ROYAL BOROUGH OF GREENWICH

PENSION FUND

Annual Report - 2022/23

ROYAL borough of GREENWICH

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Introduction

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Message on Behalf of the Pension Fund Investment and Administration Panel

On behalf of the Royal Borough of Greenwich Pension Fund, I am delighted to be able to present the Annual Report for financial year ending 31 March 2023. In presenting the Annual Report we hope you find it helpful in understanding the Fund.

This year has seen good news in the triennial actuarial valuation results that have been issued, as the Fund is now 103% funded, increasing from 97%. That means the Fund's assets can now cover its liabilities. Additionally, we've been able to maintain a stable average employer's contribution for over 15 years.

Reflecting on the past 12 months has seen considerable turbulence in the financial markets following the tragic events that unfolded with Russia's invasion of Ukraine in February 2022. This had a negative impact on the markets in the first quarter. Additionally, we saw market turbulence again in September 2022 which affected the UK bond markets and impacted on performance.

We also witnessed global markets endure a volatile period due to soaring inflation, unprecedented interest rate hikes by global central banks and a subsequent synchronised slowdown in global economic activity. Market volatility continued in March following the collapse of US-based Silicon Valley Bank, which led to fears over a broader contagion across the banking system.

Given the backdrop of global financial markets, the Fund performance was impacted, with the Pension Fund ending the financial year with a minus 3.1% return. This decreases the assets to £1.58bn from £1.63bn as of March 2022.

During the year, the Fund has made significant steps towards more responsible investment, specifically climate change risk. The more notable of these changes is the Pension Panel agreeing in February 2023 to move over more than £237m of assets to a low carbon passive equity mandate. This will contribute to a reduction in the carbon footprint and reduce holding in companies with fossil fuel reserves.

As we move towards 23/24, the Fund will continue to look for more opportunities to pool our assets with the London CIV to achieve the best savings. The Panel also plans to review the current strategy, in light of the improvement in funding level. The aim is to reshape the portfolio to meet the challenges going forward and more importantly on responsible investing.

Finally, I would like to take this opportunity to thank my colleagues, our advisers, employer organisations and our officers for their commitment and support over the last year. I would also like to note a thank you to our fund managers for providing up-to-date information during the market turbulence in September. Importantly, I would to also like thank our members in the fund for their continuing support of the Pension Scheme in this cost of living crisis.

Councillor Olu Babatola

Message on Behalf of the Pension Board

Greetings and welcome to the yearly message from the Local Pension Board. Our role is to aid the Administering Authority in upholding the LGPS regulations and meeting the demands of the Pensions Regulator, all while ensuring the Fund is managed with efficiency and effectiveness.

This has been my first year as Chair of the Pension Board and the focus has been on reviewing a number of 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 is still made up of two member representatives and two employer representatives, each with voting rights. Members of the Board also attend meetings of the Pension Fund Investment and Administration Panel as observers. This provides a useful link between the Board and Panel.

As we plan for the upcoming year, the Board will stay informed about any regulatory changes and will closely monitor the performance of the Fund, especially its administrative operations. The activities of the Pensions Regulator will also be taken into consideration.

The Board has continued the process of developing the knowledge and skills of Board members to enable them to undertake their duties with confidence.

Given the cost of living crisis, the Board will be reviewing how the Fund can better support and communicate to members who might consider exiting the scheme. This means making sure members have the full information on the long-term cost when making the decision to exit.

The Board will also continue to keep reviewing the Pension Investment and Administration Panel work-plan offering whatever assistance it can give to the administering Authority ensuring they fulfil statutory duties.

The other focus for the upcoming year is to review how our fund manager undertakes responsible investment, in particular around Environmental, Social and Governance issues.

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

I would like to thank the previous Pension Board Chair and my colleagues for their work on the Pension Board. I would also like to thank all staff involved in the administration and management of the Royal Borough of Greenwich Pension Fund.

Councillor Nick Williams
Chair, Pension Board

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 Pension Fund had a very busy year with the 2022 actuarial valuation and asset review undertaken. It was pleasing to see the Funding level improved to 103% from 97% at the previous valuation in 2019. This marks the fourth consecutive improvement in funding level, allowing the Fund to maintain an average contribution rate of 18.5% for over 15 years. This achievement aligns with the Fund's objective, which is to keep contribution rates as stable as possible while ensuring fund solvency.

The financial markets experienced a challenging period of volatility in 2022/23, with inflation and rate hikes causing turbulence. This was due to production constraints from the pandemic and an energy crisis brought about by the war in Ukraine. As a result, the Fund's performance was affected, as stated on page 15 of this report.

As we wait for more information on the government consultation on pooling, which will set the direction and timeline for pooling, the Fund continues to make good progress in transferring assets to its pooling operator the London Collective Investment Vehicle (London CIV), with assets transferred and, under oversight, now valued at £880m, which represents 57% of the Fund total investment. The Fund will continue to work with the London CIV to identify opportunities that meet the Royal Borough of Greenwich Pension Fund's revised investment strategy.

The Fund is making progress towards achieving its net-zero emissions ambition. In this year's report, we added a new section covering the Fund's activities in the areas of environmental, social, and governance (ESG). It's worth noting that we've seen a reduction in scope 1-2-3 emissions over the past 12 months, and the section also provides a scenario analysis of possible future funding levels under different climate action plans, which was produced by the Fund actuary as part of the triennial valuation report.

Our pension team, who are dedicated and hardworking, continue to manage the administration of the Fund. However, we have faced challenges in recruiting new staff due to national recruitment issues in the local government market. To future-proof the team, we have planned a restructuring exercise to address this issue. This will allow the team to position themselves to meet any upcoming challenges.

As we look towards 2023/24, there are a number of challenges the Fund will face.

The foremost challenge is the persistently high inflation rate, which will present new challenges for the Fund, but also opportunities for investment in inflationary-linked investments. There is also a cost-of-living crisis affecting households that may impact the Fund membership numbers, with some members opting to reduce their pension contributions or exit the scheme altogether. The Fund has already taken steps to address these challenges, and we will keep a close eye on the situation.

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

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 2023 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 Royal Borough of Greenwich 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 2023 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

We have not considered the effects of any events between 1 February 2024 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 Chief Financial 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 2022/23.

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
1 February 2024

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 2022 and showed that the Fund was 103% funded. Each underlying employer will have a different funding rate. Where there are deficits, these are spread and recovered over a maximum 20-year period from 01 April 2023. Deficits and surpluses are factored into the secondary/deficit recovery rate.

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

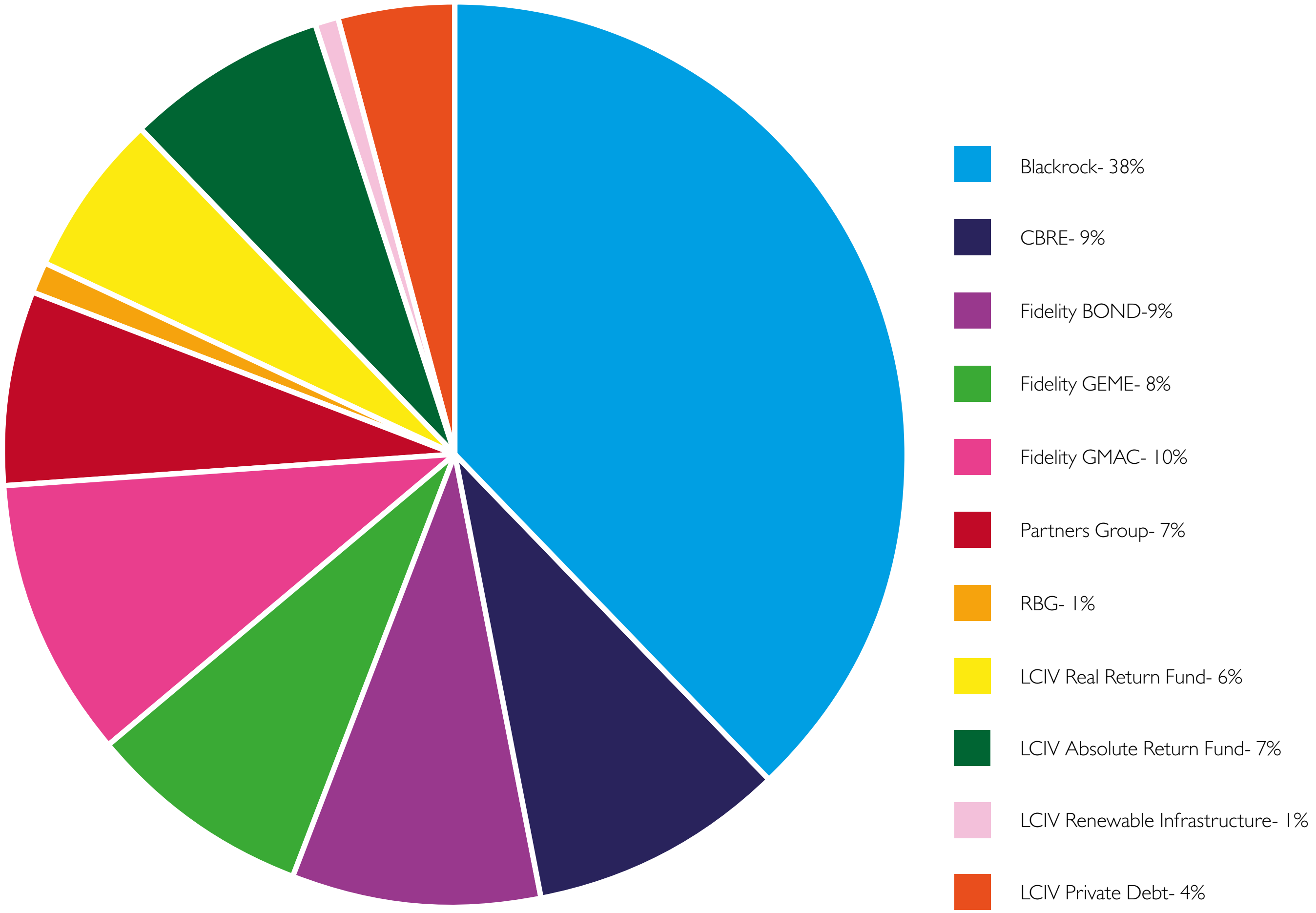
ROYAL BOROUGH OF GREENWICH
PENSION FUND

The Pension Fund at a glance

As at 31 March 2023, the Royal Borough of Greenwich Pension Fund comprised:

- 66 active employers
- Net assets valued at £1.58bn
- 26,562 members of which 8,808 were actively contributing into the Fund, 8,194 were drawing benefits from the fund and the remainder had rights to deferred benefits.

Breakdown of Scheme assets by manager as at 31 March 2023



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 Olu Babatola	Chair of the Pension Fund Investment and Administration Panel
Cllr Jo van den Broek	
Cllr Aidan Smith	
Cllr David Gardner	
Panel Observers	
Unite	
GMB	
Unison	
Board Member	
Cllr Nick Williams	Employer Representative and Chair of Pension Board
Cllr Issy Cooke	Employer Representative
Simon Steptoe	Member Representative
Alastair Kidd	Member Representative
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
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 is currently only one area 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 22/23 as part of internal audit testing of the Fund.

INTERNAL AUDIT TESTING			
Operational Risk Area	**CIPFA prescribed frequency**	**Testing conducted 22/23**	**Level of control assurance**
Benefit payments and lump sums	Annual testing	Yes	High
Employee contributions	Annual testing	Yes	High
Employer contributions	Annual testing	Yes	High
Membership records	Annual testing	Yes	High
Administration and Governance costs	Every 5 years	Yes	High
Investment management costs	Every 3 years	No*	

*Due 23/24

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
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.

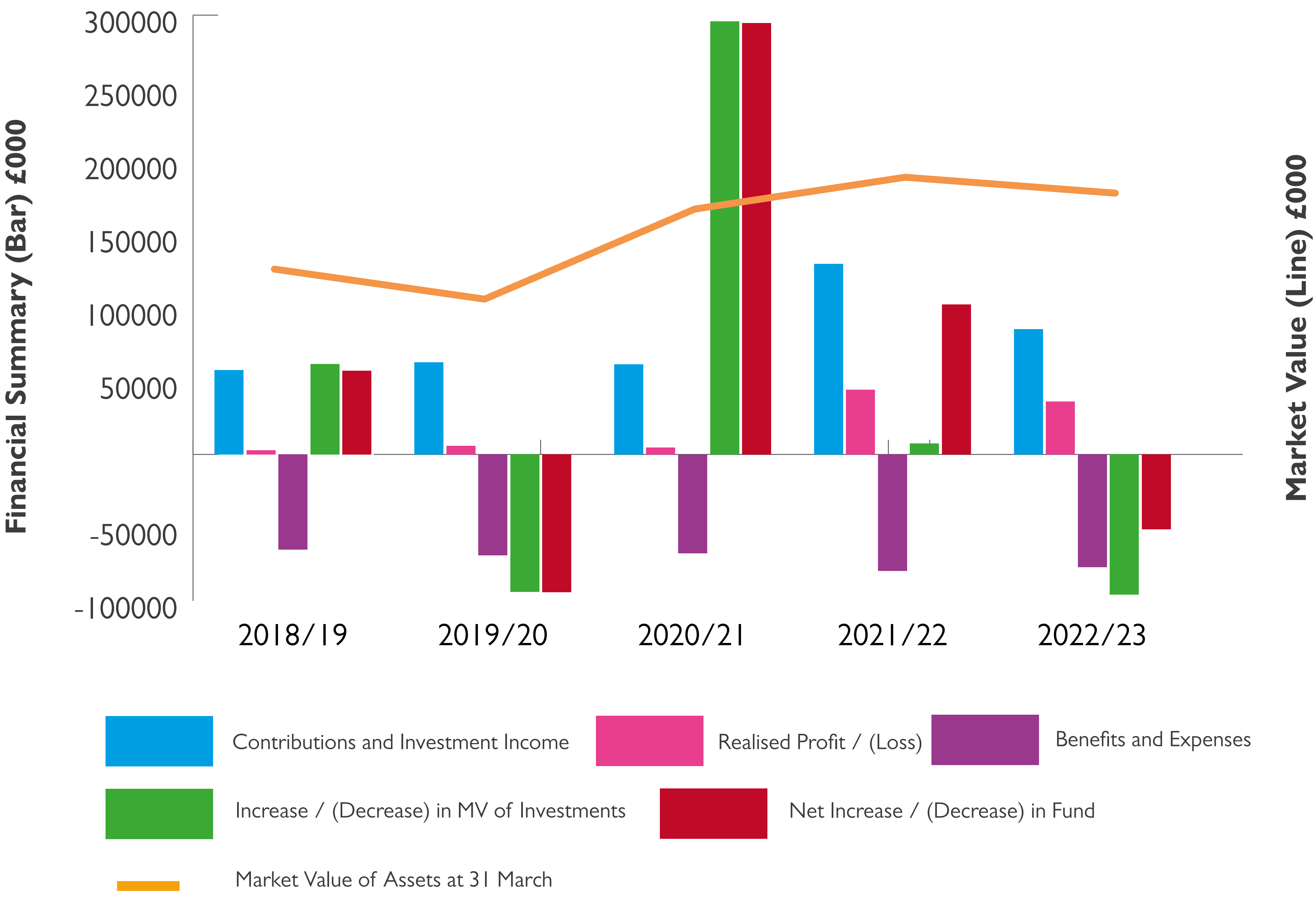
The Fund has been advised by the London CIV that they do not produce an internal control assurance report as all investment activity is outsourced.

FINANCIAL PERFORMANCE

Below is a five-year financial summary of the Fund. The Fund fell in value by £94.1m in 2019/20 mainly due to Covid-19. The Fund recovered well 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. During 22/23, the Fund fell in value by 3.12% due to market conditions. 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	18/19	19/20	20/21	21/22	22/23
	£000	£000	£000	£000	£000
Contributions and Investment Income	57,567	62,903	61,486	130,104	85,534
Realised Profit / (Loss)	2,888	5,939	4,673	44,165	36,092
Benefits and Expenses	(65,069)	(69,000)	(67,426)	(79,536)	(76,925)
Net Annual Surplus / (Deficit)	(4,614)	(158)	(1,267)	94,733	44,701
Increase / (Decrease) in MV of Investments	61,753	(93,900)	295,834	7,604	(95,751)
Net Increase / (Decrease) in Fund	57,139	(94,058)	294,567	102,337	(51,050)
Market Value of Assets at 31 March	**1,332,469**	**1,238,411**	**1,532,978**	**1,635,315**	**1,584,265**
Change in Greenwich Fund Market Value	4.50%	(7.10%)	23.79%	6.68%	(3.12%)
Change in FTSE 100	3.15%	(22.08%)	18.37%	11.95%	1.54%
MCSI WORLD GD	12.62%	(5.29%)	39.09%	15.90%	(0.48%)


300000
250000
200000
150000
100000
50000
-50000
-100000
Financial Summary (Bar) £000
Market Value (Line) £000
2018/19
2019/20
2020/21
2021/22
2022/23
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 2023/24 summarises a number of trends. Namely, increasing pension payments to members with regards to increases in inflation and new pensioners.

Income and Expenditure for 2022/23 was relatively in line with the forecast. However, Fund management costs were lower than expected due to decreased performance and therefore lower asset values. Transfers in were higher than expected.

Increases from 2021/22 actuals to 2022/23 actuals were expected due to inflation, decrease in Fund value and increased contributions as a result of salary increases.

Budgeted Fund Account- Fund Cashflow	2021/22	2022/23	2022/23	2023/24
	Actuals	Budgeted	Actuals	Budgeted
	£m	£m	£m	£m
Pension(or annuities): retired employees and dependents	(49)	(51)	(52)	(57)
Lump sums on retirement (including deferred)	(11)	(12)	(12)	(13)
Lump sums on death	(2)	(2)	(2)	(2)
Administration and fund management costs of the Fund	(8)	(9)	(6)	(8)
Payments to leavers including transfers out and refunds	(9)	(4)	(5)	(5)
Total expenditure	**(79)**	**(77)**	**(77)**	**(85)**
Contributions (including those from other employing authorities): employees	14	15	16	17
Contributions (including those from other employing authorities): employers	40	41	42	43
Investment income	65	22	21	40
Transfer values including apportionments	11	4	6	5
Total income	**130**	**82**	**85**	**105**
Net inflow/ (outflow)	**51**	**5**	**8**	**20**

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
772	21	2.72%

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

Classification	Administering	Admitted	Schedule	Total
	£000	£000	£000	£000
Employers	33,090	2,443	6,929	42,462
Employees	12,555	1,011	2,301	15,867
Total	**45,645**	**3,454**	**9,230**	**58,329**

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 2022/23.

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

Contribution level	
Pensionable Pay	**£228,010,357**
Employee Contributions	**£15,866,510**
Percentage	**6.96%**

Overpayments

In 2022/23, the Fund raised 30 invoices for overpayments of pension totalling £51,299.04 of which £12,330.71 was recovered. In 2022/23, the Fund wrote off 1 invoice totalling £183.14 for overpayment of pension, which was from the 2019/20 financial year. There were 20 invoices from previous years in relation to overpayments, which are outstanding – these total £9,494.49.

ADMINISTRATIVE MANAGEMENT PERFORMANCE

Investment management expenses fell in 2022/23, this was largely due to the costs associated with investment manager performance.

Administrative costs fell slightly in 2022/2023.

Administration and Investment Management Costs	2021/22 Actual £000	2022/23 Actual £000	2023/24 Forecast £000
Administration			
- Central costs	1,111	980	1,050
- Other	10	10	11
Total Administration	**1,121**	**990**	**1,061**
Total Oversight & Governance	**145**	**171**	**150**
Total Investment Management	**7,225**	**4,554**	**5,009**
Total Costs Charged to the Fund	**8,491**	**5,715**	**6,220**

The pension service comprises 6.4 members of staff covering both the employing and administration duties. This equates to 4,150 members of the Fund to each full time equivalent post compared to 2,615 in 2021/22.

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 3% over the last 5 years overall, with pensioners increasing by 17% and deferred members increasing by 4% over the same period.

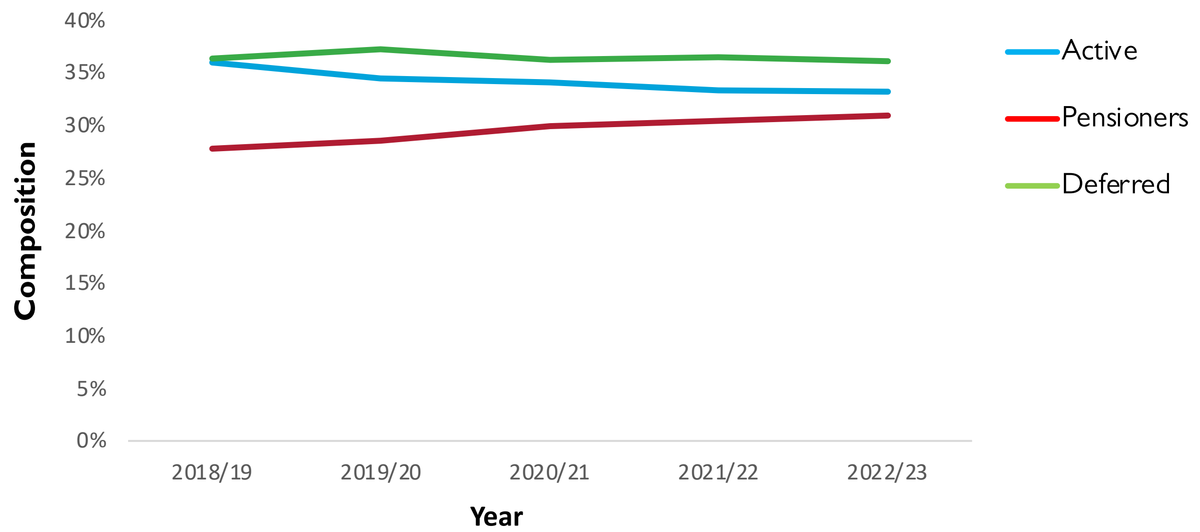
Membership	2018/19	2019/20	2020/21	2021/22	2022/23	Movement over 5 Yrs
Active	9,087	8,865	8,676	8,604	8,808	-3%
Pensioners	7,024	7,341	7,602	7,856	8,194	17%
Deferred	9,173	9,572	9,204	9,433	9,560	4%
Total	**25,284**	**25,778**	**25,482**	**25,893**	**26,562**	5%

Deferred figures include leavers who had not taken a decision on their retirement benefit options

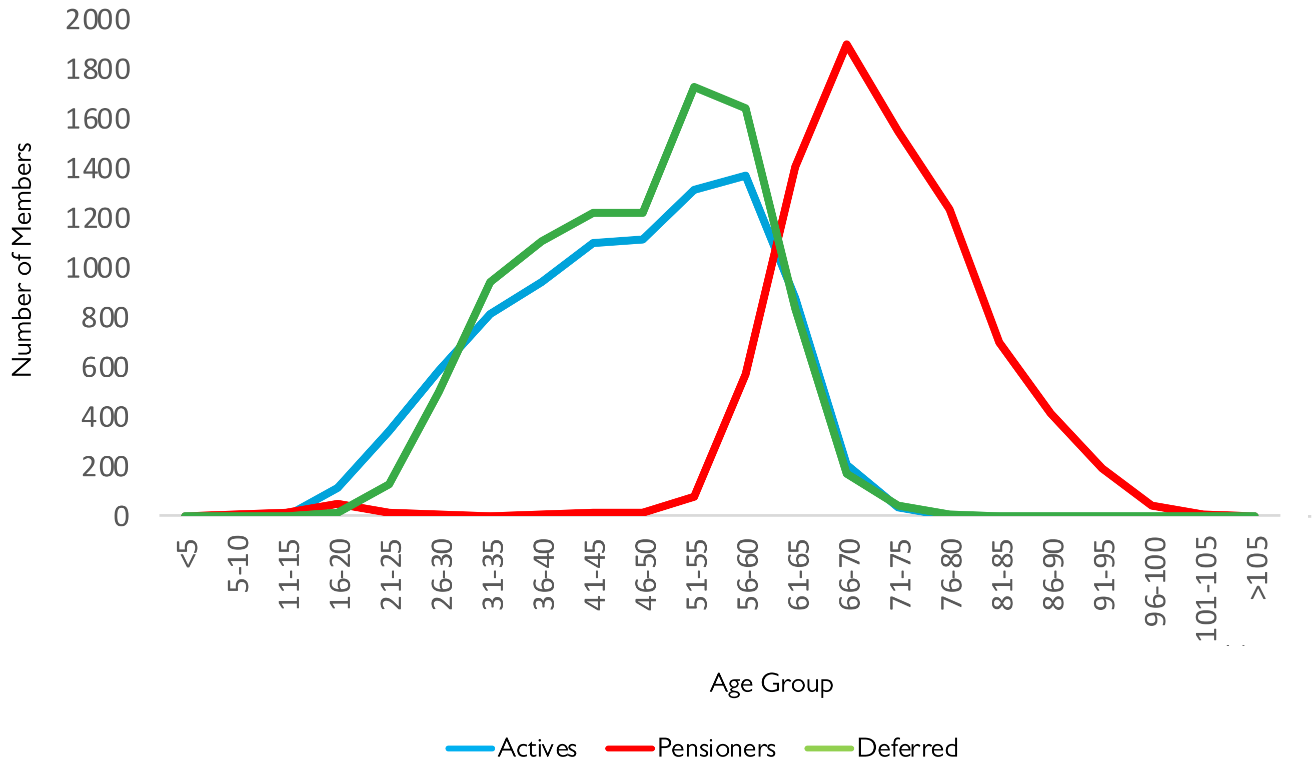
Change in Composition of Membership Numbers over 5 Years:

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 36% in 2018/19 to 33% in 2022/23. Deferred members remained the same as the previous year, at 36% whilst the proportion of pensioners increased from 30% in 2021/22 to 31% in 2022/23.

The average age of an active pension fund member is 46. The average for pensioner members is 70, with the oldest being 100. 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 (72%). For 2022/23, 67 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	**33,089,686**	**12,555,192**

Scheduled			Admitted		
	Contribution Values			Contribution Values	
	Employers	**Employees**		**Employers**	**Employees**
Charlton Park Academy	298,511	98,565	Avante	23,403	7,909
Compass	1,474,911	484,738	Birkin Cleaning services	3,783	1,125
Crown Woods - Stationers	292,621	100,843	Brayborne Facilities Services	15,668	4,658
Eltham (Harris) Academy	206,009	70,327	Bridge 86	120,755	264
Eltham Crematorium	43,760	16,156	CACT (2) Livewell	12,913	4,988
Endeavour Partnership Trust	532,408	113,069	Caterlink (LEA framework)	43,957	14,777
Greenwich Free School	100,174	35,334	Charlton Athletic Community Trust	27,039	10,709
Greewnich Service Plus	580,350	211,592	Chartwells (Charlton Park contract)	7,827	2,454
Halley Academy	228,852	76,310	Chartwells (Compass Contract)	24,825	7,639
Inspire	530,068	188,938	Chartwells (Foxfield IPT Contract)	5,518	1,785
Leigh Academy Blackheath	122,639	38,376	Chartwells (LEA framework)	337,052	94,277
Maritime	576,051	205,297	Chartwells (Wingfield Contract)	7,936	2,465
Shooters Hill	518,665	186,093	Cucina Halley Contract	32,423	10,008
St Paul's Academy	297,084	97,858	First Step Trust	33,468	17,910
St Thomas More	163,661	54,867	G4S	7,251	2,268
The Greenwich Catholic School Trust (St Mary's)	132,482	44,105	GLL Children's Centre East	49,864	19,325
ULT - John Roan	235,635	70,190	Gll Childrens Centre South	47,065	20,603

Scheduled		
	Contribution Values	
	Employers	Employees
UTC	116,709	39,921
Woolwich Polytechnic Academy	478,687	167,672

Admitted		
	Contribution Values	
	Employers	Employees
GLL Libraries	188,540	69,174
GLL Play Centre	6,372	2,470
Glyndon Community Centre	10,108	4,954
Greenwich Citizen Advocacy Project	23,034	8,020
Greenwich Co-operative Development Agency	7,421	2,714
Greenwich Leisure Ltd	1,070,601	582,432
Greenwich Mencap	776	231
Greenwich West Community & Arts Centre	10,250	4,710
Heritage Trust	35,941	13,525
Homestart	98,445	39,373
KGB Cleaning South West Ltd	28,610	8,398
May Harris - Hawksmoor	6,997	2,080
Nourish Catering	6,860	2,114
Oxleas NHS Trust	4,040	1,267
Pacific Support services	10,107	2,151
Quaggy Development Trust Children's Centre	13,122	5,626
Sanctuary Care Ltd	36,686	11,497
Simba Housing Association	18,904	6,962
St Mary's (Eltham) Community Complex Association	27,394	9,238
Taylor Shaw	1,269	337
Taylor Shaw (Our Lady of Grace)	5,765	1,771
Taylor Shaw (St Marys)	1,142	353

Scheduled			Admitted		
	Contribution Values			Contribution Values	
	Employers	Employees		Employers	Employees
			Taylor Shaw (St Peters)	1,539	458
			Taylor Shaw (St Thomas A Beckett)	5,960	1,865
			Taylor Shaw Nightingale	1,805	537
			Westgate Cleaning (St Marys)	2,973	884
			Westgate Cleaning Sherington	4,299	1,278
			Wild Life Day Camp Ltd	841	200
			Wild Life Day Camp Ltd - Sports	520	124
			Wilson Jones Catering Ltd	12,303	3,166

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	4	24
Admitted Body	45	24	69
Admin	1	0	1
Total	**66**	**28**	**94**

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 2022/23 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.

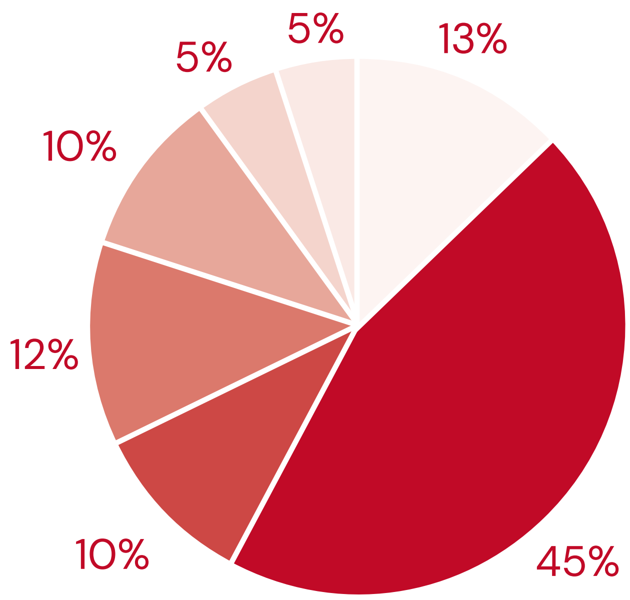
The Fund may also make use of derivative type investments either directly or in pooled funds investing in these products, for the purpose of efficient portfolio management or to hedge specific risks.

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 to 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 2023 to the benchmark and the level of pooled assets as at 31 March 2023.

	Value	Actual Allocation	Target Allocation	Pooling breakdown 2022/23	
Asset Class Breakdown	**31-Mar-23**	**2022/23**	**2022/23**	**Pooled**	**Awaiting Pooling**
	£m	**%**	**%**	**%**	**%**
Equities	735	46	45	38	8
Bonds	147	9	10	-	9
Multi Asset Credit	155	10	12	-	10
Property	139	9	10	-	9
Private Equity	1	0	-	-	-
Diversified Alternative	107	7	-	-	7
Cash and Cash Equivalents	25	2	-	-	1
Multi Asset Strategy	198	12	13	13	-
Infrastructure	19	1	5	1	-
Private Debt	58	4	5	4	-
Total Scheme	**1,584**	**100**	**100**	**56**	**44**

Over the year, the scheme assets fell by £51m. The asset allocation is broadly in line with the benchmarks set in the latest investment strategy statement. The Fund continues to monitor asset allocations and re-balances where necessary. The Fund also continues to explore pooling its assets.

The following investment managers have managed mandates during the year:

Investment Managers 2022/23	
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

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	Gross Fee Savings	LCIV Management Fees	Development Funding Charge	Annual Service Charge	Net Saving/ (Cost)
£000	£000	£000	£000	£000	£000
2022/23	441	(79)	(85)	(25)	252
2021/22	451	(75)	(85)	(25)	266
2020/21	62	(30)	(85)	(25)	(78)
2019/20	61	(30)	(65)	(25)	(59)
2018/19	55	(29)	(65)	(25)	(64)
2017/18	49	(27)	(75)	(25)	(78)
2016/17	11	(6)		(25)	(20)
2015/16	0			(25)	(25)
Total to Date	**1,130**	**(276)**	**(460)**	**(200)**	**194**

The fee savings and management fees for 2021/22 and 2022/23 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 2023

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

Fund Values	2021/22 Market Value (£m)	Weight (%)	2022/23 Market Value (£m)	Weight (%)	Benchmark/Target
Pooled into the LCIV					
Blackrock - Passive Global Equities	682	42	607	38	Composite Benchmark
London CIV Absolute Return	103	6	104	7	SONIA (30 day compounded) +3% (from 1 January 2022, previously 1m LIBOR +3%)
London CIV Real Return	97	6	93	6	SONIA (30 day compounded) + 3% (from 1 October 2021, previously 1m LIBOR +3%)
London CIV Private Debt	36	2	59	4	IRR (net of any fees) of 6 - 8% for the life of the Fund.
London CIV Renewable Infrastructure	13	1	19	1	IRR (net of fees) of 7 - 10%, with a target yield 3 - 5% per annum.
Yet to be pooled into the LCIV					
Fidelity BOND	133	8	147	9	50% iBoxx Sterling Non Gilt Index + 50% iBoxx Sterling Gilts Index
Fidelity GMAC	115	7	155	10	Attractive Risk Adjusted Return
Fidelity GEME	143	9	127	8	MSCI Emerging Markets Index (Net United Kingdom tax)

Fund Values	2021/22 Market Value (£m)	Weight (%)	2022/23 Market Value (£m)"	Weight (%)	Benchmark/Target
Yet to be pooled into the LCIV					
CBRE - Property	173	11	150	9	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	32	2	15	1	
Partner's Group	106	6	107	7	Absolute Return of 7-11% p.a.
Private Equity: Wilshire	2	0	1	0	
Total	1,635	100	1,584	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 2023				1 year (%)			3 years (% p.a.)			5 years (% p.a.)		
	Asset Class	Active/ Passive	Pooled?	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
BlackRock	Passive Global Equities	Passive	✓	1.4	1.1	0.3	16.8	16.4	0.4	8.6	8.2	0.4
CBRE	Property	Active		(13.7)	(14.4)	0.8	1.4	2.6	(1.2)	1.7	2.6	(0.8)
Fidelity – BOND	Bonds	Active		(13.2)	(13.6)	0.5	(5.2)	(6.3)	1.2	(1.3)	(2)	0.7
Fidelity - GMAC	Bonds	Active		(4.7)	3	(7.5)	3.4	3	0.4	1	3	(1.9)
Fidelity - GEME	Equities	Active		(10.4)	(5.1)	(5.6)	6.2	7.7	(1.4)	0.8	1.4	(0.6)
London CIV Absolute Return	Multi Asset	Active	✓	1.3	5.3	(3.9)						
London CIV Real Return	Multi Asset	Active	✓	(4.1)	5.3	(8.9)						
London CIV Private Debt	Private Debt	Active	✓	11.6	6	5.3						
London CIV Renewable Infrastructure	Infrastructure	Active	✓	36.1	7	27.2						
Partners Group	Diversified Alternative	Active		2.5	7	(4.3)	13.7	7	6.2	8.5	7	1.4

*Relative Performance is based on the geometric method

Overall, the Fund's assets performed below benchmark over 1 year but above benchmark over 3 and 5 years.

Blackrock

The underlying funds in the portfolio performed slightly better than their respective benchmarks. These funds are the Aquila Life World (Ex UK) Equity Index Fund, the Aquila Life World (Ex UK) fund, and the Aquila Life Global 3000 index fund. The Aquila Life World (Ex UK) Equity Index Fund is a fund-of-funds that invests into tax efficient Aquila Life funds. Aquila Life funds tend to outperform their benchmark indices due to their tax advantage whereby this period saw the Aquila Life World (Ex UK) fund's performance exceed the benchmark by 0.23%. The iShares UK Equity Index tightly tracks the benchmark yet exceeded performance by 0.26%. The Aquila Life Global 3000 Fundamental Weighted Index Fund also benefits from tax advantages which drives its outperformance relative to the benchmark by 0.59% over the period. Despite global economic turmoil due to rising inflation and interest rate environment coupled with geopolitical concerns surrounding Russia and Ukraine, the UK market was a notable outperformer across developed equities, helped by its bias towards the Resources, Staples and Healthcare sectors which make up more than 50% of the UK large cap indices.

Fidelity Bond

The portfolio posted negative returns but outperformed the index over the period with interest rate strategy aiding returns. The team maintained a tactical stance towards interest rate positioning given the elevated level of volatility in rates markets. Favourable positioning across the Gilt yeild curve was the most significant contributor to excess returns over the period. Specifically being underweight at various maturities across the curve added to returns.

On the credit front, despite continuing to take credit risk down through the period, it still detracted from excess returns over the period. Sector selection was also negative primarily driven by an overweight in Banks & Brokers and Insurance, as financials witnessed significant volatility towards the end of the period. An overweight holding in property names such as CPI Property and Aroundtown also underperformed given its reliance on the banking sector. However, losses were partially offset by single-name issuer selection with overweight in Wellcome Trust, Enel Spa and Bank of America among top contributors. Our excess yield over the index was also a consistent positive over the period.

Fidelity GMAC

Fidelity's Global Multi-Asset Credit Fund (GMAC) utilises a muti-strategy approach to fixed income investing to target an attractive risk adjusted return. During the year, the fund returned -4.7% against the benchmark return of 3%, this resulted in a relative -7.5% return against the benchmark. This negative return over the period was a result of underperforming US leveraged loans and high yield bonds. The interest rate risk exposure was the primary driver of negative returns as sovereign bond yields, including US Treasuries, UK government bonds (Gilts) and German bunds rose significantly over the period. Looking forward, the manager expects for a challenging macroeconomic backdrop to cause price volatility over the coming quarters as higher interest payments, slowing growth and tighter financial conditions will add pressure to the loan market. In this environment, the manager remains defensive on credit and is looking looking for sectors and regions with structural tailwinds, defensive characteristics and attractive valuations that present the best balance between risk and reward.

Fidelity GEME

Over the course of 1 year to 31 March 2023, the Fidelity GEME fund underperformed the benchmark by -5.6% posting a negative total return of -10.4%. However, the last 6 months to 31 March 2023 marked a period of performance improvement.

The underperformance for the 12-month period was dominated by the ramifications of Russia's war on Ukraine and shifting sentiment in China. At a country level, Kazakhstan, South Africa and France were notable contributors to relative performance.

Overall, emerging markets (EM) has always been more volatile, but the markets experienced enhanced volatility in last 12-15 months. In the beginning of 2022, the Russia/Ukraine war had a huge impact on markets, but the other big story was China. China, which represents more than 30% of the MSCI Emerging Markets Index, sold down sharply. Excluding China, EM overall was more stable, supported by Brazil and India.

EM rallied in late 2022, led by a broad-based strength in China fuelled by reopening of the economy and an easing regulatory stance towards the internet and property sectors in Q4 2022. January saw a continuation of this rally with China's continued commitment to reopening and a weaker dollar boosting emerging markets, which outperformed developed markets. In February a hawkish Fed triggered a more risk-off environment. This weak sentiment then spilled over into the first half of March, when emerging markets sold off following the turmoil seen among DM banks, which created concerns about global financial stability. There was a shift in sentiment halfway through March, after China indicated increasing support for the internet sector, and it became clear that the failure of SVB and Credit Suisse were idiosyncratic, company specific events.

Partners Group

The fund returned +2.6% for the 12 months to 31st March 2023. While all asset classes performed positively over the period, returns were primarily driven by investments within private equity and infrastructure. Strong EBITDA growth and the exit of United States Infrastructure Corporation were the main drivers for private equity, infrastructure benefited from the exit of the Grassroots Renewable Energy Platform. The fund is in wind-down with a focus on value creation and realisation.

CBRE

Owing to challenging market conditions, the portfolio produced a total return of -13.7% over the past 12-months, outperforming the benchmark return of -14.5%. UK property investment performance was significantly impacted in the second half of 2022 by rising inflation and interest rates, severely impacting capital values across the market; the impact was felt most in the industrial sector as yields increased markedly despite resilient rental growth.

Inflation rose relentlessly, reaching its highest for some 40 years; driven by a post-COVID surge in demand restricted by supply bottlenecks and Russia's war in Ukraine exacerbating supply shortages, pushing energy, food and other commodity prices even higher. The Bank of England ("BoE") reacted to the steep rise in inflation by raising interest rates. In addition, the BoE had to blunt the fallout from the September mini-budget, which caused a spike in market interest rates, by buying bonds to stabilise markets.

The property market, both in the UK and globally, witnessed a significant reduction in transactional volumes, as rising gilt yields impacted investor asset allocations, creating a denominator effect and increasing liquidity requirements. As a result, redemption requests in open ended property funds were inflated, necessitating deferrals in order to undertake a programme of asset disposals.

The first quarter of 2023 brought renewed optimism, with capital growth at the all-property level turning positive after eight consecutive months of decline as outward yield expansion slowed significantly. Certain parts of the market seem to be stabilising, although it's likely not to be a linear upward trend. Once inflation comes under control, and interest rates start to fall, yields will shift downwards too, opening up new opportunities for investors and occupiers.

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.

LCIV Absolute Return Fund

The value of the Sub-fund increased by 1.3% in the twelve months to the end of March 2023, about 4% less than the performance target of SONIA (30 day compounded) plus 3%. The Sub-fund has generated an annualised return of 9.5% over three years, outperforming the target by 5.6% per annum. However, RBG Pension Fund has only been invested since 2021.

The objective is to achieve low volatility and positive returns in all market conditions. The investment manager used the full array of tools at their disposal during 22/23. Dynamism and opportunism were key themes in the period under review.

Fixed income markets have been exceptionally volatile. The investment manager protected the Sub-fund from the surge in yields by implementing options and other derivatives strategies. These strategies more than offset the losses on holdings in cash bonds and were an important source of profits for the Sub-fund in the past 12 months.

The Sub-fund also made gains in equity markets. Equities form the core of the return-seeking 'Reflation' segment of the portfolio. The investment manager increased the defensiveness of the holdings in the portfolio and used derivatives both to protect against downside risk and capitalise on periods of recovery in the performance of stock markets.

Currency positioning was also positive, although gains on holdings in U.S. Dollars, Australian Dollars and the Japanese Yen were partly offset by losses on gold and the shares of gold producers which are held in the 'Inflation' segment of the Sub-fund.

The investment manager's base case is that rapid swings in sentiment and the performance of assets will remain a feature of the investing landscape in 2023. They are concerned about the risk of a serious stress event, or series of stress events, in global markets. However, the investment manager implemented a more 'pro-risk' stance in the first quarter of 2023 based on the belief that we are now operating within a rational 'landing zone' for inflation and interest rates.

LCIV Real Return Fund

Over the 12-month period, the Sub-fund produced performance of -4.1% compared to +5.3% for the target. The Sub-fund has met its objective over the 5-year period to end March 2023 delivering a positive return of 0.2% above the target (SONIA (30 day compounded) + 3% (from 1 October 2021, previously 1m LIBOR+3%). However, RBG Pension Fund has only been invested since 2021.

The main driver of negative returns over 12-month period was the Sub-fund's defensive positioning, predominantly expressed via short positions in equities, which left it exposed to lagging during 'relief rallies'. This was particularly obvious in Q1 2023 when a short position in NASDAQ proved out of sync with the market's 'risk-on' sentiment. In hindsight, the Sub-fund went perhaps too far into de-risking mode towards the end of last year and the investment manager underappreciated the capacity of risk markets to surprise on the upside.

Although longer term performance numbers are not improving yet, the investment manager's dynamic management of the Sub-fund is encouraging. This allows for underperforming positions to be quickly readjusted while also cautiously shifting the portfolio into more promising areas. Given the current volatile market environment it is hopeful that this dynamism will prove a valuable 'asset' for the Sub-fund.

Within the London CIVS monitoring model, the overall monitoring status of the Sub-fund remains 'Normal'. The score for 'Resourcing', is currently 'amber' and this remains an area of monitoring focus following the sudden loss of co-portfolio manager Suzanne Hutchins.

LCIV Private Debt Fund

This fund is still relatively new, with the manager being appointed in November 2021. The Fund's objective is to seek to achieve a net return of 6 to 8 percent for the life of the Fund. The Fund will seek to achieve its objective by investing substantially all of its assets into at least two underlying funds investing principally in European and North American direct lending. The Fund may invest in additional underlying funds depending on the level of commitments received from Unitholders. The Fund returned 11.6% over the year, giving a relative return over benchmark of 5.3%. During the period, the Fund made a commitment to Pemberton Mid-Market Debt Fund IV, following the third close of the Fund in Q2 2022. The allocation was made to the follow-on fund from the existing portfolio investment Pemberton Mid-Market Debt Fund III, which has the same strategy and objectives. As of Q3 2022, the Fund is now closed, and hence no further investments are expected to be made.

LCIV Renewable Infrastructure

The LCIV Renewable Infrastructure Fund focuses on investing in renewable energy infrastructure assets ('renewables') including generation, transmission, and distribution assets, with a market segment focus on renewable energy including wind, solar and other generation such as biomass, biogas and hydroelectricity and enablers. These investments are both brownfield and greenfield investments.

The Fund's long-term objective is to seek to deliver an IRR (net of fees) of 7-10 percent, with a target yield 3-5 percent per annul however performance of the Fund is not formally assessed against its objective until four years after inception.

The Fund Net Asset Value ("NAV") of the Fund's holdings as at 31 March 2023 was £18.8m. Total capital of £14.5m has been contributed by the Fund since inception.

Private Equity

The Scheme invests in one portfolio

- **Wilshire** – invests in one fund:
  - Fund VII US

As of the 31 March 2023, the capital called and uncalled figures were:

Fund	Called Capital (m)	Uncalled Capital (m)
Wilshire Fund VII US- USD	16.36	0.35

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	7.77%	1.69

Largest holdings

The following table gives the top 10 pooled fund holdings at 31 March 2023.

Top 10 Global Holdings as at 31 March 2023	Market Value	Weight
	(£m)	(%)
1 - Blackrock Aquila Life World EX UK	231	15
2 - Blackrock iShares UK	220	14
3 - Fidelity Global Multi Asset Credit	155	10
4 - Blackrock Aquila Life 3000	153	10
5 - Fidelity UK Aggregate Bond	147	9
6 - Fidelity Global Emerging Market Equities	127	8
7 - Partners Group RBG IC Ltd	107	7
8 - London CIV Absolute Return	104	7
9 - London CIV Real Return	94	6
10 - London CIV Private Debt	59	4

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).

Climate Reporting and Governance

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Responsible Investment

Fund Key Highlights of 2022/23:

1. Development of a Net Zero Roadmap with a pledge to be carbon neutral by 2040 (with the commitment to explore options to meet this target sooner).
2. Publication of Funds Responsible Investment Policy – setting out the approach the Fund aims to follow in integrating environmental, social and governance (ESG) issues into all investment decisions.
3. Agreed to move £218.1m of global equities into a low carbon equity Fund.
4. Received initial carbon metric reporting to inform investment strategies, determine risk and support TCFD disclosures.

Responsible investment, in particular climate risk, continues to dominate the LGPS and broader investment landscape. It is important for the Fund to evolve its governance procedures and investment strategy to take account of the opportunities and risks presented by climate change

This section reports on the Funds activity in 2022/23 in line with the four core elements of the Taskforce on Climate-Related Financial Disclosures (TCFD) these being governance, strategy, risk management and metrics & targets.

Governance

Engagement

Monitoring the engagement undertaken by the Funds investment managers as part of their investment decisions, especially on ESG factors, is an integral part of the Funds governance to promote good practice in the investee companies and markets within which the Fund is invested and to act in best interests of its members. Some examples of this engagement include:

- During 2022 the London Collective Investment Vehicle (LCIV) engaged with 418 companies - 24.7% of these engagements focused on environmental issues. One of these engagements focused on biodiversity. The LCIV encouraged companies including Yakult Honsha, and Kellogg's to commit to zero deforestation by 2025 for all commodities, regions and suppliers (including indirect suppliers), through certification, traceability and due diligence. This engagement resulted in Posco International working with the Roundtable on Sustainable Palm Oil (RSPO) to develop its sustainable palm oil strategy. In 2022, Posco International confirmed that it had implemented a palm oil subsidiary's no deforestation, no peat, no exploitation (NDPE) policy in collaboration with the RSPO and that it had developed a large-scale environmental conservation and community development programme in accordance with RSPO guidelines.
- The Funds Bond manager, Fidelity, has engaged with the Intercontinental Hotel Group on its climate strategy, enquiring about its physical risks analysis. The company has set a target to reduce absolute scopes 1, 2 and 3 emissions by -46.2% by 2030 vs 2019 base year. This has been approved by the SBTi as aligned to a 1.5 degree (up to 2 degrees at the end of last year).

CBRE, the Funds property manager has undertaken work in relation to the Airport Industrial Property Unit Trust (AIPUT)– engaging with the Fund manager on areas such as renewable energy suppliers, climate change analysis and building defences against physical risks. The result being that during Q4 2022 AIPUT secured a Sustainability-Linked loan facility with Wells Fargo Bank which they will use for the low carbon development of new buildings with a minimum BREEAM of 'excellent' and EPC "A". The loan will also be used for asset climate adaption including flood protection systems, pollution control and mitigation such as waste and water management and promotion of positive mobility and transportation such a EV charging points, cycle racks and public transport access.

Training

Officers, Panel and Board members receive a rolling training programme in line with the 2021 CIPFA Code of Practice on LGPS Knowledge and Skills. As part of this training, officers, Panel and Board members are encouraged to complete The Pensions Regulator (TPR) online Toolkit. During the 2022/23 financial year Panel and Board received training in the following areas:

- ESG (including an overview of carbon footprint metrics)
- Investments
- Accounting and Audit
- Procuring Pensions
- Legislative & Governance Context

LAPFF Membership

The Fund is a member of the London Pension Fund Forum – a member-led forum which aims to promote high standards of corporate governance through company engagement The Fund monitors engagements undertaken by the LAPFF; however, the Fund has not actively engaged on a specific issue via the LAPFF this year.

London Collective Investment Vehicle (LCIV)

Officers have attended virtual monthly update meetings held by the LCIV which provide a vital platform through which pooled Funds can engage on a variety of topics and through which the LCIV can provide information and updates. Officers from the Fund also attended the annual LCIV Strategy and Responsible Investment Conference which provides a further engagement platform for pooled Funds to openly discuss relevant topics.

Strategy

Net Zero Roadmap

In June 2022 the Pension Investment and Administration Panel agreed the Funds Net Zero Roadmap - establishing a net zero target date of 2040 alongside a commitment to explore options for reaching this target more quickly. The roadmap sets out the Funds workstreams in the short- and medium-term including plans to undertake a manager monitoring programme, further development, and reporting on carbon metrics, on-going training, and development of TCFD reporting.

Responsible Investment (RI) Policy

In August 2022 the Funds Investment and Administration Panel (the 'Panel') agreed the Funds RI Policy which sets out the Funds key principles for Responsible Investment including how the Fund will integrate ESG factors into the investment decision making process, how ESG risks will be monitored and assessed, the Funds approach to stewardship and engagement and the expectations and monitoring of Fund Managers.

Low Carbon Equity Fund

Following a review of the Funds listed equity allocation in August 2022, in February 2023, the Panel agreed to replace its carbon intensive passive equity fund with a low carbon mandate. Listed equities make up approximately 50% of the Funds total assets and thus a reduction in the carbon emissions associated with these investments will help the Fund progress towards its net zero target. The Panel agreed to replace the global equity index-tracking, market cap mandate – representing c15% of total assets to LGIM - Future World Global Equity Fund. The move to this new Fund is due to take by mid-2023. It is expected that the Panel will consider low carbon alternatives for its other index-tracking mandates, the global equity factor-based fund and the UK equity fund, at a later date.

Risk Management

As we move towards our net zero target the Fund needs to assess and monitor the risks and opportunities associated with climate change.

Transitional Risk

Transitional risks are risks associated with societal and economic movement towards a low-carbon future. These risks are business related risks and can include policy and regulatory risks, technological risks, market risks and reputational and legal risks.

Physical Risk

Physical risks are those associated with climatic events. These can be classified into two categories - chronic physical risks which are associated with longer term changes in weather patterns (for example sustained higher temperatures or sea level rises) and acute physical risks which are event-driven (for example hurricanes and floods).

The work undertaken by the Fund in 2022/23 with regards to the formulation of its Net Zero and Responsible Investment Policies, a dedicated Responsible Investment Away Day, initial carbon footprint reporting and training in areas such as the TCFD all feed into the Fund being able to identify, assess, treat and manage climate related risks.

Environmental, social and governance risks have been built into the Funds risk register. The Fund will look to further this work into 2023/24.

Metrics and Targets

Carbon Footprint Reporting

Following initial work undertaken during 2021/22, in July 2022 the Panel agreed the Carbon Metrics to be used to monitor the Funds progress in reducing its carbon footprint. This provides an agreed platform of information from which the Panel can assess the opportunities and risks to the Fund that are presented by climate change.

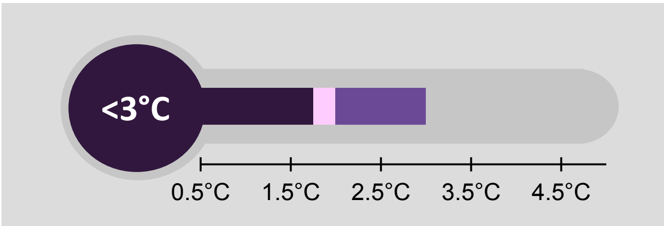
The Fund recently received the updated carbon footprint data as at 31 March 2023. The carbon footprint data covers approximately 54% of the value of Funds assets and the coverage across each mandates varies. However, the quality of data information is improving, and it is important to note that, the quality of the data available is more relevant than achieving maximum coverage at this stage.

The chart adjacent shows the carbon intensity of the Fund through the total carbon dioxide equivalents per million GBP invested (tCO2e/mGBP). This is split into Direct and First-Tier Indirect (company emissions deriving from direct business activities or through the first tier of the companies supply chain) and Scopes 1-2-3 (direct operational emissions, emissions from consumption of purchased electricity, steam and other sources generated upstream from the company and emissions deriving from the in-use phase of a company's product or service)

	Direct + First Tier Indirect	Scopes 1-2-3
31 March 2022	185.4	835.1
31 March 2023	154.6	831.3
Total Reduction	**30.8**	**3.8**

Over the year the Funds implicit temperature has decreased from over 3 degrees Celsius (148,741 tCO2e) to between 2 and 3 degrees Celsius (59,390 tCO2e). This change has derived from two factors:

- The number of Funds with greenhouse gas emission (GHG) trajectories of over 3 degrees Celsius, has reduced from 5 to 3 Funds during 2022/23.
- Last year's data included trajectories up to 2025, this year's data includes trajectories up to 2030.



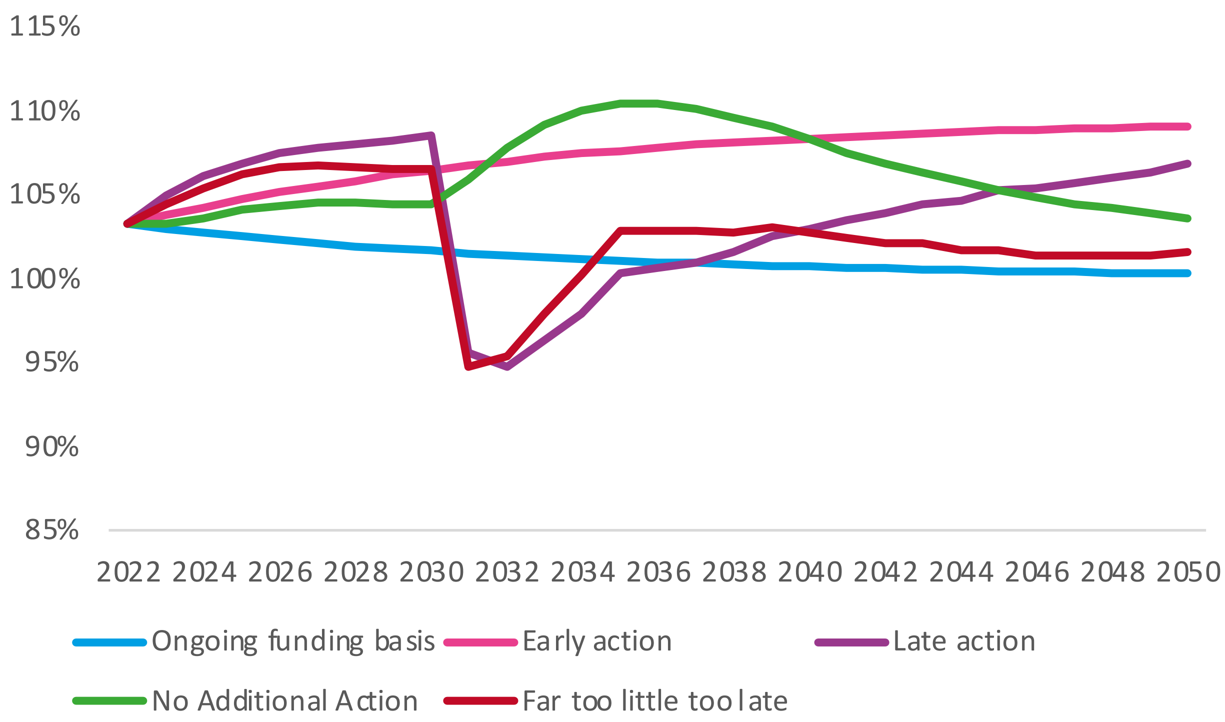
Fossil fuel exposure per value of holdings has increased by 0.76% since 31 March 2022 however this is due to an increase value of holdings within the Funds passive equity mandate. The Fund has not actively increased its investment in fossil fuels in 2022/23 and the revenue weighted exposure remains the same at approximately 2.5%. As the Fund moves into its new low carbon equities mandate during 2023/24 it will expect to see this exposure decrease. Renewables exposure as at 31 March 2023 was 2.45% of the portfolio.

Scenario Analysis

During the year, as part of the work for the triennial valuation, the Funds actuary, Barnet Waddingham, produced a climate scenario analysis. This process involved reviewing the Funds long-term investment strategy against 4 key scenarios:

Early action - (Paris-aligned)	Transition to net zero begins in year one, alongside assuming carbon pricing and policy intensifies over time.
Late action	Policy implementation is more sudden and disorderly due to delay, resulting in disruption over the medium term.
No additional action	No new climate policies are introduced beyond those already agreed, resulting in a growing concentration of greenhouse gas emissions and a larger increase in global temperatures.
Far too little too late	This scenario has been created by Barnett Waddingham and accumulates the impacts of a "late action" scenario and a "no additional action" scenario.

The graph below illustrates the impact on the Funds projected funding levels under each scenario and demonstrates the positive impact early action in relation to climate action would have on the Funds capacity to meet its liabilities moving forward.



Challenges

The main challenge facing the Fund with regards to carbon footprint reporting is the amount of coverage available across different asset types, especially in relation to scope 3 emissions (emissions which are not directly produced by a company but are created indirectly within its value chain). There are also challenges due to the different methodologies used to report on carbon footprint information. However, as more information becomes available, coverage across the Fund should improve.

Next Steps

The Fund intends to make further progress in relation to climate risk and environmental, social and governance risks in 2023/24 including:

- To review and report on Voting in more detail.
- Presentations by Investment Mangers on ESG to become a standing item for each Local Pension Board meeting.
- Further building climate risks into the Pension Fund risk register.
- Continued training.
- Assessment of the Funds remaining equities mandates with a view to reduce carbon exposure further.

Economic Review

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Economic Review

Global Economy

In 2022, Global markets endured a volatile period due to soaring inflation, unprecedented interest rate hikes by global central banks and a subsequent synchronised slowdown in global economic activity. Russia's invasion of Ukraine, supply chain disruptions, an energy crisis in Europe and COVID-19 related lockdowns in China earlier in the year exacerbated an already challenging macroeconomic backdrop. There was an uncommon simultaneous decline in global stocks and bonds, with stocks falling by 18% and bonds dropping by 16%, that only happened in two other years (2015, 2018) since 1990, and those losses were only single digits.

Markets recovered some lost ground towards the end of 2022 and early 2023 as risk sentiment improved. Credit markets appeared resilient as investors turned hopeful of a slower pace of global monetary policy tightening and relatively stable corporate fundamentals. Energy prices in Europe declined to their lowest levels in 18 months in February 2023, but the impact on the cost of living, if any, was limited due to the lag effect.

As inflation remained high, global central banks delivered rate hikes in February and March 2023. Markets turned volatile in March following the collapse of US-based Silicon Valley Bank, which led to fears over a broader contagion across the banking system. Credit Suisse also dominated headlines as it came under investor scrutiny and was finally acquired by UBS, with guarantees from the Swiss government. The significant market turmoil in March led to investors recalibrating the future of rate hikes, thus allowing global government bonds to recover some lost ground over the year-to-date period in 2023, following a dismal 2022.

As concerns about COVID-19 diminished, the focus in the U.S. market shifted to inflation and interest rates, which had a significant impact on market returns. As inflation reached its peak, the Federal Reserve (Fed) began raising interest rates in March 2022, starting the fastest tightening cycle since 1980. This led to a broad repricing of the market, with growth-oriented equities being hit the hardest due to their historically high valuations. On the other hand, value-oriented equities fared relatively better, supported by a strong year for the energy sector, although they remained inexpensive compared to historical levels. Towards the end of the year, the market grew more optimistic as inflation data started to decline. This optimism contributed to a partial recovery in the fourth quarter of 2022 and the first quarter of 2023, led by growth-oriented equities. However, in March 2023, uncertainty in the banking sector highlighted the challenges of operating in a high inflation, high interest rate environment. Although the market initially reacted negatively to this news, it quickly recovered as the situation was resolved, ending the quarter and the reference period on a positive note.

On the other hand, European equity market dynamics shifted from being driven by macroeconomic factors and rising interest rates to improved sentiment and positive developments. European equities emerged as strong performers, outpacing other regions since October. The outlook for Europe improved significantly, as the domestic energy crisis became less risky with lower prices and ample storage levels. Additionally, European companies, being major exporters to China, stood to benefit from the ongoing reopening of the Chinese economy. Furthermore, the recent earnings season surpassed market expectations, with many companies exceeding overly pessimistic forecasts and providing solid outlook statements. Overall, these factors contributed to the positive sentiment and performance of European equities during the period.

2022, marked the worst year for MSCI Emerging Markets since the global financial crisis (-19.9%), underperforming MSCI Developed Markets (-17.7%) by 2.2%. However, there was a glimmer of hope in the fourth quarter as China showed signs of optimism with easing COVID policies, support for the property sector, and improved relations with the US, leading to a 9.6% rise in Emerging Markets equities. Moving into 2023, central banks, including the Federal Reserve and the Bank of Japan, maintained a hawkish stance, resulting in rate hikes. Nonetheless, Emerging Markets saw a positive trend in the first quarter of 2023 (MSCI EM index rising by 4.0%), driven by China's economic reopening, a weakening US Dollar, and improved sentiment for China's equities. While tensions between the US and China and concerns of financial contagion posed challenges, market sentiment improved towards the end of the quarter due to reduced fears and positive news from China regarding support for the internet sector and state-owned enterprises.

In contrast to the rest of the global equity market, the Japanese stock market saw a period of growth, outperforming other regions due to its unique position in the economic cycle and the implementation of monetary and fiscal policies. However, market sentiment was affected by concerns about rising inflation and weakening economic indicators, particularly in Europe and the US, leading to volatility. Towards the end of the period, there was growing optimism in global markets that the US Federal Reserve's tightening cycle was nearing its end and that interest rates might be cut in 2023. The failure of US regional banks also had an impact on the Japanese equity market. JPX, the Japanese stock exchange, called on companies with low Return on Equity (ROE) to reassess their capital policies and undertake business model reforms, which is expected to bring about positive changes for "Japan Corporation."

Inflation reached multi-decade highs in the US and the UK. The ECB raised key interest rates for the first time in over a decade. The UK experienced significant rate hikes, a government budget announcement, and high CPI. In the third quarter, economic data indicated a global economic slowdown, leading markets to price in potential interest rate cuts from the Federal Reserve. In the last quarter, investors assessed central banks' actions to control inflation. Global bond markets rallied in January but reversed in February due to stronger-than-expected economic data. The bond market was characterised by a banking crisis in March, leading to speculation that the Fed's hiking cycle was nearing its end. Although, developed markets central banks raised rates, but inflation remained persistent.

UK Economy

Investors in the UK equity market experienced a challenging period as market volatility remained elevated. 2022 started with inflation running high, due to a combination of the post Covid bounce back, low unemployment, and labour shortages as well as cost pressures notably from global supply constraints. Russia's invasion of Ukraine then pushed UK inflation into record territory, and we saw the Bank of England react by increasing the base rate quickly throughout the year from 0.25% to 3.50% by year end. The UK market was a notable outperformer across developed equities, helped by its bias towards the Resources, Staples and Healthcare sectors which make up more than 50% of the UK's large cap indices. However, the normally reliably steady UK became an unstable place to invest because of the notorious 'mini budget' in September ultimately resulting in a bond market crash.

Increasing the cost of capital has had several implications for real estate, the most direct being the immediate rise in the cost of debt increasing 'all in' borrowing rates and affecting the lowest yielding parts of the market. The rise in interest rates, in addition to irreversible structural shift in the demand for UK Real Estate from UK Defined Benefit Pension Schemes, have been the main factor in declining capital values, rather than a fall in occupier demand and rents. Transaction levels decreased significantly, and many real estate funds deferred redemptions to protect unitholders. However, towards the end of the year, there were signs of recovery, with slow but steady increases in transactions.

Scheme Administration Report

ROYAL BOROUGH OF GREENWICH
PENSION FUND

Scheme Administration Report

Staff and Duties

The pension service comprises 12.0 full time equivalent (FTE) staff, however only 6.4 FTE are currently filled due to vacancies, staff secondments and child related leave. 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 in excess of 8,000 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.

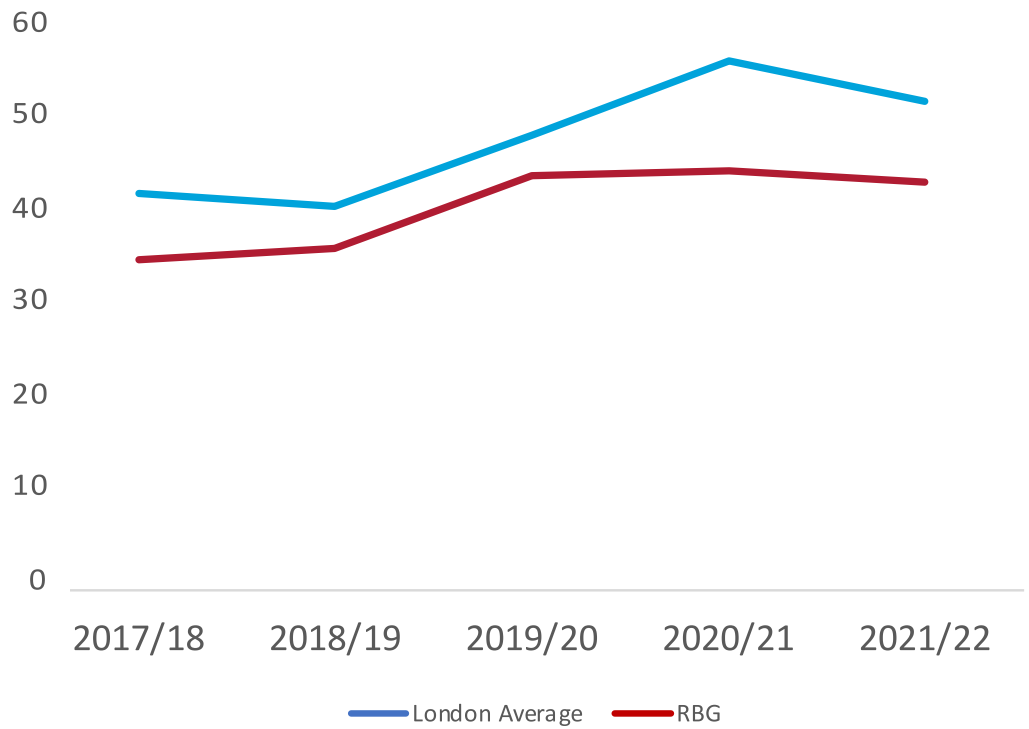
The pension service has the following aims at its core:

- 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 2022 as the 31st March 2023 accounts for the neighboring boroughs were not published at the time of calculation.

Review of the year 2021 - 2022

Hybrid working is in place meaning that the pension team have continued to work remotely with staff working in the office approximately 40% of their working week. Training and meetings now take place either in person or remotely, using digital platforms such as Microsoft teams, providing a flexible option for staff and scheme members.

Further vacancies have arisen, and the recruitment of experienced senior staff remains an issue. The team have continued to focus on developing staff in post and the recruitment and development of apprentices. Targeted training has been provided both internally and externally to support staff in their development and transfer of skills, with courses being held online where available. 2 apprentices, studying workplace pension courses, have recently been recruited into the team, one in January 2023 and the other in May 2023. It is hoped these recruits will progress a career path in the pension industry and move to permanent positions within the team.

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 who have been working with the councils HR team to review the staffing structure, job descriptions and salaries with the view of implementing a new structure by Autumn 2023. It is hoped that the new salary package and hybrid working will assist in recruitment and retention of experienced and skilled staff in respect of senior posts, whilst at the same time continuing to develop new recruits in the pension industry.

Management and staff have continued to cover key tasks and priorities where possible, however service delivery has been impacted by these continued vacancies.

Work priorities remain on delivering the service's core functions of retirement cases, deceased cases, provision of pension estimates and the setting up and timely payment of monthly pensions. The team continue to also address backlogs caused both by the Covid 19 restrictions and continued resource issues.

Scheme membership and associated workload

The total membership across actives, deferreds, pensioners and dependants has slightly increased from 25,893 to 26,562. Retirements have increased by 5% in comparison to 2021/22 and 19% compared to 2020/21. The number of pensioners and dependants have increased by a further 4.3% increasing pension payroll workloads in respect of the setting up and payment of monthly pension payments. The number of new starters being processed increased by 13% compared to the previous year, however the overall increase in active membership was 2.4%. As anticipated, resource issues resulted in a reduction to the overall throughput of the team. The total number of cases processed reduced by 5.9% from the previous year but was 9.6% higher than during 20/21.

April 2022 saw the Auto Enrolment reassessment of the main employer within the scheme, seeing 332 employees being enrolled into the LGPS. This obviously had a significant impact on the service and the resulting number of opt outs which amounted to 206.

Annual Benefit Statements for both active and deferred members were provided. 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.

The outsourcing of service contracts, in particular catering and cleaning services, resulting in changes to admission bodies continue to impact both the workload of the data management staff and the management team, in supporting the new employers and the implementation of the admission agreements.

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 of the pensions team. During the period there were 2 cases that progressed to the formal internal dispute procedure. Of this, one was in dispute of the decision of Occupation Health in respect of Ill Health Early Retirement and the other was in respect of a late payment of a Death Grant which has since been resolved without further progression through the IDRP process.

Legislation

The McCloud/Sargeant judgements and Pension Dashboard are major changes to legislation that will impact members and the pension administration team.

The McCloud/Sargeant judgements have resulted in differing remedies for public sector schemes and widened the scope of protected members. All schemes need to carryout comparisons and recalculations of benefits for eligible members. Any protected underpins will need to be shown in Benefit projections provided after October 2023. Additionally, there are implications for the LGPS in respect of teachers with contracts over fulltime hours, which may result in retrospective enrolment into the LGPS for the additional contracts.

The Pension Dashboard project is still on the horizon however the implementation date for this has currently been delayed to September 2025 at the latest.

The team have been working with the council's IT team, software providers and external scheme employers in respect of data collection to enable the McCloud to underpin, to be calculated and to improve the quality of data held in preparation for the dashboard.

The annual revaluation date for pension earned in the LGPS Career Average Scheme (CARE Pension) has changed in line with the LGPS (Amendment) Regulations 2023. The regulations remove the impact of inflation on the annual allowance calculation. They do so by changing the annual revaluation date from 1 to 6 April 2023, and thereafter on each 6 April, for all members. There is no change in the outcome for all members whose benefits in payment would have increased on 1 April or for death grants of deferred and pensioner members who die in the period 1 to 5 April.

The budget of the 15 March 2023 included changes to taxation on pensions in respect of the annual allowance and removal of the Lifetime allowance charge. The methodology surrounding these changes is not yet available however the pension team have commissioned a factsheet to be made available to members based on information currently known.

All of these legislation changes will require changes to pension system calculations and methodology. The pension team will need to ensure full understanding of the changes to be able to support affected members.

Projects

The 2022 triennial valuation was carried out during the year with the provision of accurate and timely data to the funds actuary being a key priority to ensure the accurate and timely setting of future contribution rates for scheme employers and the overall valuation of the fund. The data was provided within the agreed timeframe, with both the administration and finance teams working together with the funds actuary to deliver the valuation in a timely manner and in line with legislation requirements.

- **Data Cleansing –** The team continue to cleanse data in readiness for the pension dashboard and McCloud. A data quality exercise took place in October 2022 to measure the fund's common and scheme specific data in line with the pension regulators requirements, resulting in a 96.6% pass rate for common data and a 97.0% pass rate for scheme specific data. This was an increase in accuracy for scheme specific data and a slight decrease in the common data result.
- **iConnect Roll out -** The pension team have continued to move towards greater monthly data collection and further increased the number of payrolls onboarded to the iConnect data interface. There are now 30 payroll reports being reviewed and processed each month. Whilst this has caused a significant increase in monthly data validation and upload, it has reduced the time spent on data cleansing

at year end and negated 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.

- **Pension system upgrades –** have increased from 2 to 4 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. Minimal disruption of service was experienced by members due to downtime.

Management and finance staff have been working with legal representatives streamlining the process for the drafting, signing and execution of admission agreements following outsourcing of services that include Tupe of staff eligible for continued membership of the LGPS.

The year to come

- **Annual Allowance and Lifetime allowance –** Following the changes in the budget the team will need to understand and implement the changes in relation to the annual allowance calculations for the 2023 tax year onwards and impact of the removal of the Lifetime allowance. Information on this will be provided to impacted members and where necessary face to face or electronic meetings held with members. Until the software system is updated these calculations will need to be undertaken manually by the team.
- **McCloud –** the team will need to work further with employers to cleanse data to be able to run the necessary underpin calculations for members to reflect the changes required by the McCloud solution for the LGPS. The Annual Benefit Statements this year will exclude the McCloud underpin, however the team will need to review the Annual Benefit Statements to incorporate this for the 2024 statements.

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.

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 has been delayed until September 2025. 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. It is anticipated that the Pensions Regulator will issue a new General Code of Practice in the coming months with emphasis on data quality. The team have also had a data readiness assessment carried out and will work with software providers in the year to come to improve data quality standards further.

The fund will need to procure an ISP to enable connectivity to the dashboard and return of necessary pension information. This will be actioned when the Go Live for public sector schemes and onboarding date for the LGPS is known.

Changes to SCAPE Rates

As part of the Government's initiative to implement a cost control mechanism across the Public Sector Pension Schemes, following a consultation in 2021 the government introduced an "economic check", this check takes place after the result of the cost control valuation are known and takes into account the impact of a change in the SCAPE rate by offsetting it against any member cost savings identified (this is mainly for the un-funded schemes as the LGPS contributions rates are independently set).

The change to the SCAPE rate impacts the factors provided to all Public Sector Pensions Schemes provided by the Government Actuary Department.

As such this will mean changes to calculations including, but not limited to, transfers, retirement estimates, pension sharing. On advice from the Local Government Association from March 2023 all transfer and pension sharing calculations were stockpiled until receipt of the new factor tables are published, hence building a further backlog.

Backlog Targetting

Due to the increased backlogs following Covid 19 lack of resources and the increasing number of projects being undertaken in the pension service, the team will be undertaking bulk processing of backlog tasks at least once a month in an attempt to reduce the increased workload.

Team Restructure

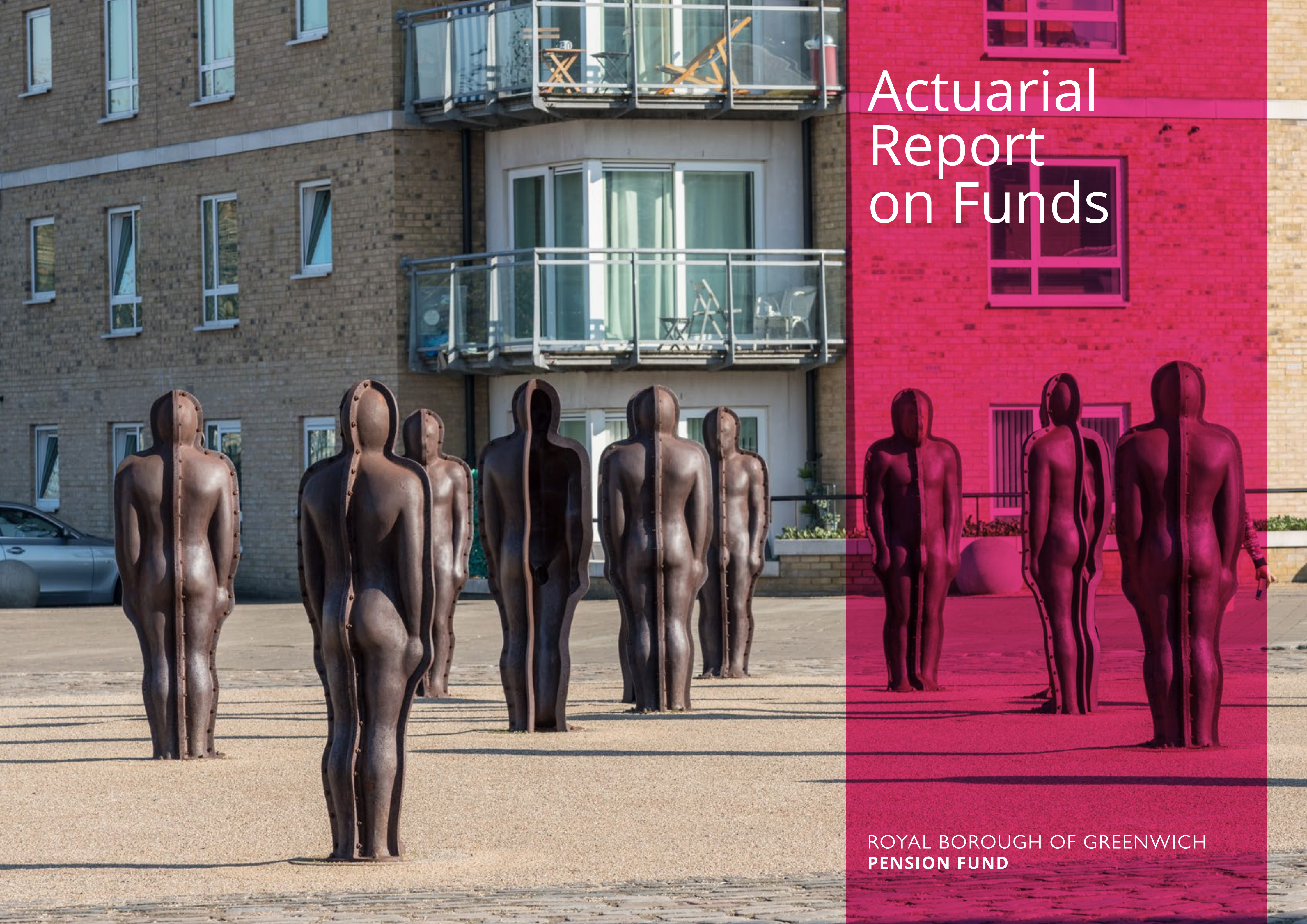
The target date for the team restructure is October 2023. It is hoped that this will assist in reducing the number of vacancies and therefore increase productivity

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

Conclusion

Administration of the Fund is carried out by a dedicated, hard-working pension team. 2022/23 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 remained constant considering the further reduction to staff resource.

Future proofing of the team is always a high priority for the pension management team, recruitment, retention and development of staff remains a high priority. It is hoped that the combination of the development of staff, apprenticeships and the restructuring of the team will future proof the service and aid in resolving long standing recruitment issues.



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 2022 and this comes into effect in 23/24. Below is a statement from the Fund's actuary summarising the 2022 valuation. The full 2022 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 (the Fund) was carried out as at 31 March 2022 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 2023.

2022 Valuation Results

Asset value and funding level

The results for the Fund at 31 March 2022 were as follows:

- The market value of the Fund's assets as at 31 March 2022 was £1,635m.
- The Fund had a funding level of 103% i.e. the value of assets for valuation purposes was 103% 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 surplus of £43.8m.

Assumption	31 March 2022
Discount rate	4.8% p.a.
Pension increases (CPI)	2.9% p.a.
Long-term salary increases	3.9% 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 projected improvements with a long term rate of improvement of 1.25% p.a., a smoothing parameter of 7, no initial addition to improvements and a 2020/21 weighting parameter of 5%.
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 2022 valuation

Assets

In the 12 months to 31 March 2023 the investment return on the Scheme's assets is estimated to have been -2.6% per annum. The Fund assets have a market value of £1,584m as at 31 March 2023. Overall, the asset value in market terms is less than where it was projected to be at the previous valuation.

Liabilities

Inflation over the year to 31 March 2023 was higher than the long-term average assumed at the 2022 valuation. However, the projection for the future rate of long-term inflation from 31 March 2023 has reduced since the previous valuation.

The discount rate (i.e. assumed future investment returns) as at 31 March 2023 has increased slightly since the previous actuarial valuation, mainly due to a significant increase in bond yields. This places a lower value on the value of liabilities. However, both of the above effects have been largely offset by the Pension Increase Order 2023, which has increased the active CARE, deferred and pensioner benefits by 10.1% as at 31 March 2023.

The value of liabilities will have increased due to the accrual of new benefits and interest on the liabilities. Therefore, we estimate that the liabilities have increased since the previous valuation as at 31 March 2023.

Overall position

Combining the movements in assets and liabilities, we estimate the overall funding position as at 31 March 2023 is lower than the funding level at the previous 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 2022/23 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 2022/23

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

	2022					2023	
Training	ESG	Investments	Audit & Accounting Standards	Away Day	Procurement	Low Carbon Passive Mandate	Legislative & Governance
Councillor	**18-Jul**	**22-Aug**	**26-Sep**	**11-Nov**	**05-Dec**	**27-Feb**	**13-Mar**
Olu Babatola (Chair)	A	*	*	A	A	A	A
Jo van den Broek	A	A	A	A	A	A	A
David Gardner	N/A	A	A	A	A	A	A
Aidan Smith	A	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 four occasions during 2022/23. 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 2022/23

	2022				2023
Training Title Attendee	ESG	Audit & Accounting Standards	Away Day	Procurement	Legislative & Governance
Attendee	**18-Jul**	**26-Sept**	**11-Nov**	**05-Dec**	**13-Mar**
Councillor Nick Williams (Chair)	*	A	A	P	A
Councillor Issy Cooke	A	A	A	P	A
Alastair Kidd	A	A	A	P	*
Simon Steptoe	A	A	A	P	A

A = Attended

* = Absent

P = Postponed

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, all new members were given induction training and a programme of training sessions took place in 2022/23. 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 Investments, ESG, Audit & Accounting Standards, Procurement, Low Carbon Passive Mandate and Legislative & Governance Context Further training will take place in 2023/24.

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 2023			
2021/22 £000		**Notes**	**2022/23 £000**
Dealings with Members, Employers and Others directly involved in the Scheme:			
	Contributions Receivable:		
(39,669)	Employer Contributions	6	(42,462)
(14,435)	Member Contributions	6	(15,867)
(10,647)	Transfers in from Other Pension Funds	7	(6,371)
	Benefits:		
49,018	Pensions	8	51,806
13,238	Lump Sum & Death Benefits	8	14,003
8,745	Payments to and on account of Leavers	9	5,401
6,250	**Subtotal: Net (additions) / withdrawals from Dealings with Members**		**6,510**
8,491	Management Expenses	10a	5,715
14,741	**Subtotal: Net (additions) / withdrawals from Dealings with Members**		**12,225**
Returns on Investment			
(65,353)	Investment Income	11	(20,834)
(51,769)	(Profit) and Losses on disposal of Investments and Changes in Value of Investments		59,659
44	Taxes on Income		0
(117,078)	**Net Returns on Investment**		**38,825**
(102,337)	**Net (increase) / decrease in the Net Assets available for Benefits during the year**		**51,050**

The Funds Accounts were prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

The following are derived from the audited financial statements of the Royal Borough of Greenwich Pension Fund for the year ended 31 March 2023. The complete 2022/23 pension fund financial statements can be found in Appendix H.

Net Asset Statement as at 31st March 2023			
2021/22 £000		Notes	2022/23 £000
	Investment assets		
	Pooled Investment Vehicles:		
822,196	Equities	14	731,971
247,940	Fixed Income	14	301,924
162,065	Property Unit Trusts	14	133,768
200,532	Multi Asset	14	197,888
12,425	Infrastructure	14&22	18,813
36,324	Private Debt	14&22	58,508
107,137	Diversified Alternative	14	107,468
1,938	Private Equity	14&22	1,180
4,100	Property – Freehold	3&14	5,700
73	Cash Deposits	19	22
12,165	Cash Equivalents	19	16,367
2,915	Other Investment Balances	18	3,131
	Investment Liabilities		
(1,781)	Other Investment Balances	18	(919)
1,608,029	**Net Investment Assets / (Liabilities)**		**1,575,821**
	Current Assets		
677	Contributions Due	18	626
670	Other Current Assets	18	605

Net Asset Statement			
2021/22 £000		**Notes**	**2022/23 £000**
27,251	Cash Balances	19	8,753
	Current Liabilities		
(504)	Unpaid Benefits	18	(717)
(808)	Other Current Liabilities	18	(823)
27,286	**Net Current Assets / (Liabilities)**		**8,444**
1,635,315	**Net Assets of the Scheme available to fund Benefits at the Period End**		**1,584,265**

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2023. 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
ESG stands for Environmental, Social, and Governance. ESG covers a wide range of issues that may have a direct or indirect impact on how an organization is managing risks and opportunities related to environmental, social, and governance criteria (sometimes called ESG factors).

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.

TCFD
The Task Force on Climate-related Financial Disclosures, which aims to improve the disclosure of the impact organisations have on the global climate and help organisations understand climate related risks

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
10 South Colonnade, Canary Wharf, E14 4PU
Tel: **0800 917 4487**
Website: **pensions-ombudsman.org.uk**

Complaints and Advice
The Money and Pensions Service
120 Holborn, London EC1N 2TD
Tel: **01159 659570**
Website: **moneyandpensionsservice.org.uk**

Asset Pool Operator
London CIV 4th Floor, 22 Lavington Street,
London, SE1 0NZ
Tel: **020 8036 9004**
Email: **Londonciv.org.uk**

Administration Enquiries
35 Wellington St, Woolwich, London SE18 6HQ
Email: **pensions@royalgreenwich.gov.uk**
Website: **royalgreenwich.gov.uk**
Tel: **020 8921 4933**

Investment Enquiries
35 Wellington St, Woolwich, London SE18 6HQ
Email: **pension-investment@royalgreenwich.gov.uk**
Website: **royalgreenwich.gov.uk**
Tel: **020 8921 6181**

23932 June 2023

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**	⟷	**Head of Pensions Admin.**	**24/01/23**
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**	⟷	**Assistant Director of Finance - Pension Admin**	**03/02/23**
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 away indicator used where necessary.	3	3	**9**	⟷	**Head of Pensions Admin.**	**24/01/23**

						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.	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.	The fund participates in the NFI exercise of cross-matching personal details.	2	2	**4**	⟷	**Head of Pensions Admin.**	**24/01/23**

						Primary documentation (birth / marriage / death certificates).	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.						
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**	⟷	**Assistant Director of Finance - Pension Admin**	**03/02/23**
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 monitored by senior management	3	4	**12**	⟷	**Assistant Director of Finance - Pension Admin**	**03/02/23**
Making payments	A7	Incorrect calculations leading to payment errors.	2	3	**6**	Training.	The auditor reviews the peer review process. Benefit calculations are double checked	1	3	**3**	⟷	**Head of Pensions Admin.**	**24/01/23**

						Peer review. . IT test system	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					
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**	⟷	**Assistant Director of Finance - Pension Admin**	**03/02/23**
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. The Assistant Director of Financial Operations is the secretary of the JPG technical sub group.	2	2	**4**	⟷	**Head of Pensions Admin.**	**24/01/23**
Third Party Failure	A10	Failure of fund manager / custodian.	1	3	**3**	Selection and monitoring. Reports on internal controls received for each fund manager.	Investment consultant undertakes continued research and monitoring of investment managers.	2	2	**4**	⟷	**Treasury & Pensions Manager**	**17/02/2023**

APPENDIX A

						Audit reports.	Officers Meet with Managers and Custodian twice yearly. Assets are held on a nominee basis by the custodian.						
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.	2021-22 accounts is outstanding, due to a national issues with Auditors being able to sign off Council's Account.	2	3	**6**	⬆	**Director of Finance & 151 Officer**	**17/02/2023**
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.	2	4	**8**	⬆	**Director of Finance & 151 Officer**	**17/02/2023**
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.	2	3	**6**	⬇	**Treasury & Pensions Manager**	**17/02/2023**
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**	↔	**Treasury & Pensions Manager**	**17/02/2023**
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**	↕	**Treasury & Pensions Manager**	**14/02/2022**
Discrimination	A16	Failure to provide information in a suitable format where requested (e.g. braille,	2	3	**6**	Investigate need to provide information in an alternative format and source appropriate	Reports all provided in the standard variety of formats as required	1	3	**3**	↔	**Head of Pensions Admin.**	**24/01/23**

		large print, other language, etc.).				suppliers to be used by the Council where required.	by RBG corporate policy.						
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 2025.	4	3	**12**	⟷	**Assistant Director of Finance - Pension Admin**	**03/02/23**
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 / 3rd tier small contractors generating additional technical work in determining employer rates and monitoring. Provision of RBG payroll services to external bodies insures information provided in correct format. Requirement for new employers to continue to provided member data in required format. Training for all members as requested.	4	3	**12**	⟷	**Assistant Director of Finance - Pension Admin**	**03/02/23**
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**	⟷	**Head of Pensions Admin.**	**24/01/23**
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 - Committee Services Dept.**	**20/01/23**

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. Net zero road map develop with short/ longer term actions created. 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**	⟷	**Treasury & Pensions Manager**	**17/02/2023**
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**	⟷	**Treasury & Pensions Manager**	**17/02/2023**
Employer	**E**												
Cessation	E1	Employer ceases to make contributions to the fund, having an inadequate alternative funding, bond or guarantee in place, generating a deficit to be recovered by residual employers	5	3	**15**	Monitor Risk profile: • Employer Type • Funding Source • Strength of covenant • Open/closed • Accounts/credit • Admin records • Bond/guarantee • Deficit recovery period • Active Members	All employers subject to financial health check. Funding Strategy Statement band like employers together. Consideration of bond / guarantee is given for new employers. New Employer Flexibilities put in place which enable employers to put into Debt Spreading Agreements (DSA's) or Deferred Debt Agreements (DDA's) to offer further protection.	5	3	**15**	↕	**Treasury & Pensions Manager**	**02/09/2022**
Contribution	E2	Shortfall arising from change in employer's membership / status.	3	3	**9**	Employers reminded to advise administering authority of changes.	Monitoring of employers' active members.	3	2	**6**	⟷	**Treasury & Pensions Manager**	**02/09/2022**

		Employee participation rate falls.				Risk profiling. Effective communication with stakeholders.							
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. A more in depth reviews is completed at every formal valuation cycle.	3	3	**9**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Head of Pensions Admin.**	**02/09/2022**
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 managers are reviewed by Panel.	3	3	**6**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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.	The last asset/liability completed in 2020/21. The next one will start in 2022/23 after the formal valuation results.	2	2	**4**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
Corporate Governance	I3	A stock held by the Fund performs poorly as a result of poor governance structure	3	3	**9**	Stewardship Code. Membership of Local Authority Pension Fund Forum.	Primary fund managers comply with the Stewardship Code.	2	2	**4**	⟷	**Treasury & Pensions Manager**	**02/09/2022**

		leading to a reduction in value.					LAPFF alert funds to specific issues for action. Issues will be raised at panel meetings. ESG rating are available for some managers Performance Reports presented to both Panel and Board quarterly. Board undertake scrutiny role with oversight of decisions taken by Panel including asset allocation decisions.						
Counterparty Default	14	The counterparty to a transaction defaults on their element leading to a potential loss for the fund.	2	3	**6**	Custodian. Review of credit ratings of counterparty`s Legislation.	All transactions are reconciled between the investment manager and the custodian.	1	2	**2**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
Currency	15	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. The Fund Investment adviser keep under review.	3	3	**9**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
Funding Risk	17	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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
Illiquidity	18	Assets sold at depressed valuation / investment opportunity missed. Inability to realise investments to pay benefits.	4	5	**20**	Limit on illiquid assets. Cash flow forecast.	Property and Private Equity represent a relatively small part of the portfolio. The Fund is now cashflow negative. This is monitored weekly. New asset allocation will make sure there	3	4	**12**	⟷	**Treasury & Pensions Manager**	**02/09/2022**

							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**	↔	**Treasury & Pensions Manager**	**02/09/2022**
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**	↕	**Treasury & Pensions Manager**	**02/09/2022**
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 fund is minimal however .	1	1	**1**	↔	**Treasury & Pensions Manager**	**02/09/2022**
Systemic Risk	I12	Financial market volatility affecting multiple asset classes leading to sharp reduction in assets.	3	5	**15**	Diversification. Liquidity Levels. Custody arrangements. Increase frequency of meetings with Fund	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	3	4	**12**	↕	**Treasury & Pensions Manager**	**23/02/2023**

						Managers to understand future risk in the market.	£164bn being wiped off the value of the U.K's Leading Companies. In February 2022, The invasion of Ukraine by Russia was a major event sent ripples across a number of financial markets.					
Treasury Investment	114	Surplus contributions not invested.	3	1	**3**	Contributions monitoring. Cash flow forecasts.	A detailed cashflow forecast is maintained.	2	1	**2**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
Management information	118	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. An annual Business Plan is prepared to ensure timely and relevant information is updated.	1	3	**3**	⟷	**Treasury & Pensions Manager**	**02/09/2022**

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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
ESG Risk	I22	Insufficient oversight in relation to the environmental, social and governance (ESG) impact of the Funds investments.	3	4	**12**	ISS and RI Investment Policies to ensure that ESG factors are considered in investment decisions. LAPFF Membership Regular training on ESG and the associated risks. Fund seeks advice from Investment Advisors who incorporate ESG factors into their research.	Managers expected to engage with companies on ESG issues. Monitor that manager are voting in line with the Funds policy. Development of the Funds Net Zero Roadmap. Initial work undertaken in preparation to report in line with TCFD. Fund has made £42.5m pledge to LCIV Renewable Infrastructure Mandate. ESG incorporated a regular item in training register.	2	2	**4**		**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Head of Pensions Admin.**	**02/09/2022**
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. Invoice employer for excess amounts. Build control into admission agreement.	The triennial valuation provides details of experience versus actuarial assumption.	3	3	**9**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**
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**	⟷	**Treasury & Pensions Manager**	**02/09/2022**

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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**	↔	**Treasury & Pensions Manager**	**02/09/2022**
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**	↔	**Treasury & Pensions Manager**	**02/09/2022**
Liability (Other)	**LO**												
Regulatory Change	LO1	Regulation/legislation/ taxation changes requiring increased contributions/additional benefits.	2	4	**8**	Monitor and respond where appropriate to Government consultations. Dialogue with employers of potential impacts. Build into valuations.	The main changes are covered elsewhere within this register. The number of changes continues to increase.	2	4	**8**	↔	**Treasury & Pensions Manager**	**02/09/2022**
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	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 – IT Dept.**	**09/11/22**

		• 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 Network (PSN) and its associated services					The investment in a CSOC (Cyber Security Operations Centre) utilising external cybersecurity skills and resources has helped strengthen early detection of cyber threat, thus helping to minimise its potential impact. This is currently in implementation phase. The investment in a new/modern backup solution which provides immutable backup and faster recovery times again lessens the impact of a cyber threat. This will be implemented early next year.						
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**	↕	**Treasury & Pensions Manager**	**09/11/22**
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. The fund receives advice from all of our investment advisors.	3	2	**6**	↔	**Treasury & Pensions Manager**	**09/11/22**
Transactional	R2	Ultra vires action.	2	5	**10**	Section 151 overview.	The workings of the fund are maintained under the direction of	1	5	**5**	↔	**Director of Finance & 151 Officer**	**09/11/22**

							the section 151 officer. The section 151 officer receives regular updates.					
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**	⟷	**Treasury & Pensions Manager**	**09/11/22**
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**	⟷	**Head of Pensions Admin.**	**09/11/22**
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**	⟷	**Treasury & Pensions Manager**	**09/11/22**
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**	⟷	**Treasury & Pensions Manager**	**09/11/22**
Business continuity	R7	Failure to maintain adequate BCM arrangement	2	4	**8**	RBG BCM	Kept under review	1	4	**4**	⟷	**Treasury & Pensions Manager**	**09/11/22**
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**	⟷	**Treasury & Pensions Manager**	**09/11/22**

							Co-ordinate with other teams for latest up to date review details.						
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**	↔	**Head of Pensions Admin.**	**09/11/22**
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**	↔	**Treasury & Pensions Manager**	**09/11/22**
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 2022/23 with refresher subjects covered on an on-going basis. Will continue to be reviewed on an on-going basis.	4	2	**8**	↕	**Treasury & Pensions Manager**	**09/11/22**
		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 2022/23 with refresher subjects covered on an on-going basis.	1	2	**2**	↔	**Treasury & Pensions Manager**	**09/11/22**
		Ensuring pension board members have appropriate level of knowledge and skills to enable them fulfil their roles. High turnover of member and employer	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	Knowledge and Skills Policy and Framework agreed. New Knowledge and skills guidance from CIPFA came out in 21/22	3	2	**6**	↕	**Treasury & Pensions Manager**	**09/11/22**

		representatives on the pension board leading to inability to undertake required roles				minimum successful completion of the Pension Regulator's public service schemes training modules. Recruitment and retention policy.							
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 which is reviewed by senior management. Regular management meetings between head of pensions and operations manager	3	3	**9**	⟷	**Head of Pensions Admin.**	**09/11/22**
		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. In line with the Competition and Markets Authority ("CMA") requirements the Fund sets objectives for its investment consultants, performance against which is reviewed by Panel annually.	1	2	**2**	⟷	**Treasury & Pensions Manager**	**09/11/2022**
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**	⟷	**Treasury & Pensions Manager**	**09/11/22**

*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

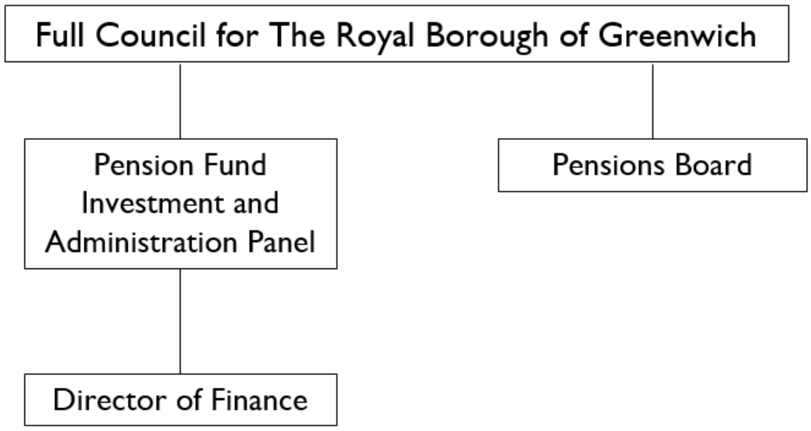
The Royal Borough of Greenwich is the Administering Authority for the Royal Borough of Greenwich Pension Fund. Elected Members are therefore, responsible for the stewardship of the Fund. This responsibility has been delegated to the Pension Fund Investment and Administration Panel, a sub-committee of 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 - three members of the majority party and one opposition party member. Representatives from admitted bodies and the trades unions are invited to participate as members of the Panel, but do not have voting rights.

Local Pension Board

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.

Meetings

Pension Investment and Administration Panel

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.

Local Pension Board

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

APPENDIX D

Royal Borough of Greenwich Pension Fund

Statement of Compliance

UK Stewardship Code for Institutional Investors

Introduction

The Financial Reporting Council (FRC) works to promote institutional investors to undertake strong corporate governance. The 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 code, which was originally released in 2010 and was subsequently revised in September 2012, initially addresses asset managers (i.e investment managers), however it makes clear that asset owners (i.e Pension Funds) also have a responsibility to exercise high standards of stewardship.

The aims of the code align closely with the fifth Myners principle of Responsible Ownership. 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 and the London CIV 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 (ISS) sets out the Funds approach to stewardship with particular regard to principle 5 of the Myners principles (Responsible Ownership). The ISS also details 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.

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), a collaborative investment engagement group which monitors and reports on corporate governance issues and acts as a platform for LGPS Funds to maximise the influence of investors as asset owners. Areas of engagement include environmental and climate risks, social and governance risks and reliable accounts.

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 investment managers to have effective policies addressing potential conflicts of interest. Internal Control documents produced by investment managers are reviewed annually as part of the audit of the Pension Fund accounts; these are checked to ensure that policies are in place to identify and manage any conflicts of interest, which may arise.

In respect of conflicts of interest within the fund, both Pension Panel and Pension Board Trustees are required to make declarations of interest prior to meetings. Under the Councillors Code of Conduct, which is available on the Royal Greenwich website, Members must disclose any conflicts of interest both monetary and non-monetary. If a member has a personal or financial interest in relation to an agenda item they are not permitted to make an executive decision or vote on that item and must leave the room for that section of the meeting.

As part of the production of the Pension Fund audited annual accounts – officers, alongside Members of both the Pension Panel and the Pension Board complete related party transaction declarations. Any related party transactions are disclosed within the notes to the accounts, which are audited.

<u>Principle 3</u>

"…***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.

Pension Finance officers monitor monthly manager performance, meeting quarterly to discuss the drivers of and detractors from performance with regard to not only economic factors but also positive and negative performance at company level. Officers hold regular meetings with Fund Managers.

The Fund also seeks advice from its independent investment advisors who produce quarterly reports on overall fund performance and individual manager performance. These reports are presented to the Pension Panel for review and discussion.

Membership of the Local Authority Pension Fund Forum (LAPFF) enables alerts surrounding specific companies to be communicated in a timely manner. The forum provides a platform for investees to discuss common issues and exchange information. Alongside E-Bulletins, research papers and consultation responses, the LAPFF also issues quarterly engagement reports providing commentary on engagement activities with companies and voting alerts and updates.

<u>Principle 4</u>

"…***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 (and where relevant in the future, the London CIV), including the escalation of engagement when necessary. The Fund expects its fund managers to consider and incorporate material environmental, social and governance issues within its decision-making and anticipates that managers will undertake joint action with other institutional investors should this be the most effective route to resolving any potential issues. The Fund also expects fund managers to issue guidelines for such activities in their own statement of adherence to the Stewardship code.

Principle 5

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

As aforementioned, through its membership of the LAPFF the Fund collectively exercises a voice in respect of corporate governance issues. The LAPFF consists of 77 local authority pension funds with a joint Fund value of over £230 billion.

As part of the Funds business plan, officers and Trustees undertake regular training in in line with the CIPFA Knowledge and Skills Code. The Fund also holds an annual Pension Fund Away Day, in which officers and Members meet to discuss and receive training regarding subjects including corporate governance, economic market reviews and environmental social and governance issues.

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

The Fund will work closely with other LGPS Funds, engaging with investment managers and underlying companies, as part of its involvement in the London CIV.

Principle 6

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

The Fund understands the importance of actively exercising its voting rights as shareholder in order to protect the financial interest of its members. As aforementioned, the Funds voting intention guidelines are published within the Investment Strategy Statement.

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 who are encouraged to vote in respect of all resolutions at annual general meetings and any extraordinary general meetings of companies.

<u>Principle 7</u>

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

The Fund reports on stewardship and publishes its voting intention guidelines as part of its annual Investment Strategy Statement. Investment managers vote within these guidelines. Voting activity is received by the Fund and is reported to the Panel on an exception basis.

Manager Performance is reported to both Pension Panel and Pension Board on a quarterly basis by the Funds investment advisors. The annual Report also summary the Activities of the Fund throughout the year.

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. It has been prepared to ensure that all members and decision makers carrying out their roles and responsibilities on behalf of the Royal Borough of Greenwich Pension Fund & The Royal Borough of Greenwich are and remain sufficiently knowledgeable & competent to do so.

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 as per the following statements:

1.3 As required by CIPFA's Code of Practice The Royal Borough of Greenwich is committed to the following principles;

1) That The Royal Borough of Greenwich adopts the key principles of the code of practice on LGPS knowledge and skills.
2) That The Royal Borough of Greenwich recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.
3) That The Royal Borough of Greenwich has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills for those responsible for the management, delivery, governance and decision making of the LGPS.
4) That the policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the CIPFA Knowledge and Skills Framework.

5) That The Royal Borough of Greenwich will ensure that it has adequate resources in place to ensure all staff, members, or other persons responsible for the management, decision making, governance and other aspect of the delivery of the LGPS acquire and retain the necessary knowledge and skills.
6) That The Royal Borough of Greenwich will report annually on how their knowledge and skills policy has been put into practice throughout the financial year in the fund's annual report.
7) That The Royal Borough of Greenwich has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the The Royal Borough of Greenwich`s knowledge and skills policy statement, and, where they are a CIPFA member, with the CIPFA Standards of Professional Practice (where relevant).

1.4 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

1.5 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.

1.6 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.

1.7 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 and maintain their training and development.

- Ensure Panel members have adequate knowledge, training and skills to enable informed decision making even though they do not have the same statutory obligations as board members.

- 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.

2.3 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.

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

2.5 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.

2.6 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.

2.7 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 and officers are encouraged to do the same.

2.8 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 The TPR code, MHCLG statutory guidance, CIPFA Code and Framework and MiFID II requirements.

3.3 The knowledge & skills will cover Public Sector pensions, the pension industry in general, the relevant requirements of the Financial Conduct Authority & the completion of any other relevant training in connection with a Member’s role, for example, data protection training. As a minimum requirement Members will be expected to embrace the eight topics of the CIPFA Knowledge & Skills Framework, namely;

Legislation & Guidance.	Governance.
Administration & Communications.	Accounting & Audit Standards.
Procurement & Relationship Mngt.	Investment Performance & Risk Management.
Financial Markets & Product Knowledge.	Actuarial Methods, Standards & Practice.

3.4 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 2022/23

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 8th year of operation during the 2022/23 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 2022/23

2.1 The Board met on three occasions during 2022/23. The Board's membership and attendance at meetings are set out in the table below.

Table 1- Membership and attendance

	2022			2023
	18-Jul	26 – Sept	05-Dec*	13-Mar
Councillor Nick Williams (Chair)	✗	✓	✗	✓
Councillor Issy Cooke	✓	✓	✗	✓
Simon Steptoe	✓	✓	✗	✓
Alastair Kidd	✓	✓	✗	✗

* = Cancelled

2.2 Following local elections held in May 2022 and a recruitment process in 2021/22 the Board welcomed two new employer representatives and one new employee representative for 2022/23.

Business Plan 2022/23

The Business Plan for 2022/23 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 2021/22
- Review the draft Pension Fund Annual Report for 2021/22
- Review of Quarterly Fund Performance
- Review of Fund strategies, statements and reports.
- Review of work undertaken at the Pension Investment and Administration Panel meetings.
- Review of the audit findings report.
- Review of the Risk Register
- Review the business plan for 2023/24

3. Training

3.1 During the year, Board members received training in the following areas:

- Introductory training for new Board members, provided by the Funds investment advisors (Hymans Robertson).

- Environment, Social and Governance (ESG) Issues– provided by the London Collective Investment Vehicle (LCIV)
- Audit & Accounting standards, provided by the Funds Investment Advisors, Hymans Robertson.
- Procuring Pensions – Provided by the Head of Procurement at RBG.
- Legislative & Governance Context – Provided by the Funds actuary, Barnett Waddingham.

3.2 The Annual Pension Fund Away Day, which is also attended by Panel members, officers, the Fund's investment advisors, actuary and Fund investment managers, was held on 11 November 2022. The day featured sessions on the following subjects:

- The role of the Custodian and their economic outlook.
- The Triennial Valuation as at 31 March 2022 (including training) from the Funds actuary, Barnett Waddingham.
- An introduction to the investment strategy review provided by the Funds investment advisors, Hymans Robertson.
- A review and discussion on the proposal to invest in a Low Carbon Passive Equity Fund.
- Presentations from 3 investment managers on the Low Carbon Passive Equity Mandates they offer.
- A presentation from Alison Brown on the work undertaken by the administration team during the year.

4. Expenses

4.1 Travel expenses of £16.40 were 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 The Board focus for 2023/24 will be for the Board to continue to develop its role with specific attention to engagement and stewardship of the Fund and the role of the Board as per The Pension Regulator Regulation 14. 2023/24 will see in introduction of presentations from the Funds investment managers at each Board meeting on ESG with an emphasis on how each manager assess the risks and opportunities posed by climate change and how the manager engages with the companies within which it invests. The business plan for 2023/24, 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 on financial statements

We have audited the financial statements of Royal Borough of Greenwich Pension Fund (the 'Pension Fund') administered by Royal Borough of Greenwich Council (the 'Authority') for the year ended 31 March 2023, 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 2022/23.

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 2023 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 2022/23; 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 2022/23 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 2022) 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.

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.

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.

Our responsibilities and the responsibilities of the Section 151 Officer's with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's [and group's] financial statements. The Section 151 officer is responsible for the other information. Our opinion on the 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund financial statements or our knowledge 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 financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters 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, 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 and the Section 151 officer

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 Corporate Director Finance. 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 2022/23, 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 they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management 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 management 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 management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to the valuation of Level 2 and 3 Investments. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on year-end journals,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of Level 2 and 3 Investments,
- 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.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

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.

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.

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 44 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
1 February 2024

Royal Borough of Greenwich Pension Fund

2021/22 £000	Fund Account	Notes	2022/23 £000
	Dealings with Members, Employers and Others directly involved in the Scheme		
	Contributions Receivable:		
(39,669)	Employer Contributions	6	(42,462)
(14,435)	Member Contributions	6	(15,867)
(10,647)	Transfers in from Other Pension Funds	7	(6,371)
	Benefits:		
49,018	Pensions	8	51,806
13,238	Lump Sum & Death Benefits	8	14,003
8,745	Payments to and on account of Leavers	9	5,401
6,250	**Subtotal: Net (additions) / withdrawals from Dealings with Members**		**6,510**
8,491	Management Expenses	10a	5,715
14,741	**Subtotal: Net (additions)/withdrawals including fund management expenses**		**12,225**
	Returns on Investment		
(65,353)	Investment Income	11	(20,834)
(51,769)	(Profit) and Losses on disposal of Investments and Changes in Value of Investments		59,659
44	Taxes on Income	11a	0
(117,078)	**Net Returns on Investment**		**38,825**
(102,337)	**Net (increase) / decrease in the Net Assets available for Benefits during the year**		**51,050**

31 March 2022 £000	Net Asset Statement	Notes	31 March 2023 £000
	Investment assets		
	Pooled Investment Vehicles:		
822,196	Equities	14	731,971
247,940	Fixed Income	14	301,924
162,065	Property Unit Trusts	14	133,768
200,532	Multi Asset	14	197,888
12,425	Infrastructure	14&22	18,813
36,324	Private Debt	14&22	58,508
107,137	Diversified Alternative	14	107,468
1,938	Private Equity	14&22	1,180
4,100	Property - Freehold	3&14	5,700
73	Cash Deposits	19	22
12,165	Cash Equivalents	19	16,367
2,915	Other Investment Balances	18	3,131
	Investment Liabilities		
(1,781)	Other Investment Balances	18	(919)
1,608,029	**Net Investment Assets / (Liabilities)**		**1,575,821**
	Current Assets		
677	Contributions Due	18	626
670	Other Current Assets	18	605
27,251	Cash Balances	19	8,753
	Current Liabilities		
(504)	Unpaid Benefits	18	(717)
(808)	Other Current Liabilities	18	(823)
27,286	**Net Current Assets / (Liabilities)**		**8,444**
1,635,315	**Net Assets of the Scheme available to fund Benefits at the Period End**		**1,584,265**

The financial statements of the Fund do not take account of liabilities to pay pensions and other benefits after 31 March 2023. 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 2022/23 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 66 active employer organisations within the Fund as at 31 March 2023 (63 as at 31 March 2022). The following table summarises the composition of the registered membership of the Fund as at 31 March 2023.

Membership	**Administering Authority**		**Admitted Bodies**		**Scheduled Bodies**	
	2021/22	**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**
Employees contributing into Fund	6,297	6,349	326	487	1,981	1,972
Pensioners / Dependents	7,122	7,341	273	332	461	521
Former Members entitled to Deferred Benefits	7,587	7,563	316	474	1,530	1,523
Totals	**21,006**	21,253	**915**	1,293	**3,972**	4,016

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 2023. 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 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (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.

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 has returned income, which have been recognised as dividend income in line with the structure of the mandate.
g) Equalisation interest was received in 22/23, which has been recognised as interest within investment income.
h) Interest is recognised as it accrues. Any interest due but not received at at the end of the reporting period is accrued for and disclosed within the note on Debtors and Creditors.

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 month/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 2023 at a value of £5.7m 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 2023.

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 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

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 2023 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 £26.6m. A 0.1% decrease in assumed earnings would decrease the pension liability by £1.9m and a 1-year increase in assumed life expectancy would increase the Fund liability by £74.4m.
Diversified alternative	Diversified Alternative investment are valued using variety of methods and	The total value of Level 3 investment in Diversified Alternative is £107m. There is a risk that the investment may be under or

	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.	overstated in the accounts. The Funds's performance management advisors report a tolerance of 13.9% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £14.94m
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 £30.9m. There is a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 6.8% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £2.10m
LCIV Renewable Infrastructure	Infrastructure investments are valued using best practices prevailing within the investment management industry to determine each underlying investment's fair market value. These valuations are validated by third party independent appraisal firms.	The total value of Level 3 investment in LCIV renewable infrastructure is £18.8m. There is a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 5.1% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £0.95m
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 £58.5m. There is a risk that the investment may be under or overstated in the accounts. The Funds's performance management advisors report a tolerance of 5.4% in respect of the net asset values the fund valuations is based upon. This equates to a tolerance of +/- £3.16m

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 2022/23 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:

2021/22 £000	By Category	2022/23 £000
(14,435)	Employee's Contributions	(15,867)
(14,435)	**Total Employees' Contributions**	**(15,867)**
	Employer's Contributions:	
(35,275)	Normal Contributions	(38,002)
(3,826)	Deficit Recovery Contributions	(4,082)
(568)	Augmentation Contributions	(378)
(39,669)	**Total Employers' Contributions**	**(42,462)**
(54,104)		**(58,329)**

2021/22 £000	By Authority	2022/23 £000
(42,372)	Administering Authority	(45,645)
(8,899)	Scheduled Bodies	(9,230)
(2,833)	Admitted Bodies	(3,454)
(54,104)		**(58,329)**

Note 7 - Transfers in from Other Pension Funds

2021/22 £000	Transfers in from other Pension Funds	2022/23 £000
(2,667)	Group Transfers	0
(7,980)	Individual Transfers	(6,371)
(10,647)		(6,371)

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.

2021/22 £000	Benefits	2022/23 £000
	Pensions	
46,262	Administering Authority	48,654
1,346	Admitted Bodies	1,526
1,410	Scheduled Bodies	1,626
49,018	**Total Pensions Payable**	**51,806**
	Lump Sums	
8,928	Administering Authority	10,182
638	Admitted Bodies	652
1,142	Scheduled Bodies	1,286
10,708	**Total Lump Sums and Commutation**	**12,120**

	Death Benefits:	
1,789	Administering Authority	1,633
314	Admitted Bodies	(3)
427	Scheduled Bodies	253
2,530	**Total Death Benefits**	**1,883**
62,256	**Total Benefits Payable**	**65,809**

Note 9 - Payments to and on Account of Leavers

2021/22 £000	Payments to and on Account Of Leavers	2022/23 £000
257	Refunds to Members leaving Service	238
(1)	Payments for Members joining State Scheme	(1)
8,489	Individual Transfers	5,164
8,745	**Total Payments to and on Account of Leavers**	**5,401**

Note 10a – Management Expenses

2021/22 £000	Management Expenses	2022/23 £000
1,121	Administration Expenses	990
145	Oversight and Governance	171
7,225	Investment Management Expenses	4,554
8,491	**Total Management Expenses**	**5,715**

Note 10b Investment Management Expenses

2021/22 £000	Management Expenses	2022/23 £000
5,038	Management Expenses	4,091
2,141	Performance Fees	420
46	Custody Fees	43
0	Transaction Costs	0
7,225	**Total Management Expenses**	**4,554**

Note 11 - Investment Income

2021/22 £000	Investment Income	2022/23 £000
(7,715)	Income from Equities	(7,989)
(10)	Income from Private Equity	(61)
(49,500)	Income from Diversified Alternative	(2,500)
(115)	Rental Income from Freehold Property	(115)
(2,653)	Income from Pooled Investment Vehicles	(4,400)
(5,335)	Income from Property Unit Trusts	(5,073)
(7)	Interest	(695)
(18)	Other Investment Income	(1)
(65,353)	**Total Investment Income**	**(20,834)**

Investment income has fallen in 2022/23, mainly attributable to Diversified Alternatives. This change is a result of market conditions during 2022/23 restricting distributions.

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.

2021/22 £000	Withholding Tax	2022/23 £000
44	Withholding Tax Non Reclaimable – Private Equities	0
44	**Total taxes on income**	**0**

Note 12 - External Audit Costs

2021/22 £000		2022/23 £000
38	Payable in respect of external audit*	36
(3)	PSAA Refund	0
0	Redmond Review Grant	(18)
35	**Total External Audit Costs**	**18**

*£36k was paid/payable to the external auditors of the Pension Fund, Grant Thornton UK LLP (38k in 2021/22).

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/Global Multi Asset Credit (GMAC)/Global Emerging Market Equities (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 2023 was as follows:

	2021/22 Market Value £000	**2021/22 Market Value %**	**2022/23 Market Value £000**	**2022/23 Market Value %**
Blackrock	682,193	42	607,369	38
CBRE Global Investors	172,880	11	149,680	9
Fidelity BOND	132,766	8	146,596	9
Fidelity GMAC	115,049	7	155,183	10
Royal Borough of Greenwich	31,761	2	14,765	1
Wilshire	1,938	0	1,180	0
London CIV	150	0	150	0
Partners Group	106,455	6	107,023	7
Fidelity GEME	142,858	9	127,126	8
LCIV Real Return Fund	97,481	6	93,535	6
LCIV Absolute Return Fund	103,051	6	104,353	7
LCIV Renewable Infrastructure	12,414	1	18,802	1
LCIV Private Debt	36,319	2	58,503	4
Total	**1,635,315**	**100**	**1,584,265**	**100**

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

Manager	Market Value 31-Mar 2022	Purchases	Sales	Change in Market Value Of Investments	Change in Working Capital	Market Value 31-Mar 2023
	£000	£000	£000	£000	£000	£000
Blackrock	682,193	0	(75,000)	527	(351)	607,369
CBRE Global Investors	172,880	2,855	(2,937)	(28,214)	5,096	149,680
Fidelity BOND	132,766	29,815	0	(15,984)	(1)	146,596
Royal Borough of Greenwich	31,761	0	0	1,600	(18,596)	14,765
Wilshire[b]	1,938	(45)	(274)	(439)	0	1,180
Fidelity GMAC	115,049	44,665	0	(4,512)	(19)	155,183
London CIV	150	0	0	0	0	150
Partners Group	106,455	0	(2,422)	2,753	237	107,023
Fidelity GEME[a]	142,858	(755)	0	(14,996)	19	127,126
LCIV Real Return Fund	97,481	1,617	0	(5,562)	0	93,536
LCIV Absolute Return Fund	103,051	2,783	0	(1,481)	0	104,353
LCIV Renewable Infrastructure	12,414	5,078	(2,356)	3,665	1	18,802
LCIV Private Debt	36,319	24,579	(5,379)	2,984	(1)	58,502
Total	**1,635,315**	**110,592**	**(88,368)**	**(59,659)**	**(13,615)**	**1,584,265**

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.

The prior year comparator is as follows:

Manager	Market Value 31-Mar 2021 £000	Purchases £000	Sales £000	Change in Market Value Of Investments £000	Change in Working Capital £000	Market Value 31-Mar 2022 £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[a]	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[a]	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[a]	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**

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.

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:

2021/22 £000	Change Market Value	2022/23 £000
1,532,978	Opening Market Value	1,635,315
50,568	Net Revenue Cash in / (out) flow	8,609
44,165	Realised profit / (loss)	36,092
7,604	Unrealised profit / (loss)	(95,751)
1,635,315	**Closing Market Value**	**1,584,265**

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

Investment Assets	Manager	2022/23 £000	2022/23 %
Aquila Life World Ex UK	Blackrock	231,414	15
ISHARES UK Equity	Blackrock	219,819	14
Fidelity Global Multi Asset Credit	Fidelity	155,280	10
Aquila Life GLB 3000	Blackrock	153,395	10
Fidelity UK Aggregate Bond	Fidelity	146,643	9
Fidelity Institutional Funds Emerging Markets	Fidelity	127,307	8
Partners IC RBG LTD	Partners Group	107,469	7
LCIV Absolute Return Fund	London CIV	104,353	7
LCIV Real Return Fund	London CIV	93,535	6

The prior year comparator is 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%

Stock Lending / Derivatives

The Fund has a policy of not entering into stock lending arrangements - there were no stock lending arrangements in place during 2022/23 or 2021/22. 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 2023):

- 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:

2021/22 £000		2022/23 £000
3,100	Opening balance	4,100
1,000	Net increase in market value	1,600
4,100	**Closing balance**	**5,700**

2021/22 £000		2022/23 £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 2022 Fair Value through Profit and Loss £000	31 March 2022 Assets at Amortised Cost £000	31 March 2022 Financial Liabilities at Amortised Cost £000		31 March 2023 Fair Value through Profit and Loss £000	31 March 2023 Assets at Amortised Cost £000	31 March 2023 Financial Liabilities at Amortised Cost £000
			Financial Assets			
			Pooled Investment Vehicles:			
822,196			Equities	731,971		
247,940			Fixed Income	301,924		
162,065			Property Unit Trusts	133,768		
200,532			Multi Asset	197,888		
12,425			Infrastructure	18,813		
36,324			Private Debt	58,508		
1,938			Private Equity	1,180		
107,137			Diversified Alternative	107,468		
	73		Cash Deposits		22	
	12,165		Cash Equivalents		16,367	
	2,915		Other investment balances		3,131	
	677		Contributions Due		626	
	670		Other Current Assets		604	
	27,251		Cash Balances		8,753	
1,590,557	**43,751**	**0**	**Total Financial Assets**	**1,551,520**	**29,503**	**0**
			Financial Liabilities			
		(1,781)	Other Investment Balances			(919)
		(504)	Unpaid Benefits			(717)
		(254)	Other Current Liabilities			(211)
		(2,539)	**Total Financial Liabilities**			**(1,847)**
1,590,557	**43,751**	**(2,539)**	**Net Financial Assets**	**1,551,520**	**29,503**	**(1,847)**

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

2021/22 £000	Gains and Losses	2022/23 £000
	Financial Assets	
50,769	Fair Value Through Profit and Loss	(61,259)
	Financial Liabilities	
0	Fair Value Through Profit and Loss	0
50,769	**Total**	**(61,259)**

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

2021/22 £000	Interest Revenue and Expense	2022/23 £000
	Assets at amortised cost	
(7)	Interest Revenue	(358)
0	Interest Expense	1
(7)	**Total**	**(357)**

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 31/03/2022	Transfer into Level 3	Transfer out of Level 3	Purchases at cost	Sales	Unrealised Gain/(Loss)	Realised Gains/(Loss)	Market Value At 31/03/2023
	£000	£000	£000	£000	£000	£000	£000	£000
UT - Property UK*	63,938	0	(23,453)	373	(2,937)	(7,003)	0	30,918
Freehold Property	4,100	0	0	0	0	1,600	0	5,700
Diversified Alternative	107,137	0	0	0	(2,422)	2,753	0	107,468
Private Equity	1,938	0	0	(45)	(274)	(713)	274	1,180
Infrastructure	12,425	0	0	5,078	(2,355)	3,665	0	18,813
Private Debt	36,324	0	0	24,579	(5,379)	2,984	0	58,508
Total	225,862	**0**	**(23,453)**	**29,985**	**(13,367)**	**3,286**	**274**	**222,587**

* The transfer out of level 3 is due to liquidity constraints within an underlying fund being lifted, causing a reclassification to level 2

The prior year comparator is as follows:

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**

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 2023.

Asset	**Value as at 31 March 2023 £000**	**Percentage Change %**	**Value on Increase £000**	**Value on Decrease £000**
UT - Property UK	30,918	6.8	33,017	28,819
Freehold Property	5,700	6.8	6,087	5,313
Private Equity	1,180	18.6	1,399	961
Diversified Alternative	107,468	13.9	122,393	92,544
Infrastructure	18,813	5.1	19,776	17,850
Private Debt	58,508	5.4	61,660	55,356
Total Level 3 Assets available to Pay Benefits	**222,587**		**244,332**	**200,843**

The prior year comparator is as follows:

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 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 2023	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial Assets				
Financial Assets at Fair Value through profit and loss	0	1,334,633	216,888	1,551,521
Non-Financial assets at Fair Value through profit and loss	0	0	5,700	5,700
	0	**1,334,633**	**222,588**	**1,557,221**

The prior year comparator is as follows:

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**

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 – Fixed Income	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 programme uses a variety of market and income methods.	Evaluated price feeds	Not Required

Pooled Investments - Equities	Level 2	Bid price	Evaluated price feeds	Not Required
Pooled Investments – Emerging Market Equities	Level 2	Mid 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 2023)	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 February 2023 to March 2023)	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	-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

		on these. Where no market quotations are available, 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.		reporting date, and by any 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	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

		rent and yields for the class of property, adjusted to reflect age, condition and characteristics of the particular locality		
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	12.03%
Overseas Equities	12.03%
Bonds	7.69%
Property	6.79%
Cash Equivalents	1.76%
Private Equity	18.56%
Multi Asset	4.94%
Diversified Alternative	13.89%
Private Debt	5.39%
Infrastructure	5.12%

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 2023 £000	Percentage Change %	Value on Increase £000	Value on Decrease £000
Cash Equivalents	16,367	1.76	16,655	16,079
UK Equities	219,827	12.03	246,267	193,387
Overseas Equities	511,995	12.03	573,576	450,413
Bonds	301,924	7.69	325,130	278,717
Diversified Alternative	107,469	13.89	122,393	92,544
Property	139,468	6.79	148,936	130,001
Private Equity	1,180	18.56	1,399	961
Multi Asset	197,888	4.94	207,658	188,118
Infrastructure	18,813	5.12	19,776	17,850
Private Debt	58,508	5.39	61,660	55,356
Other Investment Balances	11,135	0	11,135	11,135
Total Assets available to Pay Benefits	**1,584,574**		**1,734,585**	**1,434,561**

The prior year comparator is 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**

Interest Rate Risk

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 25 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 +/- 25 bps change in interest rates.

Asset	Carrying Amount as at 31 March 2023	Change in Year in the Net Assets available to Pay Benefits	
		+ 25 bps	-25 bps
	£000	£000	£000
Cash Balances	8,753	8,775	8,731
Cash on Deposit	22	22	22
Cash Equivalents	16,367	16,408	16,326
Blackrock Institutional Series	8	8	8
Total Interest Rate Risk Assets	**25,150**	**25,213**	**25,087**

Asset	Carrying Amount as at 31 March 2023	Change in Year in the Net Assets available to Pay Benefits	
		+ 25 bps	-25 bps
	£000	£000	£000
Fidelity GMAC	155,281	153,634	156,926
Fidelity UK Aggregate Bond Fund	146,643	143,784	149,503
Total Interest Rate Risk Assets	**301,924**	**297,418**	**306,429**

The prior year comparator is as follows:

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**

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 2023	Potential Change in Foreign Exchange Rate	Value on Increase	Value on Decrease
	£000	%	£000	£000
Private Equity	1,180	9.12	1,287	1,072
Equity	511,995	6.72	546,378	477,611
Multi Asset	40,773	5.62	43,065	38,481
Total Currency Risk Assets	**553,948**		**590,730**	**517,164**

The prior year comparator is as follows:

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**

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 0.07% 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 2023 was £8.8m (£27.3m at 31 March 2022). This was held as follows:

Counterparty Type	31 March 2022 £000	31 March 2023 £000
UK Banks	27,251	8,753

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 2023, the value of liquid assets represented 79% of the Fund (80% at 31 March 2022). Financial liabilities of £2.459m 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 2022**	**31-Mar 2023**
Retiring Today		
Males	19.5	19.6
Females	22.9	23.0
Retiring in 20 years		
Males	20.9	21.0
Females	24.4	24.5

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)

To assess the value of the Fund's liabilities at 31 March 2023, the values calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions that comply with IAS19. 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 2022 £000**	**31-Mar 2023 £000**
Present Value of Funded Obligation		
Vested Obligation	(2,416,262)	(1,708,398)
Non-Vested Obligation	(31,836)	(17,991)
Total Present Value of Funded Obligation	(2,448,098)	(1,726,389)
Fair Value of Scheme Assets	1,635,315	1,584,266
Net Liability	**(812,783)**	**(142,123)**

The financial assumptions used to assess the total net liability as at 31 March 2023 are:

Financial Assumptions	**Mar-22**	**Mar-23**
	% p.a.	**% p.a.**
Discount Rate	2.6	4.8
Pay Increases	4.2	3.9
Pension Increases	3.2	2.9

Note 18 – Debtors and Creditors

The following material amounts were due to, or payable from, the Fund as at 31 March 2023:

2021/22 £000	Debtors	2022/23 £000
	Investment Debtors	
23	Tax Refunds Due	24
2,892	Dividends Due	2,873
0	Interest	55
0	Sale of Investments	179
2,915	**Total Investment Debtors**	**3,131**
	Member Debtors	
677	Contributions	626
670	Other	605
1,347	**Total Member Debtors**	**1,231**
4,262	**Total Debtors**	**4,362**
	Analysed By	
4,262	Other Entities and Individuals	4,264
0	Local Authorities	97
0	Central Government Bodies	1
4,262	**Total Debtors**	**4,362**

2021/22 £000	Creditors	2022/23 £000
	Investment Creditors	
(1,186)	Management Fees	(895)
(504)	Purchase of Investments	0
(52)	Custody Fees	(7)
(39)	Other	(17)
(1,781)	**Total Investment Creditors**	**(919)**

	Member Creditors	
(504)	Benefits Unpaid	(717)
(808)	Other	(823)
(1,312)	**Total Member Creditors**	**(1,540)**
(3,093)	**Total Creditors**	**(2,459)**
	Analysed By	
(554)	Central Government Bodies	(612)
0	Local Authorities	0
(2,539)	Other entities and individuals	(1,847)
(3,093)	**Total Creditors**	**(2,459)**

Note 19 – Cash and Cash Equivalents

The cash balance can be further analysed as follows:

Cash	**2021/22 £000**	**2022/23 £000**
Royal Borough of Greenwich Pension Fund (UK Banks)	27,251	8,753
Royal Borough of Greenwich Pension Fund (Held at Custodian)	2	0
CBRE Cash at Hand	70	21
Blackrock	1	1
Total Cash	**27,324**	**8,775**

Cash Equivalents	**2021/22 £000**	**2022/23 £000**
Royal Borough of Greenwich Pension Fund	440	470
Blackrock	340	9
CBRE	11,385	15,888
Total Cash Equivalents	**12,165**	**16,367**

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. 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 2023, are shown below:

2021/22 £000	AVC Contributions	2022/23 £000
112	AVC Contributions to Clerical Medical	165
112	**Total Contributions**	**165**

31 March 2022 £000	AVC Market Values	31 March 2023 £000
1,049	Clerical Medical Market Value	1,076
354	Utmost Life and Pensions Market Value	328
1,403	**Total Market Value**	**1,404**

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 £0.980m (2021/22: £1.111m).

b) The Royal Borough of Greenwich is the single largest employer of members of the Pension Fund and contributed £33.090m to the Fund in 2022/23 (2021/22: £30.923m).

c) With respect to other Scheduled Bodies, an amount of £0.282m 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 Olu Babatola was the Fund's representative on the Board and the deputy was Councillor Nick Williams. In 2022/23, administration and management fees of £0.204m 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:

2021/22 £000		2022/23 £000
72	Short-term benefits	75
39	Post-employment benefits	46
111		**121**

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 2023, the Fund had £59.519m of commitments outstanding (31 March 2022: £81.668m). These are not required to be included in the Accounts.

Note 23 – Events after reporting period

For a pension scheme, a non-adjusting event could be a change in asset allocation or investment manager. On 27 February 2023, the Pension Fund Investment and Administration Panel approved switching £237.5m from the BlackRock Passive Equity mandate to the Legal & General Investment Management Low Carbon Passive equity mandate. This transition was completed in July 2023..

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 Department for Levelling Up, Housing and Communities (DLUHC).

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 2022. The results of the 2022 valuation are set out in the table below:

2022 valuation results	
Surplus (Deficit)	£44m
Funding level	103%

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 2022 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 which is consistent with the average duration of an LGPS Fund. A deduction of 0.3% p.a. is applied to the yield at the 20 year point to reflect the shape of the yield curve. A further deduction of 0.4% p.a. is applied to reflect the view that investors are willing to pay a premium for inflation-linked products in return for protection against unexpected inflation.

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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. However, RPI is due to be aligned with CPIH (CPI but with allowance for housing costs) from 2030.

Therefore, reflecting the anticipated amendment to RPI from 2030 and therefore the relative difference between RPI and CPI, a deduction of 0.35% p.a. is made to the RPI assumption to derive the CPI assumption.

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 2022 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 2022 valuation is set out in the table below:

Financial assumptions as at 31 March 2022	
CPI inflation	2.9% p.a.
Pension/deferred pension increases and CARE revaluation	In line with CPI inflation
Pay increases	CPI inflation + 1.0% p.a.
Discount rate	4.8% 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 2022 valuation report.

McCloud/Sargeant judgments

When the Government reformed public service pension schemes in 2014 and 2015 they introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. A consultation has been run in relation to the changes proposed for the LGPS and legislation is now being drafted to bring forward these changes. We understand the updated Regulations are to be consulted on over the course of 2023 with revised Regulations effective from October 2023.

For the 2022 valuation, as required by the Department for Levelling Up, Housing & Communities, in calculating the value of members' liabilities it was assumed that:

- The current underpin (which only applies to those members within 10 years of their normal retirement age at 31 March 2012) will be revised and will apply to all members who were active in the Scheme on or before 31 March 2012 and who join the post 1 April 2014 scheme without a disqualifying service gap;
- The period of protection will apply from 1 April 2014 to 31 March 2022 but will cease when a member leaves active service or reaches their final salary scheme normal retirement age (whichever is sooner);
- Where a member remains in active service beyond 31 March 2022 the comparison of their benefits will be based on their final salary when they leave the LGPS or when they reach their final salary scheme normal retirement age (again whichever is sooner);
- Underpin protection will apply to qualifying members who leave active membership of the LGPS with an immediate or deferred entitlement to a pension; and
- The underpin will consider when members take their benefit.

Further details of the McCloud/Sergeant judgment can be found below in the Regulatory risks section.

Guaranteed Minimum Pension (GMP) indexation and equalisation

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found here.

The 2022 valuation approach 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, the Fund will be required to pay the entire inflationary increase.

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 14 years. The adjustment may be set either as a percentage of payroll or as a fixed monetary amount.

Where the valuation for an employer discloses a surplus, the preferred approach is for contribution rates to be set as the calculated primary rate as a minimum rate. However, the level of required employer contributions may include an adjustment to amortise the surplus but must be permitted by the administering authority. This will be considered, as appropriate, on a case-by-case basis.

The deficit recovery period or surplus 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 2022 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 disbanded the Admission Bodies pool as part of the 2019 funding valuation as these employers had become more diverse and instead these employers are pooled with the Council or are in the Greenwich Leisure pool.

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.

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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 2022 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.

<u>Managing exit payments</u>

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 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.

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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.

Climate risk

There are a large number of interlinked systemic long-term financial risks related to climate change which could potentially have a material impact on the assets and/or the liabilities of the Fund. The most obvious of these climate change risks will be the financial risks to the value of the Fund's assets, the potential increased volatility of markets and potential changes in life expectancy. It is possible that some of these factors will impact the assets and liabilities of the Fund in the same direction, although not necessarily by the same amount.

The Fund therefore has a fiduciary duty to consider climate change risk when making investment decisions and to ensure any decisions support the effective management of climate change. The Fund therefore expects their appointed investment managers to be informed about climate change risks and take investment opportunities accordingly within their processes. More detail is included in the Fund's Investment Strategy Statement.

As part of the 2022 valuation, the Fund Actuary provided the Fund with a climate risk analysis which assessed the potential exposure of the Fund's funding position to climate risk under different climate scenarios. The principles behind the analysis were agreed with the Government Actuary's Department (GAD).

The results of this analysis demonstrated that the funding strategy agreed as part of the 2022 valuation was sufficiently robust in the context of climate scenario analysis and any potential contribution impacts.

The Fund will continue to assess this risk on a regular basis.

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 judgments

The Court of Appeal judgment on the McCloud and Sargeant cases, relate to age discrimination against the age-based transitional provisions put into place when the new judicial pension arrangements were introduced in 2015. The members argued that these transitional provisions were directly discriminatory on grounds of age and indirectly discriminatory on grounds of sex and race, based on the correlation between these two factors reflected in the judicial membership. The Tribunal ruled against the Government, deeming the transitional provisions as not a proportionate means of achieving a legitimate aim.

The Government subsequently applied to the Supreme Court to appeal the judgment but their application was denied on 27 June 2019. On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. A ministerial statement in response to this was published on 13 May 2021 and revised Regulations are awaited to bring a remedy into play.

At the time of drafting this FSS, Regulations and therefore confirmation of the remedy are not yet finalised and are expected in 2023.

Cost control mechanism

As a result of the public service pension schemes reforms, the Government established a cost control mechanism for all those schemes to ensure a fair balance of risks between scheme members and the taxpayer. The process has been complex and has still not been fully resolved. Although the 2016 cost cap valuation report for the LGPS has been published, at the time of writing there is still a challenge outstanding regarding the inclusion of McCloud in the cost cap. Therefore, there is still a possibility that the 2016 valuation may have to be revisited with the small chance that benefit improvements will be required and potentially backdated to April 2019.

For the purposes of the 2022 valuation, we have made no allowance for any potential benefit changes. The Fund's prudence allowance already allows for an element of regulatory uncertainty and any potential impact is not deemed to be material.

BARNETT WADDINGHAM
beyond the expected

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.

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 2022, certifying the contribution rates payable by each employer in the Fund for the period from 1 April 2023 to 31 March 2026.

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 2025.

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			✓			