advisors

Administering Authority	
Royal Borough of Greenwich The Woolwich Centre, 35 Wellington St, London, SE18 6HQ	
Officers	
Damon Cook	Director of Finance
Panel Member	
Cllr Peter Brooks	Chair of The Pension Fund Investment and Administration
Cllr John Fahy	
Cllr Patricia Greenwell	
Cllr Sizwe James	Left on 19/05/21
Cllr David Gardner	Started 19/05/21
Panel Observers	
Unite	
GMB	
Unison	
Board Member	
Cllr Gary Dillon	Employer Representative
Cllr Norman Adams	Employer Representative
Simon Steptoe	Member Representative
Justin Jardine	Left on 08/06/21
Actuary	
Barnett Waddingham 2 London Wall Place,123 London Wall, London, EC2Y 5AU	
Investment Consultant	
Hymans Robertson 1 London Wall, Barbican, London EC2Y 5EA	

Investment Managers
BlackRock Advisors (UK) Limited 12 Throgmorton Avenue, London, EC2N 2DL
Fidelity 4 Cannon Street, London, EC4M 5AB
CBRE Global Investment Partners LTD 3rd Floor, One New Change, London, EC4M 9AF
Wilshire Associates 23 Austin Friar, London, EC2N 2QP, United Kingdom
Partners Group (Guernsey) Limited 14th Floor, 110 Bishopgate, London, EC2N 4AY
AVC Providers
Clerical Medical 25 Gresham Street, London, EC2V 7HN
Equitable Life Assurance Society Walton Street, Aylesbury, Buckinghamshire, HP21 7QW
Utmost Life and Pensions Walton Street, Aylesbury, Bucks, HP21 7QW
Custodian
Nothern Trust 50 Bank Street, London, E14 5NT
External Auditor
Grant Thornton UK LLP 30 Finsbury Square London EC2A 1AG
Bankers to the fund
Natwest 135 Bishopsgate, London EC2M 3UR
Asset Pool Operator - (including investment manager for 4 funds)
London CIV 4th Floor, 22 Lavington Street, London, SE1 0NZ

RISK MANAGEMENT

Risk Management and Governance

The Panel is responsible for the prudent and effective stewardship of the Royal Borough of Greenwich Pension Fund. As part of this duty, the Panel oversees the monitoring and management of risk. This role includes:

- Determining the risk management policy and reconciling this with wider organisational risk policy
- Setting the risk management strategy in line with the risk policy
- Overseeing the risk management process

The risk management process involves:

- Risk identification
- Risk analysis
- Risk control and monitoring.

A key tool for the management of risk is the risk register. The register incorporates an assessment of likelihood and impact of risk events as well as control measures in place and an overall risk score. The Director of Finance keeps the risk register under review, and presents it to the panel.

Officers operate within the financial procedures and control environment of the Administering Authority. These are regularly audited by internal and external audit.

How Risks Are Identified, Managed and Reviewed

A scoring matrix is used to identify and assess risks. The scoring matrix (Appendix B Scoring Matrix) assesses two elements of a risk:

- the chance of it happening
- the impact if it did happen

Each element is independently assessed on a scale of 1-5. These scores are then combined to give an overall score. The higher the score the more chance a risk will occur and the more significant the impact will be.

The risk register lists the risks identified, the consequence of each risk occurring, and the score assigned to each risk. Procedures and controls are then considered, the risk is reassessed, and a second score applied in light of these.

This process identifies the risks with the highest scores, which are then prioritised for review by Senior Management.

The panel and officers are mindful of risk in carrying out their duties on a day to day basis and any significant risks identified are reviewed and managed through processes and controls accordingly.

Key Risks

The following table shows categories of risk that are identified by the risk register:

Key Risks
Administrative risk
Compliance/regulatory risk
Employer risk
Investment risk
Liability (and other) risk
Reputational risk
Skill risk

Details of individual risks are stated within each category. Due to the controls in place to mitigate risk, there are currently only two areas requiring senior management attention, but this will remain under review.

A copy of the Risk Register can be found at Appendix A.

Management of Third Party Risk

The Fund's investment managers and its custodian issue annual internal control documents. These documents identify internal processes and procedures and details of the audit testing performed during the year. These provide comfort to the Fund that risk management and control policies and procedures are in place within these organisations.

Officers analyse and reconcile information provided by the custodian to that of the investment manager. Each quarter, the Panel receives a draft set of quarterly accounts. In preparing these, the assets held by each manager are reviewed and reconciled. The Panel also receives quarterly performance reports in which manager performance is reviewed. Any issues arising out of these reviews are raised at the Panel meeting.

The Fund's Investment Adviser monitors the market and the activities of investment managers and informs officers if there are any concerns such as key changes of staff.

The table below shows the CIPFA prescribed frequency of internal audit testing of the Pension Fund, and testing carried out during 21/22 as part of internal audit testing of the Fund.

INTERNAL AUDIT TESTING

Operational Risk Area	CIPFA prescribed frequency	Testing conducted 21/22	Level of control assurance
Benefit payments and lump sums	Annual testing	No***	
Employee contributions	Annual testing	Yes	High
Employer contributions	Annual testing	Yes	High
Membership records	Annual testing	Yes	Moderate
Administration and Governance costs	Every 5 years	No*	
Investment management costs	Every 3 years	No**	

*Due 22/23

**Due 23/24

*** Due 22/23

Fund Manager	Type of Report	Assurance Obtained	Reporting Accountant
Blackrock	SSAE 18/ISAE3402	Reasonable Assurance	Deloitte
CBRE	AAF01/20 and ISAE 3402	Reasonable Assurance	KPMG
Fidelity	AAF01/20 and ISAE 3402	Reasonable Assurance	PWC
LCIV	AT-C320/ISAE3402	Reasonable Assurance	PWC
Partners Group	ISAE 3402	Reasonable Assurance	PWC
Northen Trust	SSAE 18/ISAE 3402/ SOC 1	Reasonable Assurance	KPMG

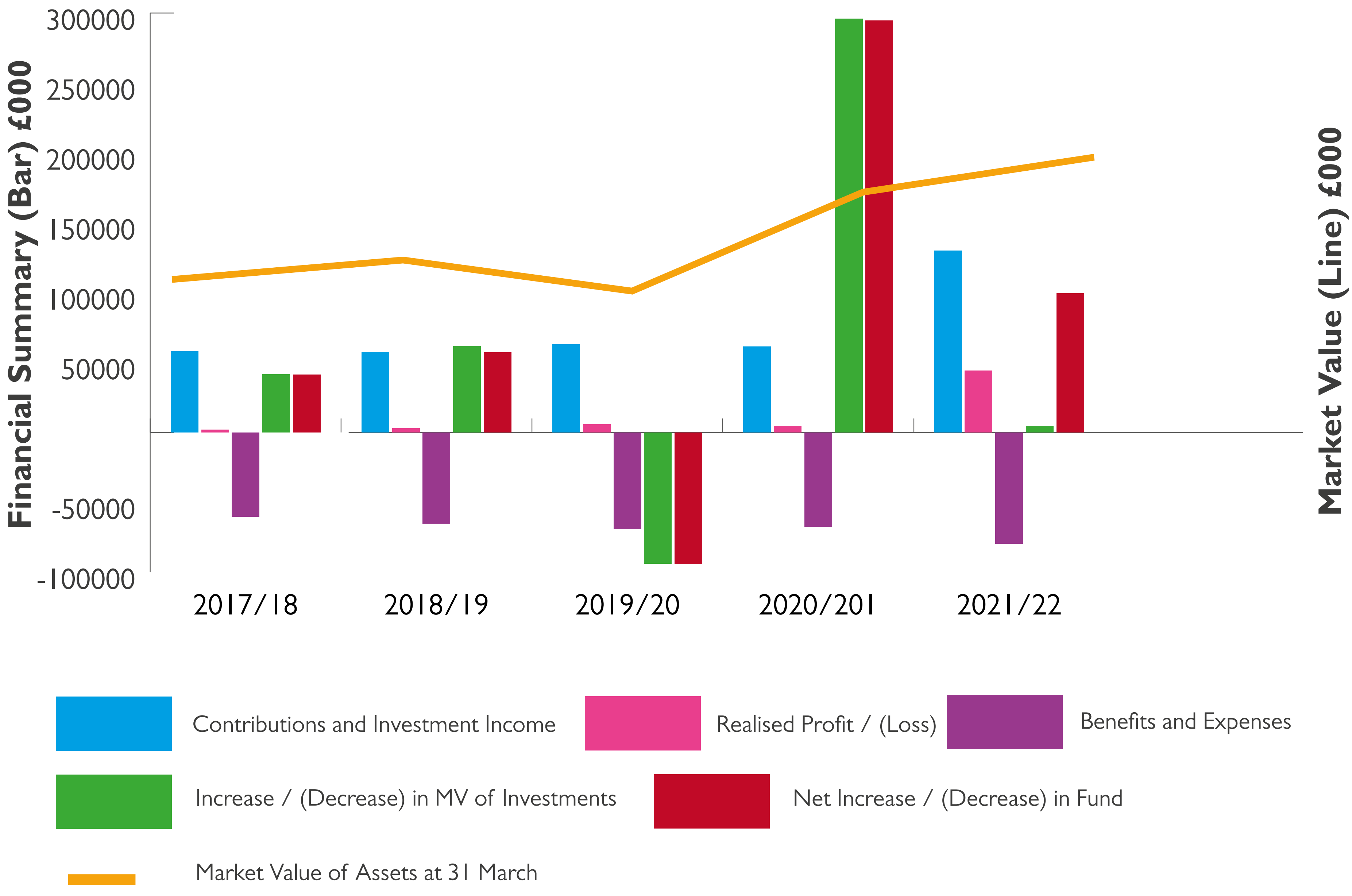
The Fund has been advised by Wilshire Private Markets, that their internal control structure does not receive an assurance report however; their controls environment are reviewed as part of their annual financial audit process.

FINANCIAL PERFORMANCE

Below is a five-year financial summary of the fund. The Fund experienced positive performance from 2016/17 to 2018/19, however the fund then decreased by £94.1m in 2019/20 mainly due to Covid-19. The Fund recovered in 20/21, with the Fund value surpassing the 18/19 valuation. The pace of growth slowed in 21/22, however, the Fund value was still up by 6.7%, growing by £102m. Comparisons between the year on year change in market value of the fund , FTSE 100 and MSCI WORLD GD indexes are shown below. A more detailed performance review of the fund comparing performance against the fund's specific benchmarks is available in the Investment Policy and Performance section of this report.

Five Year Financial Summary

Financial Summary	17/18	18/19	19/20	20/21	21/22
	£000	**£000**	**£000**	**£000**	**£000**
Contributions and Investment Income	57,977	57,567	62,903	61,486	130,104
Realised Profit / (Loss)	2,054	2,888	5,939	4,673	44,165
Benefits and Expenses	-60,244	-65,069	-69,000	-67,426	-79,536
Net Annual Surplus / (Deficit)	-213	-4,614	-158	-1,267	94,733
Increase / (Decrease) in MV of Investments	41,511	61,753	-93,900	295,834	7,604
Net Increase / (Decrease) in Fund	41,298	57,139	-94,058	294,567	102,337
Market Value of Assets at 31 March	**1,275,330**	**1,332,469**	**1,238,411**	**1,532,978**	**1,635,315**
Change in Greenwich Fund Market Value	3.30%	4.50%	-7.10%	23.79%	6.68%
Change in FTSE 100	-3.64%	3.15%	-22.08%	18.37%	11.95%
MCSI WORLD GD	1.80%	12.62%	-5.29%	39.09%	15.90%


Financial Summary (Bar) £000
300000
250000
200000
150000
100000
50000
-50000
-100000
2017/18
2018/19
2019/20
2020/201
2021/22
Market Value (Line) £000
Contributions and Investment Income
Realised Profit / (Loss)
Benefits and Expenses
Increase / (Decrease) in MV of Investments
Net Increase / (Decrease) in Fund
Market Value of Assets at 31 March

Budgeted Fund Account

The Fund cash flow estimate for 2022/23 summarises a number of trends. Namely, increasing pension payments to members with regards to due to increases in inflation and new pensioners.

Income and Expenditure for 2020/21 was relatively in line with the forecast. However, transfer values were higher than expected which is likely due to the pick up in movements in staff as COVID restrictions eased. Investment income was also high which was due to a private markets fund distributing funds throughout the year.

Increases from 2020/21 actuals and 2021/22 actuals was expected due to inflation, increase in fund value, increased contributions and pay increases.

Budgeted Fund Account- Fund Cashflow	**2020/21**	**2021/22**	**2021/22**	**2022/23**
	Actuals	Budgeted	Actuals	Budgeted
	£m	£m	£m	£m
Pension(or annuities): retired employees and dependents	(47)	(48)	(49)	(51)
Lump sums on retirement (including deferred)	(9)	(9)	(11)	(12)
Lump sums on death	(1)	(2)	(2)	(2)
Administration and fund management costs of the Fund	(8)	(8)	(8)	(9)
Transfer values including apportionments	(2)	(3)	(9)	(4)
Total expenditure	**(67)**	**(70)**	**(79)**	**(77)**
Contributions (including those from other em-ploying authorities): employees	14	15	14	15
Contributions (including those from other em-ploying authorities): employers	39	40	40	41
Investment income	4	6	65	22
Transfer values including apportionments	4	3	11	4
Total income	**61**	**64**	**130**	**82**
Net inflow/ (outflow)	**(6)**	**(6)**	**51**	**5**

The table below shows summary of total employer contributions made in the financial year, and the timing.

Number of Contributions	Number of Late Payments	Percentage Late
732	32	4.37%

The table below shows the total contributions made in the financial year.

Classification	Administering	Admitted	Schedule	Total
	£000	£000	£000	£000
Employers	30,923	1,953	6,793	39,669
Employees	11,449	880	2,106	14,435
Total	**42,372**	**2,833**	**8,899**	**54,104**

Statute specifies that 'contributions must be paid into the Fund by the 19th day of the following month to that which they relate'. The Pensions Regulations allows interest to be levied on contributions that are not paid on time.

This power was not exercised during 2021/22.

The table below shows the summary of information about the level of contributions as a percentage of pensionable pay.

Contribution level	
Pensionable Pay	**£212,547,603**
Employee Contributions	**£14,435,164**
Percentage	**6.79%**

Overpayments

In 2021/22, we raised 28 invoices for overpayments of pension totalling £13,439.42 of which £4,989.27 recovered. All of these were due to late notification of death. In 2021/22, we wrote off 1 invoice totalling £326.80 for overpayment of pension, which was from the 2018/19 financial year. There was 10 invoices from previous years in relation to overpayments, which are outstanding – these total £3,044.68.

ADMINISTRATIVE MANAGEMENT PERFORMANCE

Investment management expenses have continued to increase in 2021/2022 as in the previous financial year, this was largely due to the costs associated with investment manager performance.

Administrative costs remained relatively the same in 2021/22 as in the previous year.

Administration and Investment Management Costs	2020/21 Actual £000	2021/22 Actual £000	2022/23 Forecast £000
Administration			
- Central costs	1,121	1,111	1,200
- Other	12	10	12
Total Administration	**1,133**	**1,121**	**1,212**
Total Oversight & Governance	**95**	**145**	**150**
Total Investment Management	**6,688**	**7,225**	**7,659**
Total Costs Charged to the Fund	**7,916**	**8,491**	**9,021**

The pension service comprises 9.9 members of staff covering both the employing and administration duties. This equates to 2,615 members of the Fund to each full time equivalent post compared to 2,197 in 2020/21.

Membership Summary

The table and graph alongside show a summary of membership numbers over the last five years. The number of active members has decreased by 11% over the last 5 years overall, with pensioners also increasing by 15% and deferred members increasing by 17% over the same period.

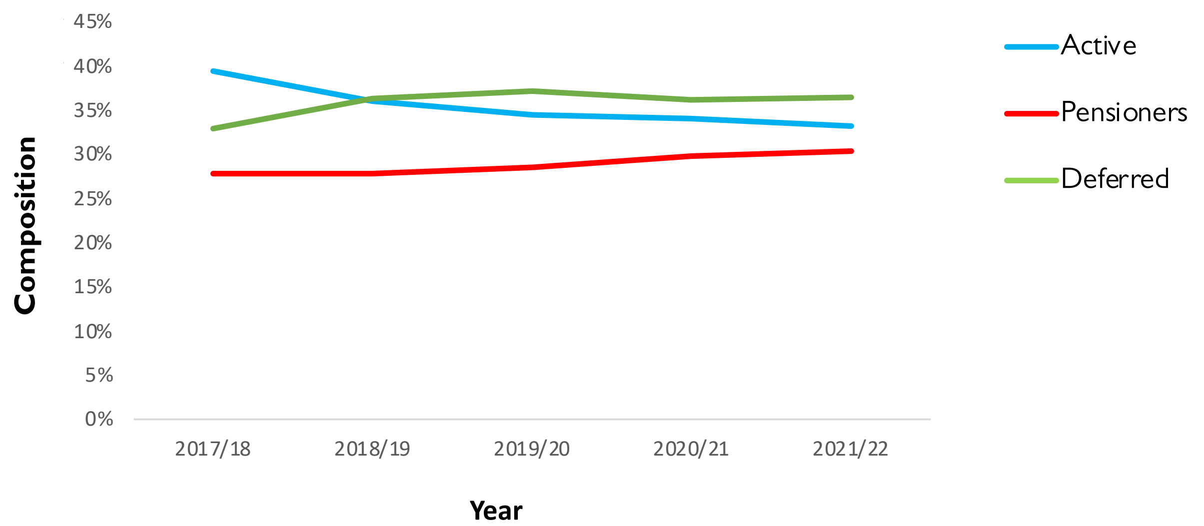
Membership	2017/18	2018/19	2019/20	2020/21	2021/22	Movement over 5 Yrs
Active	9,663	9,087	8,865	8,676	8,604	-11%
Pensioners	6,822	7,024	7,341	7,602	7,856	15%
Deferred	8,064	9,173	9,572	9,204	9,433	17%
Total	**24,549**	**25,284**	**25,778**	**25,482**	**25,893**	5%

2017/18-2021/22 figures include leavers who had not taken a decision on their retirement benefit options

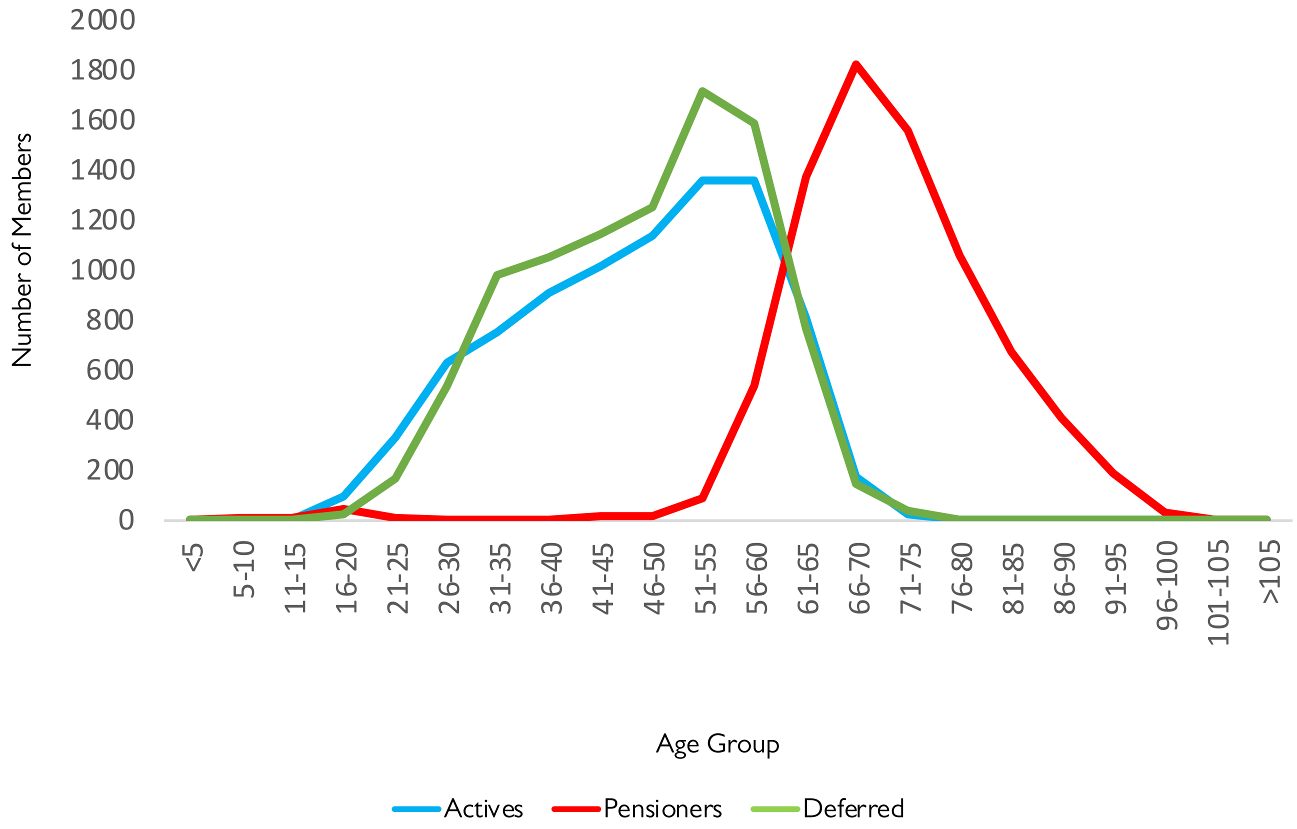
Change in Composition of Membership Numbers over 5 Years:

The following graph shows the change in the composition of membership over the last five years. In recent years, the proportion of active members has decreased in composition from a high of 39% in 2017/18 to 33% in 2021/22. Deferred members remained the same as the previous year, at 36% whilst the proportion of pensioners also remained the same as the previous year, at 30%.

The average age of an active pension fund member is 46. The average for pensioner members is 70, with the oldest being 106. The graph opposite is a depiction of the profile of the Fund's membership.



Profile of Fund Membership



Employers' Summary

Employers are split into 3 categories:

- The Administering Authority, which is The Royal Borough of Greenwich (the "Authority").
- Scheduled Bodies, which are Local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted Bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. These include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The Royal Borough of Greenwich has the largest share of active membership of the Fund (73%). For 2021/22, 63 employers actively contributed to the Fund. This includes the Administering Authority and the following Scheduled and Admitted bodies (all figures are in GBP):

Administering		
	Employers	**Employees**
Royal Borough of Greenwich	**£30,922,587**	**£11,449,213**

Scheduled			Admitted		
	Contribution Values			**Contribution Values**	
	Employers	**Employees**		**Employers**	**Employees**
Charlton Park Academy	278,098	90,214	Avante	27,017	9,262
Compass	1,331,982	427,378	Birkin Cleaning services	3,595	1,069
Crown Woods - Stationers	307,781	91,248	Brayborne Facilities Services	17,088	5,080
Eltham (Harris) Academy	181,666	62,240	Bridge 86	2,171	764
Eltham Crematorium	41,803	15,343	CACT (2) Livewell	12,948	5,039
Endeavour Partnership Trust	329,347	107,884	Charlton Athletic Community Trust	28,790	10,383
Greenwich Free School	120,099	41,304	Chartwells (Compass Contract)	39,050	12,015
Greewnich Service Plus	686,587	242,533	Chartwells (Foxfield IPT Contract)	10,876	3,438
Halley Academy	253,096	84,165	Chartwells (Wingfield Contract)	13,511	4,149
IAG	344,335	2,229	First Step Trust	38,131	19,647
Inspire	479,300	164,515	G4S	8,532	2,593
Leigh Academy Blackheath	110,043	33,810	GLL Chlldren's Centre East	55,310	21,569
Maritime	628,830	182,649	Gll Childrens Centre South	42,146	18,554
Shooters Hill	409,939	145,105	GLL Libraries	197,130	78,224
St Paul's Academy	267,559	87,085	GLL Play Centre	6,557	2,579
St Thomas More	143,738	48,442	Glyndon Community Centre	16,896	4,568
The Greenwich Catholic School Trust (St Mary's)	106,424	33,754	Greenwich Citizen Advocacy Project	27,196	8,858

Scheduled	Contribution Values	
	Employers	Employees
ULT - John Roan	295,856	82,980
UTC	109,026	38,123
Woolwich Polytechnic Academy	367,413	124,642

Admitted	Contribution Values	
	Employers	Employees
Greenwich Co-operative Development Agency	6,738	2,367
Greenwich Leisure Ltd	1,050,717	546,736
Greenwich Mencap	2,068	615
Greenwich West Community & Arts Centre	10,250	4,710
Heritage Trust	37,386	14,153
Homestart	114,509	45,471
May Harris - Hawksmoor	8,566	2,547
Nourish Catering	9,955	3,075
Oxleas NHS Trust	4,040	1,267
Pacific Support services	8,651	1,823
Quaggy Development Trust Children's Centre	14,538	6,013
Sanctuary Care Ltd	38,904	12,085
Simba Housing Association	17,319	6,099
St Mary's (Eltham) Community Complex Association	26,415	8,957
Taylor Shaw	1,861	553
Taylor Shaw (Our Lady of Grace)	10,465	3,201
Taylor Shaw (St Marys)	7,651	2,362
Taylor Shaw (St Peters)	7,076	2,178
Taylor Shaw (St Thomas A Beckett)	9,516	2,970
Taylor Shaw Nightingale	1,626	483
Westgate Cleaning (St Marys)	2,831	842
Westgate Cleaning Sherington	4,615	1,372

Scheduled			Admitted		
	Contribution Values			Contribution Values	
	Employers	Employees		Employers	Employees
			Wild Life Day Camp Ltd	2,268	545
			Wild Life Day Camp Ltd - Sports	849	202
			Wilson Jones Catering Ltd	7,353	1,892

To the right is a summary of the number of employers in the Fund analysed by scheduled bodies and admitted bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities).

	Active	Ceased	Total
Scheduled Body	20	2	22
Admitted Body	42	17	59
Admin	1	0	1
Total	**63**	**19**	**82**

Investment Policy and Performance

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Investment policy and performance

Investment Policy

The Royal Borough of Greenwich is the statutory body responsible for administering the fund. It has delegated responsibility for the management of the fund, including its investments, to The Panel. During 2021/22 the Panel comprised four Councillors from the Royal Borough of Greenwich, who have full voting rights. Trade Union representatives, staff from the Finance Directorate and professional advisors also attend Panel meetings but do not have voting rights.

The main objective of the Fund is to ensure that there are enough assets in the Fund to cover liabilities of promised retirement benefits; and to do this within acceptable risk parameters.

The Royal Borough of Greenwich Pension Fund is committed to managing investments efficiently and effectively. This means:

- Managing the performance of the investment managers to drive the delivery of returns they agreed to make.
- Negotiating fair fees with managers to ensure we are not paying excessive fees.
- Reviewing our investment structure and objectives in the light of economic changes using the asset/liability study tools.
- Choosing investments wisely and mitigating poor performing activities in real time.
- Training our Panel members and officers to ensure effective due diligence and focused and sound stewardship.
- Exploring opportunities for new ways of administering the Fund that deliver lower costs and improve returns.

The Fund's Investment Strategy Statement specifies that the Fund may invest in quoted and unquoted securities of UK and overseas markets, including equities, fixed interest and index linked bonds, cash, property and alternative products (e.g. private equity), either directly or through pooled funds.

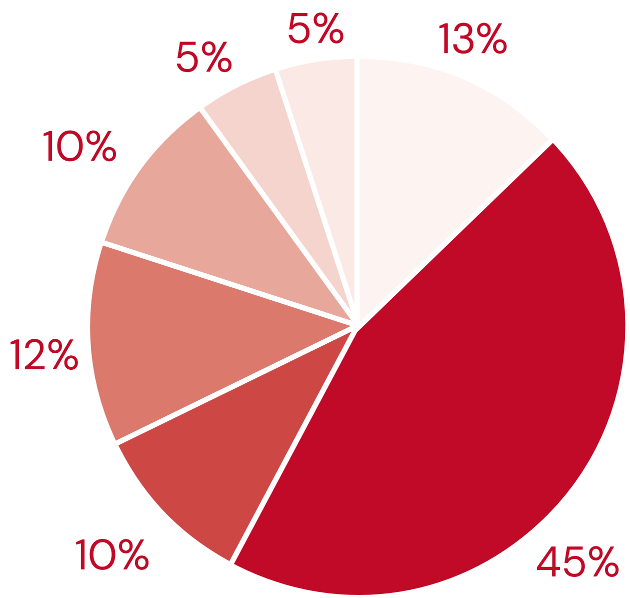
The Fund may also make use of derivative type investments either directly or in pooled funds investing in these products, for the purpose of efficient portfolio management or to hedge specific risks.

Below is a list of bodies that the pension fund is a member;

- Local Authority Pension Fund Forum (LAPFF)
- London Pension Fund Forum (LPFF).
- Pensions & Investment Research Consultants Ltd (PIRC)
- London Collective Investment Vehicle (LCIV).

Benchmark Asset Allocation

To support the Fund's objective of having enough assets to cover its liabilities and achieving this within acceptable risk parameters the Panel, in conjunction with the Fund's investment advisor, has set the following benchmark asset allocation:



Multi Asset	13%
Global Equity	45%
Bonds	10%
Multi Asset Credit	12%
Property	10%
Private Debt	5%
Infrastructure	5%

Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to organisations goals, risk tolerance and investment horizon. Each asset class will behave differently over time, reducing the impact of poor performing assets on the Fund as a whole. Fund managers are set risk parameters to provide them with some flexibility in achieving the asset allocation to allow them make the most of market conditions. They must seek approval for any positions that go beyond the agreed risk parameters set for their strategies. The following table compares the actual asset allocation as at 31 March 2022 to the benchmark and the change from the previous financial year.

	Value	Actual Allocation	Target Allocation	Pooling breakdown 2021/22	
Asset Class Breakdown	**31-Mar-22**	**2021/22**	**2021/22**	**Pooled**	**Awaiting Pooling**
	£m	**%**	**%**	**%**	**%**
Equities	825	51	45	42	9
Bonds	133	8	10	-	8
Multi Asset Credit	115	7	12	-	7
Property	166	10	10	-	10
Private Equity	2	0	-	-	-
Diversified Alternative	106	7	-	-	7
Cash and Cash Equivalents	39	2	0	0	2
Multi Asset Strategy	201	12	13	12	-
Infrastructure	12	1	5	1	-
Private Debt	36	2	5	2	0
Total Scheme	**1,635**	**100**	**100**	**57**	**43**

Over the year, the scheme assets grew by £102m. The asset allocation is broadly in line with the benchmarks set in the latest investment strategy statement. The fund is currently in the process of implementing the new investment strategy.

The following investment managers have managed mandates during the year:

Investment Managers 21/22	
Passive Equity	Blackrock
UK Aggregate Bonds	Fidelity
Global Emergency Market Equity	Fidelity
Multi Asset Credit	Fidelity
Multi Asset	London CIV
Property	CBRE
Diversified Alternatives	Partners Group
Private Equity	Wilshire
Diversified Alternatives	Partners Group
Renewable Infrastructure	London CIV
Private Debt	London CIV
Multi Asset	Invesco

Pool Reporting

The table below shows pool setup and on-going costs paid to London Collective Investments Vehicle (LCIV). This includes three charging mechanisms.

1. Development funding charge (DFC), introduced to cover the cash flow imbalance between annual revenues and annual costs, until the LCIV generates sufficient management fee income to cover annual operating costs.
2. Annual service charge, the £25,000 annual service charge is akin to a membership fee providing access to the breadth of LCIV services. The charge is invoiced at the start of each financial year.
3. LCIV management fees. The Fund has over £600m in passive equities, which sits outside of the ACS vehicle operated by the LCIV. The investment is merely under oversight by the LCIV, and as such, they charge the fund fees based on these holdings. The fund also pays management fees for those funds directly managed by LCIV.

Year £000	LCIV Management Fees £000	Fee Savings £000	Net Fee Savings £000	Development Funding Charge £000	Annual Service Charge £000	Total Savings £000
2021/22	75	-451	-376	85	25	-266
2020/21	30	-62	-32	85	25	78
2019/20	30	-61	-31	65	25	59
2018/19	29	-55	-26	65	25	64
2017/18	27	-49	-22	75	25	78
2016/17	6	-11	-5		25	20
2015/16					25	25
Total to Date	**197**	**-689**	**-492**	**375**	**175**	**58**

The fee savings and management fees for 2021/22 exclude the Funds investments in the LCIV Renewable Infrastructure and Private Debt Funds, as fee savings figures are not yet available.

The Fund is a shareholder in the LCIV and holds £150k worth of regulatory capital, which was provided in 2015/16.

Breakdown of Scheme Assets by Manager as at 31 March 2022

The market value of holdings and their individual benchmarks are shown in the table across:

Fund Values	2020/21 Market Value (£m)	Weight (%)	2021/22 Market Value (£m)	Weight (%)	Benchmark
Pooled into the LCIV					
Blackrock - Passive Global Equities	689	45	682	42	Composite Benchmark
London CIV Absolute Return	0	0	103	6	SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m LIBOR +3%)
London CIV Real Return	0	0	97	6	SONIA (30 day compounded) + 3% (from 1 October 2021, previously 1m LIBOR +3%)
London CIV Private Debt	0	0	36	2	IRR (net of any fees) of 6 - 8% for the life of the Fund.
London CIV Renewable Infrastructure	0	0	12	1	IRR (net of fees) of 7 - 10%, with a target yield 3 - 5% per annum.
Yet to be pooled into the LCIV					
Fidelity	139	9	133	8	50% iBoxx Sterling Non Gilt Index + 50% iBoxx Sterling Gilts Index
Fidelity GMAC	117	8	115	7	Attractive Risk Adjusted Return
Fidelity GEME	169	11	143	9	MSCI Emerging Markets Index (Net United Kingdom tax)

Fund Values	2020/21 Market Value (£m)	Weight (%)	2021/22 Market Value (£m)	Weight (%)	Benchmark
Yet to be pooled into the LCIV					
CBRE - Property	142	9	173	11	MSCI/AREF UK QPFI All Balanced Property Fund Index +0.4% per annum (including cash and net of fees) over rolling three-year periods.
Royal Borough of Greenwich	14	1	32	2	
Partner's Group	137	9	106	6	Absolute Return of 7-11% p.a.
Invesco	123	8	0	0	
Private Equity: Wilshire	3	0	2	0	
Total	**1,533**	**100**	**1,635**	**100**	

A review of the performance of each of the managers is provided later in this report.

Manager Performance

The following table shows the one-year, three-year, and five-year performance of the Fund's managers.

Performance to 31 March 2022				1 year (%)			3 years (% p.a.)			5 years (% p.a.)		
	Asset Class	Active/ Passive	Pooled	Fund	Benchmark	+/-	Fund	Benchmark	+/-	Fund	Benchmark	+/-
Total Scheme				6.7	7.7	-0.9	7.3	7.1	0.2	6.2	6.9	-0.7
BlackRock	Passive Global Equities	Passive	✓	14.2	14.1	0.1	11.2	10.8	0.3	8.7	8.2	0.4
CBRE	Property	Active		21.5	23.4	-1.5	5.9	8.1	-2.1	6.7	8.0	-1.2
Fidelity – BOND	Bonds	Active		-4.4	-5.2	0.9	1.3	0.3	1.0	2.0	1.1	0.9
Fidelity - GMAC	Bonds	Active		-1.5	3.0	-4.4	2.9	3.0	-0.2	2.3	3.0	-0.7
Fidelity - GEME	Equities	Active		-15.6	-7.3	-8.9	6.2	4.4	1.8	6.3	4.7	1.5
London CIV Absolute Return	Multi Asset	Active	✓	7.3	3.1	4.0	-	-	-	-	-	-
London CIV Real Return	Multi Asset	Active	✓	1.4	3.1	-1.7	-	-	-	-	-	-
London CIV Private Debt	Private Debt	Active	✓	-	-	-	-	-	-	-	-	-
London CIV Renewable Infrastructure	Infrastructure	Active	✓	-	-	-	-	-	-	-	-	-
Partners Group	Diversified Alternative	Active		11.8	7.2	4.3	10.7	7.2	3.3	8.6	7.2	1.3

*Relative Performance is based on the geometric method

Overall, the Fund's assets performed slightly below the benchmark over 1 year and 5 years and performed relatively in line with the benchmark over 3 years.

Blackrock

The underlying funds in the portfolio performed in line with their respective benchmarks. These funds are a world ex-UK equity index fund, a UK equity index fund, and a RAFI 3000 global index fund. The financial market was largely range-bound to modestly higher in Q2, 2021 as the resumption of economic activity broadened as a result of vaccine rollout programmes in major economies allowing governments to remove lockdown restrictions. However, Q3 saw high volatility in the financial markets mainly due to raising inflation, monetary policy normalisation and speculation and fears of default in Chinese property developer, Evergrande. UK Consumer Price Index (CPI) kept rising since May 2021 from 2.1%, By February 2022 CPI jumped to a 30-year high of 6.2%, prompting The Bank of England (BoE) to increase rate for the third time to 0.75%. Due to this economic backdrop and geopolitical concerns surrounding Russia and Ukraine, markets tumbled in the beginning of 2022. However, the UK Equity Market performed better relative to global equites.

Fidelity Bond

The fund slightly Outperformed the benchmark in all Quarters of 2021-22. However, the 12-month fund performance to 31st March 2022 was negative, returning -0.42% against a benchmark of -0.52%.. In Q2 2021, the fund posted positive returns supported by positive credit selection and favourable interest rate positioning. In Q3, Gilt yields rose in August and September as persistent inflation dynamics raised monetary policy concerns after falling in July. In Q4, Markets witnessed interest rate volatility due to the significant repricing at the short end of the yield curve as investors focused on the possible timing of interest rate hikes by global central banks. The Bank of England (BoE) surprised the market by raising its Bank Rate by 0.15% at its December meeting after it refrained from increasing interest rates in November. Finally, in Q1 2022, Sovereign bonds sold off sharply as global central banks looked set to embark on a much more aggressive tightening cycle amid persistent inflation. The Bank of England (BoE) continued with its policy normalisation and delivered two 0.25 percentage point interest rate hikes each at its February and March meetings.

Fidelity GMAC

Fidelity's Global Multi Asset Credit fund (GMAC) utilises a multi-strategy approach to fixed income investing to target an attractive risk adjusted return. During the year, the Fidelity GMAC return -2.4% over the 12 months to 31/03/2022. The Fund started the year very positively, with return in the first two quarterly returning 4.4% and 1.1%. Then Q3 and Q4 the fund performance detracted, over this period Emerging market debt posted negative returns, with local currency bonds underperforming hard currency bonds. Within hard currency bonds, high yield underperformed investment grade bonds.

Fidelity GEME

During the year, the Fidelity GEME fund underperformed the benchmark by -7.6% posting a negative total return of -14.9%. However, the three-year performance, of the fund returned a positive 7.1% figure against a benchmark of 4.4%. The underperformance over the year was mainly due to Q4 where Emerging markets delivered negative returns in the first quarter of 2022. At the start of the year, equities were sold-off as investors braced for the US Federal Reserve's (Fed) more aggressive policy stance and given signs of persistent inflation. Subsequently, Russia's invasion of Ukraine and higher inflation on the back of surging commodity prices dented investor appetite. The Russian ruble slumped to record lows against the US dollar. To offset the increased risk of ruble depreciation and inflation, the Russian central bank raised interest rates from 9.5% to 20%. Within emerging Asia, Chinese equities declined amid the evolving COVID-19 situation and concerns over delisting of Chinese American Depository Receipts (ADR). At a regional level, Latin America outperformed the broader emerging market universe and the developed world. Facing extreme uncertainty amid the war in the Ukraine, spiralling inflation and a regulatory overhang, emerging market economies took steps to strike a balance between growth expectations and inflationary pressures.

Partners Group

The fund returned 11.9% for the 12 months to 31st March 2022. Partners Group's benchmark is to achieve a 7-11% return per annum, net of fees, over a 5-year rolling basis. Much of the returns over the year were due to private equity direct investments. In Q2 2021 the fund recovered slightly from the decline in March 2021 with an increase of 0.3% mainly due to ainvestments within direct private equity and has continued to recover steadily throughout the 12 months to 31st March 2022. The portfolio is well positioned to benefit from further recovery.

CBRE

Against this backdrop of challenging market conditions, the portfolio produced a total return of 21.7% over the year, underperforming the benchmark return of 23.5%. Performances continue to be positively impacted by the exposure to the industrial and 'alternative' commercial sectors, overall returns continue to be materially impacted by the significant negative performance of investments in the retail & leisure sector which have experienced the most pronounced since from the pandemic, accelerating structural changes already under way.

The ongoing tragedy in Ukraine has increased headwinds facing the UK economy, namely higher inflation and weaker sentiment. Further upward pressure on already elevated rates of inflation via higher energy and commodity prices means inflation is expected to average 6.5% in 2022. Adding to the erosion in UK incomes will be the increase in taxation via higher National Insurance contributions and the freezing of the tax-free allowance. The latest forecasts from the Office of Budget Responsibility (OBR) show a fall in real disposable income this year of 2.2%, the largest such fall in 70 years. That said, the UK economy is on a stronger footing relative to 12 months ago, with the economy fully reopened, a tight labour market and robust savings accumulated through the pandemic for consumers to fall back on.

LCIV Absolute Return Fund

The value of the Sub-fund increased by 7.3% in the twelve month period ended 31 March 2022. Most of the profits were generated in the first calendar quarter of 2022, when the Sub-fund returned 4.5%.

This was a strong result in a challenging period in capital markets: global equity, government bond and credit indices all lost money in Q1 2022. The Sub-fund was well positioned to withstand the turbulence and the rapid adjustments in expectations for growth and inflation which were a feature early in 2022, particularly after Russia invaded the Ukraine.

The objective of the Sub-fund is to achieve low volatility and positive returns in all market conditions. The investment manager used the full array of tools at their disposal in the period under review. They cast a wide net in generating and implementing ideas, including ways to protect the Sub-fund against the risk of capital loss, and they were proactive in adjusting exposure to the main sources of risk.

The 'Inflation' segment accounted for 43% of the Sub-fund at the end of the period. This is spread approximately equally across UK short and long-dated index linked Gilts, US inflation linked bonds and gold and gold equities.

The protective 'Deflation' segment, which accounted for 14% of the Sub-fund, is made up of cash, short-dated bonds and options on interest rates and stocks.

The investment manager believes that bursts of volatility will be a feature of the markets in 2022. They are managing the portfolio accordingly, adjusting risk levels and positioning within asset classes actively to capitalise on emerging opportunities whilst protecting the Sub-fund against the risk of capital loss.

LCIV Real Return Fund

The value of the Sub-fund increased by 1.4% in the twelve month period ended 31 March 2022. This is 1.7% less than SONIA (30 day compounded) plus 3% objective for the Sub-fund.

The Sub-fund started the year brightly, with a gain of 2.4% in the second quarter of 2021, but made a small loss in the following quarter. Performance recovered in the final calendar quarter of 2021 when the Sub-fund made a gain of 3.7% on the strength of profits generated on equity and alternative investments.

The investment manager reduced the allocation to stocks late in 2021, but this was not sufficient to protect the portfolio from the falls in equity markets in the first three months of 2022. Government bonds also performed poorly during that period as investors adjusted their expectations for interest rates in the face of a sharp increase in inflation. Ultimately, the 'stabilising' layer of the Sub-fund did not perform as intended in Q1 2022 and although alternative assets, such as investments in renewable energy generators, continued to perform well, the Sub-fund lost 4.3% in that period.

The investment manager expects the tension between inflation control and support for growth to be an important theme in 2022. On balance, central banks are expected to tilt towards taming inflation, and with geo-political tension running at high levels, Covid-19 still a disruptive force and supply chains under pressure, the investment manager sees increased risk of a recession, particularly in Europe.

Equity exposure has been reduced and the composition of that segment of the portfolio has changed, with relatively defensive and inexpensive stocks preferred over those trading at high valuations. Bonds and credit spreads are considered unattractive, despite the increase in yields in the first quarter of 2022. The investment manager prefers gold, the U.S. Dollar and cash as hedges against downside risk. Cash also provides dry powder to buy mispriced assets when volatility creates opportunities.

The investment manager continues to rely on alternative assets as the main complement to equities, and a key engine of growth for the Sub-fund.

LCIV Private Debt Fund

No performance information is available at this stage. The Fund is early in its investment period so it is expected that the NAV may lag the contributed capital due to expenses being drawn from new commitments made in the portfolio. In accordance with the trust deed disclosure, the performance of the Fund is not formally assessed against its objective until after the fourth year of the investment period. The fund have commitment £85m to LCIV Private debt fund, at the year end the total drawdown was £34.5m. The LCIV have extended the close date

£36.3m. The LCIV have extended the close date for September 2022, allowing new investors. As a result, LCIV will be refreshing their list of private debt managers alongside Pemberton and Churchill with a view of adding other funds to keep the 50:50 regional split between Europe and the U.S. The Fund will focus on achieving 6-8% net of fees for our investors by investing in middle-market private debt funds across Europe and the U.S. We will appoint managers that will take a conservative approach to lending across defensive sectors.

LCIV Renewable Infrastructure

Following the Funds most recent asset liability study it was agreed by the Investment and Administration Panel on 28 June 2021 to invest £42.5m into LCIV Renewable Infrastructure mandate. During 2021/22 the Royal Greenwich Pension Fund made capital call payments, including an initial equalisation payment totalling £11.8m, leaving an uncalled commitment of £30.7m as at 31 March 2022.

This Fund is still in the early stages of establishment, incurring set up costs; therefore, the NAV is lower than the total contributed capital since inception (£178.4m). However, these costs are expected to amortise over the life of the Fund and therefore performance is not formally assessed against its objective until after the fourth year of the investment period.

Renewable infrastructure is moving away from traditional generation, transmission, and distribution assets into more energy efficient assets aiming at reduce Green House Gas emissions from carbon intensive businesses. This type of asset is proving to be a compelling investment opportunity that backs the transition to a low carbon economy.

Private Equity

The Scheme invests in one portfolio

- **Wilshire** – invests in three funds:
  - Fund VII US
  - Fund VII Europe
  - Fund VII Asia

As of the 31 March 2022, private equity holdings and the following capital called and uncalled figures

Fund	Called Capital (m)	Uncalled Capital (m)
Wilshire Fund VII US- USD	16.71	0.38
Wilshire Fund VII Europe-EUR	6.66	0.15
Wilshire Fund VII Asia-USD	2.79	0.12

The net internal rate of return and the total value to paid in of each portfolio can be seen below.

Fund	IRR p/a	TVPI
Wilshire Fund VII US	8.08%	1.74
Wilshire Fund VII Europe	5.79%	1.44
Wilshire Fund VII Asia	6.73%	1.44

Largest holdings

The following table gives the top 10 pooled fund holdings at 31 March 2022.

Top 10 Global Holdings as at 31 March 2022	Market Value	Weight
	(£m)	(%)
1 - Blackrock Aquila Life World EX UK	261	16
2 - Blackrock iShares	232	14
3 - Blackrock Aquila Life 3000	185	11
4 - Fidelity Global Emerging Market Equities	143	9
5 - Fidelity UK Aggregate Bond	133	8
6 - Fidelity Global Multi Asset Credit	115	7
7 - Partners Group RBG IC Ltd	107	7
8 - London CIV Absolute Re-turn	103	6
9 - London CIV Real Return	97	6
10 - London CIV Private Debt	36	2

An asset liability study is utilised by the fund as a modelling tool for assessing funding and investment strategies in order to generate the optimal investment strategy. The asset liability modelling output provides the framework for making decisions around long term strategic benchmarks appropriate to the Fund's liabilities; developing a funding strategy and identifying triggers for dynamic changes to the investment strategy.

Further details about the investment strategy can be found in the Investment Strategy Statement (Appendix E).

Responsible Investment Policy

The Fund expects its investment managers to engage with the companies within their portfolio on social, environmental and ethical issues. The Fund's policy on Socially Responsible Investment can be found in the Investment Strategy Statement.

In 2013 the Fund became a member of the Local Authority Pension Fund Forum. This is a voluntary association of local authority pension funds which seeks to optimise local authority pension funds influence as shareholders, to promote Corporate Social Responsibility and high standards of corporate governance.

The Pension Fund issues a statement of compliance with the UK Stewardship Code for Institutional Investors which is reviewed on an annual basis. The Stewardship Code sets out seven principles of good practice on engagement with investee companies. The compliance statement is set out in Appendix D. The Fund's equity, bond and multi asset managers have also issued statements of compliance with the Stewardship Code.

The Fund has delegated the exercise of voting rights to its investment managers and has set out Voting Intention Guidelines which it expects the manager to follow, where the fund is segregated. These guidelines are set out in annexe II of the Investment Strategy Statement (Appendix E).

Economic Review

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Economic Review

Global Economy

2021 started with a renewed sense of optimism in the financial market and global economy with raised expectations about a pickup in inflation. Despite concerns over the Delta variant, mass vaccine rollout in the major economies allowed governments to remove lockdown. Q2 saw a sharp rebound in global GDP growth as restrictions eased in the major advanced economies. Leading indicators, such as PMI business surveys, have reached multi-year highs and suggest growth momentum remains strong. Global equities have risen 7.1% (Local Currency) in Q2. However, Q3 saw a more volatile period for financial markets owing to a combination of rising developed market government bond yields on monetary policy normalisation speculation, and fears of a default in Chinese property developer, Evergrande.

U.S. stocks rallied higher in the second, third, and fourth quarters of 2021. However, investor sentiment waned at the start of the 2022 calendar year, due to rising interest rates, high inflation, and unthinkable violence and human tragedy in Europe. The broad market S&P 500 Index recorded its worst January since 2009 and officially hit correction territory (a 10%+ decline) in February, before rallying higher in March to close out the annual period.

Similarly, European equity markets were strong during 2021 reflecting the ongoing market recovery from COVID-19. However, beginning of 2022, market dynamics changed to a great degree; moving from a significant risk-on environment, as the market bid up on strong growth and inflation expectations, to significant risk off, with sharp market declines, in the face of increasing conflict between Russia and Ukraine.

Emerging Market equities also suffered a volatile 2021, mainly due to concerns of accelerated tightening in developed markets to combat inflationary pressures, regulatory overhang in China, and a resurgence of COVID-19 across markets Despite a very positive start to the year, markets turned sharply ending 2021 down -4.6%. China was hit especially hard as Evergrande's ongoing liquidity crisis shook foreign investors. Similarly, outbreaks across the country and maintenance of strict zero covid policy led to a material slowdown in economic activity.

The Japanese stock market was weak due to the spread of COVID-19, concerns about the declaration of a third state of emergency, and caution regarding earnings announcements. However, Q1 2022, the market recovered due to factors such as increased hopes for progress to be made in peace negotiations between Ukraine and Russia, the interest rate hike decided by the US Federal Open Market Committee (FOMC) being not too far from market expectations, the Bank of Japan's decision to maintain large-scale easing, and the weakening of the yen.

Although the start of 2021 was categorised by a sense of optimism surrounding global growth higher inflation and projected economic recovery post COVID-19 became a matter of concern for central banks. The focus from central banks was primarily on how best to normalise policy in a non-disruptive manner. The US Federal Reserve (Fed) initially citing higher inflation as being "transitory" through much of 2021, however the Fed had to move away from this language towards the end of the year acknowledging the risk of more persistent.

The Russia/Ukraine situation has had a large impact on global energy and commodity markets, contributing to high inflation and supply chain issues. UK headline CPI inflation rose to 5.1% year-on-year in November whilst the equivalent US and eurozone measures rose to 6.8% and 4.9%.

On news that the Fed expects to increase its policy rate twice in 2023, short-term yields rose, and longer-term yields fell. Despite upside inflation surprises, US 10-year treasury yields fell 0.3% p.a. to 1.5% p.a. and UK yields fell 0.1% p.a. to 0.7% p.a. The gathering pace of vaccine roll out in the eurozone helped equivalent German yields rise 0.1% p.a. In Q3, global investment-grade spreads were little changed and global developed market speculative-grade spreads rose 0.3% p.a. In Q4, Global investment-grade spreads increased by 0.1% p.a. to 1.0% p.a., whilst speculative-grade spreads ended the quarter broadly in line with end-September levels at 3.7% p.a. US and UK bond yield curves flattened with short-term yields rising to reflect expectations of further interest rate hikes. Long-term yields remained largely unchanged.

The first quarter of 2022 was categorised by volatility primarily driven by oscillating optimism on the Russia-Ukraine conflict and hawkish central bank commentary. February was ultimately overshadowed by geopolitical concerns surrounding Russia and Ukraine. Most risk assets struggled in this environment and bond yields remained volatile, finishing slightly higher over the month. Markets tumbled as investors tried to process the enormity of the situation and the potential economic impact of sanctions on Russia – a significant exporter of commodities. Policymakers have suggested that they consider upside inflation risk as the more pressing issue to tackle unless the growth outlook markedly worsens.

UK Economy

The UK equity market rose through the period, supported by solid vaccine programs and a strong rebound earnings result. However, equity markets remained sensitive to inflation indicators and Policymakers became more hawkish as the year progressed. Markets were further conflated by the emergence of new Covid-19 variants throughout the year. At the beginning of 2022, stock markets weakened due to the humanitarian and geopolitical ramifications of Russia's invasion of Ukraine and the likely economic impacts. The war has worsened inflationary concerns with key commodities across energy and agriculture rising sharply in price. The UK equity market delivered good performance relative to global equities.

Over the year to Q1 2022, the UK commercial real estate market experienced a recovery from the Covid-19 pandemic, despite inflation concerns, the Omicron variant, and supply chain issues. UK All property returned 14.5% in 2021. Transaction volumes also increased in 2021, only being 8% below the pre-Brexit peak of £73.7bn. UK Monthly Property capital value index rose 13.9% over the 12 months to end December due to a buoyant industrial sector, where capital values have risen 32.5%. Retail capital values have risen by 6.9% over 12 months. There has been a flattening of the declines experienced in the office sector, delivering marginally positive capital growth of 0.1% over 2021. Total return on the index, including income, was 19.9% in the 12 months to end December.

UK headline CPI inflation rose from 2.1% in May 2021 to 7% in March 2022. To counter inflationary pressure The Bank of England raised rates twice from 0.25% p.a. to 0.75% p.a. with further rate hikes expected in 2022. There are signs that the strain on supply chains is easing, though the overall rate of price increases remains high.

Scheme Administration Report

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Scheme Administration Report

Staff and Duties

The pension service comprises 13.0 full time equivalent (FTE) staff, however only 9 FTE posts are currently filled. The team covers both the employing and administration duties for the Local Government Pension scheme (LGPS) in the Royal Borough of Greenwich Pension Fund and employer duties in respect of Greenwich employees who are members of the NHS Pension Scheme and the London Pension Fund Authority (LPFA) pension fund.

The services provided by the pension section consist of:

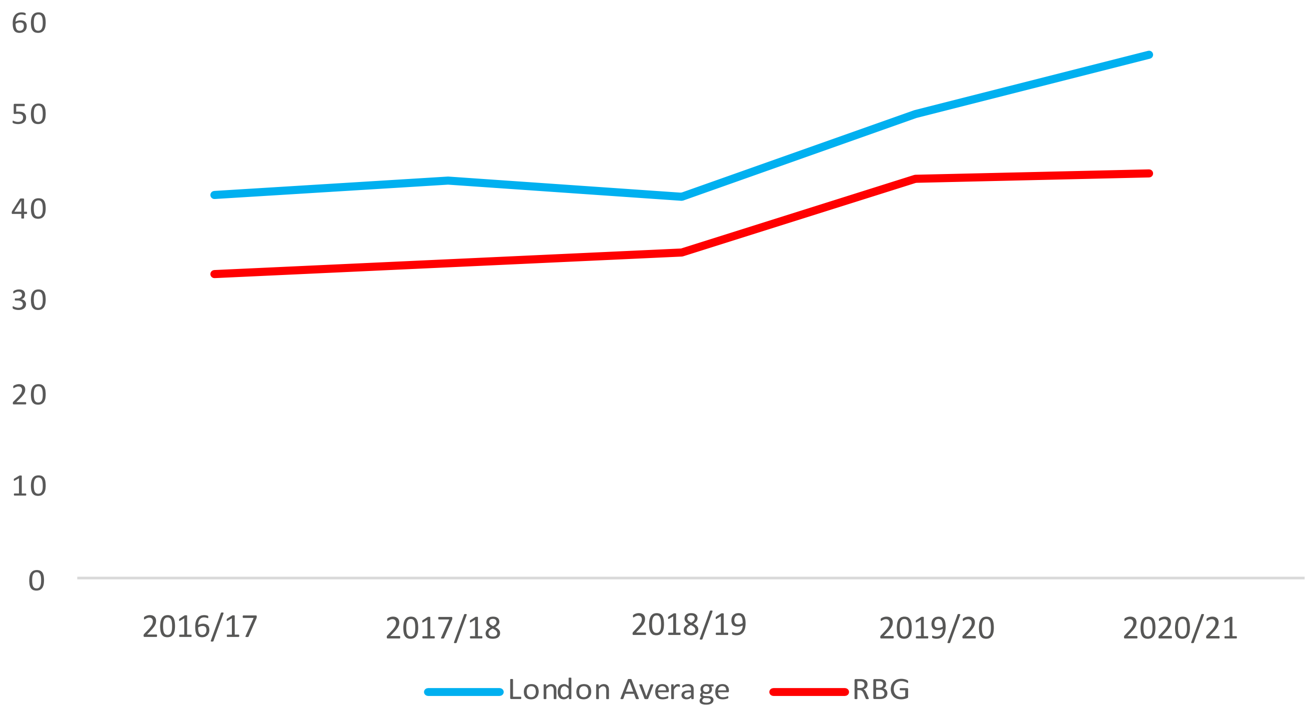
- The administration of the Local Government Pension Scheme (LGPS) in accordance with relevant legislation.
- The running and maintenance of the Pension Payroll to ensure accurate and timely payment of monthly pensions to 7,856 pensioners and their dependants.
- The maintenance of accurate records for each member of the pension scheme (including the employing authority and every admitted body that contributes to the Royal Borough of Greenwich Pension Fund).
- The provision of key employee data to the NHS and London Pension Fund Authority.
- The provision of information and key data to scheme members and other bodies associated with the LGPS.
- The provision of guidance to the Pension Fund Investment and Administration Panel on pension legislation and the options available.

- **The pension service has the following aims at its core:**
- The improvement of standards and efficiency and to keep costs under scrutiny.
- To develop plans to increase IT efficiency and give members more options with regards to accessing details of their pension benefits and other information.
- To train and develop staff in respect of any changes to legislation and to meet the service requirements.
- To achieve a high standard with regards to service delivery and customer service.

Value for Money

The scheme continues to offer value for money to employers and members, by making sure that both Pension Board and Panel have the right skill set and knowledge to ensure governance of the fund; whilst also making sure that the investment and administration teams are, appropriately and adequately resourced to meet the day-to-day challenge for running the Fund. The table below shows the average administration expense per member for the Royal Borough of Greenwich Pension Scheme and the average for London LGPS schemes.

Administration Expenses Per Member



The London average is made up of the average administration expenses per member of six neighbouring boroughs.

Please note, this information is only available up until 31st March 2021 as the 31st March 2022 accounts for the neighboring boroughs were not published at the time of calculation.

Review of the year 2021 - 2022

Covid 19 restrictions meant that the pension team have continued to work remotely with minimal staff working in the office. As a result of this the team's knowledge and confidence in using alternative platforms for communication have improved and more meetings have been held with individuals and employers remotely. However, remote working has affected service delivery and reduced output.

The team have continued to work with other departments across the council with no loss of service to payments in respect of lump sum payments or pensions into payments.

In March 2022 the council moved to a hybrid working arrangement meaning staff work from home but are also expected to have a presence in the office. This should improve efficiency and help with recruitment and retention of staff, which has continued to be an issue for the team and the vacancies within the management team and for senior pensions officers are proving difficult to fill being such a specialised role. Management and staff have worked diligently to cover, where possible, key tasks and priorities however, service delivery has been impacted by these continued vacancies. Targeted training has been provided both internally and externally to support staff in their development and transfer of skills, with courses being held online to facilitate training during the covid19 restrictions.

During the first Covid 19 restrictions in 2020/21 the work priorities shifted to deliver the service's core functions of retirement cases, deceased cases, provision of pension estimates and the setting up and timely payment of monthly pensions. As the restrictions eased and the pensions teams adapted to home and hybrid working the work cases that were not prioritised were brought back into focus. Interfund Transfers between authorities was one example of a case where, unless no action taken resulted in benefit loss etc, they were not a priority. In 2019/20 prior to the restrictions 266 Interfunds to other Local Authorities were quoted or paid, this dropped to 117 in 2020/21. In 2021/22 this increased to 439 in an attempt to catch up with the backlog whilst maintaining a consistent level of excellent service to the scheme members.

Scheme membership and associated workload

The total membership across actives, deferreds, pensioners and dependants has slightly increased from 25,482 to 25,893. The number of pensioners and dependants continued to rise by a further 3.3% increasing pension payroll workloads in respect of the setting up and payment of monthly pension payments. Active membership saw an increase with the number of new starters being processed by the team up by 38.2% to the previous year. The number of death cases increased from the previous year by 25.5%. The overall throughput of the team increased by 16.4% on 2021/2022.

The team has continued to work with fund employers, including the council, who are undergoing restructuring and retendering for service contracts. They have provided information to support effective decision making as well as providing individual guidance and support for members themselves.

Annual benefit statements for both active and deferred members were provided to members. End of year information was also provided to the NHS and London Pension Fund Authority to enable benefits statements to be provided to members of those schemes by the statutory deadline.

Over the course of the year, there have been no Ombudsman disputes. The number of service complaints has remained minimal which is a reflection of the hard work and increased output achieved by the pensions team. During the period there were 3 cases that progressed to the formal internal dispute procedure. Of this, two were in dispute of the decision of Occupation Health in respect of Ill Health Early Retirement and the other was in respect of a potential pension liberation transfer as a result of a claim via a Professional Claims Company, the latter is still ongoing.

Legislation

Key consultations and legislation effecting the LGPS and requiring senior staff input are the implications of McCloud/Sergeant judgements, changes to transfer legislation and the pensions dashboard. In particular the McCloud solution and pension dashboard are major changes to legislation and requirements that will impact members and the pension administration team.

Projects

- **Data Cleansing –** As required by the pension regulator a data quality exercise took place in October 2021 to measure the fund's common and scheme specific data in line with the pension regulators requirements, resulting in a 97.3% pass rate for common data 93.4% pass rate for scheme specific data.
- **iConnect Roll out -** The pension team have continued to move towards greater monthly data collection and have onboarded to the iConnect data interface 12 new employers and the transfer of 4 payrolls during the last 12 months. Whilst this has caused a significant increase in monthly data collections and cleansing it will reduce the time spent on data cleansing at year end and negate data issues that are usually only identified at year end. This ensures more timely and accurate information to be available for members, the fund actuary and other fund stakeholders.
- **GMP Reconciliation –** The Guaranteed Minimum Pension (GMP) reconciliation project continued to be a priority project for the administration team working with a third party to resolve any queries and plan for the rectification stage of the project. This was successfully completed in March 2022.
- **Pension system upgrades –** system upgrades have moved from 2 to 4 upgrades per year. Each upgrade requires the team to carry out User Acceptance Testing (UAT), working with the Council's ICT team and the pension software provider. Each upgrade has proceeded on time ensuring the system is as accurate, efficient and compliant. No disruption of service was experienced by members.
- **Outsourcing of Schools Catering Services –** A major procurement exercise took place in August 2021 in respect of Catering services for schools. This affected the council's-maintained schools contracts and some academies. This significantly impacted the work of the data team and for management in respect of employer liaison, support and of management working with legal services in respect of the admission agreements. Work is continuing to implement an improved streamline process for the admittance and monitoring of new employers into the fund, incorporating any future changes to fair deal into the new procedures and guidance

The year to come

- **McCloud –** the team will need to work further with employers to cleanse data to be able to run the necessary underpin calculations for member to reflect the changes required by the McCloud solution for the LGPS.

The complexity and workload, in respect of McCloud/Sargeant remedy will significantly affect resource in the pensions administration team. The management team will need to look at the options in respect of this to minimise the impact on the service. The team will need to understand and implement these changes, communicate the changes to all scheme stakeholders and the review of relevant processes and procedures.

Processes and procedures will continue to be reviewed to improve efficiency and performance.

Pensions Dashboard

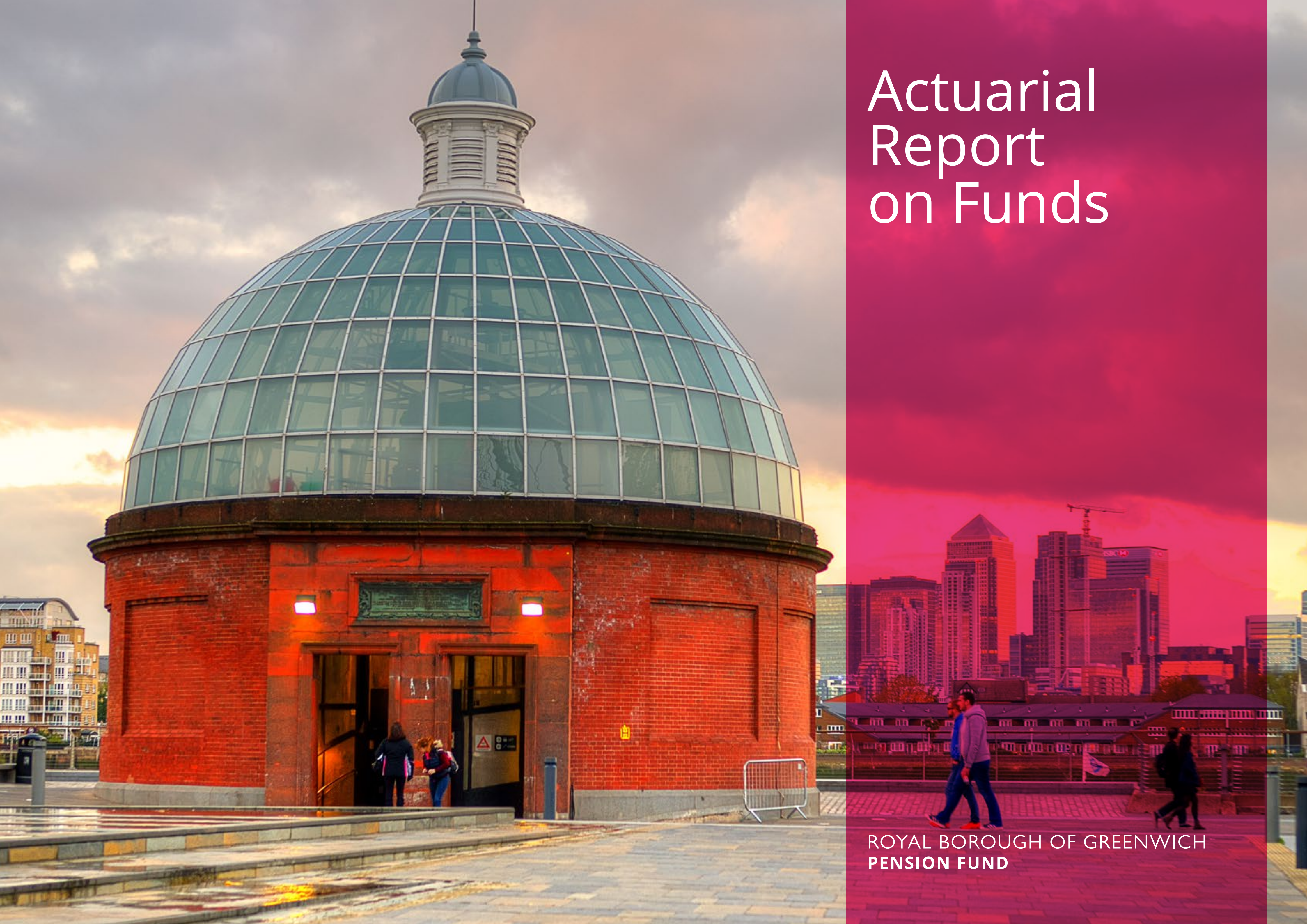
The Pensions Dashboard is a government incentive to allow all pension savers in the UK to be able to view all their personal, private, public sector and State pensions information all in one place. The Go Live deadline for large public sector scheme is proposed to be from April 2024 with voluntary on-boarding starting as early as 2023. There will be an emphasis on clean pension data to ensure quality and accuracy and this will be impacted by the data cleanse and data changes required in McCloud project

Conclusion

Administration of the Fund is carried out by a dedicated, hard-working pension team. 2021/22 has continued to test the team but collectively they have met that challenge. As the team have adapted to the new way of working productivity has increased compared to 2020/21 and we are aiming to maintain the output achieved prior to the Covid 19 restrictions.

Although there have been significant changes to the administration team over the last two years there have also been challenges with recruitment. The recruitment challenges are not just a problem for Greenwich but throughout all local authorities. Future proofing of the team is always a high priority for the pension management team and a restructure exercise to address this is being planned for 2022/23 to enable the team to position itself to meet these challenges.

Actuarial Report on Funds



ROYAL BOROUGH OF GREENWICH
PENSION FUND

Actuarial Report on Funds

The fund undergoes a full actuarial valuation every three years. This determines the Fund's funding level and the employer contribution rates required to restore the fund to a 100% funding level (i.e. the Fund has enough assets to cover 100% of its liabilities). The last valuation was carried out as at 31 March 2019 and this came into effect in 21/22. Below is a statement from the Fund's actuary summarising the 2019 valuation. The full 2019 Actuarial Valuation report can be found on our website.

Statement by the Fund's Actuary

Introduction

The last full triennial valuation of the Royal Borough of Greenwich Pension Fund was carried out as at 31 March 2019 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (the Regulations) and in accordance with the Funding Strategy Statement of the Fund. The results were published in the triennial valuation report dated 31 March 2020.

2019 Valuation Results

Asset value and funding level

The results for the Fund at 31 March 2019 were as follows:

- The market value of fund assets as at 31 March 2019 was £1,332m.
- The Fund as a whole had a funding level of 97% i.e. the assets were 97% of the value that they would have needed to be to pay for the benefits accrued to that date, based on the assumptions used. This corresponded to a deficit of £45m.
- To cover the cost of new benefits and to also pay off the deficit over a period of 17 years, a total contribution rate of 18.5% of pensionable salaries would be needed.

Assumption	31 March 2019
Discount rate	5.0% p.a.
Pension increases (CPI)	2.6% p.a.
Long-term salary increases	3.6% p.a.
Pension increases on GMP	Funds will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that Funds will be required to pay the entire inflationary increases.
Mortality	The post retirement mortality assumptions adopted are the S3PA heavy series, making allowance for CMI 2018 projected improvements with a long term rate of improvement of 1.25% p.a., a smoothing parameter of 7.5 and no initial addition to improvements
Retirement	Each member retires at a single age, weighted based on when each part of their pension is payable unreduced.
Commutation	Members will convert 50% of the maximum possible amount of pension into cash.

Further details of these assumptions can be found in the relevant actuarial valuation report which can be found on the Royal Borough of Greenwich website **royalgreenwich.gov.uk**

Updated position since the 2019 valuation

Assets

Returns over the year to 31 March 2022 have been good. As at 31 March 2022, in market value terms, the Fund assets were more than where they were projected to be based on the previous valuation.

However, future investment returns that will be achieved by the Fund in the short term are more uncertain than usual, in particular due to the market volatility following the Russia-Ukraine conflict and, from equities due to actual and potential reductions and suspensions of dividends.

Liabilities

The key assumption which has the greatest impact on the valuation of liabilities is the real discount rate (the discount rate relative to CPI inflation) – the higher the real discount rate the lower the value of liabilities. As at 31 March 2022, the real discount rate is estimated to be lower than at the 2019 valuation due to lower future expected returns on assets in excess of CPI inflation.

Please note that we have updated the derivation of the CPI inflation assumption to be 0.8% p.a. below the 20 year point on the Bank of England (BoE) implied inflation curve. The assumption adopted at the 2019 valuation was that CPI would be 1.0% p.a. below the 20 year point on the BoE implied inflation curve. This update was made following the Government's response (on 25 November 2020) to the consultation on the reform of RPI, and the expectation that the UK Statistics Authority will implement the proposed changes to bring RPI in line with CPIH from 2030. This updated approach leads to a small increase in the value of liabilities.

The value of liabilities will also have increased due to the accrual of new benefits net of benefits paid.

It is currently unclear what the impact of the COVID-19 pandemic is on the Fund's funding position. It is expected that COVID-related deaths will not have a material impact on the Fund's current funding level, however, impact on future mortality rates may be more significant and we will be reviewing the Fund's mortality assumption as part of the next valuation.

There is also uncertainty around future benefits due to the McCloud/Sargeant cases and the cost management process.

Overall position

On balance, we estimate that the funding position has weakened when compared on a consistent basis to 31 March 2019 (but allowing for the update to the CPI inflation assumption).

The change in the real discount rate since 31 March 2019 is likely to place a higher value on the cost of future accrual which results in a higher primary contribution rate. The impact on secondary contributions will vary by employer.

However, the next formal valuation will be carried out as at 31 March 2022 with new contribution rates set from 1 April 2023. As part of the 2022 valuation, the Fund and us as the Fund Actuary will work together in setting the assumptions for the valuation.

Barry McKay FFA
Partner, Barnett Waddingham LLP


Governance
ROYAL BOROUGH OF GREENWICH
PENSION FUND

Governance

Delegated Powers and Responsibilities

The Royal Borough of Greenwich is the Administering Authority for the Pension Fund. The Authority has delegated to the Pension Fund Investment and Administration Panel various powers and duties in respect of its administration of the fund. The Panel is the formal decision making body of the Fund. It should convene a minimum of four times a year and in 2021/22 comprised four Councillors with full voting rights. Representatives from admitted bodies and the trades unions are able to participate as members of the Panel but do not have voting rights.

The general terms of reference of the Pension Fund Investment and Administration Panel are:

- To exercise all relevant functions conferred by regulations made under the Public Service Pensions Act 2013
- To consider and decide all matters regarding the management of the pension fund's investments and to determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.
- To decide all matters relating to policy and target setting for and monitoring the investment performance of the pension fund
- At least once every three months, to review the investments made by the investment managers and consider the desirability of continuing or terminating the appointment of the investment managers.
- To consider and make recommendations on policy and staff related issues which have an impact on the pension fund directly or indirectly through changes in employer pension contribution rates and through Fund employers' early retirement policies.
- To consider triennial valuation reports prepared by the Fund's actuaries, with recommended employer contributions.
- To receive monitoring reports from the Director of Finance on all matters relevant to the Pension Fund and the Administering Authority's statutory requirements.
- To receive reports as appropriate from the Pension Board

Day to day running of the Fund in respect of administering the membership through collecting contributions, paying benefits / pensions and maintaining all necessary records, is undertaken by the Director of Finance.

Further details on the delegation of functions are in the Fund's Governance Compliance Statement (Appendix C).

The Pension Fund Investment and Administration Panel

Panel Attendance in Municipal Year 2021/22

The table below shows the meeting attendance of Panel members over the course of the year. The Panel formally met on six occasions during the year.

	2021				2022	
Training				Actuarial Update	Away Day	
Councillor	**28-Jun**	**12-Jul**	**07-Sep**	**06-Dec**	**11-Feb**	**07-Mar**
Peter Brooks (Chair)	A	A	A	A	A	A
John Fahy	A	A	A	A	*	A
David Gardner	A	A	A	A	A	*
Patricia Greenwell	*	A	A	A	*	A

A = Attended

* = Absent

N/A = Not applicable

The Royal Borough of Greenwich Pension Board

The Royal Borough of Greenwich Pension Board met on three occasions during 2021/22. The purpose of the Board is to assist the administering authority of the Fund (the Royal Borough of Greenwich) in its role as scheme manager. The Board enhances scrutiny and governance within the Fund, helping to ensure that it complies with legislation and the law relating to pensions. A copy of the Pension Board Annual Report can be found in Appendix G.

Pension Board Attendance in Municipal Year 2021/22

	2021					2022
Training Title Attendee				Fund Performance Review	Away Day	CBRE Performance update
Attendee	**17-Jun**	**22-Jul**	**23-Sept**	**16-Dec**	**11-Feb**	**17-March**
Councillor Norman Adams (Chair)	A	P	P	P	A	A
Councillor Gary Dillon	A	P	P	P	A	*
Justin Jardine (Left on 08/06/2021)	*	N/A	N/A	N/A	N/A	N/A
Simon Steptoe	A	P	P	P	A	A

A = Attended

* = Absent

P = Postponed

N/A = Not applicable

Member Training

The first Myner's Principle (see Investment Strategy Statement Appendix E) states:

Administering authorities should ensure that:

- Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effective and monitor their implementation
- Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest.

The Fund has a Knowledge and Understanding Policy and Framework (Appendix F) which states that:

> "The Royal Borough of Greenwich recognises that effective financial administration and decision-making can only be achieved where those involved have the requisite knowledge and skills."

In light of the above, a programme of training sessions took place in 2021/22. This was attended by Panel Members and Officers. The training was run jointly by internal officers and the fund's investment adviser, drawing on additional external expertise as appropriate. It covered such areas as Private Debt & Renewable Infrastructure, Actuarial update, Accounting & Auditing standards and Fund performance reviews. Further training will take place in 2022/23.

Policy and Process of Managing Conflicts of Interest

Committee members and officers directly involved with the administration of the Fund are required to declare any conflicts of interests at the commencement of all meetings. Where a conflict is considered material, the member or officer may be asked to either; refrain from participating, or exclude themselves from the meeting for the discussion and consideration of the agenda item.

Publication of Information

The dates of the Pension Fund Investment and Administration Panel meetings, along with meeting agendas, reports and minutes are available on the Royal Borough of Greenwich website.

Also available on the website are all reports and statements relating to the Pension Fund.

Fund Account and Net Asset Statement

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Fund Account and Net Asset Statement

Fund Account as at 31st March 2022			
2020/21 £000		**Notes**	**2021/22 £000**
Dealings with Members, Employers and Others directly involved in the Scheme:			
	Contributions Receivable:		
-38,986	Employer Contributions	6	-39,669
-14,217	Member Contributions	6	-14,435
-3,863	Transfers in from Other Pension Funds	7	-10,647
	Benefits:		
47,466	Pensions	8	49,018
10,435	Lump Sum & Death Benefits	8	13,238
1,609	Payments to and on account of Leavers	9	8,745
2,444	**Subtotal: Net (additions) / withdrawals from Dealings with Members**		**6,250**
7,916	Management Expenses	10a	8,491
10,360	**Subtotal: Net (additions)/withdrawals including fund management expenses**		**14,741**
Returns on Investment			
-4,420	Investment Income	11	-65,353
-300,507	(Profit) and Losses on disposal of Investments and Changes in Value of Investments		-51,769
	Taxes on Income		44
-304,927	**Net Returns on Investment**		**-117,078**
-294,567	**Net (increase) / decrease in the Net Assets available for Benefits during the year**		**-102,337**

The Funds Accounts were prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

The following are derived from the audited financial statements of the Royal Borough of Greenwich Pension Fund for the year ended 31 March 2022. The complete 2021/22 pension fund financial statements can be found in Appendix H.

Net Asset Statement as at 31st March 2022			
2020/21 £000		**Notes**	**2021/22 £000**
	Investment assets		
	Pooled Investment Vehicles:		
0	Equities	14	822,196
256,479	Fixed Interest	14	0
0	Fixed Income	14	247,940
134,010	Property Unit Trusts	14	162,065
598,805	Unitised Insurance Policies	14	0
381,444	Other Unit Trusts	14	0
0	Multi Asset	14	200,532
0	Infrastructure	14&22	12,425
0	Private Debt	14&22	36,324
138,922	Diversified Alternative	14	107,137
2,975	Private Equity	14&22	1,938
3,100	Property – Freehold	3&14	4,100
58	Cash Deposits	19	73
9,631	Cash Equivalents	19	12,165
254	Other Investment Balances	18	2,915
	Investment Liabilities		
-3,355	Other Investment Balances	18	-1,781
1,522,323	**Net Investment Assets / (Liabilities)**		**1,608,029**
	Current Assets		
571	Contributions Due	18	677

Net Asset Statement			
2020/21 £000		**Notes**	**2021/22 £000**
476	Other Current Assets	18	670
10,709	Cash Balances	19	27,251
	Current Liabilities		
-384	Unpaid Benefits	18	-504
-717	Other Current Liabilities	18	-808
10,655	**Net Current Assets / (Liabilities)**		**27,286**
1,532,978	**Net Assets of the Scheme available to fund Benefits at the Period End**		**1,635,315**

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2022. The triennial actuarial valuation of the Fund does take into account the long term liabilities of the fund. The full valuation report can be viewed on our website.

OTHER STATEMENTS AND PUBLICATIONS

Funding Strategy Statement

The Funding Strategy Statement (FSS) details the Fund's approach to meeting its defined benefit obligation. The FSS is reviewed in detail at least every three years in line with the triennial valuation. The latest statement is included as Appendix I to this report.

The FSS has been developed along with the Fund's actuary Barnett Waddingham, using data from the triennial valuation.

The FSS links to the Investment Strategy Statement, as it forms the basis for our investment strategy.

The production of a Funding Strategy Statement is important, as the Fund must take a prudent, long-term view of how it will meet its defined benefit obligation, whilst maintaining stable contribution rates for employers.

Investment Strategy Statement (ISS)

Regulation 7(1) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the Regulations requires an administering authority to formulate an investment strategy which must be in accordance with guidance issued by the Secretary of State. The Council is required to take proper advice when making decisions in connection with the investment strategy of the Fund, as taken from Hymans Robertson LLP. This is in addition to the expertise of the members of the Pension Fund Panel and Council officers.

The Pension Fund Panel seeks to invest in accordance with the ISS, utilising any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement. Appendix E sets out the Investment Strategy Statement.

Communications Policy Statement

The Local Government Pension Scheme (Administration) Regulations 2013 require all administering authorities to produce a Communications Policy Statement. This statement sets out the Fund's policies for communicating with members, members' representatives, prospective members and employing authorities. It also aims to promote the scheme to all interested parties.

The Communications Policy Statement is reviewed at least annually. The latest statement can be found in Appendix J

Knowledge and Understanding Policy and Framework

In 2021, CIPFA issued an updated Code of Practice on LGPS Knowledge and Skills. An updated Knowledge and Skills Policy and Framework has been published to demonstrate that the Fund has adopted the revised Code of Practice. The current version can be found in appendix F.

Statement of Compliance with UK Stewardship Code

The Financial Reporting Council (FRC) published the UK Stewardship code, setting out seven principles of good practice on engagement with investee companies, to which the FRC believes institutional investors should aspire. The aims of the code align closely with the fifth Myners' principle. The Fund's compliance with the Myners principles is detailed in the Fund's Investment Strategy Statement and this statement contributes to that compliance. The compliance statement is set out in Appendix D.

Contacts and Glossary

ROYAL BOROUGH OF GREENWICH
PENSION FUND

GLOSSARY

Active Fund Management
A style of investment management where the Fund Manager is seeking to 'add value' by outperforming the benchmark through actively buying / selling stocks / bonds.

Active Equities / Active Manager
A style of investment management where the Fund Manager is seeking to 'add value' by outperforming a benchmark index

Active Members
Fund members employed by one of the employers in the fund who are currently paying contributions into the fund.

Actuarial Assumptions / Basis
The combined set of assumptions made by the actuary, regarding the future, to calculate the value of liabilities. The main assumptions will relate to the discount rate, salary growth, pension increases and longevity. More assumptions that are prudent will give a higher liability value, whereas more optimistic assumptions will give a lower value. The lower the discount rate, the higher the liabilities and vice versa.

Administering Authority
The council with statutory responsibility for running the Fund, in effect the Fund's "trustees".

Admitted Bodies
Employers which voluntarily participate in the Fund, so that their employees and ex-employees are members. There will be an Admission Agreement setting out the employer's obligations.

Asset Allocation
An investor has to decide which type of asset to buy – ordinary shares, bonds, domestic or foreign, property – or indeed simply to hold cash. Deciding what sort of mix of assets to have is termed asset allocation.

Asset Liability Modelling
Of increasing importance in pension fund management, particularly at the larger end of the market, the structure of the fund is analysed (usually by Consulting Actuaries) to assess how the fund's assets should be invested in order to best meet the fund's liabilities, age profile of the members etc.

AVCs (Additional Voluntary Contributions)
Additional Voluntary Contributions are contributions made by a member of an Occupational Pension Scheme, to that Scheme, over and above the normal contribution level, to purchase additional retirement benefits.

Balanced
Where the asset allocation of a fund is spread (balanced) across a range of asset types.

Balanced Fund Management
Balanced Fund Management is the term used for the traditional approach to investment. It involves coming up with an appropriate balanced list of shares and securities by taking all the assets in a portfolio and balancing the various economic and stock exchange arguments against the investor's needs/appetite. A different approach, which has evolved in recent years, is to divide a portfolio into sections each of which is managed with a specific aim. This is particularly relevant to large pension fund portfolios, where sections may be allocated to fund managers with different styles – for example, one who is asked to maintain an index matched core, one to take risks in international equities, one who is very good at market timing, and so on. By dividing the portfolio in this way, aims can be much more specifically identified and maintained.

Benchmark

This is the standard against which performance of the fund measured. The most usual benchmark for a portfolio of UK shares is the FTSE All-Share Index because it includes such a large percentage of all quoted shares. Funds which may be called upon very suddenly in the near future may have to be kept largely in cash or short term gilt edged stocks and a benchmark such as the money market interest rate would be appropriate, in this instance.

Bottom-Up

Bottom-up investing is an investment approach that focuses on the analysis of individual stocks and deemphasizes the significance of economic cycles and market cycles. In bottom-up investing, the investor focuses his attention on a specific company, rather than on the industry in which that company operates or on the economy as a whole.

BREXIT

Brexit is an abbreviation for "British exit," referring to the U.K.'s decision in a June 23, 2016 referendum to leave the European Union (EU).

Capital Called

This is the proportion of the overall capital demanded by a private equity manager, which was promised to it by an investor. It is also known as a draw down or a capital commitment.

Common Contribution Rate

The Fund-wide future service rate plus past service adjustment. It should be noted that this will differ from the actual contributions payable by individual employers.

Corporate Governance

The term used, following recent Government sponsored reports, to describe the policies and procedures that the company's directors employ in their conduct of the company's affairs, and their relationships with shareholders to whom they are responsible, as managers of the shareholders' interests in the company, and of its assets.

Covenant

This is the promise of a certain amount of pension at retirement by an employer of a defined benefit scheme. It represents the assessed financial strength of the employer. A strong covenant indicates a greater ability (and willingness) to pay for pension obligations in the long run. A weaker covenant means that it appears that the employer may have difficulties meeting its pension obligations in full over the longer term.

COVID-19

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus.

Custodian

The custodian keeps a record of clients' investments and may also be responsible for trade settlements, collecting income, processing tax reclaims and providing other services.

Deferred Members

Members who have left employment, or have ceased to be an active member of the scheme whilst remaining in employment, but retain an entitlement to a pension from the scheme.

Deficit

The shortfall between the assets value and the liabilities value. This relates to assets and liabilities built up to date, and ignores the future build-up of pension (which in effect is assumed to be met by future contributions).

Deficit Repair / Recovery Period

The target length of time over which the current deficit is intended to be paid off. A shorter period will give rise to a higher annual past service adjustment (deficit repair contribution), and vice versa.

Derivatives

A derivative is an instrument which derives its value from value of an underlying financial instruments such as bonds, commodities, currencies, interest rates, market indexes and stocks.

Discount Rate

The annual rate at which future assumed cashflows (in and out of the Fund) are discounted to the present day. This is necessary to provide a liabilities value which is consistent with the present day value of the assets, to calculate the deficit. A lower discount rate gives a higher liability value, and vice versa. It is similarly used in the calculation of the future service rate and the common contribution rate.

Dividends

A dividend is a distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders. Dividends can be issued as cash payments, as shares of stock, or other property.

Emerging Markets

An emerging market economy is a nation's economy that is progressing toward becoming advanced. Emerging markets generally do not have the level of market efficiency and strict standards in accounting and securities regulation to be on par with advanced economies (such as the United States and Europe) but emerging markets will typically have a physical financial infrastructure including banks, a stock exchange and a unified currency.

Employer

An individual participating body in the Fund, which employs (or used to employ) members of the Fund. Normally the assets and liabilities values for each employer are individually tracked, together with its future service rate at each valuation.

Employee Contribution Rate

The percentage of the pensionable pay of employees which the fund pays as a contribution into the Pension Fund

Employer Contribution Rate

The percentage of the salary of employees that employers pay as a contribution into the Pension Fund.

ESG

Bottom-up investing is an investment approach that focuses on the analysis of individual stocks and deemphasizes the significance of economic cycles and market cycles. In bottom-up investing, the investor focuses his attention on a specific company, rather than on the industry in which that company operates or on the economy as a whole

Funding Level

The ratio of assets value to liabilities value.

Fund Manager

A professional manager of investments in a Pension Fund, Insurance Company, Unit Trust etc.

Futures

A futures contract is a legally binding agreement, generally made on the trading floor of a futures exchange, to buy or sell a particular financial instrument at a predetermined specified date and price in the future.

Future Service Rate

The actuarially calculated cost of each year's build-up of pension by the current active members, excluding members' contributions but including Fund administrative expenses. This is calculated using a chosen set of actuarial assumptions.

GDP – Gross Domestic Product

Gross Domestic Product (GDP) is a broad measurement of a nation's overall economic activity. GDP is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Gilt
This is a UK Government bond. It is a promise by the Government to pay interest and capital as per the terms of that particular gilt, in return for an initial payment of capital by the purchaser. Gilts can be "fixed interest", where the interest or coupon payments are made every six months throughout the term of the gilt (its holder is paid the final coupon and principal on maturity, or "index-linked" where the interest payments vary each year in line with a specified index (usually inflation - RPI). Primary purchasers of gilts are pension funds and life insurers. Gilts can be bought as assets by the Fund, but their main use in funding is as an objective measure of solvency.

Guarantee / Guarantor
A formal promise by a third party (the guarantor) that it will meet any pension obligations not met by a specified employer. The presence of a guarantor will mean, for instance, that the Fund can consider the employer's covenant to be as strong as its guarantor's.

Initial Public Offering (IPO)
An initial public offering (IPO) is the first tranche of sale of stock by a private company to the public.

Index Tracking Funds (see also Passive)
Funds that are constructed to match closely the performance of a market index (e.g. FTSE All-Share Index and the FTSE World Index). This can either be achieved by full replication (buying every single index constituent) or sampling (buying a representative cross-section).

Internal Rate of Return (IRR)
This is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero. Internal rate of return is used to evaluate the attractiveness of a project or investment.

Letting Employer
An employer which outsources or transfers a part of its services and workforce to another employer (usually a contractor). The contractor will pay towards the LGPS benefits accrued by the transferring members, but ultimately the obligation to pay for these benefits will revert to the letting employer. A letting employer will usually be a local authority, but can sometimes be another type of employer such as an Academy.

Liabilities
The actuarially calculated present value of all pension entitlements of all members of the Fund, built up to date. This is compared with the present market value of Fund assets to derive the deficit. It is calculated on a chosen set of actuarial assumptions.

LIBOR
LIBOR is a benchmark rate that some of the world's leading banks charge each other for short-term loans. It stands for London Interbank Offered Rate and serves as the first step to calculating interest rates on various loans throughout the world.

LGPS
The Local Government Pension Scheme, a public sector pension arrangement put in place via Government Regulations, for workers in local government. These Regulations also dictate eligibility (particularly for Scheduled Bodies), members' contribution rates, benefit calculations and certain governance requirements. The LGPS is divided into funds which map the UK. Each LGPS Fund is autonomous to the extent not dictated by Regulations, e.g. regarding investment strategy, employer contributions and choice of advisers.

Longevity
The length or duration of human life.

Maturity
A general term to describe a Fund (or an employer's position within a Fund) where the members are closer to retirement (or more of them already retired) and the investment time horizon is shorter.

This has implications for investment strategy and, consequently, funding strategy.

Maturity Date
The forecast redemption date upon which the lender repays the investor.

Members
The individuals who have built up (and may still be building up) entitlement in the Fund. They are divided into actives (current employee members), deferreds (ex-employees who have not yet retired) and pensioners (ex-employees who have now retired, and dependants of deceased ex-employees).

MSCI
MSCI Inc is an investment research firm that provides indices, portfolio risk and performance analytics and governance tools to institutional investors and hedge funds.

Multi-Asset
A multi-asset class is a combination of asset classes (such as cash, equity or bonds) used as an investment. A multi-asset class investment would contain more than one asset class, thus creating a group or portfolio of assets. The weights and types of classes will vary according to the individual investor.

Myners' Review
In the year 2000, the UK Government commissioned a "Review of Institutional Investment in the United Kingdom". The Review was undertaken by Paul Myners and is referred to as "Myners". In response to the Myners' proposals, the Government initially issued a set of ten investment principles, which has subsequently been revised to six. Each pension fund must demonstrate how it complies with this "Myners" report and this can be found in the ISS.

Option
An option is a financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy or sell a security or other financial asset at an agreed-upon price during a certain period of time or on a specific date.

Passive
A style of investment management where no active fund management is undertaken – investments are made in line with a designated benchmark or index.

Past Service Adjustment
The part of the employer's annual contribution which relates to past service deficit repair.

Pension Fund
An investment fund within a Pension Scheme which is intended to accumulate during an individual's working life from contributions and investment income, with the intention of providing an income in retirement from the purchase of an Annuity. There may be an option of an additional tax free cash lump sum being paid to the individual.

Pensioner Member
Members who are drawing benefits from the fund. They include former active members drawing their pension along with widows, widowers and other dependants of former active members.

Percentile
In making an analysis of the result of any activity, the figures may be set out as percentages, covering the range of 0 – 100%. Percentiles are split into 1% bands.

PMI
The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors. It consists of a diffusion index that summarizes whether market conditions, as viewed by purchasing managers, are expanding, staying the same, or contracting. The purpose of the PMI is to provide information about

current and future business conditions to company decision makers, analysts, and investors.

Pooling (Actuarial Valuations)
Employers may be grouped together for the purpose of calculating contribution rates, so that their combined membership and asset shares are used to calculate a single contribution rate applicable to all employers in the pool. A pool may still require each individual employer to ultimately pay for its own share of deficit, or (if formally agreed) it may allow deficits to be passed from one employer to another.

Pooling (Funds)
Pooled funds are funds from many individual investors that are aggregated for the purposes of investment, as in the case of a mutual or pension fund. Investors in pooled fund
Investments, benefit from economies of scale, which allow for lower trading costs per investment, diversification and professional money management.

Portfolio
A portfolio is a grouping of financial assets such as stocks, bonds and cash equivalents, as well as their mutual, exchange-traded and closed-fund counterparts. Portfolios are held directly by investors and/or managed by financial professionals.

Profile
The profile of an employer's membership or liability reflects various measurements of that employer's members, i.e. current and former employees. This includes: the proportions which are active, deferred or pensioner; the average ages of each category; the varying salary or pension levels; the lengths of service of active members vs. their salary levels, etc. A membership (or liability) profile might be measured for its maturity also.

Quartile
See Percentile - if these results are then broken down into four equal sections, they are called 'quartiles'. The first quartile will contain the results of the top 25% of the list, the second quartile below that, then the third and the fourth quartile.

Rates and Adjustments Certificate
A formal document required by the LGPS Regulations, which must be updated at least every three years at the conclusion of the formal valuation. This is completed by the actuary and confirms the contributions to be paid by each employer (or pool of employers) in the Fund for the three-year period until the next valuation
is completed.

Risk / Return
In markets which are efficient (such as the market for the larger shares on the major stock exchanges) the prices of the various shares will reflect the risks run in each case. That is, there is a trade-off between risk and return. The higher the risk, the more the return should be. Investors, when considering a particular investment, should always consider the risks involved in buying a particular security, as well as its possible returns. The risk / return trade-off should be one appropriate to the needs or risk appetite of that particular investor.

Scheduled Bodies
Types of employer explicitly defined in the LGPS Regulations, whose employers must be offered membership of their local LGPS Fund. These include Councils, colleges, universities, academies, police and fire authorities etc., other than employees who have entitlement to a different public sector pension scheme (e.g. teachers, health, university lecturers and police and fire officers).

Securities
The general name for stocks, shares and bonds issued by the company to investors.

Solvency
In a funding context, this usually refers to a 100% funding level, i.e. where the assets value equals the liabilities value.

SRI
Socially responsible investment, is an investment process that excludes investment in companies whose core business activities involve animal testing, pollute the environment or comprise alcohol, tobacco and weapons manufacturing or where management practices achieve profit at the expense of human rights and equality. It is otherwise termed ethical investment.

Stabilisation
Any method used to smooth out changes in employer contributions from one year to the next. This is very broadly required by the LGPS Regulations, but in practice is particularly employed for large stable employers in the Fund. Different methods may involve: probability-based modelling of future market movements; longer deficit recovery periods; higher discount rates; or some combination of these.

Total Value to Paid-In (TVPI) Multiple
This is also known as the investment multiple. It is calculated by dividing the fund's cumulative distributions and residual value by the paid-in capital. It gives a potential investor insight into the fund's performance by showing its total value as a multiple of its cost basis. It does not take into account the time value of money.

Uncalled Capital
This is the proportion of the overall capital that the investor has agreed to invest in the Scheme, but which has not been collected by the private equity manager.

Valuation
An actuarial investigation to calculate the liabilities, future service contribution rate and common contribution rate for a Fund, and usually individual employers too. This is normally carried out in full every three years, but can be approximately updated at other times. The assets value is based on market values at the valuation date, and the liabilities value and contribution rates are based on long term bond market yields at that date also.

Volatility
This is the tendency of a share to move up and down. A very volatile security is one that has moved up or down more sharply than is normally the case in the market concerned. Volatility is very frequently used as a measure of risk on the grounds that a share which moves more sharply than others can be regarded as being much more risky. A steady share has less risk.

Weight
Weight is the percentage composition of a particular holding in a portfolio. The weights of the portfolio can simply be calculated using different approaches: the most basic type of weight is determined by dividing the dollar value of a security by the total dollar value of the portfolio. Another approach would be to divide the number of units of a given security by the total number of shares held in the portfolio.

COMMUNICATIONS

The Office of the Pensions Ombudsman
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Tel: **0800 917 4487**
Website: **pensions-ombudsman.org.uk**

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Website: **moneyandpensionsservice.org.uk**

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23454 June 2022

APPENDIX A

Risk Category	Ref	Issue / Consequence	Initial Chance	Initial Impact	Initial* Score	Controls	Status / Comment	Current Chance	Current Impact	Current** Score	Risk level movement***	Risk Owner	Review Date
Administrative	**A**												
Contributions	A1	Failure to collect or inaccurate record-keeping leading to potential loss of income and liquidity.	2	4	**8**	Employers monitored against requirements of relevant legislation. Employers monitored against requirements of Fund KPIs. Overdue contributions actively chased from employers Persistent, significant or negligent failure reported to the Pensions Regulator Cashflow forecast monitored.	This is undertaken monthly.	2	2	**4**	↔	**Alison Brown**	**10/02/22**
Data Protection (GDPR)	A2	Data is lost or misused leading to service disruption and / or breach of Data Protection legislation.	3	3	**9**	Password / encryption. Files transfers. Back-ups. Training.	Data is backed up on a daily basis in a secure manner for 30 days. Files containing member information are encrypted/password protected prior to transmission. Staff are trained on the data they can and cannot provide. Use of secure email portals.	2	2	**4**	↔	**Kelly Scotford**	**10/02/22**
Data Quality	A3	Poor maintenance and procedures leading to inaccurate data base with subsequent information degradation.	3	3	**9**	Document internal procedures and processes and undertake internal training to prevent errors within pension team. Checked against human resources system iTrent and every other year and periodically traced. Investigate returned mail.	Training notes/checklists used for most tasks, and checked by senior officers. All returned mail investigated and gone	3	3	**9**	↔	**Alison Brown**	**10/02/22**

					Tracing agencies. Annual data cleansing. IConnect used for data transfer from Itrent payroll to Pension System for all relevant organisations paid by Greenwich Payroll team and in process of being rolled out to external payroll providers. This matches data on a monthly basis. Problems can be immediately recognised. Data Quality Measure and Improvement Employer engagement / training to prevent future errors. Master list of employer contacts updated annually.	away indicator used where necessary. Further bulk address tracing due to be carried out, individual DWP traces can be carried out as and when required. Annual Data cleanse undertaken as part of the year-end Annual Benefit Statement preparation. Reports being run by management for all organisations, discrepancies investigated when loading. Data Quality measured and scored in line with TPR guidelines in September 18, report provided with suggested resolution for any issues. Data improvement plan under review to incorporate address tracing using a tracing agency for relevant members. Written information factsheet provided with year end return for employers with external payroll. Officers available for employer training as and when required. Contact sheets issued to employers for review Feb 2021.					

Fraud by Member	A4	An act to gain a benefit not lawfully due.	3	2	**6**	National Fraud Initiative. Payslips twice a year. Primary documentation (birth / marriage / death certificates).	The fund participates in the NFI exercise of cross-matching personal details. Pensions ceased on any returned mail pending investigation. Pensions use the Tell Us Once notification service in respect of death notifications. Pension team access the LGPS NI database for cross matches for membership across boroughs.	2	2	**4**	⟷	**Alison Brown**	**10/02/22**
Fraud by Staff	A5	An act to gain an unlawful financial benefit.	3	2	**6**	IT Audit log. Peer review. Locked secure records. Declaration of interest.	The pension team has a dedicated workspace. Management supervision is used as part of the peer review process. The work of the section is reviewed periodically by External and Internal audit.	1	2	**2**	⟷	**Kelly Scotford**	**10/02/22**
Business Continuity (including ICT)	A6	Unavailability of premises and/or ICT leading to being unable to administer pension payroll and administrative records.	2	4	**8**	Business continuity arrangements.	All staff are able to work from home. Arrangements for non-pension specific premises issues and the core ICT environment are managed through the Corporate Risk Register. The pensions system itself has regular backups. The Pension system contract was renewed for 5 years in August 19. This will be	3	4	**12**	⟷	**Kelly Scotford**	**10/02/22**

							monitored by senior management						
Making payments	A7	Incorrect calculations leading to payment errors.	2	3	**6**	Training. Peer review. . IT test system	The auditor reviews the peer review process. Benefit calculations are double checked before they come into payment with appropriate sign off levels in place. For any changes to pension entitlements under legislations or guidance or changes to the pension system calculations a test environment is used for user acceptance testing before going live, to ensure payment calculations are correct. Staff are trained and updated checklists provided. Rec done quarterly	1	3	**3**	⟷	**Alison Brown**	**10/02/22**
Over-reliance on key staff	A8	Reliance on critical knowledge centred on few individuals leading to risk of loss of skills and knowledge with those staff.	4	3	**12**	Training.	New staff have been recruited and training given. Training is being provided to a wider number of staff and work has been reallocated to remove any single points of failure.	3	3	**9**	⟷	**Kelly Scotford**	**10/02/22**
Provision of information	A9	Failure to administer scheme appropriately leading to incorrect decisions being made by members and the Fund that could adversely financially affect various stakeholders.	3	4	**12**	Specific post with responsibility for technical updates. Receiving appropriate training in all current and new technical areas.	Various members of staff including the Head of Pensions and Pensions Operations Manager attend seminars, training sessions, receive updates from professional advisors and circulations from the regulatory bodies.	2	2	**4**	⟷	**Alison Brown**	**10/02/22**

							The Assistant Director of Financial Operations is the secretary of the JPG technical sub group.					
Third Party Failure	A10	Failure of fund manager / custodian.	1	3	**3**	Selection and monitoring. Reports on internal controls received for each fund manager. Audit reports.	Investment consultant undertakes continued research and monitoring of investment managers. Officers Meet with Managers and Custodian twice yearly. Assets are held on a nominee basis by the custodian.	2	2	**4**	↔	**Julian Gocool**	**14/02/2022**
Completeness of Published Accounts	A11	Failure to disclose relevant facts in the Report and Accounts or during the audit leading to qualification of the accounts.	2	4	**8**	Training of staff involved in production of the accounts. Review of accounts by senior management before submission to external audit.	2020-21 accounts were unqualified.	1	3	**3**	↔	**Damon Cook**	**14/02/2022**
Accuracy of published accounts	A12	Production of incorrect accounts, notices and publications leading to qualification of the accounts.	2	4	**8**	Training of staff involved in production of the accounts. Peer review accounts before submission to external audit.	2020-21 accounts were unqualified.	1	4	**4**	↔	**Damon Cook**	**14/02/2022**
Poor Panel and Local Pension Board (LPB) succession planning	A13	Failure to plan for turnover in Panel / Board members leading to vacant posts on panel and/or shortfall in knowledge and skills of Panel/ Board members.	3	3	**9**	Awareness of known future events with potential to impact on Panel membership e.g. local elections. Rolling training programme for Panel Members including induction for new Members.	Current Board members has been given induction training. Knowledge and Understanding Policy agreed and adopted. There is currently one employee representative vacant on the Pension Board, which is currently being advert.	3	3	**9**	↑	**Julian Gocool**	**14/02/2022**

Insufficient delegation from Members to Officers	A14	Failure of Panel to delegate matters, which should be undertaken by officers, delaying taking of important decisions by Members.	2	3	**6**	Ensure Scheme of Delegation in place. Rolling review of Officer/ Member delegation.	Fund managers meetings delegated to officers.	1	2	**2**	↔	**Julian Gocool**	**14/02/2022**
Completeness of Published pension board Report and information	A15	Failure to disclose relevant facts in the Report leading to criticism by the Pensions Regulator, CLG and other national organisations.	2	4	**8**	Training of staff involved in production of the Report. Officers involve in regular Pension forum and discussion with Peers Review of Report by the Finance Manager		2	4	**8**	↕	**Julian Gocool**	**14/02/2022**
Discrimination	A16	Failure to provide information in a suitable format where requested (e.g. braille, large print, other language, etc.).	2	3	**6**	Investigate need to provide information in an alternative format and source appropriate suppliers to be used by the Council where required.	Reports all provided in the standard variety of formats as required by RBG corporate policy.	1	3	**3**	↔	**Alison Brown**	**10/02/22**
Compliance / Regulatory	**C**												
Austerity	C1	Leading to employers getting into financial difficulties, leading to an increase in member opt outs.	5	4	**20**	Employer/member communication.	The level of member opt outs is being monitored, however auto enrolment has increased the net membership. Next auto enrolment intake in 2022.	4	3	**12**	↔	**Kelly Scotford**	**10/02/22**
New Employer Types	C2	Increase in employers requiring enhanced service.	5	4	**20**	Professional advice. Employer engagement. Provision of employer training on joining the Fund and ongoing where required.	Increase in academies / free schools and arms-length bodies generating additional technical work in determining employer rates and monitoring. Provision of RBG payroll services to external bodies insures information provided in correct format.	4	3	**12**	↔	**Kelly Scotford**	**10/02/22**

							Training for all members as requested.						
Scheme Change	C3	Leading to large number of opt outs	5	4	**20**	Monitoring. Communication. Training.	Further scheme changes will be monitored and communicated as appropriate in the future.	3	3	**9**	↔	**Alison Brown**	**10/02/22**
Conflicts of Interest	C4	Failure to recognise conflicts of interests that are likely to prejudice an individual's ability to perform their role on either the Panel or LPB.	1	4	**4**	Conflicts policy. Members Code of Conduct. Member and LPB registers of personal and financial interests. Governance training.	Member declarations formally recorded at each Panel meeting and as part of the published accounts. Material Related Party Transactions published in accounts.	1	3	**3**	↔	**Veronica Johnson**	**03/02/22**
Socially irresponsible business practices	C5	Failure to manage the Fund in line with socially responsible business practices as well as Council or Fund policies.	2	4	**8**	Membership of the Local Authority Pension Fund Forum. Monitoring application of local policies.	Statement on socially responsible business practices outlined in Statement of Investment Principles. Regular review of Statement of principles Review of ISS at least every 3 years	2	2	**4**	↔	**Julian Gocool**	**14/02/2022**
Key performance indicators (KPIs)	C6	Failure to have formal KPIs in place and to monitor these regularly, leading to officers being unable to produce accurate performance management reports or to provide information to CLG and others where required.	3	2	**6**	KPIs to be in place as per business plan.	Working ongoing to development KPIs in Administration of the Fund. Pension Board review key areas.	3	3	**9**	↕	**Julian Gocool**	**14/02/2022**
Employer	**E**												
Cessation	E1	Employer ceases to make contributions to the fund, having an inadequate alternative	5	3	**15**	Monitor Risk profile: • Employer Type • Funding Source	All employers subject to financial health check.	5	3	**15**	↕	**Julian Gocool**	**14/02/2022**

		funding, bond or guarantee in place, generating a deficit to be recovered by residual employers				• Strength of covenant • Open/closed • Accounts/credit • Admin records • Bond/guarantee • Deficit recovery period • Active Members	Funding Strategy Statement band like employers together. Consideration of bond / guarantee is given for new employers.						
Contribution	E2	Shortfall arising from change in employer's membership / status. Employee participation rate falls.	3	3	**9**	Employers reminded to advise administering authority of changes. Risk profiling. Effective communication with stakeholders.	Monitoring of employers' active members.	3	2	**6**	↔	**Julian Gocool**	**14/02/2022**
Employer covenants	E3	Failure to monitor employer covenant, or being unaware of changes within an employer (e.g. changes to membership or closing to new entrants) leading to inappropriate funding strategy and risk of unrecovered debt on cessation of participation in the Fund.	3	3	**9**	Employer 'health check' spreadsheet developed and maintained by officers. Employer engagement.	All employers subject to periodic financial health check including review of covenant arrangements.	3	3	**9**	↔	**Julian Gocool**	**14/02/2022**
Employer database	E4	Failure to maintain employer database leading to information being lost or issued to the wrong person.	2	3	**6**	Employer engagement. Develop and maintain electronic employer contacts list.	This is verified annually.	1	2	**2**	↔	**Alison Brown**	**10/02/22**
Investment	**I**												
Asset Concentration	I1	Under performance in an over concentrated area leading to reduced funding level and increase in employer contributions.	3	3	**9**	Regulations. Monitor against benchmark. Diversification.	Investment managers contracted to comply with Regulations and Fund's Investment strategy statement. This is reviewed quarterly against the benchmark allocation. Any under-performancing	3	3	**6**	↔	**Julian Gocool**	**14/02/2022**

							manager are review by Panel.						
Asset / Liability mismatch	I2	Asset mix insufficient to generate funds to meet liabilities resulting in lower funding level, inappropriate deficit recovery period and increased employer contributions.	4	4	**16**	Asset / liability study. Diversification. Frequent monitoring.	New asset/liability completed in 2020/21	2	2	**4**	↔	**Julian Gocool**	**14/02/2022**
Corporate Governance	I3	A stock held by the Fund performs poorly as a result of poor governance structure leading to a reduction in value.	3	3	**9**	Stewardship Code. Membership of Local Authority Pension Fund Forum.	Primary fund managers comply with the Stewardship Code. LAPFF alert funds to specific issues for action. Issues will be raised at panel meetings. ESG rating are available for some manager	2	2	**4**	↔	**Julian Gocool**	**14/02/2022**
Counterparty Default	I4	The counterparty to a transaction defaults on their element leading to a potential loss for the fund.	2	3	**6**	Custodian. Review of credit rate of counterparty Legislation.	All transactions are reconciled between the investment manager and the custodian.	I	2	**2**	↔	**Julian Gocool**	**14/02/2022**
Currency	I5	A sharp and adverse movement in the currency exchange rate leading to a reduction in the value of non-sterling denominated assets.	3	3	**9**	Investment advice. Diversification. Increasing amount non-sterling holdings will increase our currency risk	Fund managers can hedge against currency fluctuations if required.	3	3	**9**	↔	**Julian Gocool**	**14/02/2022**
Funding Risk	I7	Investment strategy inconsistent with funding plan leading to incorrect employer contribution rate.	3	4	**12**	Triennial / interim review linked with funding strategy. Asset liability study. ISS (Investment Strategy Statement)	New strategy implemented. Funding level at least formal valuation is 97%	3	3	**9**	↔	**Julian Gocool**	**14/02/2022**
Illiquidity	I8	Assets sold at depressed valuation /	4	5	**20**	Limit on illiquid assets. Cash flow forecast.	Property and Private Equity represent a	3	4	**12**	↔	**Julian Gocool**	**14/02/2022**

		investment opportunity missed. Inability to realise investments to pay benefits.					relatively small part of the portfolio. The Fund is now cashflow negative. New asset allocation will make sure there sufficient investment income being return to the Fund to meet benefits payment. Officers will make sure cashflow is for a period of two years						
Investment Return	I9	If less than actuarial assumption could lead to increased deficit and additional contributions.	4	4	**16**	Diversified portfolio. Periodic asset liability study. Extended deficit recovery period.	Returns are monitored monthly and reported to the Pension Fund Panel quarterly. Funding Strategy Statement is consistent with triennial valuation.	3	4	**12**	↔	**Julian Gocool**	**14/02/2022**
Manager Performance	I10	Fund manager underperforms benchmark.	3	3	**9**	Manager selection and monitoring. Appropriate benchmarks.	Quarterly monitoring reports are made to Panel and action undertaken in respect of poorly performing managers. Manager performances have been in line with their respective benchmarks in the medium term.	3	3	**9**	↕	**Julian Gocool**	**14/02/2022**
Stock Lending	I11	A counterparty to stock lending could default leading to a loss of fund assets.	1	1	**1**	Review of stock lending policy.	Current policy is that there is no direct stock lending. There may be stock lending within the underlying assets of unitised vehicles. Potential loss to the	1	1	**1**	↔	**Julian Gocool**	**14/02/2022**

							fund is minimal however .						
Systemic Risk	112	Financial market volatility affecting multiple asset classes leading to sharp reduction in assets.	3	5	**15**	Diversification. Liquidity Levels. Custody arrangements.	Late Feb 2020- saw financial market reaction to the spread of coronavirus. The FTSE 100 index made a loss of 8.2% in the 4 days to 28/02/2020 or the equivalent of £164bn being wiped off the value of the U.K's Leading Companies. More recently, a potential invasion of Ukraine by Russia could be a major risk-off event and can send ripples across a number of markets.	4	4	**16**	↕	**Julian Gocool**	**14/02/2022**
Treasury Investment	114	Surplus contributions not invested.	3	1	**3**	Contributions monitoring. Cash flow forecasts.	A detailed cashflow forecast is maintained.	2	1	**2**	↔	**Julian Gocool**	**14/02/2022**
Transition	115	A transfer of assets between managers is undertaken without sufficient controls in place leading to a loss of assets.	3	3	**9**	Pre-transition report. Post trade report. Reconciliations.	Each transition that the fund has undertaken is fully reconciled to ensure integrity of the transfer.	2	2	**4**	↔	**Julian Gocool**	**14/02/2022**
Transition Managers	116	Assets allocated to transition managers for a longer period of time than intended, potentially leading to an imbalanced asset allocation.	3	3	**9**	Investment strategy review finalised and assets allocated appropriately.	All Funds have now been embedded with new managers. Matching the asset allocation.	1	1	**1**	↔	**Julian Gocool**	**14/02/2022**
Investment return	117	Risk of missing opportunities to maximise returns.	1	4	**4**	Quarterly review of investment performance. Periodic review of asset allocation structure.	Advice taken on regular basis from investment advisers regarding investment performance and asset allocation including rebalancing	1	3	**3**	↔	**Julian Gocool**	**14/02/2022**

Management information	I18	Insufficient management information available about the position of the Fund leading to uninformed decision-making.	1	4	**4**	Provision of management reports to Panel. Training programme for Members and Officers. performance reporting reviewed.	Regular management reports presented to Panel covering a range of Pension Fund issues. Formal rolling training programme in place for Members and Officers.	1	3	**3**	⟷	**Julian Gocool**	**14/02/2022**
Investment decisions	I19	Delays in implementation of decisions reducing the effectiveness of the decision.	2	4	**8**	Panel minutes recording formal decisions. Scheme of delegation in place for officers to carry out decisions.	Regular Panel meetings mean Members have the opportunity to request updates on the implementation of decision taken.	1	4	**4**	⟷	**Julian Gocool**	**14/02/2022**
Manager mandates	I20	Insufficient scrutiny of manager mandates and terms of business leading to inappropriate fee levels or other costs.	2	3	**6**	Review of manager mandates. Review of fee invoices.	Mandates reviewed on a regular basis. Invoices from managers reviewed prior to payment. Fund have legal advisor that can review new mandates	1	3	**3**	⟷	**Julian Gocool**	**14/02/2022**
London CIV	I21	London CIV has inadequate resources to monitor the implementation of investment strategy and as a consequence are unable to address underachieving fund managers	3	2	**6**	Regular business updates Panel's chair attend London CIV AGM	Regular review of London CIV developments. The London CIV have increase their staffing level as new fund is launch.	3	3	**9**	⟷	**Julian Gocool**	**14/02/2022**
Liability (Demographic)	**LD**												
Early retirements	LD1	Frequency beyond assumption further increasing liabilities, reducing funding levels and increasing employer contributions.	3	3	**9**	Monitor experience. Build control into admission agreement. Employers required to pay sums where appropriate.	The Panel receives details of fund strains every 6 months.	2	2	**4**	⟷	**Alison Brown**	**10/02/22**
Ill health	LD2	Frequency beyond assumption further increasing liabilities, reducing funding levels and increasing employer contributions.	3	3	**9**	Consider allowance per employer at the next valuation. Ill Health Liability insurance to be considered. Monitor experience.	The triennial valuation provides details of experience versus actuarial assumption.	3	3	**9**	⟷	**Julian Gocool**	**14/02/2022**

						Invoice employer for excess amounts. Build control into admission agreement.							
Longevity / Mortality	LD3	Improvement beyond assumption further increasing liabilities, reducing funding levels and increasing employer contributions.	3	3	**9**	Regular longevity monitoring. Prudent actuarial assumption. Compare local experience. Allow for increase.	The triennial valuation provides details of experience versus actuarial assumption.	2	2	**4**	⟷	**Julian Gocool**	**14/02/2022**
Liability (Financial)	**LF**												
Discount rate	LF1	Yields change beyond assumptions further increasing liabilities, reducing funding levels and increasing employer contributions.	3	4	**12**	Frequent market monitoring. Prudent assumption adoption. Hold assets matching liabilities.	The triennial valuation has set the discount rate for the next three years. The Fund is updated by our consultant as to the movement in the discount rate.	2	4	**8**	⟷	**Julian Gocool**	**14/02/2022**
Inflation rate	LF2	Levels different from actuarial assumptions leading to increase in employer contributions.	3	3	**9**	Anticipate re deficit contributions. Prudent assumption at valuation. Hold assets matching inflation linked liabilities.	The triennial valuation provides details of experience verses actuarial assumption. The fund is updated by the investment consultant as to the movement in the inflation rate.	3	3	**9**	⟷	**Julian Gocool**	**14/02/2022**
Salary increases	LF3	Levels different from actuarial assumptions leading to increase in employer contributions.	2	3	**6**	Employer / Government control. Prudent assumption at valuation. Final salary / CARE.	Effect of reducing liabilities following introduction of a CARE scheme compared with a final salary scheme.	2	2	**4**	⟷	**Julian Gocool**	**14/02/2022**
Employer funding	LF4	Over or under cautious determination of employer funding requirements.	2	3	**6**	Actuarial valuation.	Employer funding requirements determined by Fund actuary.	1	3	**3**	⟷	**Julian Gocool**	**14/02/2022**
Liability (Other)	**LO**												
Regulatory Change	LO1	Regulation/legislation/ taxation changes requiring increased	2	4	**8**	Monitor and respond where appropriate to	The main changes are covered elsewhere within this register.	2	4	**8**	⟷	**Julian Gocool**	**14/02/2022**

		contributions/additional benefits.				Government consultations. Dialogue with employers of potential impacts. Build into valuations.	The number of changes continues to increase.						
Other	**O**												
Cyber Security (as per the GMT Strategic Risk Register	O1	The Royal Borough must ensure that its systems and services are protected from Cyber Security attacks and data breaches.Causes: • Varying manners of accessing RBG's ICT infrastructure from both within the Council's network and via public channels • Increasing number of over privileged users working across numerous teams both internal to RBG and via third-party supplier chain. Lack of Cyber Security and technical expertise within the Council to respond to misconfiguration or malicious use of systems. Effects: • Threat actors gain access to Council data and systems • Temporary or permanent loss of data, sensitive data exposure in the public domain and/or reputational damage • Financial penalties imposed due to a breach of regulations • Disconnection from the Public Sector	4	4	**16**	Technical training for ICT staff • Annual PSN accreditation • Annual Penetration Testing performed as part of the PSN accreditation • User awareness on phishing emails and Ransomware published on the Intranet • Separation of standard user accounts from administrative user accounts • Change from default administrative membership of the super privileged Domain Admins security group, to a needs-must membership • Web filtering and Email filtering • Patch management • Review and implementation of specialist technology to enhance security posture.	· Build up a Cyber Security incident response team (CSIRT) and cyber security awareness/expertise within the ICT teams • Role Based Access Control Matrix being developed, which will help to apply the principle of least privilege • Council user education and awareness to develop a security conscious culture • Recent cyber security attacks on LAs have highlighted the scale of organisational impact. Work alongside National Cyber Security Centre (NCSC) and other LAs to implement best practice and enable early alerting.	4	5	**20**	↕	**Sukhvinder Bansil**	**04/02/2022**

		Network (PSN) and its associated services											
Business Continuity (Staffing - Health epidemic)	O2	Unavailability of adequate staff levels leading to being unable to administer pension payroll and administrative records.	4	4	**16**	- Key officers have the ability to work from home with access to the systems. - Officers have shared roles and responsibility - so critical duties can be carried out by numerous staff.	The Council have provided guidance for managers and Employers on the coronavirus.	3	2	**6**	↕	**Julian Gocool**	**14/02/2022**
Reputational	**R**												
Performance	R1	The fund receives adverse publicity through holding a stock that has encountered performance issues related to corporate governance failure.	3	3	**9**	Stewardship Code. Membership of Local Authority Pension Fund Forum. Review of ESG policy	Primary fund managers comply with the Stewardship Code. LAPFF alert funds to specific issues for action.	3	2	**6**	↔	**Julian Gocool**	**14/02/2022**
Transactional	R2	Ultra vires action.	2	5	**10**	Section 151 overview.	The workings of the fund are maintained under the direction of the section 151 officer.	1	5	**5**	↔	**Damon Cook**	**14/02/2022**
Peer performance	R3	Investment returns below peer group funds or excessive risk levels relative to peer group leading to reputational damage for the Fund.	3	4	**12**	Peer performance comparison.	Comparison of performance against peers undertaken on a regular basis.	2	4	**8**	↔	**Julian Gocool**	**14/02/2022**

Complaints	R4	Failure to maintain appropriate records and follow correct procedures and to deal with complaints appropriately leading to reputational damage for the fund.	3	4	**12**	Council complaints procedure. Internal disputes resolution procedure. Employer engagement / training to address employer specific issues.	Internal disputes resolution procedure sets out clearly how complaints regarding pension scheme decisions will be dealt with. Council complaints procedure sets out clearly how general complaints relating to staff performance/attitude are to be dealt with.	2	3	**6**	⟷	**Alison Brown**	**10/02/22**
Contract infringement	R5	Infringement of contracts for the supply of services to the Fund leading to reputational and financial loss.	3	4	**12**	Contract monitoring. Legal department review new contracts.	Contract monitoring undertaken by officers.	2	4	**8**	⟷	**Julian Gocool**	**14/02/2022**
Administration service cost	R6	Risk that excessive costs of administration could lead to a loss of reputation.	2	4	**8**	Benchmarking costs against peers and Regular performance measurement. Seeking opportunities to introduce efficiencies.	Administration is reported in the Pension Fund annual report	1	4	**4**	⟷	**Julian Gocool**	**14/02/2022**
Business continuity	R7	Failure to maintain adequate BCM arrangement	2	4	**8**	RBG BCM	Kept under review	1	4	**4**	⟷	**Julian Gocool**	**14/02/2022**
Maintaining risk register	R8	New risks are not identified and placed on risk register where appropriate. Risk register is not regularly reviewed and kept up to date.	3	4	**12**	Put process in place to regularly review risk register.	Panel Reviews the Risk Register on an annual basis. Risk Register is a live document- any significant change is review against the register for possible inclusion.	1	4	**4**	⟷	**Julian Gocool**	**14/02/2022**
Breaches	R9	Failure to report breaches of the law to the Pensions Regulator.	3	3	**9**	Training of officers, Councillors and pension board members on their legal responsibilities Ongoing monitoring of legal responsibilities and follow up training where required.	Pension Board should help stop the organisation from making breaches of regulation.	2	3	**6**	⟷	**Julian Gocool**	**14/02/2022**

APPENDIX A

MIFID	R10	Introduction of European Directive MIFID II results in the restriction of Fund's investment options and an increase in costs	2	2	**4**	Communicate any change to manager. Review any changes that can impact professional status.	Continue to Maintain an opt-up to professional status.	2	2	**4**	↔	**Julian Gocool**	**14/02/2022**
Skills / Resources	**S**												
Knowledge & Skills	S1	Ensuring Panel members have appropriate level of knowledge and skills to enable them fulfil their roles. High turnover of Councillors on Panel leading to low governance knowledge and skills.	3	3	**9**	Training for all members including new ones. CIPFA Knowledge & Skills Framework.	Detailed training undertaken in 2020/21 with refresher subjects covered on an on-going basis. Will continue to be reviewed on an on-going basis.	3	1	**3**	↔	**Julian Gocool**	**14/02/2022**
		Ensuring officers have appropriate level of knowledge and skills to enable them to fulfil their roles. High turnover of officers leading to inability to undertake required roles.	3	3	**9**	Training for all officers (internal/external). CIPFA Knowledge & Skills Framework. Recruitment and retention policy. Log of Training	Detailed training undertaken in 2021/22 with refresher subjects covered on an on-going basis.	1	2	**2**	↔	**Julian Gocool**	**14/02/2022**
		Ensuring pension board members have appropriate level of knowledge and skills to enable them fulfil their roles. High turnover of member and employer representatives on the pension board leading to inability to undertake required roles	3	3	**9**	Training for all pension board representatives (internal/external). Compliance with the Pensions Regulator Code of Practice knowledge and understanding requirement and as a minimum successful completion of the Pension Regulator's public service schemes training modules. Recruitment and retention policy.	Knowledge and Skills Policy and Framework agreed. New Knowledge and skills guidance from CIPFA came out in 21/22	1	2	**2**	↔	**Julian Gocool**	**14/02/2022**
Resources to support staff	S2	Increase in employers leading to insufficient resources.	3	3	**9**	Monitor workloads.	Task management system in use to monitor workloads	3	3	**9**	↔	**Alison Brown**	**10/02/22**

							which is reviewed by senior management. Regular management meetings between head of pensions and operations manager						
		Failure to appoint and monitor professional advisors leading to poor decision making.	2	2	**4**	Contract monitoring	Full list of relevant contracts provided as part of the annual business plan approved by the Panel.	1	2	**2**	⟷	**Julian Gocool**	**14/02/2022**
Succession planning	S3	Inadequate succession planning (at all levels) leading to skills gaps following staff turnover, natural wastage or long term absence.	2	4	**8**	Ensure adequate skills transfer amongst staff. Plan for skills transfer in advance of known events (retirements, elections, end of term of office, etc.).	Engagement with Committee Services on Knowledge and Skills requirements for Panel Members.	2	4	**8**	⟷	**Julian Gocool**	**14/02/2022**

*Initial score= risk score awarded prior to the application of controls.
** Current score= risk score following the application of controls.
** Risk level movement= movement in current risk score since register was last formally reviewed by Panel.

Risk Register Scoring Mechanism

The risks that have been identified are assessed in relation to two aspects:

- the **chance** of it happening
- the **impact** if it did happen.

Each element is independently assessed on a scale of 1-5 (see table below). The product of the elements for each risk is calculated to give an overall score. Scores can be plotted on a matrix to determine the overall risk factor (high, medium, low). The factor will determine the level of response required by the Fund in respect of that risk.

Chance

Score	Overall Chance	Definition
1	Unlikely	This event is not expected to occur
2	Rare	The event may occur only in exceptional circumstances
3	Possible	The event might occur at some time
4	Likely	The event will probably occur in most circumstances
5	Almost Certain	The event is expected to occur in most circumstances

Impact

Score	Overall Impact	Definition
1	Negligible	The event should cause little or no effect to the Fund
2	Minor	The event should have a minor effect upon the Fund
3	Moderate	The event should have a moderate effect upon the Fund
4	Major	The event should have a major effect upon the Fund
5	Very Significant	The event should have a very significant effect upon the Fund

Matrix

		Impact				
		5 V Significant	**4 Major**	**3 Moderate**	**2 Minor**	**1 Negligible**
Chance	**5 - Almost Certain**	25	20	15	10	5
	4 - Likely	20	16	12	8	4
	3 - Possible	15	12	9	6	3
	2 - Rare	10	8	6	4	2
	1 - Unlikely	5	4	3	2	1

Risk Factor	Management of Risk
16 – 25 Significantly High Risk	Senior management monitoring
11 – 15 High Risk	Management develop action plan / monitoring
6 – 9 Medium Risk	Routines enhanced by specific procedures
0 – 5 Low Risk	Routine procedures

Governance Compliance Statement

Introduction

The Royal Borough of Greenwich is the Administering Authority for the Royal Greenwich Pension Fund (the Fund). The Local Government Pension Scheme (Administration) Regulations 2013 paragraph 55 requires all administering authorities to produce a Governance Compliance Statement. This statement must set out whether the administering authority delegates its functions and if so, the terms, structure and operation of the delegation. The administering authority must also state the extent to which a delegation complies with guidance given by the Secretary of State.

The Governance Compliance Statement must also detail the terms, structure and operational procedures relating to the Pension Board.

Delegation Arrangements

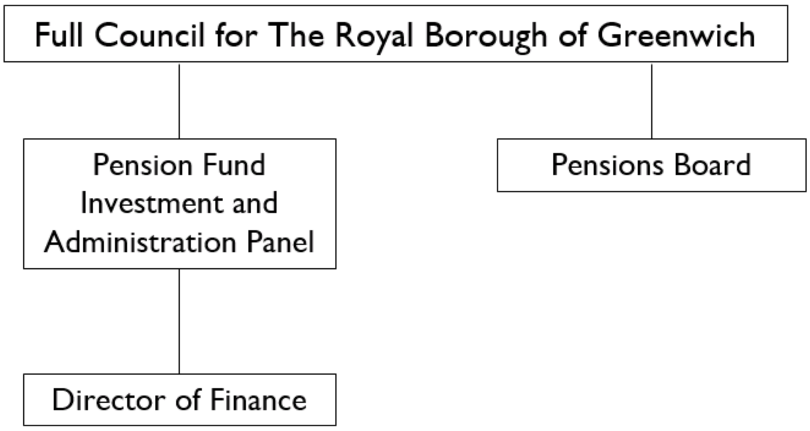
The Royal Borough of Greenwich is the Administering Authority for the Royal Borough of Greenwich Pension Fund. Elected Members are therefore, responsible for the stewardship of the Fund. This responsibility has been delegated to the Pension Fund Investment and Administration Panel, a sub-committee of Council.

The Royal Borough of Greenwich Local Pension Board was established in accordance with Section 5 of the Public Service Pensions Act and under regulation 106 of the Local Government Pension Scheme Regulations 2013 (as amended). The Board was established by the Pension Fund Investment and Administration Panel under delegation from the Administering Authority and operates independently of the Panel. Its purpose is to assist the Administering Authority in its role as a scheme manager. The Board was established on 1 April 2015.

Day to day running of the Fund in respect of administering the membership through collecting contributions, paying benefits / pensions and maintaining all necessary records, is undertaken by the Director of Finance.

Governance Structure

The table bellows illustrates the governance structure in place for The Royal Greenwich Pension Fund.



<u>Purpose</u>

Pension Investment and Administration Panel

The general terms of reference of the Pension Fund Investment and Administration Panel are:

- To exercise all relevant functions conferred by regulations made under the Public Services Pensions Act 2013

- To consider and decide all matters regarding the management of the pension fund's investments and to determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.

- To decide all matters relating to policy and target setting for and monitoring the investment performance of the pension fund.

- At least once every three months, to review the investments made by the investment managers and consider the desirability of continuing or terminating the appointment of the investment managers.

- To consider and make recommendations on policy and staff related issues which have an impact on the pension fund directly or indirectly through changes in employer pension contribution rates and through Fund employers' early retirement policies.

- To consider triennial valuation reports prepared by the Fund's actuaries, with recommended employer contributions.

- To receive monitoring reports from the Director of Finance on all matters relevant to the Pension Fund and the Administering Authority's statutory requirements.

- To receive reports as appropriate from the Pension Board.

The table in Appendix B explores the various functions in relation to the Pension Fund Investment and Administration Panel's delegated level. The table splits the functions into three categories (management arrangements, corporate governance and other) and states the responsibilities of the Pension Fund Investment and Administration Panel, the Director of Finance and Fund Managers in respect of the functions.

Local Pension Board

The purpose of the Board is to:

- Assist the Royal Borough of Greenwich Administering Authority as Scheme Manager:
- to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- Any such other matters as the LGPS regulations may specify.
- Secure the effective and efficient governance and administration of the LGPS for the Royal Borough of Greenwich Pension Fund
- Provide the Scheme Manager with such information as it requires, to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
  Statement Review

Representation and Voting

Pension Investment and Administration Panel

The Pension Fund Investment and Administration Panel consists of four Greenwich Councillors with full voting rights – for the 2022/23 municipal year all four members are from the majority party. Representatives from admitted bodies and the trades unions are invited to participate as members of the Panel, but do not have voting rights.

<u>Local Pension Board</u>

The Pension Board consists of four members, each with voting rights. These members are made up of two member representatives and two employer representatives. There are no other representatives.

Member representatives shall either be scheme members or have the capacity to represent scheme members of the Fund.

Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity.

Substitutes may not be co-opted to join.

A chair and vice-chair are appointed for the Board by the administering authority. These roles will be filled by one member representative and one employer representative.

<u>**Meetings**</u>

<u>Pension Investment and Administration Panel</u>

The Pension Fund Administration Panel convenes a minimum of four times a year. More meetings are convened when necessary.

The quorum for meetings of the Pension Fund Investment and Administration Panel is 2.

<u>Local Pension Board</u>

The Board will meet, as a minimum, two times a year. The chair of the Board, with consent from the Board members, may call additional meetings.

A meeting will be considered quorate when at least 50% of both member and employer representatives are present.

Access and Publication

Pension Investment and Administration Panel and Local Pension Board

Details of the Pension Fund Administration and Investment Panel and Local Pension Board meetings (including minutes and agendas) are sent to Trustees and published on the Royal Greenwich website a minimum of five clear days before the meeting date. All members have equal access to papers. Meetings are held at the Town Hall and are open to the public.

Details of historic meetings and documentation, for example Pension Fund Annual Reports and Annual Accounts are available on the Royal Greenwich website. A Business plan is produced each year, which details the areas to be covered in each meeting – this is also available on the website.

Training

Pension Investment and Administration Panel and Local Pension Board

Induction training is completed upon appointment to the Panel/Board. A rolling training schedule is specified in the annual business plan. This training is undertaken in line with CIPFA's Knowledge and Skills Framework. A training log is maintained by officers and Panel/Board Members are notified of any relevant training they may wish to undertake. An annual training day also takes place which covers various relevant topics.

Expenses

Pension Investment and Administration Panel

Members expenses are reimbursed in line with the Royal Greenwich Members Allowance Scheme (Part 6 of The Royal Greenwich Constitution) which is updated annually and available on the Royal Greenwich website.

Local Pension Board

The Board is provided with adequate resources to fulfil its role. In doing so, the budget for the Board is met from the Fund and determined by the Board seeking approval from the Section 151 officer for any expenditure it wishes to make.

Scope

Pension Investment and Administration Panel

Trustees work in a multi-disciplined role with regards to the scope of areas they review. Panel members oversee a broad range of key risks and activities pertaining to the fund. For example, the Pension Investment and Administration Panel review administration items such as early retirements alongside investment and performance related reporting including quarterly manager performance and the quarterly and annual accounts for the Fund. The Panel also reviews governance issues and receives the Governance Compliance Statement and FRC UK Stewardship Code policies annually. The Panel undertakes a rolling training programme each year, which focuses on areas including financial markets and product knowledge, accounting and auditing standards, investment performance and risk management and pensions legislative governance context.

Local Pension Board

Board members also fulfil a broad role, covering areas from scheme administration arrangements, Environmental, Social and Governance policies and investment strategy and performance. The board also receives training in a broad range of areas including financial markets and product knowledge, actuarial methods, standards and practices, accounting and auditing standards and investment performance and risk management.

Statement Review

This Governance Compliance Statement will be reviewed by the Administration and Investment Panel on an annual basis and when material changes occur. Any revisions to this statement will be approved and published by the Pension Fund Investment and Administration Panel.

Governance Compliance Statement

The table below demonstrates the extent to which the delegation of functions complies with the guidance given by the Secretary of State.

PRINCIPLE	BEST PRACTICE	COMPLIANCE	COMMENT
Structure	The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.	✓	Pension Fund Investment and Administration Panel
	That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	✓	All employers entitled to attend. Trade Union observers represent members. The Local Pension Board includes two employer representative and two scheme member representatives.
	That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	**n/a**	No secondary committee or panel has been established.
	That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	**n/a**	No secondary committee or panel has been established.
Representation	That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include :- i) employing authorities (including non-scheme employers such as admitted bodies) ii) scheme members (including deferred and pensioner scheme members) iii) where appropriate, independent professional observers	 ✓ ✓ ✓	iii)The Panel has considered this issue and there has been no requirement, given the nature of the other advice provided

PRINCIPLE	BEST PRACTICE	COMPLIANCE	COMMENT
	iv) expert advisors (on an ad-hoc basis).	✓	
	That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.	**n/a**	
Selection and Role of Lay Members	That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.	✓	Selected via Council AGM or General Purposes Committee. Training is offered. Terms of reference provided.
	That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda	✓	Standing item on agenda
Voting	The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	✓	Stated in the Governance Compliance Statement– Royal Borough of Greenwich Pension Fund Investment and Administration Panel
Training, Facilities and Expenses	That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	✓	Stated in Governance Policy Statement – Delegation (Other). Members Allowances are disclosed in Part 6 of The Council's Constitution, which is available on the Royal Greenwich website.
	That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.	✓	

PRINCIPLE	BEST PRACTICE	COMPLIANCE	COMMENT
	That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken	✓	The administering authority has adopted the CIPFA Knowledge and Skills Framework. A rolling training programme is built into the annual business plans for both Panel and Board. Additional training is also offered as and when appropriate and a training log is maintained by officers.
Meetings (frequency / quorum)	That an administering authority's main committee or committees meet at least quarterly.	✓	Stated in Governance Policy Statement – Royal Borough of Greenwich Pension Fund Investment and Administration Panel
	That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	**n/a**	No secondary committee or panel has been established
	That an administering authority who does not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented	✓	Representation by Trade Unions on Panel plus Trade Union Liaison meetings (as apt).
Access	That, subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	✓	Committee papers are sent to members at least five working days prior to the meeting and non-confidential papers are published on the Council's website.
Scope	That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements	✓	The Panel considers a broad range of pension issues detailed in the Governance Compliance Statement.

PRINCIPLE	BEST PRACTICE	COMPLIANCE	COMMENT
Publicity	That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.	✓	Governance Statement is published on the authority's website and referred to within the newsletter with a mechanism for feedback
Pension Board	Administering authorities should disclose the terms, structure and operating procedures	✓	Detailed in the Governance Compliance Statement and in the Terms of Reference published

Royal Borough of Greenwich Pension Fund

Statement of Compliance

UK Stewardship Code for Institutional Investors

Introduction

The Financial Reporting Council (FRC) published the UK Stewardship code, setting out seven principles of good practice on engagement with investee companies, to which the FRC believes institutional investors should aspire. The aims of the code align closely with the fifth Myners principle. The Royal Greenwich Pension Fund's compliance with the Myners principles is detailed in the Fund's Investment Strategy Statement and this statement contributes to that compliance.

Statement of Compliance

So as to protect and enhance the value that accrues to the ultimate beneficiary, institutional investors should…

Principle 1

"***…publicly disclose their policy on how they will discharge their stewardship responsibilities.***"

The Royal Borough of Greenwich Pension Fund takes its responsibilities as a shareholder seriously. It seeks to adhere to the Stewardship Code, and encourages its appointed fund managers to do so too. Stewardship is seen as part of the responsibilities of share ownership, and therefore an integral part of the investment strategy.

The Fund's Investment Strategy Statement sets out the funds compliance with Principle 5 of the Myners principles (Responsible Ownership) along with the funds voting guidelines. The Fund's equity managers vote on the Fund's behalf at the Annual General Meetings of companies, in which the Fund holds shares, paying heed to these voting guidelines.

Principle 2

"***…have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.***"

The Fund encourages its fund managers it employs to have effective policies addressing potential conflicts of interest. In respect of conflicts of interest within the fund, pension panel members are required to make declarations of interest prior to panel meetings.

Principle 3

"…***should monitor their investee companies.***"

Day-to-day responsibility for managing the Fund's equity holdings is delegated to the appointed fund managers and the Fund expects them to monitor companies, intervene where necessary and report back regularly on activity undertaken.

Membership of the Local Authority Pension Fund Forum (LAPFF) enables alerts surrounding specific companies to be communicated in a timely manner.

Principle 4

"…***establish clear guidelines on when and how they will escalate their stewardship activities as a method of protecting and enhancing shareholder value.***"

Responsibility for day-to-day interaction with companies is delegated to the Fund's investment managers, including the escalation of engagement when necessary. Their guidelines for such activities are expected to be disclosed in their own statement of adherence to the Stewardship code.

Principle 5

"***…be willing to act collectively with other investors where appropriate.***"

The Fund has joined other shareholders in maximising shareholder value through class actions.

The Fund is a member of the LAPFF through which it collectively exercises a voice in respect of corporate governance issues.

Principle 6

"…***have a clear policy on voting and disclosure of voting activity.***"

In respect of shareholder voting, the fund exercises all votes attaching to its UK equity holdings, and seeks to vote where practical in overseas markets. Responsibility for the exercise of voting rights has been delegated to the Fund's appointed investment managers. Voting Intention Guidelines are included within the Fund's Investment Strategy Statement.

Principle 7

"…***report periodically on their stewardship and voting activities.***"

Voting activity is received by the Fund and is reported to the Panel on an exception basis.

Investment Strategy Statement (December 2020)

Introduction and background

This is the Investment Strategy Statement ("ISS") of the Royal Borough of Greenwich Pension Fund ("the Fund"), which is administered by the Royal Borough of Greenwich, ("the Administering Authority"). The ISS is made in accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ("the Regulations"). The Regulations require administering authorities to prepare, publish, and when appropriate revise, a written statement recording the investment policy of the pension fund; they also stipulate certain key issues which must be covered in the Statement.

The ISS has been adopted by the Pension Fund Investment & Administration Panel ("the Panel") having taken advice from the Fund's investment adviser, Hymans Robertson LLP. The Panel acts on the delegated authority of the Administering Authority.

The ISS, which was approved by the Panel on 7 December 2020, is subject to periodic review at least every three years and also after any significant change in investment policy. The Panel has consulted on the contents of the Fund's investment strategy with such persons it considers appropriate.

The Panel seeks to invest in accordance with the ISS, utilising any Fund money that is not needed immediately to make payments from the Fund. The ISS should be read in conjunction with the Fund's Funding Strategy Statement.

The Fund has chosen to opt-up and be classified as a Professional Client as defined in the Markets in Financial Instruments Directive.

In line with the Competition and Market Authority's Order, the Panel agreed a set of objectives with Hymans Robertson LLP. These will be reviewed on, at least, an annual basis.

The suitability of particular investments and types of investments

The primary objective of the Fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependants, on a defined benefits basis. This funding position will be reviewed at each triennial actuarial valuation, or more frequently as required.

The Panel aims to fund the Fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the Fund's assets and that an appropriate level of contributions is agreed by the employers to meet the cost of future benefits accruing. For employee members, benefits will be based on service completed but will take account of future salary and/or inflation increases.

The Panel has translated its objectives into a suitable strategic asset allocation benchmark for the Fund. This benchmark is consistent with the Panel's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities. The Fund may be required to hold different assets to its benchmark allocation during times of transition from one benchmark to another.

It is intended that the Fund's investment strategy will be reviewed at least every three years following actuarial valuations of the Fund. The approach that the Fund has taken to setting an appropriate investment strategy is that every three years following the actuarial valuation, the Fund would either review the existing investment arrangements or undertake an asset liability modelling exercise. This exercise focuses on key risk metrics of probability of success (how likely is the Fund to be fully funded in future) and downside risk (how poor could the funding position become in the worst economic outcomes).

This approach helps to ensure that the investment strategy takes due account of the maturity profile of the Fund (in terms of the relative proportions of liabilities in respect of pensioners, deferred and active members), together with the level of disclosed surplus or deficit (relative to the funding bases used).

In addition, the Panel monitors investment strategy on an ongoing basis, focusing on factors including, but not limited to:

- Suitability given the Fund's level of funding and liability profile
- The level of expected risk
- Outlook for asset returns

The Panel also monitors the Fund's actual allocation on a regular basis to ensure it does not notably deviate from the target allocation, accepting that given the nature of some of the underlying investments, it may take the Fund time to move to the target allocations.

Strategic allocation

Following the asset/liability review in January 2020, the Panel have agreed the following updates to the long-term strategic allocation:

- A 5% decrease in the allocation to equities, to 45%;
- Reshape the allocation to illiquid assets by increasing allocations to private debt and infrastructure to 5% and reducing the allocations to private equity and global property to zero.
- A 3% increase in the allocation to multi-asset funds, to 13%;
- A 2% increase in the allocation to multi-asset credit, to 12%;

The long-term target allocation is shown in the table below. It will be necessary for the Fund to allow time for these arrangements to take effect.

Asset	Current target allocation (%)	Long-term target allocation (%)
Growth Assets	**54.5**	**45**
Quoted Equities	50	45
Private Equity	4.5	-
Diversifying Assets	**35.5**	**45**
UK property	10	10
Global property	2	-
Multi-asset funds	10	13
Private debt	2.5	5
Infrastructure	1	5
Multi-asset credit	10	12
Protection Assets	**10**	**10**
Gilts/corporate bonds	10	10
Total	**100**	**100**

The Regulations also require the Fund to have regards to the diversification of its investments. The overall strategic benchmark comprises a mix of different assets which provides considerable diversification for the Fund.

The strategic balance of investment takes account of the risk/return characteristics of each asset class e.g. the potential for higher long term returns from equity is balanced against an expectation of higher levels of short term volatility from this asset class; and by looking at the strategy as a whole and the interaction of the asset classes the Fund holds.

Rebalancing policy

A rebalancing policy aims to ensure that the Fund:

- Maintains the desired strategic risk/expected return balance across the assets;
- Maintains the desired allocation between various managers;
- Locks in some of the gains when a particular asset class or manager outperforms relative to the others; and
- Buys into relatively 'cheap' asset classes or managers when they underperform.

A typical rebalancing framework consists of a central target allocation with a rebalancing range for each asset class and/or manager. Where an asset class and/or manager has breached its rebalancing range, assets should ideally be bought or sold in order to bring the breached funds back to their target allocations.

The Fund's allocation to each asset is compared with the target allocations on a quarterly basis. This will allow the process to be operationally simplified with the aim to balance frequent rebalancing with the cost of managing this process. This pragmatic approach would take into account any cashflows and investments/disinvestments made over each quarter and is a long enough period for any volatile movements to be smoothed.

As the Fund will gradually be implementing its new target asset allocation and also transferring investments into the London CIV, specific rebalancing ranges in relation to the new target allocations have not been agreed at this time.

Investment of money in a wide variety of investments

Asset classes

The Fund may invest in quoted and unquoted securities of UK and overseas markets including equities and fixed interest and index linked bonds, cash, property and commodities either directly or through pooled funds. The Fund may also make use of contracts for differences and other derivatives either directly or in pooled funds investing in these products for the purpose of efficient portfolio management or to hedge specific risks.

The Panel reviews the nature of Fund investments on a regular basis, with particular reference to suitability and diversification. The Panel seeks and considers written advice from a suitably qualified person in undertaking such a review. If, at any time, investment in a security or product not previously known to the Panel is proposed, appropriate advice is sought and considered to ensure its suitability and diversification, and training provided to help the Panel make an informed decision.

The Fund's long-term strategic target investment allocation includes the associated maximum percentage limits for each asset class associated with the long-term strategic targets. In line with the Regulations, the Fund's investment strategy does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the Administering Authority within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

Restrictions on investment

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 have removed the previous restrictions that applied to the 2009 Regulations. The Fund's approach to setting its investment strategy and assessing the suitability of different types of investment takes account of the various risks involved and a rebalancing policy is applied to maintain the asset split close to the agreed asset allocation target. Therefore it is not felt necessary to set additional restrictions on investments

Consideration of the Fund's risks, including the approach to mitigating risks

Managers

The Panel has appointed a number of investment managers all of whom are authorised under the Financial Services and Markets Act 2000 to undertake investment business.

The Panel, after seeking appropriate investment advice, has agreed specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles. The manager of the passive funds in which the Fund invests holds a mix of investments within each pooled fund that reflects that of their respective benchmark indices.

Risk measurement and management

The Panel is aware that the Fund has a need to take risk (e.g. investing in growth assets) to help it achieve its funding objectives. It has an active risk management programme in place that aims to help it identify the risks being taken and has put in place processes to manage, measure, monitor and (where possible) mitigate the risks being taken.

The principal investment risks affecting the Fund are considered below. The Panel monitors and manages risks in these and other areas through use of a detailed Risk Register process.

Funding risks

- Financial mismatch – the risk that Fund assets fail to grow in line with the developing cost of meeting the liabilities.
- Changing demographics – the risk that longevity improves and other demographic factors change, increasing the cost of Fund benefits.
- Systemic risk – the possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting the Fund's liabilities.

The Panel measures and manages financial mismatch in two ways. As indicated above, the Panel has set a strategic long-term asset allocation benchmark for the Fund. This benchmark was set taking into account asset liability modelling which focused on probability of success and level of downside risk. The results from the 2020 analysis highlighted the Fund has c80% probability of being fully funded by 2039 and a shorter term downside risk measure of c54% funding level in 2025 based on the average of the worst 5% of outcomes. This analysis will be revisited as part of the 2022 valuation process. The Panel assesses risk relative to the strategic benchmark by monitoring the Fund's asset allocation and investment returns relative to the benchmark. The Panel also assesses risk relative to liabilities by monitoring the delivery of benchmark returns relative to liabilities.

The Panel also seeks to understand the assumptions used in any analysis and modelling so they can be compared to their own views and the level of risks associated with these assumptions to be assessed.

The Panel seeks to mitigate systemic risk through a diversified portfolio but it is not possible to make specific provision for all possible eventualities that may arise under this heading.

Asset risks

- Concentration – the risk that a significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity – the risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. Also the risk that, due to the illiquid nature of the asset classes, the Fund cannot implement its agreed investment strategy on a timely basis.
- Currency risk – the risk that the currency of the Fund's assets underperforms relative to Sterling (i.e. the currency of the liabilities).
- Environmental, social and governance ("ESG") – the risk that ESG related factors reduce the Fund's ability to generate the long-term returns.
- Manager underperformance – the failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

The Panel measure and manage asset risks in a number of ways.

The Fund's strategic asset allocation benchmark invests in a diversified range of asset classes. The Panel has put in place rebalancing arrangements to ensure the Fund's "actual allocation" does not deviate substantially from its target. The Fund invests in a range of investment mandates each of which has a defined objective, performance benchmark and manager process which, taken in aggregate, help reduce the Fund's asset concentration risk. By investing across a range of assets, including liquid quoted equities and bonds, as well as property, the Panel has recognised the need for access to liquidity in the short term.

The Fund invests in a range of overseas markets which provides a diversified approach to currency markets; the Panel also assess the Fund's currency risk during their risk analysis. Details of the Fund's approach to managing ESG risks is set out later in this document.

The Panel has considered the risk of underperformance by any single investment manager and have attempted to reduce this risk by appointing more than one manager and having a significant proportion of the Scheme's assets managed on a passive basis. The Panel assess the Fund's managers' performance on a quarterly basis, and will take steps, including potentially replacing one or more of their managers, if underperformance persists. Other factors include, but are not limited to, the Panel believing that the manager is not capable of achieving these performance objectives in the future, and/or there are significant staff changes to their investment team. The Fund will also have regular correspondence with the London CIV regarding their managers and their approach to monitoring and assessing managers.

Other provider risk

- Transition risk – the risk of incurring unexpected costs in relation to the transition of assets among managers. When carrying out significant transitions, the Panel seeks suitable professional advice.
- Custody risk – the risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default – the possibility of default of a counterparty in meeting its obligations.
- Stock-lending – the possibility of default and loss of economic rights to Fund assets.

The Panel monitors and manages risks in these areas through a process of regular scrutiny of its providers, and audit of the operations it conducts for the Fund, or has delegated such monitoring and management of risk to the appointed investment managers as appropriate (e.g. custody risk in relation to pooled funds). The Panel has the power to replace a provider should serious concerns exist. Further details of the Fund's approach to pooling and relationship with the London CIV is provided in the section below.

A separate schedule of risks that the Fund monitors is set out in the Fund's Funding Strategy Statement.

The approach to pooling investments, including the use of collective investment vehicles and shared services

The Fund is a participating scheme in the London Collective Investment Vehicle (London CIV). The proposed structure and basis on which the London CIV will operate was set out in the July 2016 submission to Government.

Assets to be invested in the Pool

The Fund's intention is to invest its assets through the London CIV as and when suitable Pool investment solutions become available. An indicative timetable for investing through the Pool was set out in the July 2016 submission to Government. They key criteria for assessment of Pool solutions will be as follows:

1 That the Pool enables access to an appropriate solution that meets the objectives and benchmark criteria set by the Fund

2 That there is a clear financial benefit to the Fund in investing in the solution offered by the Pool, should a change of provider be necessary.

Any assets not currently invested in the London CIV will be reviewed at least every three years to determine whether the rationale remains appropriate, and whether it continues to demonstrate value for money.

The Fund is monitoring developments and the opening of investment strategy fund openings on the London CIV platform with a view to transitioning liquid assets across to the London CIV where practicable and there are suitable sub-funds to meet the Fund's investment strategy requirements.

The Fund holds c20% of its assets in illiquid strategies (private equity, diversified assets and property) and these will remain outside of the London CIV pool for the time being. The cost of exiting from some of these strategies early would have a negative financial impact on the Fund. These will be held as legacy assets until such time as they mature and proceeds re-invest through the Pool assuming it has appropriate strategies available or until the Fund changes asset allocation and makes a decision to disinvest.

Structure and governance of the London CIV

The July 2016 submission to government of the London CIV pool provided a statement addressing the structure and governance of the pool, the mechanisms by which the Fund can hold the pool to account and the services that will be shared or jointly procured. Over time the structure and governance of the Pool may evolve at which point the Fund will outline such details in the ISS. In the meantime, further information is provided on the London CIV's website (https://londonciv.org.uk/)

All participants of the CIV are both shareholders and investors in the London CIV company and the governance structure enables both formal and informal scrutiny.

How social, environmental or corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments

The Fund is committed to being a long term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills. In addition the Panel undertakes training on a regular basis and this will include training and information sessions on matters of environmental, social and corporate governance issues.

The Fund requires its investment managers to integrate all material financial factors, including ESG considerations, into their decision-making process for all fund investments. It expects its managers to follow best industry practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.

Whilst active managers are expected to take into account the above factors in their individual stock selection decisions, it is acknowledged that index tracking managers will invest in line with the index set out in their mandate. The Panel therefore acknowledge that choice of benchmark index is an important consideration for index-tracking mandates.

The Fund expects its external investment managers (and specifically the London CIV through which the Fund will increasingly invest in future) to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long-term performance of the fund such as corporate governance and environmental factors. The Fund expects its fund managers to integrate material ESG factors within its investment analysis and decision making.

Effective monitoring and identification of these issues can enable engagement with boards and management of investee companies to seek resolution of potential problems at an early stage. Where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, the Fund expects its investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.

The investment managers have all provided copies of their responsible investment policies and these have been considered by the officers and are available for review by members of the Panel. The managers are asked on an annual basis to provide an update on any changes to their policies. The managers are also encouraged to report on their engagement activity with companies as part of their regular quarterly reporting to the Fund. The consideration of ESG factors, along with discussion on current examples, is also an item on the agenda at all meetings between the managers and the Panel / officers.

The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.

In future, the Fund will make investments through the London CIV. The CIV has developed its own Responsible Investment Policy. The Fund will require the CIV to monitor the investment managers appointed for their fund range and provide reporting on the engagement activities of those investment managers.

The Fund will invest in line with its fiduciary duty having considered the full range of factors contributing to the long term financial risk and returns including all environmental, social and governance factors to the extent that these have a direct or indirect impact.

To date, the Fund’s approach to Social investments has largely been to delegate this to their underlying investment managers as part of their overall ESG duties. The Fund does not currently hold any direct assets which it deems to be Social investments.

The exercise of rights (including voting rights) attaching to investments

The Fund recognises the importance of its role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Fund recognises that ultimately this protects the financial interests of the Fund and its ultimate beneficiaries. The Fund has a commitment to actively exercising the ownership rights attached to its investments reflecting the Fund’s conviction that responsible asset owners should maintain oversight of the companies in which it ultimately invests recognising that the companies’ activities impact upon not only their customers and clients, but more widely upon their employees and other stakeholders and also wider society.

The Panel has delegated the exercise of voting rights to the investment managers on the basis that voting power will be exercised by them with the objective of preserving and enhancing long term shareholder value. The investment managers have all provided copies of their voting policies and these have been reviewed by the officers. The managers are asked on an annual basis to provide an update on any changes to their policies. The managers are also required to report on their voting activity as part of their reporting to the Fund. The detailed voting record is available to members of the Panel. The Panel publishes an annual report of voting activity as part of the Fund's annual report.

The voting policy of the London CIV is included within its Responsible Investment policy.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and in this way joins with other LGPS Funds to magnify its voice and maximise the influence of investors as asset owners. Membership of the Local Authority Pension Fund Forum enables alerts to be sent to the Fund in respect of specific issues / companies.

Stewardship

The Panel has formally agreed to adhere to the Stewardship Code as published by the Financial Reporting Council. The Panel expects any directly appointed investment managers to also comply with the Stewardship Code and this is monitored on an annual basis. A copy of the Fund's statement of compliance with the Stewardship Code can be found on the Fund's website. The London CIV is also a signatory to the Stewardship Code.

In addition to the Fund's compliance with the Stewardship Code, the Fund believes in collective engagement and is a member of the Local Authority Pension Fund Forum (LAPFF), through which it collectively exercises a voice across a range of corporate governance issues.

In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broadly.

The Fund through its participation in the London CIV will work closely with other LGPS Funds in London to enhance the level of engagement both with external managers and the underlying companies in which it invests.

The Chartered Institute of Public Finance ("CIPFA") Pensions Panel Principles for Investment Decision Making set out the six principles of good investment practice issued by Government (Myners principles). The extent to which the Fund complies is set out in Annexe I.

Responsible Investment Principles

The Panel have developed a set of Responsible Investment Principles as set out below.

- **Environmental, social and corporate governance factors can have a material impact on the long term risks and returns from the Fund's investments.**
    - *Therefore, the Panel is committed to taking these factors into account in relation to the underlying investments in line with their fiduciary duty.*
- **Climate change specifically presents a financial risk to the future investment returns of the Fund.**
    - *The Panel will engage with managers and advisors in understanding the nature of these risks within the Fund but also aim to identify any investment opportunities which might arise as a result.*
- **Engagement with underlying companies where the Fund owns shares is the preferred approach to influencing company behaviour rather than divestment.**
    - *Investment managers have access to company management and the Panel meet regularly with managers to discuss their engagement with companies.*

- **It is the role of the Fund's active managers to do the necessary due diligence and take all relevant factors into account for each individual stock selection decision that they take.**
    - *Therefore, the Panel will not place restrictions on managers in terms of stocks that cannot be held.*
- **The Fund will encourage companies and investment managers to improve disclosure of their activity in relation to ESG factors.**
    - *This will be addressed directly with managers, through involvement in the London CIV and also through membership of the LAPFF.*
- **The Fund will consider opportunities to make investments with a positive social or environmental impact subject to the risk / return characteristics being acceptable.**
    - *Investments expected to have a 'positive impact' can be considered if they are consistent with the overall objectives of the Fund's investment strategy.*

Additional Voluntary Contributions (AVCs)

The Fund gives members the opportunity to invest in a range of vehicles at the members' discretion.

APPENDIX E

Annexe I - Myners Principles

Principle	Response on Adherence
1 - Effective Decision Making Administering authorities should ensure that: • Decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to make them effectively and monitor their implementation • Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.	*The Royal Borough of Greenwich Pension Fund fully complies with this principle.* Council has delegated decision making in respect of the Pension Fund to the Pension Fund Investment and Administration Panel. This panel is a subcommittee of Council. It convenes a minimum of four times a year and contains four Greenwich Councillors with full voting rights. Representatives from admitted bodies and the trade unions are able to participate as members of the Panel. The Terms of Reference for the Panel are shown in Annexe V. Training is undertaken by Trustees at appropriate levels to meet the CIPFA Knowledge and Skills Code. Trustees are remunerated in line with their capacity as Council Members. The sub-committee is supported by an in-house team which monitors day-to-day activities on the fund. The Panel engages its fund managers each year. The Director of Finance is responsible for day-to-day monitoring of the fund and prepares the committee reports. A two year rolling business plan has been developed and approved by the Panel.
2 - Clear objectives An overall investment objective should be set out for the fund that takes account of the scheme's liabilities, the potential impact on local tax payers, the strength of the covenant for non-local authority employers and the attitude to risk of both the administering authority	*The Royal Borough of Greenwich Pension Fund fully complies with this principle.* The investment objectives of the fund are stated in the Investment Strategy Statement. These take into account the scheme's liabilities, the impact on employer contribution rates and the schemes attitude to risk. The asset allocation and benchmarks of the

and scheme employers. These should be clearly communicated to advisers and investment managers.	Fund are set with the aim of achieving these objectives and are communicated to investment managers. The Funding Strategy Statement evaluates the effect of the covenant upon employers and the Fund.
3 - Risk and liabilities • In setting and reviewing their investment strategy, administering authorities should take account of the form and structure of liabilities. • These include the implications for local tax payers, the strength of the covenant for participating employers, the risk of their default and longevity risk.	*The Royal Borough of Greenwich Pension Fund fully complies with this principle.* The investment strategy aims to achieve the return required to meet current and future liabilities as set out in the actuarial valuation. The strategy also takes into account the requirement to keep employer contribution rates at a stable level. Consideration is given to the payment of a bond by prospective admitted bodies to the Fund, to mitigate against the risk that they may default on their contribution payments. The longevity risk is built into the triennial actuarial valuation and is therefore included when determining the investment strategy. The investment risks and how they are managed are detailed in the SIP.
4 - Performance Assessment • Arrangements should be in place for the formal measurement of performance of the investments, investment managers and advisers.	*The Royal Borough of Greenwich Pension Fund complies with this principle.* The performance of investments and investment managers is monitored on a quarterly basis. An independent performance measurement company provides quarterly reports detailing the performance of the asset allocation and investment managers relative

• Administering authorities should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members.	to the benchmarks. The company also provides data detailing the performance of the Royal Borough of Greenwich Pension Fund in relation to its peer group. This data is used for information only and is not considered when developing the investment strategy. A report detailing the performance of the fund is presented quarterly to the Pension Fund Investment and Administration Panel. The Business Plan details how the fund expects to deliver its objectives for the year. The Business Plan also sets out administrative performance targets of when important documents need to be produced. The Annual Report outlines training undertaken, in order to ensure effective decision making.
5 - Responsible Ownership Administering authorities should: • Recognise and ensure that their partners in the investment chain adopt the FRC's UK Stewardship Code • Include a statement of their policy on responsible ownership in the Investment Strategy Statement. • Report periodically to scheme members on the discharge of such responsibilities.	*The Royal Borough of Greenwich Pension Fund complies with this principle.* The Fund's policies on the exercise of rights (including voting rights) and social, environmental and ethical considerations are included within the Investment Strategy Statement, The Fund complies with the UK Stewardship Code, details of which are in the Fund's Statement of Compliance with the UK Stewardship Code for Institutional Investors. The Fund also expects its investment managers and investment advisor to comply with the Code. The Fund expects its investment managers to engage with companies within their portfolio on social, environmental and ethical issues.
6 - Transparency and Reporting Administering authorities should:	*The Royal Borough of Greenwich Pension Fund fully complies with this principle.* The Fund publishes annually a Communications Strategy detailing its policy for communicating information to members, representatives of members, prospective members and employing authorities. The Fund also makes available a range of documents including:

• act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives • provide regular communication to scheme members in the form they consider most appropriate.	• Annual Report, incorporating the Pension Fund Statement of Accounts • Investment Strategy Statement • Governance Statement • Stewardship Code • Knowledge and Skills Policy Statement • Triennial actuarial valuation • Funding Strategy Statement • Agenda and Minutes of the Pension Fund Investment and Administration Panel and the Pension Board These documents are published on the internet and hard copies are available on request.

Annexe II – Voting Intention Guidelines

Voting Governance Issues	Action if Negative
CHAIRMAN/CHIEF EXECUTIVE	
Role of Chairman and Chief Executive should be separate to avoid undue concentration of power.	Vote against Chairman/ Chief Executive re-appointment as Director.
NON-EXECUTIVE DIRECTORS	
2. Board must have a minimum of 40% non-Executive Directors.	Vote against appointment of all Executive Directors.
3. Non-Executive Directors should not hold such a position in a competitor.	Vote against re-appointment when up for re-election.
DIRECTORS	
4. There should be formal appointments for all Directors.	Vote against appointment of Directors.
REMUNERATION COMMITTEE	
5. The Committee must be composed entirely of independent Non-Executive Directors.	Vote against all Executive Directors.
6. The Committee should be answerable to the	Vote against acceptance of the

	shareholders at the AGM. .	accounts.
		Vote against the reappointment of Chairman as a Director.

GENERAL

7.	All Directors need to seek re-election at least every three years (by rotation).	Vote against acceptance of accounts.

AUDIT COMMITTEE

8.	There shall be an Audit Committee.	Vote against acceptance of accounts.
9.	The Audit Committee should have a majority of Non-Executive Directors.	Vote against acceptance of accounts.
10.	The Audit Committee shall meet with the Auditors at least once in the year without Executives present.	Vote against acceptance of accounts.

REPORTING AND CONTROLS

11.	The Directors shall report on frauds uncovered that exceed £100,000 and action taken.	Vote against acceptance of accounts.

THE CADBURY CODE

12.	There shall be no rolling contracts of more than twelve months.	Vote against all relevant Directors' re-appointments.
13.	There shall be full disclosure of all emoluments received by Directors.	Vote against re-appointment of all Directors.
14.	There shall be transparent disclosure of the basis of performance related payments.	Vote against re-appointment of Chairman of Remuneration Committee as a Director.
15.	The basis of executive share options granted shall be the subject of shareholders resolution, be voted upon at least every five years and meet the guidelines of the Inland Revenue and the National Association of Pension Funds.	Vote against acceptance of accounts.
16.	There shall be full disclosure of share options granted to Directors and the Executive and those exercised in the preceding 12 months.	Vote against all Directors re-appointments.

AUDITORS

17.	The Auditors shall not be given or awarded additional work with the company that exceeds 50% in value of the Audit contract.	Vote against all Director Members of Audit Committee. Vote against the re-appointment of Auditors.
18.	The Board shall contain no former employee of the audit firm.	Vote against Directors re-appointment who come into this category.

OTHER MATTERS

19.	The Company shall not make any political or quasi political donations.	Vote against acceptance of accounts. Vote against Chair's re-appointment
20.	The Company shall indicate how it ensures equal opportunity is genuinely available.	Seek compliance through written Contract.

Annexe III

Pension Fund Investment and Administration Panel – Terms of Reference

The (Royal Borough of Greenwich) Pension Fund Investment and Administration Panel is a sub-committee of Council. It convenes a minimum of four times a year and contains four Greenwich Councillors with full voting rights. Representatives from admitted bodies and the trades unions are invited to participate as members of the Panel, but do not have voting rights. The (Royal Borough of Greenwich Council) Pension Fund Investment and Administration Panel has as its general terms of reference:

- To exercise all relevant functions conferred by regulations made under:

a) Public Service Pension Act 2013

b) Local Government Pension Scheme Regulations (Various)

c) Other Relevant Legislation

- To consider and decide all matters regarding the management of the pension fund's investments and to determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.
- To decide all matters relating to policy and target setting for and monitoring the investment performance of the pension fund
- At least once every three months, to review the investments made by the investment managers and consider the desirability of continuing or terminating the appointment of the investment managers.
- To consider and make recommendations on policy and staff related issues which have an impact on the pension fund directly or indirectly through changes in employer pension contribution rates and through Fund employers' early retirement policies.
- To consider triennial valuation reports prepared by the Fund's actuaries, with recommended employer contributions.
- To receive monitoring reports from the Director of Finance on all matters relevant to the Pension Fund and the Administering Authority's statutory requirements.
- To receive reports from the Pension Board where appropriate

Royal Borough of Greenwich Pension Fund

Knowledge and Understanding Policy and Framework

1 Aims and Objectives

1.1 This document sets out the Knowledge and Understanding Policy for the Royal Borough of Greenwich Pension Fund.

1.2 The Royal Borough of Greenwich, as the administering authority of the Royal Borough of Greenwich Pension Fund, has adopted the key recommendations of the Code of Practice on Local Government Pension Scheme Knowledge and Skills issued by the Chartered Institute for Public Finance Accounting (CIPFA) in 2021.

1.3 The policy covers the knowledge and understanding of the following groups:

- Members of the Local Pension Board ('the Board')
- Members of the Pension Fund Investment and Administration Panel ('the Panel')
- Officers of the administering authority responsible for the management of the Fund

1.4 The Royal Borough of Greenwich recognises that effective financial administration and decision-making can only be achieved where those involved have the necessary knowledge and skills. Accordingly, the Royal Borough of Greenwich will ensure that it has formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of the relevant public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration and decision-making.

1.5 The Royal Borough of Greenwich has adopted the following Knowledge and Skills Policy Statement:

- The Royal Borough of Greenwich recognises the importance of ensuring that all staff and members charged with the financial administration and decision-making with regard to the pension fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

- The Royal Borough of Greenwich therefore seeks to utilise individuals who are both capable and experienced and it will provide / arrange training for staff and members of the pension decision-making bodies to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills.

1.6 The objectives of the strategy are to:

- Ensure that Board members meet the legal requirements placed upon them in respect of knowledge and understanding of the local government pension scheme.

- Ensure Panel members have adequate knowledge and skills to enable informed decision making

- Ensure that Officers have adequate knowledge and skills to manage the administration and investment arrangements of the Fund.

2 Delivery

2.1 The Fund will collaborate with its investment advisers, fund managers, actuary and other stakeholders in the delivery of its training.

2.2 Newly appointed members of both the Pensions Panel and the Pensions Board will receive induction training, carried out by the Fund's investment advisors. The induction will cover the requirements of their roles and the training strategy.

2.2 The training strategy will be delivered to all Board and Panel members via a rolling programme of training, ensuring that the key six areas of knowledge covered by the code are reviewed. Relevant officers will also receive this training.

2.3 Where appropriate, knowledge and skills requirements will be met via in- house training, external training and attendance at relevant networks.

2.4 A Training Plan will be produced on an annual basis and will be updated as necessary to account for any changes in legislation, updated guidance and other relevant changes. Alongside the training plan, officers will maintain a training register which will hold details of training courses/events available alongside details of who has attended.

2.5 The Royal Borough of Greenwich has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the Director of Finance, who will act in accordance with the organisation's policy statement and with CIPFA Standards of Professional Practice.

2.6 Pension Board members will use the e-learning toolkit provided by the Pensions regulator to undertake a personal training needs analysis, put in place a personalised training plan in order to meet the statutory obligations placed upon them. Whilst there is no statutory obligation placed on them to do likewise, Panel members are encouraged to do the same.

2.7 Each year, when possible, the Fund will hold an annual 'away day' for officers, Board members and Panel members. This is an opportunity to cover training on a vast number of topics

3 Review and measurement of effectiveness

3.1 The Royal Borough of Greenwich Pension Fund will report on an annual basis how these policies have been put into practice throughout the financial year.

3.2 We have worked with our advisers in putting together, template monitoring sheets that can record collectively or individually training achievements. This is done to comply with CIPFA and MiFID II requirements.

3.3 Monitoring will help develop personalised training plans which will be used to document and address any knowledge/skills gaps and update areas of learning where deemed necessary. This will assist in the acquisition of new areas of knowledge in the event of change.

4 Training methods

4.1 There are numerous methods and materials available to help prepare and equip individuals to perform their respective roles. Options include (but are not limited to) –

- On site, off site or online training
- Collaborating with other Funds
- A full day to cover many topics in one go
- A formal presentation
- A workshop with participation
- Spotlight sessions - short sessions on topical issues or scheme-specific issues
- Informal discussion
- One to one

5. Risk Management

5.1 The compliance and delivery of a training plan is at risk in the event of –

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

5.2 These risks will be monitored, and appropriate records of a learning programme maintained, in order to minimise the risk.

Annual Report of the Pension Board 2021/22

1. Background

1.1 The Local Pension Board (the Board) was established on 1 April 2015 by the Pension Investment and Administration Panel under delegation from the Administering Authority.

1.2 The local Pension Board (the Board) was into its 7^{th} year of operation during the 2021/22 financial year and has developed into an important part of the authority's overall governance arrangement. The purpose of the Board is to assist the administering authority of the Fund (the Royal Borough of Greenwich) in its role as scheme manager, with the efficient and effective governance and administration of the scheme.

1.3 The Board is made up of two member representatives and two employer representatives, each with voting rights. Members of the Board may attend meetings of the Pension Fund Investment and Administration Panel (the Panel) as observers. The chair of the Board is also invited to attend the Panel meetings. This provides a useful link between the advisory body and the Board.

1.4 The Board is constituted under the Public Service Pensions Act 2013 and meets formally to consider arrangements for the Fund, to review decisions made by the Panel and to request further information from Fund officers and advisors. The Board has no decision-making role in relation to management of the Fund, but is able to make recommendations to the Panel.

2. Activity during 2021/22

2.1 The Board met on two occasions during 2021/22. The Board's membership and attendance at meetings are set out in the table below.

Appendix G

Table 1- Membership and attendance

	2021				2022
	17-Jun	**22-Jul***	**23 – Sept***	**16-Dec***	**17-Mar**
Councillor Norman Adams	✓	P	P	P	✓
Councillor Gary Dillon	✓	P	P	P	×
Justin Jardine		N/A**			
Simon Steptoe	✓	P	P	P	✓

*P = Postponed

**Please see 'Recruitment'

Recruitment

In June 2021, Justin Jardine stepped down as an employer representative, having sat on the Board on the Board since March 2017.

A recruitment process was undertaken, and a combination of communication methods were employed to over 20,500 members, including email, letter and electronic noticeboard and networks, with the voluntary role advertised on the Royal Borough of Greenwich jobs page.

14 applicants applied for the role.

Alastair Kidd was appointed to the role in March 2022 having previously worked for The Royal Borough of Greenwich within the Social Services sector and having held the position of Director of Opportunities for the London East Connexions Service.

Business Plan 2021/22

The Business Plan for 2021/22 is attached as Appendix B.

A summary of the items considered during the year is as follows:

- Review of scheme administration arrangements
- Review the annual report of the Pension Board for 2020/21
- Review the draft Pension Fund annual report for 2020/21
- Meetings with Fund managers/presentations and performance reviews
- Review of Fund strategies, statements and reports.

- Review of work undertaken at the Pension Investment and Administration Panel meetings.
- Review of Knowledge and Understanding Policy Framework
- Review of investment strategy and performance
- Training on investment performance
- Review of the Risk Register
- Review the business plan for 2022/23

3. Training

3.1 During the year, board members received training from CBRE on property investment performance.

3.2 The Annual Pension Fund Away Day, which is also attended by Panel members, officers, the Fund's investment advisors and Fund investment managers, was held on 11 February 2021. The day focused of environment, social and governance (ESG) issues and was an opportunity for Panel and Board members to receive training, discuss ideas and ask questions. Some items featured on the day include:

- A review and discussion of the Funds carbon footprint, fossil fuel exposure and green energy exposure.
- a session on what the carbon foot printing data means for the Pension Fund presented by the Fund investment advisors, Hymans Robertson.
- a session on engagement vs disinvestment presented by Hermes.
- ESG investment manager presentations from Blackrock, Fidelity, Partners Group, CBRE and LCIV.

4. Expenses

4.1 There were no expenses claimed by Board members in relation to their Board duties during the year.

5. Risk management

5.1 Members of the Board declare their interests at each formal meeting. There were no reported conflicts of interest during the year. No investigations into the activities of the Fund were required by the Board during the period under review.

5.2 A risk register is maintained for the Fund. This is reviewed quarterly by the Board and is formally reviewed by the Panel on an annual basis.

6. Future Activity

6.1 Following the local elections held in May 2022 and the recent recruitment process undertaken the Board welcomes two new employer representative and one new employee representative for 2022/23. Therefore, focus will be given to training Board members on all relevant areas of the LGPS under the Knowledge and Understanding Policy Framework. The Board will also continue to develop its role with specific focus on governance of the Fund and the role of the Board as per The Pension Regulator Regulation 14. The business plan for 2022/23, is attached as appendix C to this report.

Independent Auditor's Report to the Members of Royal Borough of Greenwich on the Pension Fund Financial Statements of Royal Borough of Greenwich Pension Fund

Opinion

We have audited the financial statements of Royal Borough of Greenwich Pension Fund (the 'Pension Fund') administered by Royal Borough of Greenwich (the 'Authority') for the year ended 31 March 2022 which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2022 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Section 151 Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Section 151 Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Section 151 Officer's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate. The responsibilities of the Section 151 Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Section 151 Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Section 151 Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements, our auditor's report thereon, and our auditor's report on the Authority's financial statements. Our opinion on the Pension Fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Pension Fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund's financial statements, or our knowledge of the Pension Fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Pension Fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund's financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority, the Section 151 Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Section 151 Officer. The Section 151 Officer is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Section 151 Officer is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Pension Fund will no longer be provided.

The Audit and Risk Management Panel is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Public Service Pensions Act 2013, The Local government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

- We enquired of senior officers and the Audit and Risk Management Panel, concerning the Authority's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud; and
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations

- We enquired of senior officers, internal audit and the Audit and Risk Management Panel, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:

- journal entries that altered the Fund's financial performance for the year;
- potential management bias in determining accounting estimates, especially in relation to the calculation of the Funds Investment Assets.

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Section 151 Officer has in place to prevent and detect fraud;
  - journal entry testing, using data analytics to consider all journal entries against specific criteria to identify entries we considered to be of higher risk of fraud. Such criteria included journals with unusual values, journals posted after the year end, journals with a material impact on the Fund's financial position for the year and journals created by senior managers;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of level 3 investments and IAS 26 pensions liability valuations; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government pensions sector
  - understanding of the legal and regulatory requirements specific to the Pension Fund including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA, LASAAC and SOLACE
  - the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Brown, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor, London
7 September 2023

Royal Borough of Greenwich Pension Fund

2020/21 £000	Fund Account	Notes	2021/22 £000
	Dealings with Members, Employers and Others directly involved in the Scheme		
	Contributions Receivable:		
(38,986)	Employer Contributions	6	(39,669)
(14,217)	Member Contributions	6	(14,435)
(3,863)	Transfers in from Other Pension Funds	7	(10,647)
	Benefits:		
47,466	Pensions	8	49,018
10,435	Lump Sum & Death Benefits	8	13,238
1,609	Payments to and on account of Leavers	9	8,745
2,444	**Subtotal: Net (additions) / withdrawals from Dealings with Members**		**6,250**
7,916	Management Expenses	10a	8,491
10,360	**Subtotal: Net (additions)/withdrawals including fund management expenses**		**14,741**
	Returns on Investment		
(4,420)	Investment Income	11	(65,353)
(300,507)	(Profit) and Losses on disposal of Investments and Changes in Value of Investments		(51,769)
0	Taxes on Income	11a	44
(304,927)	**Net Returns on Investment**		**(117,078)**
(294,567)	**Net (increase) / decrease in the Net Assets available for Benefits during the year**		**(102,337)**

31 March 2021 £000	Net Asset Statement	Notes	31 March 2022 £000
	Investment assets		
	Pooled Investment Vehicles:		
0	Equities	14	822,196
256,479	Fixed Interest	14	0
0	Fixed Income	14	247,940
134,010	Property Unit Trusts	14	162,065
598,805	Unitised Insurance Policies	14	0
381,444	Other Unit Trusts	14	0
0	Multi Asset	14	200,532
0	Infrastructure	14&22	12,425
0	Private Debt	14&22	36,324
138,922	Diversified Alternative	14	107,137
2,975	Private Equity	14&22	1,938
3,100	Property - Freehold	3&14	4,100
58	Cash Deposits	19	73
9,631	Cash Equivalents	19	12,165
254	Other Investment Balances	18	2,915
	Investment Liabilities		
(3,355)	Other Investment Balances	18	(1,781)
1,522,323	**Net Investment Assets / (Liabilities)**		**1,608,029**
	Current Assets		
571	Contributions Due	18	677
476	Other Current Assets	18	670
10,709	Cash Balances	19	27,251
	Current Liabilities		
(384)	Unpaid Benefits	18	(504)
(717)	Other Current Liabilities	18	(808)
10,655	**Net Current Assets / (Liabilities)**		**27,286**
1,532,978	**Net Assets of the Scheme available to fund Benefits at the Period End**		**1,635,315**

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2022. The actuarial present value of promised retirement benefits is disclosed in note 17.

Note 1 – Description of The Fund

The following description of the Fund is a summary only. For more detail, reference should be made to the Royal Borough of Greenwich Pension Fund Annual Report 2021/22 and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations.

General

The Royal Borough of Greenwich Pension Fund (the "Fund") is part of the Local Government Pension Scheme (LGPS) and is administered by the Royal Borough of Greenwich. It is a defined benefit pension scheme providing pensions and other benefits for employees of the Royal Borough of Greenwich and those organisations with admitted or scheduled body status within the Fund. The Fund is overseen by the Royal Borough of Greenwich Pension Investment and Administration Panel. The Fund is governed and administered in accordance with the Public Service Pensions Act 2013 and the following Local Government Pension Scheme Regulations:

- The LGPS Regulations 2013 (as amended)
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- The LGPS (Management and Investment of Funds and Amendment) Regulations 2016

Membership

All employees are able to join the pension scheme (except teachers). Those with a contract of employment of at least 3 months are contractually enrolled into the pension scheme on commencement of employment. Membership of the Fund is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the Fund include:

- Administering Authority: This is the Royal Borough of Greenwich (the "Authority")
- Scheduled Bodies: Local authorities and similar bodies whose staff are automatically entitled to be members of the Fund.
- Admitted Bodies: Other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. These include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 63 active employer organisations within the Fund as at 31 March 2022 (56 as at 31 March 2021). The following table summarises the composition of the registered membership of the Fund as at 31 March 2022.

Membership	Administering Authority		Admitted Bodies		Scheduled Bodies	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Employees contributing into Fund	6,376	6,297	326	326	1,974	1,981
Pensioners / Dependents	6,955	7,122	251	273	396	461
Former Members entitled to Deferred Benefits	7,615	7,587	309	316	1,280	1,530
Totals	**20,946**	21,006	**886**	915	**3,650**	3,972

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year end 31 March 2022. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. There are a range of other benefits provided under the scheme including early retirement, ill-health pensions and death benefits.

Governance

The Royal Borough of Greenwich has delegated management of the Fund to the Pension Investment and Administration Panel. The Panel is made up of four committee members, each with voting rights. The Panel is responsible for agreeing an appropriate investment strategy, review and scrutiny of investment manager performance, quarterly account review and policy statement review. The Panel receives guidance, where appropriate, from the Fund's investment advisors, actuary and Fund managers. The Panel receives regular training in line with CIPFA's Knowledge and Skills Framework.

It is a requirement under the Public Service Pensions Act 2013 for LGPS funds to set up a Local Pension Board. The Royal Greenwich Pension Board is made up of two member representatives and two employer representatives who act in an overview and scrutiny role to ensure strong governance of the Fund. The

Board also receives regular training under the CIPFA Knowledge and Skills Framework. The role and responsibilities of Board Members is set out in the 'Pension Board of the Royal Borough of Greenwich Terms of Reference', which is available on the Royal Borough of Greenwich website via the annual report.

Investment Principles

Regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 requires administering authorities to prepare an Investment Strategy Statement (ISS). The latest ISS was agreed by the Pension Fund Investment and Administration Panel on 07 December 2020 and is available on the Royal Borough of Greenwich website.

The Panel has delegated the day-to-day management of investments to external Investment Managers in line with their relevant mandates. The performance of the Investment Managers is reported on a quarterly basis by the Fund's Investment Advisors.

Note 2 – Basis of Preparation

The Statement of Accounts (the "Accounts") summarise the Fund's transactions for the 2021/22 financial year and its position at year-end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the "Code") which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The Accounts do not take account of obligations to pay pensions and benefits, which fall due after the end of the financial year. The Code gives administering authorities the option to disclose this information in the net asset statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information in Note 17 of these accounts. The most recent actuarial valuation was carried out as at 31 March 2022 and determines the contribution rates for the next three years from 1 April 2023 with an aim to maintain the solvency of the fund. Therefore, these accounts have been produced on a going concern basis.

Many values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross-cast, or exactly match to the core statements or other tables due to rounding differences. The Fund has renamed some of the assets held on the Net asset statement and subsequent notes, both in this financial year and the comparator year. This has been done to be more transparent to the users of the accounts, as fund assets will now been broken down by their asset class rather than fund structure. The assets effected are Equities (which were previously Unitised Insurance Policies and Other Unit Trusts), Multi Asset (which was previously Unitised Insurance Policies) and Fixed Income (which was previously Fixed Interest OEIC).

Note 3 – Summary of Significant Accounting Policies

Fund Account – Revenue Recognition

Contributions

Both employer and member normal contributions are accounted for on an accruals basis. Member contributions rates are set in accordance with LGPS regulations using common percentage rate bandings, which rise in line with pensionable pay. Employer contributions are set at a percentage rate advised by the Fund's actuary as necessary to maintain the Funds solvency.

Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset.

Transfers to and from other schemes

Individual transfers to and from other schemes are accounted for on a cash basis at which point the related member liability transfers to the fund. Bulk transfers to/from the scheme are accounted for in accordance with the terms of the transfer agreement.

Investment Income

a) Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is reflected within the net assets statement as "Other Investment Balances" and disclosed within the note on Debtors and Creditors.
b) Some pooled investment vehicles within the portfolio are accumulation funds and as such, the change in market value also includes income, which is re-invested in the Fund. The market price for those units reflects this re-invested income. Non-accumulating units give rise to dividends.
c) Freehold property gives rise to rental income. These amounts are recognised on a straight-line basis over the life of the operating lease.
d) Private Equity distributions are split between their constituent elements i.e. dividend, interest, gain/loss or return of capital, as advised by the Fund manager.
e) The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments.
f) Diversified Alternative Fund have return income, which have been recognised as dividend income in line with the structure of the mandate.

Fund Account – Expense Items

Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net asset statement as current liabilities.

Taxation

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. Any recoverable amounts outstanding at the reporting period end will be classified as a debtor.

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Lifetime Allowance

The Fund may be asked by members to pay tax liabilities in relation to annual allowance and lifetime allowance direct to HMRC in exchange for a reduction in pension. These payments are treated as an in-year expense.

Management Expenses

The Fund discloses its management expenses in accordance with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016).' These expenses are charged to the Fund on an accruals basis under the headings below:

Administrative Expenses – Staff costs pertaining to the pensions administration team are charged direct to the Fund. Associated management, IT, rents and rates and other overheads are apportioned to financial administration and charged as expenses to the Fund on an annual basis.

Oversight and Governance – These costs include the selection, appointment, performance management and monitoring of external fund managers, investment advisory service costs, operation and support of the Pensions Panel and Board and other governance related costs.

Investment Management Expenses – Expenses incurred in relation to the management of pension fund assets and includes transaction costs, management fees, performance fees and custody fees. Investment management fees, including those paid to the pool operator (London CIV) are calculated by reference to the market value of portfolio assets under management at the end of each quarter. The exceptions to this are Fidelity, where market value based fees are charged on a daily basis and Private Equity, Infrastructure and Private Debt fees, which are based upon amounts committed to each manager.

Where an investment manager's fee invoice has not been received by the balance sheet date, an estimate based upon the market value of the mandate as at the end of the year is used for inclusion in the fund account.

Net Asset Statement

Financial Assets

All investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 14. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 14). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

Property

The Fund owns the freehold of one investment property – New Lydenburg Industrial Estate. The property was revalued as at 31 March 2022 at a value of £4.1m. Further details regarding the basis of valuation can be found in Note 14. Any surplus / deficit on valuation is reflected in the Fund Account and is shown as a change in market value of investments. The Fund receives £0.115m rental income per year in respect of this property.

Foreign Currency

Where appropriate, investments held in foreign currencies have been valued on the relevant basis and translated into Sterling at the rate ruling on 31 March 2022.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than a three-month period from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial Liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of International Accounting Standard (IAS) 19 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial value of promised retirement benefits by way of a note to the net asset statement (note 17).

Additional Voluntary Contributions

There are currently two additional voluntary contribution (AVC) schemes for the members of the Royal Borough of Greenwich Pension Fund, with only one open to new members. These schemes are separate to the fund with assets, which are invested separately. AVCs are not included in the accounts in accordance with Section 4(1) (b) of the Local Government Pension Scheme (Management and Investment of funds) Regulations 2016. Note 20 provides details of the Funds AVC schemes.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Fund a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Net Asset Statement but are disclosed in a note to the Accounts. The limit for contingent liabilities is reflective of the Funds perception of materiality and is currently set at £250,000.

Other Accounting Policies

Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund’s financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Accounts are authorised for issue. Events taking place after the date of authorisation for issue are not reflected in the Accounts. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Note 4 - Critical Judgements in Applying Accounting Policies

The Accounts contain critical judgements in applying accounting policies and estimated figures based on assumptions made by the Authority about the future or that are otherwise uncertain. The following items have a significant risk of material adjustment in the forthcoming financial year:

Pension Fund Liability

It is a statutory requirement that the funding level is calculated every three years by the appointed actuary in order to determine employer contribution rates for the forthcoming three years. However, the methodology used within the accounts is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 16. These estimates are subject to significant variances based upon changes to the underlying assumptions.

There are a number of uncertainties regarding the scheme benefits and hence liabilities. Information is provided below on the 2 most prominent; the guaranteed minimum pension (GMP) equalisation and the impact of the McCloud & Sargeant judgements.

GMP Equalisation

On 22 January 2018, the outcome to the 'Indexation and equalisation of GMP in public service pension scheme' consultation was published by the Government. This confirmed that public service pension schemes would need to extend the requirement to fully price protect the GMP element of the individuals public service pension to those individuals reaching State Pension Age before 06 April 2021.

Our actuaries' valuation assumption for GMP is that the Fund will pay limited increases for members that have reached state pension age by 06 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, they have assumed that the Fund will be required to pay the entire inflationary increase.

McCloud & Sargeant Judgements

There are currently uncertainties in relation to LGPS benefits due to the McCloud and Sargeant judgements. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members in both the Judges Pension Scheme (McCloud) and the Firefighters Pension Scheme (Sargeant) amounted to unlawful discrimination. As a result, the Government announced that the judgements would apply to all public-sector pension schemes, including the LGPS. The Government Actuaries Department (GAD) was then asked to carry out an analysis on the possible impact of the judgement on LGPS labilities.

Remedial regulations are expected in 2022 and uncertainty over the benefit changes proposed for the LGPS will remain until these have been finalised. An allowance was already made for McCloud at a previous accounting period, so no explicit adjustment will be made in our results this year.

Note 5 - Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made, taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, salary and pension increase estimates and life expectancy. The Fund's actuaries are engaged to provide the Fund with expert advice about the assumptions used.	A 0.1% increase in the discount rate would result in a decrease in the pension liability of £48.4m. A 0.1% decrease in assumed earnings would decrease the pension liability by £3.7m and a 1-year increase in assumed life expectancy would increase the Fund liability by £115.7m.
Diversified alternative	Diversified Alternative investment are valued using variety of methods and makes assumptions that are not always supported by observable market prices or rates.These investments are not publicly listed and as such, there is a degree of estimate involved in the valuation.	The total value of Level 3 investment in Diversified Alternative is £107m. There a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 13.8% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £14.8m
Pooled Property (CBRE)	The Fund valued at the fair values provided by the administrators of the underlying funds. These investments are not publicly listed and as such, there is a degree of estimation involved in the valuation.	The total value of Level 3 investment in CBRE is £63.9m. There a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 4.4% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £2.8m
LCIV Renewable Infrastructure	Infrastructure investments are valued using best practices prevailing within the investment management industry to	The total value of Level 3 investment in LCIV renewable infrastructure is £12.4m. There a risk that the investment may be under or overstated in the accounts. The

	determine each underlying investment's fair market value. These valuations are validated by third party independent apprasisal firms.	Funds's performance management advisors report a tolerance of 3.8% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £0.5m
LCIV Private Debt	Private debt investments are valued at fair valued in accordance with industry guidelines, based on the fund manager valuations as at the end of the reporting period. These investments are not publicly listed and as such there a degree of estimation involved in the valuation.	The total value of Level 3 investment in LCIV Private Debt is £36.3m. There a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 4.9% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £1.8m

Note 6 – Contributions Receivable

Contributions represent the total amounts receivable from employers within the scheme in respect of their own contributions and any of their employees who are members of the scheme. The employer's contributions are made at a rate determined by the Fund's Actuary as necessary to maintain the Fund in a state of solvency, having regard to existing and future liabilities. The average employer contribution rate used during 2021/22 was 18.5%. Member contribution rates are determined by a banding mechanism linked to pensionable pay. Contributions shown in the revenue statement can be broken down as follows:

2020/21 £000	By Category	2021/22 £000
(14,217)	Employee's Contributions	(14,435)
(14,217)	**Total Employees' Contributions**	**(14,435)**
	Employer's Contributions:	
(34,900)	Normal Contributions	(35,275)
(3,795)	Deficit Recovery Contributions	(3,826)
(291)	Augmentation Contributions	(568)
(38,986)	**Total Employers' Contributions**	**(39,669)**
(53,203)		**(54,104)**

2020/21 £000	By Authority	2021/22 £000
(42,095)	Administering Authority	(42,372)
(8,065)	Scheduled Bodies	(8,899)
(3,043)	Admitted Bodies	(2,833)
(53,203)		**(54,104)**

Note 7 - Transfers in from Other Pension Funds

2020/21 £000	Transfers in from other Pension Funds	2021/22 £000
0	Group Transfers	**(2,667)**
(3,863)	Individual Transfers	**(7,980)**
(3,863)		**(10,647)**

Note 8 - Benefits

Benefits payable are made up of pension payments and lump sums payable upon retirement and death. These have been brought into the accounts on the basis of all valid claims approved during the year.

2020/21 £000	Benefits	2021/22 £000
	Pensions	
45,043	Administering Authority	46,262
1,219	Admitted Bodies	1,346
1,204	Scheduled Bodies	1,410
47,466	**Total Pensions Payable**	**49,018**

	Lump Sums	
7,634	Administering Authority	8,928
454	Admitted Bodies	638
1,242	Scheduled Bodies	1,142
9,330	**Total Lump Sums and Commutation**	**10,708**
	Death Benefits:	
895	Administering Authority	1,789
40	Admitted Bodies	314
170	Scheduled Bodies	427
1,105	**Total Death Benefits**	**2,530**
57,900	**Total Benefits Payable**	**62,256**

Note 9 - Payments to and on Account of Leavers

2020/21 £000	Payments to and on Account Of Leavers	2021/22 £000
160	Refunds to Members leaving Service	257
(2)	Payments for Members joining State Scheme	(1)
1,451	Individual Transfers	8,489
1,609	**Total Payments to and on Account of Leavers**	**8,745**

Note 10a – Management Expenses

2020/21 £000	Management Expenses	2021/22 £000
1,133	Administration Expenses	1,121
95	Oversight and Governance	145
6,688	Investment management Expenses	7,225
7,916	**Total Management Expenses**	**8,491**

Note 10b Investment Management Expenses

2020/21 £000	Management Expenses	2021/22 £000
4,667	Management Expenses	5,038
1,941	Performance Fees	2,141
80	Custody Fees	46
0	Transaction Costs	0
6,688	**Total Management Expenses**	**7,225**

Note 11 - Investment Income

2020/21 £000	Investment Income	2021/22 £000
(1)	Income from Equities	(7,715)
(4)	Income from Private Equity	(10)
0	Income from Diversified Alternative	(49,500)
(115)	Rental Income from Freehold Property	(115)
0	Income from Pooled Investment Vehicles	(2,653)
(4,278)	Income from Property Unit Trusts	(5,335)
(19)	Interest	(7)
(3)	Other Investment Income	(18)
(4,420)	**Total Investment Income**	**(65,353)**

Note 11a – Taxes on Income

UK Income Tax
The Fund is exempt and approved under the Finance Act 1970. It is therefore not liable to UK income tax on interest, dividends and property income, or to capital gains tax.

Value Added Tax
By virtue of the Royal Borough of Greenwich being the Administrating Authority, VAT input tax is recoverable on Fund activities.

Overseas Tax
Taxation agreements exist between the UK and certain EU and other countries whereby a proportion of the tax deducted locally from investment earnings may be reclaimed. The proportion reclaimable and the timescale involved vary from country to country.

2020/21 £000	Withholding Tax	2021/22 £000
0	Withholding Tax Non Reclaimable – Private Equities	44
0	**Total taxes on income**	**44**

Note 12 - External Audit Costs

2020/21 £000		2021/22 £000
33	Payable in respect of external audit*	38
0	PSAA Refund	(3)
33	**Total External Audit Costs**	**35**

*£38k was paid to the external auditors of the Pension Fund, Grant Thornton UK LLP (33k in 2020/21).

Note 13 - Investments

The investment managers and their mandates are as follows:

Manager	Mandate(s)
Blackrock	Passive Global Equity
CBRE Global Investors	Property
Fidelity International	Bond/GMAC/GEME
Wilshire	Private Equity
Partners Group	Diversified Alternative
London CIV (LCIV)	Absolute Return, Real Return, Renewable Infrastructure, Private Debt
Invesco	Multi Asset Strategy

The market value and proportion of investments managed by each fund manager at 31 March 2022 was as follows:

	2020/21 Market Value £000	2020/21 Market Value %	2021/22 Market Value £000	2021/22 Market Value %
Blackrock	688,628	45	682,193	42
CBRE Global Investors	142,449	9	172,880	11
Fidelity BOND	139,356	9	132,766	8
Fidelity GMAC	116,997	8	115,049	7
Royal Borough of Greenwich	13,950	1	31,761	2
Wilshire	2,975	0	1,938	0
London CIV	150	0	150	0
Partners Group	137,389	9	106,455	6
Fidelity GEME	168,621	11	142,858	9
LCIV Real Return Fund	0	0	97,481	6
LCIV Absolute Return Fund	0	0	103,051	6
LCIV Renewable Infrastructure	0	0	12,414	1
LCIV Private Debt	0	0	36,319	2
Invesco	122,463	8	0	0
Total	**1,532,978**	**100**	**1,635,315**	**100**

The change in market value of the Fund during the year is represented as follows:

Manager	Market Value 31-Mar 2021	Purchases	Sales	Change in Market Value Of Investments	Change in Working Capital	Market Value 31-Mar 2022
	£000	£000	£000	£000	£000	£000
Blackrock	688,628	0	(90,463)	80,813	3,215	682,193
CBRE Global Investors	142,449	9,335	(6,943)	25,663	2,376	172,880
Fidelity BOND	139,356	(191)	0	(6,400)	1	132,766
Royal Borough of Greenwich	13,950	0	0	1,000	16,811	31,761
Wilshire[b]	2,975	(427)	(1,160)	550	0	1,938
Fidelity GMAC	116,997	(323)	0	(1,625)	0	115,049
London CIV	150	0	0	0	0	150
Partners Group	137,389	0	(5,170)	(26,615)	851	106,455
Fidelity GEME	168,621	(946)	0	(24,849)	32	142,858
LCIV Real Return Fund	0	99,145	0	(1,664)	0	97,481
LCIV Absolute Return Fund	0	100,000	0	3,051	0	103,051
LCIV Renewable Infrastructure	0	11,758	0	668	(12)	12,414
LCIV Private Debt	0	34,586	0	1,738	(5)	36,319
Invesco	122,463	0	(122,046)	(562)	145	0
Total	**1,532,978**	**252,937**	**(225,782)**	**51,768**	**23,414**	**1,635,315**

The prior year comparator is as follows:

Manager	Market Value 31-Mar 2020	Purchases	Sales	Change in Market Value Of Investments	Change in Working Capital	Market Value 31-Mar 2021
	£000	£000	£000	£000	£000	£000
Blackrock	501,003	1	(170)	187,794	0	688,628
CBRE Global Investors	143,601	6,118	(3,342)	(5,323)	1,395	142,449
Fidelity AGG	135,566	(190)[a]	0	3,980	0	139,356
LGT[bc]	36	6793	(6,829)	0	0	0
Royal Borough of Greenwich	16,203	0	(6)	610	(2,857)	13,950
Wilshire[b]	4,863	0	(1,382)	(506)	0	2,975
Fidelity GMAC	99,403	(307)[a]	0	17,904	(3)	116,997
London CIV	150	0	0	0	0	150
Partners Group	107,893	0	(3,066)	33,566	(1,004)	137,389
Fidelity GEME	105,746	(773)[a]	0	63,724	(76)	168,621
Invesco	123,947	0	(288)	(1,243)	47	122,463
Total	**1,238,411**	**11,642**	**(15,083)**	**300,506**	**(2,498)**	**1,532,978**

a. The negative Fidelity purchase relates to management fees which are charged by reducing the market value of the holdings by the amount of the fee.
b. Distributions have been split into income (dividends, interest and gains) and distributions of capital reducing the book cost.
c. Shares in LGT were fully redeemed in the year to 31 March 2021

The change in market value of investments during the year is comprised of new money invested and the realised and unrealised profits or losses for the year:

2020/21 £000	Change Market Value	2021/22 £000
1,238,411	Opening Market Value	1,532,978
(5,940)	Net Revenue Cash in / (out) flow	50,568
4,673	Realised profit / (loss)	44,165
295,834	Unrealised profit / (loss)	7,604
1,532,978	**Closing Market Value**	**1,635,315**

Individual investment assets with a market value of greater than 5% of the total fund value are as follows:

Investment Assets	Manager	2021/22 £000	2021/22 %
Aquila Life World Ex UK	Blackrock	261,274	16%
ISHARES UK Equity	Blackrock	232,388	14%
Aquila Life GLB 3000	Blackrock	185,460	11%
Fidelity Institutional Funds Emerging Markets	Fidelity	143,059	9%
Fidelity UK Aggregate Bond	Fidelity	132,813	8%
Fidelity Global Multi Asset Credit	Fidelity	115,127	7%
Partners IC RBG LTD	Partners Group	107,137	7%
LCIV Absolute Return Fund	London CIV	103,051	6%
LCIV Real Return Fund	London CIV	97,481	6%

The prior year comparator is as follows:

Investment Assets	Manager	2020/21 £000	2020/21 %
Aquila Life MGM World EX UK Equity	Blackrock	300,240	20%
Blackrock ISHARES UK Equity	Blackrock	212,432	14%
Aquila Life	Blackrock	175,956	11%
Fidelity Institutional Funds Emerging Markets ACC	Fidelity	168,854	11%
Fidelity UK Aggregate Bond	Fidelity	139,403	9%
Partners IC RBG LTD	Partners	138,922	9%
Invesco Perpetual Mutual Fund	Invesco	122,608	8%
Fidelity Global Multi Asset Credit	Fidelity	117,076	8%

Stock Lending / Derivatives

The Fund has a policy of not entering into stock lending arrangements - there were no stock lending arrangements in place during 2021/22 or 2020/21. The following investment products are classed as derivatives and may be used by the Fund managers (none held directly by the Fund on 31 March 2022):

- Stock index futures – used for the purposes of efficient portfolio management.
- Short currency forwards – used for defensively hedging non-UK exposure back to sterling.
- Local access products – used to gain exposure to stocks where the manager is unable to purchase them directly.

Property Holdings

The Fund has a directly owned property, which is leased commercially to various tenants. Details of this are as follows:

2020/21 £000		**2021/22 £000**
2,490	Opening balance	3,100
610	Net increase in market value	1,000
3,100	**Closing balance**	**4,100**

2020/21 £000		**2021/22 £000**
115	Within one year	115
460	Between one and five years	460
575	**Total future lease payments due under existing contracts**	**575**

Note 14 – Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

31 March 2021				31 March 2022		
Fair Value through Profit and Loss	**Assets at Amortised Cost**	**Financial Liabilities at Amortised Cost**		**Fair Value through Profit and Loss**	**Assets at Amortised Cost**	**Financial Liabilities at Amortised Cost**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Financial Assets			
			Pooled Investment Vehicles:			
0			Equities	822,196		
256,479			Fixed Interest	0		
0			Fixed Income	247,940		
134,010			Property Unit Trusts	162,065		
598,805			Unitised Insurance Policies	0		
381,444			Other Unit Trusts	0		
0			Multi Asset	200,532		
0			Infrastructure	12,425		
0			Private Debt	36,324		
2,975			Private Equity	1,938		
138,922			Diversified Alternative	107,137		
	58		Cash Deposits		73	
	9,631		Cash Equivalents		12,165	
	254		Other investment balances		2,915	
	571		Contributions Due		677	
	474		Other Current Assets		670	
	10,709		Cash Balances		27,251	
1,512,635	**21,697**	**0**	**Total Financial Assets**	**1,590,557**	**43,751**	**0**

			Financial Liabilities			
		(3,355)	Other Investment Balances			(1,781)
		(384)	Unpaid Benefits			(504)
		(212)	Other Current Liabilities			(254)
0	**0**	**(3,951)**	**Total Financial Liabilities**			**(2,539)**
1,512,635	**21,697**	**(3,951)**	**Net Financial Assets**	**1,590,557**	**43,751**	**(2,539)**

The net gains and losses on financial instruments are as follows:

2020/21 £000	**Gains and Losses**	**2021/22 £000**
	Financial Assets	
299,896	Fair Value Through Profit and Loss	50,769
	Financial Liabilities	
0	Fair Value Through Profit and Loss	0
299,896	**Total**	**50,769**

The interest revenue and expense for financial assets measured at amortised cost is as follows:

2020/21 £000	**Interest Revenue and Expense**	**2021/22 £000**
	Assets at amortised cost	
19	Interest Revenue	7
0	Interest Expense	0
19	**Total**	**7**

Valuation of Financial Instruments carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values:

Level 1 – Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities and unit trusts.

Level 2 – Where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3 – Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Reconciliation of Fair Value Measurement within Level 3

Asset	Market Value at 31/03/2021	Transfer into Level 3	Transfer out of Level 3	Purchases at cost	Sales	Unrealised Gain/(Loss)	Realised Gains/(Loss)	Market Value At 31/03/2022
	£000	£000	£000	£000	£000	£000	£000	£000
UT - Property UK*	53,358	0	0	3,911	(6,938)	14,110	(503)	63,938
Freehold Property	3,100	0	0	0	0	1,000	0	4,100
Diversified Alternative	138,922	0	0	0	(5,170)	(26,615)	0	107,137
Private Equity	2,975	0	0	(427)	(1,160)	(610)	1,160	1,938
Infrastructure	0	0	0	11,758	0	667	0	12,425
Private Debt	0	0	0	34,586	0	1,738	0	36,324
Total	**198,355**	**0**	**0**	**49,828**	**(13,268)**	**(9,710)**	**657**	**225,862**

The prior year comparator is as follows:

Asset	Market Value at 31/03/2020	Transfer into Level 3	Transfer out of Level 3	Purchases at cost	Sales	Unrealised Gain/(Loss)	Realised Gains/(Loss)	Market Value At 31/03/2021
	£000	£000	£000	£000	£000	£000	£000	£000
UT - Property UK*	56,828	1,478	0	2,780	(3,539)	(3,310)	(879)	53,358
Freehold Property	2,490	0	0	0	0	610	0	3,100
Diversified Alternative	108,422	0	0	0	(3,066)	33,566	0	138,922
Private Equity	4,899	0	0	6,793	(8,211)	(8,405)	7,899	2,975
Total	**172,639**	**1,478**	**0**	**9,573**	**(14,816)**	**22,461**	**7,020**	**198,355**

* UT – Property UK 20/21 figures have been restated due to a prior period misstatement.. These restatements occurred due to updating levelling data for 20/21 being received from the investment manager. The restatements result in a reduction in market value at 31/03/2020 of £33,450k, increase in transfer in level 3 of £1,478k, decrease in purchases at cost of £1,214, decrease in sales of £344k, increase in unrealised loss of £283k and a decrease in market value at 31/03/2021 of £33,813k. The transfer into level 3 is due to an underlying fund changing from open ended to close ended in 20/21

Sensitivity of assets value at level 3

Having analysed historical data and current market trends, and consulted with the Funds' performance management advisors, the Fund has determined that valuation methods described above are likely to be accurate to within the following ranges and set out below the consequent potential impact on the closing value of investment as at 31 March 2022.

Asset	Value as at 31 March 2022 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
UT - Property UK	63,938	4.4	66,739	61,138
Freehold Property	4,100	4.4	4,280	3,920
Private Equity	1,938	14.3	2,215	1,662
Diversified Alternative	107,137	13.8	121,933	92,341
Infrastructure	12,425	3.8	12,897	11,953
Private Debt	36,324	4.9	38,104	34,544
Total Level 3 Assets available to Pay Benefits	**225,862**		**246,168**	**205,558**

The prior year comparator is as follows:

Asset	Value as at 31 March 2021 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
UT - Property UK*	53,358	2.8	54,844	51,873
Freehold Property	3,100	2.8	3,186	3,014
Private Equity	2,975	6.7	3,175	2,775
Diversified Alternative	138,922	6.7	148,270	129,574
Total Level 3 Assets available to Pay Benefits	**198,355**		**209,475**	**187,236**

* UT – Property UK 20/21 figures have been restated due to a prior period misstatement. These restatements occurred due to updating levelling data for 20/21 being received from the investment manager. The restatements result in a decrease in value at 31/03/2021 of £33,813k, decrease in value on increase of £34,753k and a decrease in the value on decrease of £32,871k.

The following table provides an analysis of the Financial Assets and Liabilities of the Fund and are grouped based upon the level at which the fair value is observable.

Values as at 31 March 2022	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial Assets				
Financial Assets at Fair Value through profit and loss	0	1,368,794	221,763	1,590,557
Non-Financial assets at Fair Value through profit and loss	0	0	4,100	4,100
	0	**1,368,794**	**225,863**	**1,594,657**

The prior year comparator is as follows:

Values as at 31 March 2021	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial Assets				
Financial Assets at Fair Value through profit and loss	0	1,317,379*	195,256*	1,512,635
Non-Financial assets at Fair Value through profit and loss	0		3,100	3,100
	0	**1,317,379**	**198,356**	**1,515,735**

*Figures have been restated due to a prior period misstatement

Fair Value – Basis of Valuation

Description of asset	**Valuation Hierarchy**	**Basis of Valuation**	**Observable and Unobservable Input**	**Key Sensitivities affecting the valuations provided**
Pooled Investments - Bonds	Level 2	NAV basis. Where the markets of financial instruments are actively traded exchange markets, valuations are based on quoted market prices, which is the price within the bid-ask spread. For non-traded financial instruments, the	Evaluated price feeds	Not Required

		programme uses a variety of market and income methods.		
Pooled Investments - Equities	Level 2	Bid price	Evaluated price feeds	Not Required
Pooled Investments - Multi Asset	Level 2	Swung price/mid price	Evaluated price feeds	Not Required
Property Unit Trusts	Level 2	Based upon the underlying investments within each portfolio, which are based upon the latest available valuations (March 2022)	Latest available trading NAV (Bid Price)	Not Required
Property Unit Trusts	Level 3	Based upon the underlying investments within each portfolio, which are based upon the latest available valuations (ranging from December 2021 to March 2022)	INREV NAV	Return of capital, investment contributions, capital calls and accruals of liquidation expenses.
Private Equity	Level 3	Based upon the underlying investments within each portfolio.	Valuations of underlying limited partnerships	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Diversified Alternative	Level 3	**Private Equity** - A market approach is applied (mainly EV/EBITDA multiples) where appropriate. In some cases, an alternative method can be applied (e.g. DCF approach). **Private Debt** - Where market quotations are readily available, the valuation is based on these. Where no market quotations are available,	-EV/EBITDA multiples -Discounted cash flows -Third party appraisals	Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, and by any

		valuations are based on a discounted cash flow approach or recovery method. **Private Real Estate** - Valued considering third party appraisals which are updated at least on an annual basis. Intra-year valuations from these third party appraisals are adjusted for recent developments **Private Infrastructure** - Early stage investments are valued using the replacement cost method. Once construction reaches a certain stage, where cash flows are more visible, the valuation method is normally switched to a discounted cash flow analysis. For stable and operating infrastructure assets, a market approach (i.e. multiple method) is used.		differences between audited and unaudited accounts.
Freehold Property	Level 3	Valued by a valuer and RICS member, employed by the Royal Borough of Greenwich. The property was valued utilising the Royal Institute of Chartered Surveyors-current edition of the RICS Valuation - Global standards and the RICS UK national supplement . The valuation was based on the open market value of the freehold interest, having regard to the actual lease terms and evidence of current levels of rent and yields for the class of property, adjusted to reflect age, condition and characteristics of the particular locality	Income from tenants	Significant changes in rental growth, vacancy levels or the discount rates could affect valuations as could more general changes to market prices

Shares in London CIV Asset Pool	Level 3	Based on the capital invested within the London CIV	N/A	N/A
Pooled Investments - Infrastructure	Level 3	Based upon the underlying investments in each portfolio. Valued at fair value on a quarterly basis.	NAV based pricing	Foreign exchange fluctuations
Pooled Investments - Private Debt	Level 3	Based upon the underlying investments in each portfolio. Valued at fair value on a quarterly basis.	NAV based pricing	Foreign exchange fluctuations

Note 15 - Nature and Extent of Risks arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Fund Investment and Administration Panel. Risk management policies are established to identify and analyse the risks faced by the Fund. Policies are reviewed regularly to reflect changes in activity and market conditions.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset risk. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. The Fund manages these risks in two ways:

- The exposure of the Fund to market risk is monitored through risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contacts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market. The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Fund to ensure it is within limits specified in the Fund investment strategy.

Other Price Risk – Sensitivity Analysis

Having analysed historical data and expected investment return movement during the financial year, and consultation with the Fund's performance management advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the reporting period.

Asset	**Potential Market Movements (+/-)**
UK Equities	14.61%
Overseas Equities	14.61%
Bonds	6.22%
Property	4.38%
Cash Equivalents	1.80%
Private Equity	14.27%
Multi Asset	5.09%
Diversified Alternative	13.81%
Private Debt	4.90%
Infrastructure	3.8%

This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same. Had the market price of the Fund investments moved in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows:

Asset	Value as at 31 March 2022 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash Equivalents	12,165	1.80	12,384	11,946
UK Equities	232,396	14.61	266,349	198,443
Overseas Equities	589,649	14.61	675,797	503,502
Bonds	247,940	6.22	263,362	232,518
Diversified Alternative	107,137	13.81	121,933	92,341
Property	166,165	4.38	173,443	158,887
Private Equity	1,938	14.27	2,215	1,662
Multi Asset	200,532	5.09	210,739	190,325
Infrastructure	12,425	3.80	12,897	11,953
Private Debt	36,324	4.90	38,104	34,544
Other Investment Balances	28,608	0	28,608	28,608
Total Assets available to Pay Benefits	**1,635,279**		**1,805,831**	**1,464,729**

The prior year comparator is as follows:

Asset	Value as at 31 March 2021 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash Equivalents	20,406	1.90	20,785	20,027
UK Equities	212,432	15.40	245,064	179,800
Overseas Equities	645,050	15.40	744,137	545,963
Bonds	256,479	6.00	271,836	241,122
Property	137,110	2.80	140,927	133,293
Private Equity	2,975	6.70	3,175	2,775
Diversified Alternative	138,922	6.70	148,270	129,574
Multi Asset	122,608	4.50	128,069	117,147
Other Investment Balances*	(2,951)	0	(2,951)	(2,951)
Total Assets available to Pay Benefits	**1,533,031**		**1,699,112**	**1,366,750**

<u>Interest Rate Risk</u>

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's direct exposure to interest rate movements is through its cash and fixed income holdings.

Interest Rate Risk - Sensitivity Analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. It is currently felt that interest rates are unlikely to move up or down by more than 100 basis points (bps) over the course of the next year. The analysis that follows assumes that all other variables, in particular exchange rates, remain constant and shows the effect in the year on the net assets available to pay benefits of a +/- 100 bps change in interest rates.

Asset	**Carrying Amount as at 31 March 2022**	**Change in Year in the Net Assets available to Pay Benefits**	
		+ 100 bps	**-100 bps**
	£000	**£000**	**£000**
Cash Balances	27,251	27,523	26,978
Cash on Deposit	74	74	73
Cash Equivalents	12,165	12,287	12,043
Blackrock Institutional Series	8	8	8
Total Interest Rate Risk Assets	**39,498**	**39,892**	**39,102**

Asset	**Carrying Amount as at 31 March 2022**	**Change in Year in the Net Assets available to Pay Benefits**	
		+ 100 bps	**-100 bps**
	£000	**£000**	**£000**
Fidelity GMAC	115,127	111,558	118,696
Fidelity UK Aggregate Bond Fund	132,813	119,531	146,094
Total Interest Rate Risk Assets	**247,940**	**231,089**	**264,790**

The prior year comparator is as follows:

Asset	Carrying Amount as at 31 March 2021	Change in Year in the Net Assets available to Pay Benefits	
		+ 25 bps	-25 bps
	£000	£000	£000
Cash Balances	10,709	10,736	10,682
Cash on Deposit	58	58	58
Cash Equivalents	9,631	9,655	9,607
Blackrock Institutional Series	8	8	8
Total Interest Rate Risk Assets	**20,406**	**20,457**	**20,355**

Asset	Carrying Amount as at 31 March 2021	Change in Year in the Net Assets available to Pay Benefits	
		+ 25 bps	-25 bps
	£000	£000	£000
Fidelity GMAC	117,076	116,380	117,773
Fidelity UK Aggregate Bond Fund	139,403	136,057	142,748
Total Interest Rate Risk Assets	**256,479**	**252,437**	**260,521**

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than Sterling. The Fund holds both monetary and non-monetary assets denominated in currencies other than Sterling.

Currency Risk – Sensitivity Analysis

Following consultation with the Fund's performance management advisors, the following table shows the potential impact of foreign exchange rate movements on the overseas holdings within the Fund (the analysis assumes that all other variables, in particular interest rates, remain constant):

Asset	Asset Value as at 31 March 2022	Potential Change in Foreign Exchange Rate	Value on Increase	Value on Decrease
	£000	%	£000	£000
Private Equity	1,938	7.47	2,083	1,794
Equity	589,649	5.81	623,896	555,403
Multi Asset	55,845	5.54	58,938	52,753
Cash held in Foreign Currencies	2	6.21	2	2
Total Currency Risk Assets	**647,434**		**684,919**	**609,952**

The prior year comparator is as follows:

Asset	Asset Value as at 31 March 2021	Potential Change in Foreign Exchange Rate	Value on Increase	Value on Decrease
	£000	%	£000	£000
Private Equity	2,975	7.5	3,199	2,751
Equity (Unitised Insurance policies)	476,196	7.1	510,274	442,119
Equity (Unit Trust Other)	168,854	6.2	179,369	158,338
Multi Asset	76,457	7.1	81,885	71,029
Cash held in Foreign Currencies	2	6.5	2	2
Total Currency Risk Assets	**724,484**		**774,729**	**674,239**

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions held in year where the risk equates to the net market value of a positive derivative position. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. Contractual credit risk is represented by the net payment or receipt that remains outstanding and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties. Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The Fund has a private equity portfolio where there is a higher credit risk. At the reporting date 0.12% of the Fund was in private equity thereby capping exposure to this asset class. Deposits are not made with banks and financial institutions unless they are rated independently and have a high credit rating. The Fund's cash holding under its treasury management arrangements as at 31 March 2022 was £27.3m (£10.7m at 31 March 2021). This was held as follows:

Counterparty Type	31 March 2021 £000	31 March 2022 £000
UK Banks	10,709	27,251

Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The cash position of the Fund is monitored to ensure that the Fund has adequate cash resources to meet its commitments. The Fund has immediate access to monies held in its current account. Monies on deposit are also highly liquid and are available to the Fund if needed. If the Fund found itself in a position where it did not have the monies to meet its immediate commitments, then liquid assets could be sold to provide additional cash. The fund defines liquid assets as assets that can be converted to cash within three months. As at 31 March 2022, the value of liquid assets represented 80% of the Fund (82% at 31 March 2021). Financial liabilities of £3.093m are all due to be settled within 12 months of the net asset statement date.

Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

Note 16 – Funding Arrangements

In accordance with The Local Government Pension Scheme Regulations 2013, the adequacy of the Fund's investments and contributions in relation to its overall and future obligations is reviewed every three years by an Actuary appointed by the Fund. This actuarial valuation also assesses the contribution rate required to meet the future liabilities of the Fund by considering the benefits that accrue over the course of the three years to the next full valuation.

In line with the regulations that funds should be re-valued every three years, the latest triennial valuation was carried out as at 31 March 2022 (effective from 1 April 2023) by the funds actuary, Barnett Waddingham. The results were published in the 31 March 2022 actuarial valuation which is available on the Royal Borough of Greenwich website.

The method of calculating the employer's contribution rate is derived from the cost of the benefits building up over the year following the valuation date. This method is known as the 'Projected Unit Method'. It is a method considered appropriate by the Actuary for a fund open to new members. As the Fund remains open to new members, its age profile is not currently rising significantly. If the age profile began to rise significantly, the projected unit method would calculate an increase in current service cost as scheme members approached retirement.

The market value of the Fund at the 2022 review date was £1,640m (£1,332m in 2019) and results showed that assets represented 103% of the liabilities (97% in 2019). The Fund surplus arising from the valuation was £44m as at 31 March 2022 (£45m deficit as at 31 March 2019). Deficits are spread and recovered over a maximum 20-year period from 01 April 2023. The reconciliation of the contribution rate is as shown below:

Contribution Rate Analysis	**Mar-22**
	%
Future Service Total	18.2
Deficit Contribution	0.3
Total Employer Contribution Rate	**18.5**

The triennial valuation determines the contribution rate for each employer in the Fund using statistical information specific to each employer. The agreed contribution rates in accordance with the results of the actuarial valuation are as follows:

Year	**Royal Borough of Greenwich**	**Other Bodies**
2023/24	18.50%	12% - 19.1%
2024/25	18.50%	12% - 19.1%
2025/26	18.50%	12% - 19.1%

Details of each employer’s individual rates are detailed in the Rates and Adjustment Certificate, which can be found in the triennial valuation report. New employers admitted after 31 March 2022 are actuarially assessed to determine their individual employer contribution rates.

The actuarial valuation using the ‘Projected Unit Method' is based on economic assumptions. Assets have been valued at a 6 month smoothed market value straddling the valuation date. The assumptions used in the calculation and applied during the inter-valuation period are summarised as follows:

Future Assumed Returns as at March 2022	Assumed Returns % p.a.
Investment Return	
Gilts	2.0
Cash	0.7
Corporate Bonds	2.8
Equities	6.9
Private Equity	6.9
Property	6.4
Infrastructure	6.4
Private Debt	6
Cash Plus	4.6
Multi Asset Credit	5

Financial Assumptions	2022 % p.a.	2019 % p.a.
Discount Rate	4.8	5.0
Salary Increases	3.9	3.6
Consumer Price Inflation (CPI)	2.9	2.6
Pension Increases	2.9	2.6

The assumed life expectations from age 65 are as follows:

Demographic assumptions – Life expectancy from age 65*	**31-Mar 2021**	**31-Mar 2022**
Retiring Today		
Males	20.5	19.5
Females	23.3	22.9
Retiring in 20 years		
Males	21.9	20.9
Females	24.9	24.4

*Note this data reflects the assumptions from IAS 26 report

The actuary has also assumed that:

- Members will exchange half of their commutable pension for cash at retirement
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

Note 17 - Actuarial Present Value of Promised Retirement Benefits (IAS 19 basis)

Data from the 2022 triennial valuation has been used to assess the Fund's liabilities at 31 March 2022. The net liability of the Fund in relation to the actuarial present value of promised retirement benefits and the net assets available to fund these benefits is:

Net Present Value	**31-Mar 2021 £000**	**31-Mar 2022 £000**
Present Value of Funded Obligation		
Vested Obligation	(2,502,770)	(2,416,262)
Non-Vested Obligation	(38,151)	(31,836)
Total Present Value of Funded Obligation	(2,540,921)	(2,448,098)
Fair Value of Scheme Assets	1,533,439	1,635,315
Net Liability	**(1,007,482)**	**(812,783)**

The financial assumptions used to assess the total net liability as at 31 March 2022 are:

Financial Assumptions	Mar-21	Mar-22
	% p.a.	% p.a.
Discount Rate	2.0	2.6
Pay Increases	3.8	4.2
Pension Increases	2.8	3.2

Note 18 – Debtors and Creditors

The following material amounts were due to, or payable from, the Fund as at 31 March 2022:

2020/21 £000	Debtors	2021/22 £000
	Investment Debtors	
23	Tax Refunds Due	23
16	Dividends Due	2,892
215	Sale of Investments	0
254	**Total Investment Debtors**	**2,915**
	Member Debtors	
571	Contributions	677
476	Other	670
1,047	**Total Member Debtors**	**1,347**
1,301	**Total Debtors**	**4,262**
	Analysed By	
1,299	Other Entities and Individuals	4,262
2	Central Government Bodies	0
1,301	**Total Debtors**	**4,262**

2020/21 £000	Creditors	2021/22 £000
	Investment Creditors	
(2,113)	Management Fees	(1,186)
(1,205)	Purchase of Investments	(504)
(20)	Custody Fees	(52)
(17)	Other	(39)
(3,355)	**Total Investment Creditors**	**(1,781)**
	Member Creditors	
(384)	Benefits Unpaid	(504)
(717)	Other	(808)
(1,101)	**Total Member Creditors**	**(1,312)**
(4,456)	**Total Creditors**	**(3,093)**
	Analysed By	
(505)	Central Government Bodies	(554)
(109)	Local Authorities	0
(3,842)	Other entities and individuals	(2,539)
(4,456)	**Total Creditors**	**(3,093)**

Note 19 – Cash and Cash Equivalents

The cash balance can be further analysed as follows:

Cash	2020/21 £000	2021/22 £000
Royal Borough of Greenwich Pension Fund (UK Banks)	10,709	27,251
Royal Borough of Greenwich Pension Fund (Held at Custodian)	2	2
CBRE Cash at Hand	55	70
Blackrock	1	1
Total Cash	**10,767**	**27,324**

Cash Equivalents	2020/21	2021/22
	£000	£000
Royal Borough of Greenwich Pension Fund	206	440
Blackrock	3	340
CBRE	9,422	11,385
Total Cash Equivalents	**9,631**	**12,165**

Note 20 - Additional Voluntary Contributions

Contributing members have the right to make Additional Voluntary Contributions (AVCs) to enhance their pension. The Authority made such a scheme available to staff through Equitable Life. During 2000/01, Equitable Life announced itself closed to new business. On 23 December 2010, the Government passed an Equitable Life Bill to enable it to compensate Equitable Life policyholders who lost money due to the near collapse of the insurer in 2000. Since then, employees have had the option to pay current contributions into a Clerical Medical Fund. During 2019/20 policies held with Equitable Life where transferred to Utmost Life and Pensions. In accordance with section 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, AVCs are prohibited from being credited to the Local Government Pension Scheme and are thus not consolidated within the Fund accounts. However, a summary of the contributions made by members during the year and the total value of the AVC funds, as at 31 March 2022, are shown below:

2020/21 £000	AVC Contributions	2021/22 £000
55	AVC Contributions to Clerical Medical	112
55	**Total Contributions**	**112**

31 March 2021 £000	AVC Market Values	31 March 2022 £000
953	Clerical Medical Market Value	1,049
402	Utmost Life and Pensions Market Value	354
1,355	**Total Market Value**	**1,403**

Note 21A - Related Party Transactions

The UK Government exerts a significant influence over the Fund through enacting the various Regulations (mentioned herein). It is a major source of funding for the Royal Borough of Greenwich (the Administering Authority and largest employer within the Fund). During the year, no trustees or Key Management Personnel of the Authority with direct responsibility for pension fund issues have undertaken any material transactions with the Pension Fund, other than the following:

a) Administrative services were undertaken by the Authority on behalf of the Fund, under the SLA, valued at £1.111m (2020/21: £1.121m).

b) The Royal Borough of Greenwich is the single largest employer of members of the pension fund and contributed £30.923m to the Fund in 2021/22 (2020/21: £30.750m).

c) With respect to other Scheduled Bodies, an amount of £0.343m was owed to the Fund by Academies at year-end for contributions due.

d) The Royal Borough of Greenwich Pension Fund is a Member of the London Collective Investment Vehicle (LCIV). As at the reporting date, Councillor Peter Brooks was the Fund's representative on the Board. In 2021/22, administration and management fees of £0.478m were paid to this organisation.

Note 21b – Key Management Personnel

Key Management Personnel Remuneration

The Key Management personnel of the Fund are the Director of Finance (Section 151 Officer), the Chair of the Pension Fund Investment and Administration Panel and the Pension Investment Manager. The total remuneration payable to key management personnel is set out below:

2020/21 £000		2021/22 £000
65	Short-term benefits	72
28	Post-employment benefits	39
93		**111**

Note 22 – Commitments

The Fund has commitments in relation to its private market funds. These commitments are drawn down in tranches over time, as and when the managers request them. As at 31 March 2022, the Fund had £81.668m of commitments outstanding (31 March 2021: £0.549m). These are not required to be included in the Accounts.

Note 23 – Events after reporting period

There were no significant events between the balance sheet date and the approval of these financial statements which would require disclosure or adjustment of the statements.

Appendix I

Royal Borough of Greenwich Pension Fund
Funding Strategy Statement

Contents

Introduction

This is the Funding Strategy Statement for the Royal Borough of Greenwich Pension Fund (the Fund). It has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 as amended (the Regulations) and describes the Royal Borough of Greenwich's strategy, in its capacity as administering authority, for the funding of the Royal Borough of Greenwich Pension Fund.

The Fund's employers and the Fund Actuary, Barnett Waddingham LLP, have been consulted on the contents of this statement.

This statement should be read in conjunction with the Fund's Investment Strategy Statement (ISS) and has been prepared with regard to the guidance (*Preparing and Maintaining a funding strategy statement in the LGPS 2016 edition)* issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Purpose of the Funding Strategy Statement

The purpose of this Funding Strategy Statement (FSS) is to:

- Establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities are best met going forward;
- Support the desirability of maintaining as nearly constant a primary contribution rate as possible, as defined in Regulation 62(6) of the Regulations;
- Ensure that the regulatory requirements to set contributions to meet the future liability to provide Scheme member benefits in a way that ensures the solvency and long-term cost efficiency of the Fund are met; and
- Take a prudent longer-term view of funding those liabilities.

Aims and purpose of the Fund

The aims of the Fund are to:

- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due;
- Enable primary contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to all relevant parties (such as the taxpayers, scheduled, resolution and admitted bodies), while achieving and maintaining Fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the Fund and employers, and the risk appetite of the administering authority and employers alike; and
- Seek returns on investment within reasonable risk parameters.

The purpose of the Fund is to:

- Pay pensions, lump sums and other benefits to Scheme members as provided for under the Regulations;
- Meet the costs associated in administering the Fund; and
- Receive and invest contributions, transfer values and investment income.

Funding objectives

Contributions are paid to the Fund by Scheme members and the employing bodies to provide for the benefits which will become payable to Scheme members when they fall due.

The funding objectives are to:

- Ensure that pension benefits can be met as and when they fall due over the lifetime of the Fund;
- Ensure the solvency of the Fund;
- Set levels of employer contribution rates to target a 100% funding level over an appropriate time period and using appropriate actuarial assumptions, while taking into account the different characteristics of participating employers;
- Build up the required assets in such a way that employer contribution rates are kept as stable as possible, with consideration of the long-term cost efficiency objective; and
- Adopt appropriate measures and approaches to reduce the risk, as far as possible, to the Fund, other employers and ultimately the taxpayer from an employer defaulting on its pension obligations.

In developing the funding strategy, the administering authority should also have regard to the likely outcomes of the review carried out under Section 13(4)(c) of the Public Service Pensions Act 2013. Section 13(4)(c) requires an independent review of the actuarial valuations of the LGPS funds; this involves reporting on whether the rate of employer contributions set as part of the actuarial valuations are set at an appropriate level to ensure the solvency of the Fund and the long-term cost efficiency of the Scheme so far as relating to the pension Fund. The review also looks at compliance and consistency of the actuarial valuations.

Key parties

The key parties involved in the funding process and their responsibilities are set out below.

The administering authority

The administering authority for the Fund is the Royal Borough of Greenwich Pension Fund. The main responsibilities of the administering authority are to:

- Operate the Fund in accordance with the LGPS Regulations;
- Collect employee and employer contributions, investment income and other amounts due to the Fund as stipulated in the Regulations;
- Invest the Fund's assets in accordance with the Fund's Investment Strategy Statement;
- Pay the benefits due to Scheme members as stipulated in the Regulations;
- Ensure that cash is available to meet liabilities as and when they fall due;
- Take measures as set out in the Regulations to safeguard the Fund against the consequences of employer default;
- Manage the actuarial valuation process in conjunction with the Fund Actuary;
- Prepare and maintain this FSS and also the ISS after consultation with other interested parties;
- Monitor all aspects of the Fund's performance;
- Effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and Scheme employer; and
- Enable the Local Pension Board to review the valuation process as they see fit.

Scheme employers

In addition to the administering authority, a number of other Scheme employers participate in the Fund.

The responsibilities of each employer that participates in the Fund, including the administering authority, are to:

- Collect employee contributions and pay these together with their own employer contributions, as certified by the Fund Actuary, to the administering authority within the statutory timescales. Please note that if contributions are not paid within the set timescales, the employer may be fined and/or reported to the Pensions Regulator.
- Notify the administering authority of any new Scheme members and any other membership changes promptly;
- Develop a policy on certain discretions and exercise those discretions as permitted under the Regulations;
- Meet the costs of any augmentations or other additional costs in accordance with agreed policies and procedures; and
- Pay any exit payments due on ceasing participation in the Fund.

Scheme members

Active Scheme members are required to make contributions into the Fund as set by the Ministry of Housing, Communities and Local Government (MHCLG).

Fund Actuary

The Fund Actuary for the Fund is Barnett Waddingham LLP. The main responsibilities of the Fund Actuary are to:

- Prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency after agreeing assumptions with the administering authority and having regard to the FSS and the Regulations;
- Prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill-health retirement costs, compensatory added years costs, etc;
- Provide advice and valuations on the exiting of employers from the Fund;
- Provide advice and valuations relating to new employers, including recommending the level of bonds or other forms of security required to protect the Fund against the financial effect of employer default;
- Assist the administering authority in assessing whether employer contributions need to be revised between valuations as permitted or required by the Regulations;
- Ensure that the administering authority is aware of any professional guidance or other professional requirements which may be of relevance to their role in advising the Fund; and
- Advise on other actuarial matters affecting the financial position of the Fund.

Funding strategy

The factors affecting the Fund's finances are constantly changing, so it is necessary for its financial position and the contributions payable to be reviewed from time to time by means of an actuarial valuation to check that the funding objectives are being met.

The most recent actuarial valuation of the Fund was carried out as at 31 March 2019. The results of the 2019 valuation are set out in the table below:

2019 valuation results	
Surplus (Deficit)	(£45m)
Funding level	97%

On a whole Fund level, the primary rate required to cover the employer cost of future benefit accrual was 16.6% of payroll p.a.

The individual employer contribution rates are set out in the Rates and Adjustments Certificate which forms part of the Fund's 2019 valuation report.

The actuarial valuation involves a projection of future cashflows to and from the Fund. The main purpose of the valuation is to determine the level of employers' contributions that should be paid to ensure that the existing assets and future contributions will be sufficient to meet all future benefit payments from the Fund. A summary of the methods and assumptions adopted is set out in the sections below.

Funding method

The key objective in determining employers' contribution rates is to establish a funding target and then set levels of employer contribution rates to meet that target over an agreed period.

The funding target is to have sufficient assets in the Fund to meet the accrued liabilities for each employer in the Fund.

For all employers, the method adopted is to consider separately the benefits accrued before the valuation date (past service) and benefits expected to be accrued after the valuation date (future service). These are evaluated as follows:

- The past service funding level of the Fund. This is the ratio of accumulated assets to liabilities in respect of past service. It makes allowance for future increases to members' pay and pensions. A funding level in excess of 100% indicates a surplus of assets over liabilities; while a funding level of less than 100% indicates a deficit; and
- The future service funding rate (also referred to as the primary rate as defined in Regulation 62(5) of the Regulations) is the level of contributions required from the individual employers which, in combination with employee contributions is expected to cover the cost of benefits accruing in future.

The adjustment required to the primary rate to calculate an employer's total contribution rate is referred to as the secondary rate, as defined in Regulation 62(7). Further details of how the secondary rate is calculated for employers is given below in the Deficit recovery/surplus amortisation periods section.

The approach to the primary rate will depend on specific employer circumstances and in particular may depend on whether an employer is an "open" employer – one which allows new recruits access to the Fund, or a "closed" employer – one which no longer permits new staff access to the Fund. The expected period of participation by an employer in the Fund may also affect the total contribution rate.

For open employers, the actuarial funding method that is adopted is known as the Projected Unit Method. The key feature of this method is that, in assessing the future service cost, the primary rate represents the cost of one year's benefit accrual only.

For closed employers, the actuarial funding method adopted is known as the Attained Age Method. The key difference between this method and the Projected Unit Method is that the Attained Age Method assesses the average cost of the benefits that will accrue over a specific period, such as the length of a contract or the remaining expected working lifetime of active members.

The approach by employer may vary to reflect an employer's specific circumstance, however, in general the closed employers in the Fund are admission bodies who have joined the Fund as part of an outsourcing contract and therefore the Attained Age Method is used in setting their contributions. All other employers (for example councils, higher education bodies and academies) are generally open employers and therefore the Projected Unit Method is used. The administering authority holds details of the open or closed status of each employer.

Valuation assumptions and funding model

In completing the actuarial valuation it is necessary to formulate assumptions about the factors affecting the Fund's future finances such as price inflation, pay increases, investment returns, rates of mortality, early retirement and staff turnover etc.

The assumptions adopted at the valuation can therefore be considered as:

- The demographic (or statistical) assumptions which are essentially estimates of the likelihood or timing of benefits and contributions being paid, and
- The financial assumptions which will determine the estimates of the amount of benefits and contributions payable and their current (or present) value.

Future price inflation

The base assumption in any valuation is the future level of price inflation over a period commensurate with the duration of the liabilities, as measured by the Retail Price Index (RPI). This is derived using the 20 year point on the Bank of England implied Retail Price Index (RPI) inflation curve, with consideration of the market conditions over the six months straddling the valuation date. The 20 year point on the curve is taken as 20 years is consistent with the average duration of an LGPS Fund.

This assumption was reviewed following the Chancellor's November 2020 announcement on the reform of RPI. From 31 December 2020 RPI inflation is assumed to be 0.4% p.a. lower than the 20 year point on the inflation curve. This adjustment accounts for both the shape of the curve in comparison to the Fund's liability profile and the view that investors are willing to accept a lower return on investments to ensure inflation linked returns.

Future pension increases

Pension increases are linked to changes in the level of the Consumer Price Index (CPI). Inflation as measured by the CPI has historically been less than RPI due mainly to different calculation methods. At the 31 March 2019 actuarial valuation a deduction of 1.0% p.a. was made to the RPI assumption to derive the CPI assumption.

This assumption was also reviewed in light of the Chancellor's announcement on the reform of RPI mentioned above. From 31 December 2020 CPI inflation is assumed to be 0.4% p.a. lower than the RPI assumption (i.e. a total of 0.8% p.a. below the 20 year point on the Bank of England implied RPI inflation curve). This reflects the anticipated reform of RPI inflation from 2030 following the UK Statistics Authority's proposal to change the RPI calculation method in line with the Consumer Prices Index including Housing costs (CPIH). This assumption will be reviewed at future valuations and the difference between RPI and CPI is expected to move towards 0.0% p.a. as we get closer to 2030.

Future pay increases

As some of the benefits are linked to pay levels at retirement, it is necessary to make an assumption as to future levels of pay increases. Historically, there has been a close link between price inflation and pay increases with pay increases exceeding price inflation in the longer term. The long-term pay increase assumption adopted as at 31 March 2019 was CPI plus 1.0% p.a. which includes allowance for promotional increases.

Future investment returns/discount rate

To determine the value of accrued liabilities and derive future contribution requirements it is necessary to discount future payments to and from the Fund to present day values.

The discount rate that is applied to all projected liabilities reflects a prudent estimate of the rate of investment return that is expected to be earned from the Fund's long-term investment strategy by considering average market yields in the six months straddling the valuation date. The discount rate so determined may be referred to as the "ongoing" discount rate.

It may be appropriate for an alternative discount rate approach to be taken to reflect an individual employer's situation. This may be, for example, to reflect an employer targeting a cessation event or to reflect the administering authority's views on the level of risk that an employer poses to the Fund. The Fund Actuary will incorporate any such adjustments after consultation with the administering authority.

A summary of the financial assumptions adopted for the 2019 valuation is set out in the table below:

Financial assumptions as at 31 March 2019	
RPI inflation	3.6% p.a.
CPI inflation	2.6% p.a.
Pension/deferred pension increases and CARE revaluation	In line with CPI inflation
Pay increases	CPI inflation + 1.0% p.a.
Discount rate	5.0% p.a.

Asset valuation

For the purpose of the valuation, the asset value used is the market value of the accumulated fund at the valuation date, adjusted to reflect average market conditions during the six months straddling the valuation date. This is referred to as the smoothed asset value and is calculated as a consistent approach to the valuation of the liabilities.

The Fund's assets are notionally allocated to employers at an individual level by allowing for actual Fund returns achieved on the assets and cashflows paid into and out of the Fund in respect of each employer (e.g. contributions received and benefits paid).

Demographic assumptions

The demographic assumptions incorporated into the valuation are based on Fund-specific experience and national statistics, adjusted as appropriate to reflect the individual circumstances of the Fund and/or individual employers.

Further details of the assumptions adopted are included in the Fund's 2019 valuation report.

McCloud/Sargeant judgements

The McCloud/Sargeant judgements were in relation to two employment tribunal cases which were brought against the government in relation to possible age and gender discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. These judgements were not directly in relation to the LGPS, however, do have implications for the LGPS.

In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful discrimination. On 27 June 2019 the Supreme Court denied the government's request for an appeal in the case. It was noted by government in its 15 July 2019 statement that it expects to have to amend all public service schemes, including the LGPS. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS. The consultation closed on 8 October 2020. The final remedy will only be known once a final set of remedial Regulations are published.

Further details of this can be found below in the Regulatory risks section.

The government has published a consultation *Amendments to the statutory underpin* on the proposed remedy to extend the transitional underpin protections to wider range of members. The consultation runs until 8 October 2020 with new legislation to be finalised thereafter.

As part of the Fund's 2019 valuation, in order to mitigate the risk of member benefits being uplifted and becoming more expensive, the potential impact of McCloud was covered by the prudence allowance in the discount rate assumption. As the remedy is still to be agreed the cost cannot be calculated with certainty, however, the Fund Actuary expects it is likely to be less than the impact of reducing the discount rate assumption by 0.1% and so has implicitly allowed for these costs within the valuation by increasing the prudence allowance by 0.1% p.a. within the discount rate.

Guaranteed Minimum Pension (GMP) indexation and equalisation

As part of the restructuring of the state pension provision, the government needs to consider how public service pension payments should be increased in future for members who accrued a Guaranteed Minimum Pension (GMP) from their public service pension scheme and expect to reach State Pension Age (SPA) post-December 2018. In addition, a resulting potential inequality in the payment of public service pensions between men and women needs to be addressed. Information on the current method of indexation and equalisation of public service pension schemes can be found here.

On 22 January 2018, the government published the outcome to its *Indexation and equalisation of GMP in public service pension schemes* consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching SPA before 6 April 2021. HMT published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016. Details of this outcome and the Ministerial Direction can be found here.

On 7 October 2020, the government published its Public Service Pensions: Guaranteed Minimum Pension Indexation consultation. The consultation was published to seek views on a proposal to extend the current interim solution for dealing with GMP indexation in public service pension schemes beyond 5 April 2021. The consultation closed on 30 December 2020 and the outcome reached by the Government is to make full GMP indexation the permanent solution for public service pension schemes. This approach will mean that public service pension schemes will be directed to provide full indexation to those public servants with a GMP reaching State Pension age beyond 5 April 2021.

The 2019 valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the government providing the remainder of the inflationary increase. For members that reach SPA after this date, it is assumed that the Fund will be required to pay the entire inflationary increase and so our assumption is in line with the Government's approach.

Deficit recovery/surplus amortisation periods

Whilst one of the funding objectives is to build up sufficient assets to meet the cost of benefits as they accrue, it is recognised that at any particular point in time, the value of the accumulated assets will be different to the value of accrued liabilities, depending on how the actual experience of the Fund differs to the actuarial assumptions. This theory applies down to an individual employer level; each employer in the Fund has their own share of deficit or surplus attributable to their section of the Fund.

Where the valuation for an employer discloses a deficit then the level of required employer contributions includes an adjustment to fund the deficit over a maximum period of 17 years. The adjustment may be set either as a percentage of payroll or as a fixed monetary amount.

The deficit recovery period or amortisation period that is adopted for any particular employer will depend on:

- The significance of the surplus or deficit relative to that employer's liabilities;
- The covenant of the individual employer (including any security in place) and any limited period of participation in the Fund;
- The remaining contract length of an employer in the Fund (if applicable); and
- The implications in terms of stability of future levels of employers' contribution.

Pooling of individual employers

The policy of the Fund is that each individual employer should be responsible for the costs of providing pensions for its own employees who participate in the Fund. Accordingly, contribution rates are set for individual employers to reflect their own particular circumstances.

However, certain groups of individual employers are pooled for the purposes of determining contribution rates to recognise common characteristics or where the number of Scheme members is small.

The funding pools adopted for the Fund at the 2019 valuation are summarised in the table below:

Pool	Type of pooling	Notes
Academies	Past and future service pooling	All academies in the pool pay the same total contribution rate
Greenwich Leisure	Past and future service pooling	All employers in the pool pay the same total rate
Council	Past and future service pooling	All employers in the pool pay the same total rate

The main purpose of pooling is to produce more stable employer contribution levels, although recognising that ultimately there will be some level of cross-subsidy of pension cost amongst pooled employers.

Forming/disbanding a funding pool

Where the Fund identifies a group of employers with similar characteristics and potential merits for pooling, it is possible to form a pool for these employers. Advice should be sought from the Fund Actuary to consider the appropriateness and practicalities of forming the funding pool.

Conversely, the Fund may consider it no longer appropriate to pool a group of employers. This could be due to divergence of previously similar characteristics or an employer becoming a dominant party in the pool (such that the results of the pool are largely driven by that dominant employer). Where this scenario arises, advice should be sought from the Fund Actuary.

Funding pools should be monitored on a regular basis, at least at each actuarial valuation, in order to ensure the pooling arrangement remains appropriate. The Fund has decided to break up the Admission Bodies pool as these employers become more diverse and instead pool a number of these employers with the Council and form a Greenwich Leisure pool as part of the 2019 valuation exercise.

Risk-sharing

There may be employers participating in the Fund with pass-through provisions: under this arrangement the pass-through employer does not take on the risk of underfunding as this risk remains with the letting authority or relevant guaranteeing employer. In general, when the pass-through employer ceases participation in the Fund, it is not responsible for making any exit payment, nor receiving any exit credit, as any deficit or surplus ultimately falls to the letting authority or relevant guaranteeing employer. Further detail can be found in the Exit credit policy section.

New employers joining the Fund

When a new employer joins the Fund, the Fund Actuary is required to set the contribution rates payable by the new employer and allocate a share of Fund assets to the new employer as appropriate. The most common types of new employers joining the Fund are admission bodies and new academies. These are considered in more detail below.

Admission bodies

New admission bodies in the Fund are commonly a result of a transfer of staff from an existing employer in the Fund to another body (for example as part of a transfer of services from a council or academy to an external provider under Schedule 2 Part 3 of the Regulations). Typically these transfers will be for a limited period (the contract length), over which the new admission body employer is required to pay contributions into the Fund in respect of the transferred members.

Funding at start of contract

Generally, when a new admission body joins the Fund, they will become responsible for all the pensions risk associated with the benefits accrued by transferring members and the benefits to be accrued over the contract length. This is known as a full risk transfer. In these cases, it may be appropriate that the new admission body is allocated a share of Fund assets equal to the value of the benefits transferred, i.e. the new admission body starts off on a fully funded basis. This is calculated on the relevant funding basis and the opening position may be different when calculated on an alternative basis (e.g. on an accounting basis).

However, there may be special arrangements made as part of the contract such that a full risk transfer approach is not adopted. In these cases, the initial assets allocated to the new admission body will reflect the level of risk transferred and may therefore not be on a fully funded basis or may not reflect the full value of the benefits attributable to the transferring members.

Contribution rate

The contribution rate may be set on an open or a closed basis. Where the funding at the start of the contract is on a fully funded basis then the contribution rate will represent the primary rate only; where there is a deficit allocated to the new admission body then the contribution rate will also incorporate a secondary rate with the aim of recovering the deficit over an appropriate recovery period.

Depending on the details of the arrangement, for example if any risk sharing arrangements are in place, then additional adjustments may be made to determine the contribution rate payable by the new admission body. The approach in these cases will be bespoke to the individual arrangement.

Security

To mitigate the risk to the Fund that a new admission body will not be able to meet its obligations to the Fund in the future, the new admission body may be required to have a guarantor or put in place a bond in accordance with Schedule 2 Part 3 of the Regulations, if required by the letting authority and administering authority. If this form of security is not available for a new admission body the Administering Authority have discretion to allow, an alternative form of security if and only if this is satisfactory to the administering authority.

New academies

When a school converts to academy status, the new academy (or the sponsoring multi-academy trust) becomes a Scheme employer in its own right.

Funding at start

On conversion to academy status, the new academy will be allocated assets based on the active cover of the relevant local authority at the conversion date. The active cover approach is based on the funding level of the local authority's active liabilities, after fully funding the local authority's deferred and pensioner liabilities. This determines any deficit attributable to the transferring members.

Note that if the new academy is more than fully funded at conversion date, based on the active cover approach, the academy will join the Academies pool fully funded but will not transfer any surplus to the pool.

On conversion to academy status, the new academy will join the Academies pool and will be allocated assets based on the funding level of the pool at the conversion date, allowing for any transferred deficit.

Contribution rate

The contribution rate payable when a new academy joins the Fund will be in line with the contribution rate certified for the Academies funding pool at the 2019 valuation.

Contribution reviews between actuarial valuations

It is anticipated for most Scheme employers that the contribution rates certified at the formal actuarial valuation will remain payable for the period of the rates and adjustments certificate. However, there may be circumstances where a review of the contribution rates payable by an employer (or a group of employers) under Regulation 64A is deemed appropriate by the administering authority.

A contribution review may be requested by an employer or be required by the administering authority. The review may only take place if one of the following conditions are met:

(i) it appears likely to the administering authority that the amount of the liabilities arising or likely to arise has changed significantly since the last valuation;

(ii) it appears likely to the administering authority that there has been a significant change in the ability of the Scheme employer or employers to meet the obligations of employers in the Scheme; or

(iii) a Scheme employer or employers have requested a review of Scheme employer contributions and have undertaken to meet the costs of that review. A request under this condition can only be made if there has been a significant change in the liabilities arising or likely to arise and/or there has been a significant change in the ability of the Scheme employer to meet its obligations to the Fund.

Guidance on the administering authority's approach considering the appropriateness of a review and the process in which a review will be conducted is set out the Fund's separate Contribution review policy which can be accessed here. This includes details of the process that should be followed where an employer would like to request a review.

Once a review of contribution rates has been agreed, unless the impact of amending the contribution rates is deemed immaterial by the Fund Actuary, then the results of the review will be applied with effect from the agreed review date, regardless of the direction of change in the contribution rates.

Note that where a Scheme employer seems likely to exit the Fund before the next actuarial valuation then the administering authority can exercise its powers under Regulation 64(4) to carry out a review of contributions with a view to providing that assets attributable to the Scheme employer are equivalent to the exit payment that will be due from the Scheme employer. These cases do not fall under the separate contribution review policy.

With the exception of any cases falling under Regulation 64(4), the administering authority will not accept a request for a review of contributions where the effective date is within 12 months of the next rates and adjustments certificate.

Cessation valuations

When a Scheme employer exits the Fund and becomes an exiting employer, as required under the Regulations the Fund Actuary will be asked to carry out an actuarial valuation in order to determine the liabilities in respect of the benefits held by the exiting employer's current and former employees. The Fund Actuary is also required to determine the exit payment due from the exiting employer to the Fund or the exit credit payable from the Fund to the exiting employer.

Any deficit in the Fund in respect of the exiting employer will be due to the Fund as a single lump sum payment, unless it is agreed by the administering authority and the other parties involved that an alternative approach is permissible. For example:

- It may be agreed with the administering authority that the exit payment can be spread over some agreed period;
- the assets and liabilities relating to the employer may transfer within the Fund to another participating employer; or
- the employer's exit may be deferred subject to agreement with the administering authority, for example if it intends to offer Scheme membership to a new employee within the following three years.

Further details are given below.

Managing exit payments

Where a cessation valuation reveals a deficit and an exit payment is due, the expectation is that the employer settles this debt immediately through a single cash payment. However, should it not be possible for the employer to settle this amount, providing the employer puts forward sufficient supporting evidence to the administering authority, the administering authority may agree a deferred debt agreement (DDA) with the employer under Regulation 64(7A) or a debt spreading agreement (DSA) under Regulation 64B.

Under a DDA, the exiting employer becomes a deferred employer in the Fund (i.e. they remain as a Scheme employer but with no active members) and remains responsible for paying the secondary rate of contributions to fund their deficit. The secondary rate of contributions will be reviewed at each actuarial valuation until the termination of the agreement.

Under a DSA, the cessation debt is crystallised and spread over a period deemed reasonable by the administering authority having regard to the views of the Fund Actuary.

Whilst a DSA involves crystallising the cessation debt and the employer's only obligation is to settle this set amount, in a DDA the employer remains in the Fund as a Scheme employer and is exposed to the same risks (unless agreed otherwise with the administering authority) as active employers in the Fund (e.g. investment, interest rate, inflation, longevity and regulatory risks) meaning that the deficit will change over time.

Guidance on the administering authority's policy for entering into, monitoring and terminating a DDA or DSA is set out in the Fund's separate DSA and DDA policies document here. This includes details of when a DDA or a DSA may be permitted and the information required from the employer when putting forward a request for a DDA or DSA.

In assessing the value of the liabilities attributable to the exiting employer, the Fund Actuary may adopt differing approaches depending on the employer and the specific details surrounding the employer's cessation scenario.

For example, if there is no guarantor in the Fund willing to accept responsibility for the residual liabilities of the exiting employer, then those liabilities are likely to be assessed on a "minimum risk" basis leading to a higher exit payment being required from (or lower exit credit being paid to) the employer, in order to extinguish their liabilities to the Fund and to reduce the risk of these liabilities needing to be met by other participating employers in future.

If it is agreed that another employer in the Fund will accept responsibility for the residual liabilities, then the assumptions adopted will be consistent with the current ongoing funding position, but additional prudence may be included in order to take into account potential uncertainties and risk e.g. due to adverse market changes, additional liabilities arising from regulatory or legislative change and political/economic uncertainties. The additional level of prudence will be set by considering the distribution of funding levels under a large number of economic scenarios, with the aim being to gain a reasonable level of confidence that the Fund will be able to meet its benefits obligations to the relevant members in future.

Exit credit policy

Any surplus in the Fund in respect of the exiting employer may be treated differently to a payment of an exit credit, subject to the agreement between the relevant parties and any legal documentation.

Under advice from MHCLG, administering authorities should set out their exit credit policy in their Funding Strategy Statement. Having regard to any relevant considerations, the administering authority will take the following approach to the payment of exit credits:

- Any employer who cannot demonstrate that they have been exposed to underfunding risk during their participation in the Fund will not be entitled to an exit credit payment. This will include the majority of, but not necessarily all, "pass-through" arrangements. This is on the basis that these employers would not have not been asked to pay an exit payment had a deficit existed at the time of exit.

- The administering authority does not need to enquire into the precise risk sharing arrangement adopted by an employer but it must be satisfied that the risk sharing arrangement has been in place before it will pay out an exit credit. The level of risk that an employer has borne will be taken into account when determining the amount of any exit credit. It is the responsibility of the exiting employer to set out why the arrangements make payment of an exit credit appropriate.

- Any exit credit payable will be subject to a maximum of the actual employer contributions paid into the Fund as certified in the Rates and Adjustments certificate only which will therefore exclude early retirement costs.

- As detailed above, the Fund Actuary may adopt differing approaches depending on the specific details surrounding the employer's cessation scenario. The default approach to calculating the cessation position will be on a minimum-risk basis unless it can be shown that there is another employer in the Fund who will take on financial responsibility for the liabilities in the future. If the administering authority is satisfied that there is another employer willing to take on responsibility for the liabilities (or that there is some other form of guarantee in place) then the cessation position may be calculated on the ongoing funding basis.

- The administering authority will pay out any exit credits within six months of the cessation date where possible. A longer time may be agreed between the administering authority and the exiting employer where necessary. For example if the employer does not provide all the relevant information to the administering authority within one month of the cessation date the administering authority will not be able to guarantee payment within six months of the cessation date.

- Under the Regulations, the administering authority has the discretion to take into account any other relevant factors in the calculation of any exit credit payable and they will seek legal advice where appropriate.

Further details of this can be found in the Regulatory risks section below.

Bulk transfers

Bulk transfers of staff into or out of the Fund can take place from other LGPS Funds or non-LGPS Funds. In either case, the Fund Actuary for both Funds will be required to negotiate the terms for the bulk transfer – specifically the terms by which the value of assets to be paid from one Fund to the other is calculated.

The agreement will be specific to the situation surrounding each bulk transfer but in general the Fund will look to receive the bulk transfer on no less than a fully funded transfer (i.e. the assets paid from the ceding Fund are sufficient to cover the value of the liabilities on the agreed basis). Similarly, the Fund will not pay bulk transfers more than the asset share of the transferring employer in the Fund nor the value of the past service liabilities of the transferring members, based on the latest funding valuation, updated for market conditions at the transfer date. A bulk transfer may be required by an issued Direction Order. This is generally in relation to an employer merger, where all the assets and liabilities attributable to the transferring employer in its original Fund are transferred to the receiving Fund.

Links with the Investment Strategy Statement (ISS)

The main link between the Funding Strategy Statement (FSS) and the ISS relates to the discount rate that underlies the funding strategy as set out in the FSS, and the expected rate of investment return which is expected to be achieved by the long-term investment strategy as set out in the ISS.

As explained above, the ongoing discount rate that is adopted in the actuarial valuation is derived by considering the expected return from the long-term investment strategy. This ensures consistency between the funding strategy and investment strategy.

Risks and counter measures

Whilst the funding strategy attempts to satisfy the funding objectives of ensuring sufficient assets to meet pension liabilities and stable levels of employer contributions, it is recognised that there are risks that may impact on the funding strategy and hence the ability of the strategy to meet the funding objectives.

The major risks to the funding strategy are financial, although there are other external factors including demographic risks, regulatory risks and governance risks.

Financial risks

The main financial risk is that the actual investment strategy fails to produce the expected rate of investment return (in real terms) that underlies the funding strategy. This could be due to a number of factors, including market returns being less than expected and/or the fund managers who are employed to implement the chosen investment strategy failing to achieve their performance targets.

The valuation results are most sensitive to the real discount rate (i.e. the difference between the discount rate assumption and the price inflation assumption). Broadly speaking an increase/decrease of 0.5% p.a. in the real discount rate will decrease/increase the valuation of the liabilities by 10%, and decrease/increase the required employer contribution by around 2.5% of payroll p.a.

However, the Investment and Pension Fund Committee regularly monitors the investment returns achieved by the fund managers and receives advice from the independent advisers and officers on investment strategy.

The Committee may also seek advice from the Fund Actuary on valuation related matters.

In addition, the Fund Actuary provides funding updates between valuations to check whether the funding strategy continues to meet the funding objectives.

Demographic risks

Allowance is made in the funding strategy via the actuarial assumptions for a continuing improvement in life expectancy. However, the main demographic risk to the funding strategy is that it might underestimate the continuing improvement in longevity. For example, an increase of one year to life expectancy of all members in the Fund will increase the liabilities by approximately 3%.

The actual mortality of pensioners in the Fund is monitored by the Fund Actuary at each actuarial valuation and assumptions are kept under review. The Fund has commissioned a bespoke longevity analysis by Barnett Waddingham's specialist longevity team in order to assess the mortality experience of the Fund and help set an appropriate mortality assumption for funding purposes.

The liabilities of the Fund can also increase by more than has been planned as a result of the additional financial costs of early retirements and ill-health retirements. However, the administering authority monitors the incidence of early retirements and procedures are in place that require individual employers to pay additional amounts into the Fund to meet any additional costs arising from early retirements.

The fund may consider, in cases of strong employers covenant for employers participating in the Council pool to not pay additional amounts to cover any strain costs arising from early retirements at the retirement date but instead allow for the additional liability at the next formal valuation and pay additional contributions to meet these strains as part of their secondary rate contributions. The Fund is comfortable with this approach due the strong covenant of the Council.

There is an ill-health allowance made within the calculation of the contribution rate paid by employers participating in the Fund. Where the ill-health experience is worse than assumed the employer will, all else being equal, need to pay higher contributions following the next formal valuation.

Maturity risk

The maturity of a Fund (or of an employer in the Fund) is an assessment of how close on average the members are to retirement (or already retired). The more mature the Fund or employer, the greater proportion of its membership that is near or in retirement. For a mature Fund or employer, the time available to generate investment returns is shorter and therefore the level of maturity needs to be considered as part of setting funding and investment strategies.

The cashflow profile of the Fund needs to be considered alongside the level of maturity: as a Fund matures, the ratio of active to pensioner members falls, meaning the ratio of contributions being paid into the Fund to the benefits being paid out of the Fund also falls. This therefore increases the risk of the Fund having to sell assets in order to meets its benefit payments.

The Fund is actively managing this risk and has carried out cash flow modelling and the analysis and results have been set out in a report to be considered by the Pension Committee. The government has published a consultation (*Local government pension scheme: changes to the local valuation cycle and management of employer risk*) which may affect the Fund's exposure to maturity risk. More information on this can be found in the Regulatory risks section below.

Regulatory risks

The benefits provided by the Scheme and employee contribution levels are set out in Regulations determined by central government. The tax status of the invested assets is also determined by the government.

The funding strategy is therefore exposed to the risks of changes in the Regulations governing the Scheme and changes to the tax regime which may affect the cost to individual employers participating in the Scheme.

However, the administering authority participates in any consultation process of any proposed changes in Regulations and seeks advice from the Fund Actuary on the financial implications of any proposed changes.

There are a number of general risks to the Fund and the LGPS, including:

- If the LGPS was to be discontinued in its current form it is not known what would happen to members' benefits.
- The potential effects of GMP equalisation between males and females, if implemented, are not yet known.
- More generally, as a statutory scheme the benefits provided by the LGPS or the structure of the scheme could be changed by the government.
- The State Pension Age is due to be reviewed by the government in the next few years.

At the time of preparing this FSS, specific regulatory risks of particular interest to the LGPS are in relation to the McCloud/Sargeant judgements, the cost cap mechanism and the timing of future funding valuations consultation. These are discussed in the sections below.

McCloud/Sargeant judgements and cost cap

The 2016 national Scheme valuation was used to determine the results of HM Treasury's (HMT) employer cost cap mechanism for the first time. The HMT cost cap mechanism was brought in after Lord Hutton's review of public service pensions with the aim of providing protection to taxpayers and employees against unexpected changes (expected to be increases) in pension costs. The cost control mechanism only considers "member costs". These are the costs relating to changes in assumptions made to carry out valuations relating to the profile of the Scheme members; e.g. costs relating to how long members are expected to live for and draw their pension. Therefore, assumptions such as future expected levels of investment returns and levels of inflation are not included in the calculation, so have no impact on the cost management outcome.

The 2016 HMT cost cap valuation revealed a fall in these costs and therefore a requirement to enhance Scheme benefits from 1 April 2019. However, as a funded Scheme, the LGPS also had a cost cap mechanism controlled by the Scheme Advisory Board (SAB) in place and HMT allowed SAB to put together a package of proposed benefit changes in order for the LGPS to no longer breach the HMT cost cap. These benefit changes were due to be consulted on with all stakeholders and implemented from 1 April 2019.

However, on 20 December 2018 there was a judgement made by the Court of Appeal which resulted in the government announcing their decision to pause the cost cap process across all public service schemes. This was in relation to two employment tribunal cases which were brought against the government in relation to possible discrimination in the implementation of transitional protection following the introduction of the reformed 2015 public service pension schemes from 1 April 2015. Transitional protection enabled some members to remain in their pre-2015 schemes after 1 April 2015 until retirement or the end of a pre-determined tapered protection period. The claimants challenged the transitional protection arrangements on the grounds of direct age discrimination, equal pay and indirect gender and race discrimination.

The first case (McCloud) relating to the Judicial Pension Scheme was ruled in favour of the claimants, while the second case (Sargeant) in relation to the Fire scheme was ruled against the claimants. Both rulings were appealed and as the two cases were closely linked, the Court of Appeal decided to combine the two cases. In December 2018, the Court of Appeal ruled that the transitional protection offered to some members as part of the reforms amounts to unlawful discrimination. On 27 June 2019 the Supreme Court denied the government's request for an appeal in the case.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits and at the same time announced the unpausing of the 2016 cost cap process which will take into account the remedy for the McCloud and Sargeant judgement. The consultation closed on 8 October 2020 and the final remedy will only be known after a final set of remedial Regulations are published. At the time of drafting this FSS, it is not yet known what the effect on the current and future LGPS benefits will be.

Alongside the publication of the consultation the government also announced the recommencement of the 2016 cost cap process, which will take into account the proposed remedy to extend transitional protections.

Consultation: Local government pension scheme: changes to the local valuation cycle and management of employer risk

On 8 May 2019, the government published a consultation seeking views on policy proposals to amend the rules of the LGPS in England and Wales. The consultation covered:

- amendments to the local fund valuations from the current three year (triennial) to a four year (quadrennial) cycle;
- a number of measures aimed at mitigating the risks of moving from a triennial to a quadrennial cycle;

- proposals for flexibility on exit payments;
- proposals for further policy changes to exit credits; and
- proposals for changes to the employers required to offer LGPS membership.

The consultation is currently ongoing: the consultation was closed to responses on 31 July 2019 and a full outcome is now awaited. So far, two partial responses to the consultation have been issued:

- On 27 February 2020, a partial response was issued relating to policy changes to exit credits
- On 26 August 2020, a partial response was issued relating to review of employer contributions and flexibility on exit payments

This FSS has been updated in light of these responses and will be revisited again once the outcomes are known for the remaining items.

Detail of the outstanding policy proposals are outlined below.

Timing of future actuarial valuations

LGPS valuations currently take place on a triennial basis which results in employer contributions being reviewed every three years. In September 2018 it was announced by the Chief Secretary to HMT, Elizabeth Truss, that the national Scheme valuation would take place on a quadrennial basis (i.e. every four years) along with the other public sector pension schemes. The results of the national Scheme valuation are used to test the cost control cap mechanism and HMT believed that all public sector scheme should have the cost cap test happen at the same time with the next quadrennial valuation in 2020 and then 2024.

Changes to employers required to offer LGPS membership

At the time of drafting this FSS, under the current Regulations further education corporations, sixth form college corporations and higher education corporations in England and Wales are required to offer membership of the LGPS to their non-teaching staff.

With consideration of the nature of the LGPS and the changes in nature of the further education and higher education sectors, the government has proposed to remove the requirement for further education corporations, sixth form college corporations and higher education corporations in England to offer new employees access to the LGPS. This could impact on the level of maturity of the Fund and the cashflow profile. For example, increased risk of contribution income being insufficient to meet benefit outgo, if not in the short term then in the long term as the payroll in respect of these types of employers decreases with fewer and fewer active members participating in the Fund.

This also brings an increased risk to the Fund in relation to these employers becoming exiting employers in the Fund. Should they decide not to admit new members to the Fund, the active membership attributable to the employers will gradually reduce to zero, triggering an exit under the Regulations and a potential significant exit payment. This has the associated risk of the employer not being able to meet the exit payment and thus the exit payment falling to the other employers in the Fund.

Employer risks

Many different employers participate in the Fund. Accordingly, it is recognised that a number of employer-specific events could impact on the funding strategy including:

- Structural changes in an individual employer's membership;
- An individual employer deciding to close the Scheme to new employees; and
- An employer ceasing to exist without having fully funded their pension liabilities.

However, the administering authority monitors the position of employers participating in the Fund, particularly those which may be susceptible to the events outlined, and takes advice from the Fund Actuary when required.

In addition, the administering authority keeps in close touch with all individual employers participating in the Fund to ensure that, as administering authority, it has the most up to date information available on individual employer situations. It also keeps individual employers briefed on funding and related issues.

Governance risks

Accurate data is necessary to ensure that members ultimately receive their correct benefits. The administering authority is responsible for keeping data up to date and results of the actuarial valuation depend on accurate data. If incorrect data is valued then there is a risk that the contributions paid are not adequate to cover the cost of the benefits accrued.

In addition, if data provided by the employer is incomplete or inaccurate then the fund actuary will need to estimate the data for the purposes of the valuation. These estimates will err on the side of caution and therefore if employers provide incomplete/inaccurate data they may pay higher contributions than otherwise.

It is therefore imperative that employers provide complete and accurate data in a timely manner, as requested by the Administering Authority.

Monitoring and review

This FSS is reviewed formally, in consultation with the key parties, at least every three years to tie in with the triennial actuarial valuation process.

The most recent valuation was carried out as at 31 March 2019, certifying the contribution rates payable by each employer in the Fund for the period from 1 April 2020 to 31 March 2023.

The timing of the next funding valuation is due to be confirmed as part of the government's *Local government pension scheme: changes to the local valuation cycle and management of employer risk* consultation which closed on 31 July 2019. At the time of drafting this FSS, it is anticipated that the next funding valuation will be due as at 31 March 2022 but the period for which contributions will be certified remains unconfirmed.

The administering authority also monitors the financial position of the Fund between actuarial valuations and may review the FSS more frequently if necessary.

Royal Borough of Greenwich Pension Fund Communications Policy

The following statement covers the policy of the Royal Borough of Greenwich in its role as the administering authority for the Royal Borough of Greenwich Pension Fund as required under Regulation 61 of the Local Government Pension Scheme Regulations 2013.

Purpose of a communications policy statement

The Regulations on scheme communications require an administering authority to prepare, maintain and publish a policy statement taking account of relevant stakeholders. These include:

- Scheme Members
  - Active members
  - Deferred members
  - Pensioners / Dependants
- Prospective Members
- Scheme Employers
- Prospective Employers
- Trade Union and other scheme member representatives

The Policy must take into account:

- The format of communication
- The frequency of communication
- The method of distribution
- The promotion of the scheme to prospective members and their employers

This statement must be revised and published following a material change in policy on any of the matters referred to above.

When deciding how to communicate we take into consideration our audience and the cost to the Fund. We aim to use the most appropriate means of communication for the audiences receiving the information.

A range of scheme literature, fund documents and policies are available on our website http://www.royalgreenwich.gov.uk/pensions . These are also supplied to employing bodies and Scheme members directly when appropriate.

Information on the pension board can also be found on our website.

We provide a generic email address, pensions@royalgreenwich.gov.uk. This enables members to email their queries which are picked up and passed to the relevant member of staff. Alternatively, the Pension team can be contacted by telephone, in writing or in person.

Due to changes in the ways of working following the COVID pandemic there has been a push to move to mainly email communication.

We have also launched our new look member self-service at https://mypension.royalgreenwich.gov.uk which allows members to access their whole record, review their annual benefit statements, undertake estimates of their pension benefits and make amendments to their personal details where allowed. Members can also contact the pension team via member self-service, upload and download various documents and forms. Links are also available to other useful pension sites for example the national members website, the pension regulator and the state pension scheme.

Data Protection

The Royal Borough of Greenwich has a duty to protect personal information and will process personal data in accordance with GDPR and the Data Protection Act 2018. The Fund may, if it chooses, from time to time share personal data with third parties, including our contractors, advisors, government bodies and dispute resolution and law enforcement agencies and insurers in order to comply with our obligations under law, and in connection with the provision of services that help us carry out our duties, rights and discretions in relation to the Fund. These organisations are listed in the full Privacy Notice.

This authority is under a duty to protect the public fund it administers, and to this end may use information for the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.

In some cases, recipients of your personal data may be outside the UK. If this occurs, we will make sure that appropriate safeguards are in place to protect your data in accordance with applicable laws.

Further information can be found in the Full Privacy Notice at the following link **www.royalgreenwich.gov.uk/pensionprivacynotice** .

Our future Plans

We recognise the importance of accurate, timely and appropriate communications and continually review how we communicate with our stakeholders. In the future we plan to:

- Promote the use of our website
- Continue promoting the use of member self-service which now permits on line pension forecasts and statements.
- Continue to review scheme literature

Contact details

Finance Directorate
Pensions Section
The Woolwich Centre
35 Wellington Street
Woolwich
London
SE18 6HQ

Telephone: 020 8921 4933

Email: pensions@royalgreenwich.gov.uk

Website: www.royalgreenwich.gov.uk/pensions

Royal Borough of Greenwich Pension Fund Communications Policy

Communications with Scheme Members

Active Members	**Format**				**Frequency**	**Distribution**
Communication Material	**Paper**	**Email**	**Web**	**In Person**		
New Starter Information	✓	✓			On joining and when enrolled under Automatic enrolment duties	Direct to home address
Changes to membership	✓	✓			When there is a material change to pension details	Direct to home address or email or via self service
Annual Benefit Statement	✓		✓		Annually	Direct to home address or via self service
Annual Allowance Statements and information	✓	✓	✓	✓	Annually to affected members or requested by member	Direct to home address/face to face meeting, if requested via email and made available on self service
AVC contribution statements	✓				Annually	Direct to home address
Ceasing scheme membership	✓	✓			When membership of the scheme ceases	Direct to home
Scheme guides	✓	✓	✓		On joining and where the member opts out.	Direct to home address, website
Changes to Scheme Regulations	✓		✓		As required but within regulatory guidelines	Direct to home address/website
Information and guides on the pension scheme		✓	✓		Updated as required	Via website available to all members
Presentations (such as pre-retirement)				✓	As required	As appropriate

Full administration service	✓	✓	✓	✓	Daily	As appropriate
Self Service facilities: Personal Details			✓		As required by member	Via Secure Website
Pension Fund Policies			✓			
Annual Report and Accounts			✓		Annually	
Pension Board Information			✓			
Deferred Members	**Format**				**Frequency**	**Distribution**
Communication Material	**Paper**	**Email**	**Web**	**In Person**		
Deferred Benefit Statement	✓		✓		Annually	Direct to home address or via self service
Retirement Option on reaching age 55 and Normal Pension age (NPA)	✓		✓		Automatically at NPA or as requested by member	Direct to home address or via self service
Changes to Scheme Regulations that have an affect	✓		✓		As required but within Regulatory guidelines	Direct to home address/website
Information and guides on the pension scheme			✓		Updated as required	Via website available to all members
Full administration service	✓	✓	✓	✓	Daily	As appropriate
Self Service facilities: Personal Details			✓		As required by member	Via Secure Website
Pension Fund Policies			✓			
Annual Report and Accounts			✓		Annually	
Pension Board Information			✓			

Pensioners & Dependants	**Format**				**Frequency**	**Distribution**
Communication Material	**Paper**	**Email**	**Web**	**In Person**		
Payslip	✓		✓		Upon commencement of pension. Then issued twice a year (April and May). Further payslips issued if there is a change of £5 or more in Gross Pay	Direct to home address or via self service
P60	✓		✓		Annually	Direct to home address or via self service
Notification of Pensions Increase	✓				Annually included with April payslip	Direct to home address
Changes to Scheme regulations that have an affect	✓		✓		As required but within Regulatory guidelines	Direct to home address/website
Information and guides on the pension scheme			✓		Updated as required	Via website available to all members
Full administration service	✓	✓	✓	✓	Daily	As appropriate
Self Service facilities: Personal Details and view payslips			✓		As required by member	Via Secure Website
Pension Fund Policies			✓			
Annual Report and Accounts			✓		Annually	
Pension Board Information			✓			

Prospective Members	**Format**				**Frequency**	**Distribution**
Communication Material	**Paper**	**Email**	**Web**	**In Person**		
Scheme Guide	✓	✓	✓		As requested	Direct to home address, website
Scheme Presentations				✓	As required	As appropriate
Information and guides on the pension scheme			✓		Updated as required	Via website available to all members
Full administration service	✓	✓	✓	✓	Daily	As appropriate
Pension Fund Policies			✓			
Annual Report and Accounts			✓		Annually	
Pension Board Information			✓			

Scheme Employers & Prospective Employers

Scheme Employers	Format				Frequency	Distribution
Communication Material	**Paper**	**Email**	**Web**	**In Person**		
Dedicated liaison officer - Visits, training and contact point for all employers	✓	✓	✓	✓	As required	Deputy Pension Operations Manager
Changes to the Scheme Regulations	✓		✓	✓	As required but within Regulatory guidelines	Direct to employer
Actuarial information		✓			Annually / Triennially/ as required by employers	Direct to employer
Training		✓		✓	As required	As appropriate
Presentations				✓	As required	As appropriate
Information, forms, statements and guides on the pension scheme		✓	✓		Issued and updated as required	Via website available to all employers
Full administration service	✓	✓	✓	✓	Daily	As appropriate
RBG Pension Fund Investment and Administration Panel			✓		Quarterly as a minimum	Via website available to all employers
Pension Fund Policies			✓			
Annual Report and Accounts			✓		Annually	
Pension Board Information			✓			

Prospective Employers	**Format**				**Frequency**	**Distribution**
Communication Material	**Paper**	**Email**	**Web**	**In Person**		
Dedicated liaison officer	✓	✓	✓	✓	As required	Head of the Pension Service
Information on Scheme Regulations	✓	✓	✓	✓	As required within Regulatory guidelines	Direct to employer
Actuarial information	✓	✓		✓	Before becoming a new employing authority	Direct to new employer
Training				✓	As required	As appropriate
Presentations				✓	As required	As appropriate
Information, forms, statements and guides on the pension scheme		✓	✓		Issued and updated as required	Via website available to all employers
Full administration service	✓	✓	✓	✓	Daily	As appropriate
Pension Fund Policies			✓			
Annual Report and Accounts			✓		Annually	
Pension Board Information			✓			

Trade Unions/Other Scheme Member Representatives

Trade Unions/Other Scheme Member Representatives	**Format**				**Frequency**	**Distribution**
Communication Material	**Paper**	**Email**	**Web**	**In Person**		
Training				✓	As required	As appropriate
Presentations				✓	As required	As appropriate
Information, guides on the pension scheme			✓		Updated as required	Via Website available to all members
RBG Pension Fund Investment and Administration Panel			✓		Panel Meetings, quarterly as a minimum	Employee Representative
Full administration service	✓	✓	✓	✓	Daily	As appropriate
Pension Fund Policies			✓			
Annual Report and Accounts			✓		Annually	
Pension Board Information			✓			

November 2020