



PENSIONS COMMITTEE

Wednesday 24 June 2026 at 6.30pm
Council Chamber, Hackney Town Hall

Live stream link:

<https://www.civico.net/hackney/24175>

Pensions Committee members:

Cllr Izzy Castello-Cortes (Chair), Cllr Cathy Troupp (vice Chair),
Cllr Zoe Holman, Cllr Charlie Lawrie, Cllr Brenda Puech,
Cllr Daniel Rea, Cllr Florence Schechter, Cllr Ifhat Shaheen,
Cllr Joanna Sumner and one vacancy (Conservative).

Substitute members:

Cllr Alastair Binnie-Lubbock and Cllr George SheldonGrun.

Scheme Member Representative:

Jonathan Malins-Smith

Dawn Carter-McDonald
Chief Executive
Published on: Tuesday 16 June 2026
www.hackney.gov.uk

Contact: Gareth Sykes
Governance Officer
governance@hackney.gov.uk

Pensions Committee

Wednesday 24 June 2026

Order of Business

1 Appointment of the Chair and Vice Chair of the Pensions Committee for the Municipal Year 2026/27

Members are required to note the confirmed appointments to the position of Chair – Cllr Izzy Castello-Cortes and Vice Chair – Cllr Cathy Troupp of the Pensions Committee, as agreed by Full Council at its Annual Meeting on 28 May 2026.

2 To Note the Terms of Reference of the Pensions Committee for the Municipal Year 2026/27 (Pages 9 - 14)

3 Apologies For Absence

4 Declarations of Interest - Members to declare as appropriate

5 Urgent Unrestricted Business

6 Questions to the Committee

Members of the public who wish to speak at a meeting must notify the Governance Officer named on the agenda in writing of their request. Members of the public may only speak on items that are on the published agenda.

A Councillor may ask a question of the Committee relating to an item on the agenda.

The total amount of time for questions with notice at the Committee will be no more than 15 minutes.

If the Chair agrees, a member of the public can ask a question at the Committee without having given notice. If a question without notice is asked, the Chair will explain that it might not be possible to give a full answer at the meeting and that a written response will be provided.

No questions have been submitted at the time of publication.

7 Consideration of The Minutes of the Unrestricted Previous Meeting (Pages 15 - 22)

8 Training - Pensions Fund Governance

9 The Minutes of the Meeting of the Pensions Board

There are no Pensions Board meeting minutes for consideration at this meeting.

- 10 2025/26 Pension Fund Audit Plan** (Pages 23 - 48)
- 11 Training - Introducing Hackney Fund Actuary**
- 12 Quarterly Administration and Projects Update** (Pages 49 - 100)
- 13 Training - Pool Oversight & Pension Scheme Changes**
- 14 Quarterly Investment Performance and Strategy Update**
(Pages 101 - 145)
- 15 Quarterly Governance and Risk Update**

Report to follow.

- 16 2026/27 - 2027/28 Training Plan Update** (Pages 147 - 157)
- 17 Exclusion of The Press And Public**

Proposed resolution:

THAT the press and public be excluded from the proceedings of the Pensions Committee meeting during consideration of Exempt items 18-19 on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

- 18 Consideration of the Exempt Minutes of the Previous Meeting** (Pages 159-167)
- 19 Urgent Restricted Business**

Date of next meeting: Monday 27 July 2026.

Future meeting dates:

22 September 2026
16 November 2026
20 January 2027
15 March 2027

Public Attendance

The Town Hall is open. Information on forthcoming Council meetings can be obtained from the Town Hall Reception.

Members of the public and representatives of the press are entitled to attend Council meetings and remain and hear discussions on matters within the public part of the meeting. They are not, however, entitled to participate in any discussions. Council meetings can also be observed via the live-stream facility, the link for which appears on the agenda front sheet of each committee meeting.

On occasions part of the meeting may be held in private and will not be open to the public. This is if an item being considered is likely to lead to the disclosure of exempt or confidential information in accordance with Schedule 12A of the Local Government Act 1972 (as amended). Reasons for exemption will be specified for each respective agenda item.

For further information, including public participation, please visit our website <https://hackney.gov.uk/menu#get-involved-council-decisions> or contact: governance@hackney.gov.uk

Rights of Press and Public to Report on Meetings

The Openness of Local Government Bodies Regulations 2014 give the public the right to film, record audio, take photographs, and use social media and the internet at meetings to report on any meetings that are open to the public.

By attending a public meeting of the Council, Executive, any committee or sub-committee, any Panel or Commission, or any Board you are agreeing to these guidelines as a whole and in particular the stipulations listed below:

- Anyone planning to record meetings of the Council and its public meetings through any audio, visual or written methods they find appropriate can do so providing they do not disturb the conduct of the meeting;
- You are welcome to attend a public meeting to report proceedings, either in 'real time' or after conclusion of the meeting, on a blog, social networking site, news forum or other online media;
- You may use a laptop, tablet device, smartphone or portable camera to record a written or audio transcript of proceedings during the meeting;
- Facilities within the Town Hall and Council Chamber are limited and recording equipment must be of a reasonable size and nature to be easily accommodated.
- You are asked to contact the Officer whose name appears at the beginning of this Agenda if you have any large or complex recording equipment to see whether this can be accommodated within the existing facilities;
- You must not interrupt proceedings and digital equipment must be set to 'silent' mode;
- You should focus any recording equipment on Councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections

to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure to respect the wishes of those who do not want to be filmed and photographed may result in the Chair instructing you to cease reporting or recording and you may potentially be excluded from the meeting if you fail to comply;

- Any person whose behaviour threatens to disrupt orderly conduct will be asked to leave;
- Be aware that libellous comments against the council, individual Councillors or officers could result in legal action being taken against you;
- The recorded images must not be edited in a way in which there is a clear aim to distort the truth or misrepresent those taking part in the proceedings;
- Personal attacks of any kind or offensive comments that target or disparage any ethnic, racial, age, religion, gender, sexual orientation or disability status could also result in legal action being taken against you.

Failure to comply with the above requirements may result in the support and assistance of the Council in the recording of proceedings being withdrawn. The Council regards violation of any of the points above as a risk to the orderly conduct of a meeting. The Council therefore reserves the right to exclude any person from the current meeting and refuse entry to any further council meetings, where a breach of these requirements occurs. The Chair of the meeting will ensure that the meeting runs in an effective manner and has the power to ensure that the meeting is not disturbed through the use of flash photography, intrusive camera equipment or the person recording the meeting moving around the room.

Advice to Members on Declaring Interests

If you require advice on declarations of interests, this can be obtained from:

- The Monitoring Officer;
- The Deputy Monitoring Officer; or
- The legal adviser to the meeting.

It is recommended that any advice be sought in advance of, rather than at, the meeting.

Disclosable Pecuniary Interests (DPIs)

You will have a Disclosable Pecuniary Interest (*DPI) if it:

- Relates to your employment, sponsorship, contracts as well as wider financial interests and assets including land, property, licenses and corporate tenancies.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to DPIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner.
- Relates to an interest which should be registered in that part of the Register of Interests form relating to DPIs, but you have not yet done so.

If you are present at any meeting of the Council and you have a DPI relating to any business that will be considered at the meeting, you **must**:

- Not seek to improperly influence decision-making on that matter;
- Make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent; and
- Leave the room whilst the matter is under consideration

You **must not**:

- Participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business; or
- Participate in any vote or further vote taken on the matter at the meeting.

If you have obtained a dispensation from the Monitoring Officer or Standards Committee prior to the matter being considered, then you should make a verbal declaration of the existence and nature of the DPI and that you have obtained a dispensation. The dispensation granted will explain the extent to which you are able to participate.

Other Registrable Interests

You will have an 'Other Registrable Interest' (ORI) in a matter if it

- Relates to appointments made by the authority to any outside bodies, membership of: charities, trade unions, lobbying or campaign groups, voluntary organisations in the borough or governorships at any educational institution within the borough.
- Relates to an interest which you have registered in that part of the Register of Interests form relating to ORIs as being an interest of you, your spouse or civil partner, or anyone living with you as if they were your spouse or civil partner; or
- Relates to an interest which should be registered in that part of the Register of Interests form relating to ORIs, but you have not yet done so.

Where a matter arises at any meeting of the Council which affects a body or organisation you have named in that part of the Register of Interests Form relating to ORIs, **you must** make a verbal declaration of the existence and nature of the DPI at or before the consideration of the item of business or as soon as the interest becomes apparent. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Disclosure of Other Interests

Where a matter arises at any meeting of the Council which **directly relates** to your financial interest or well-being or a financial interest or well-being of a relative or close associate, you **must** disclose the interest. **You may** speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

Where a matter arises at any meeting of the Council which **affects** your financial interest or well-being, or a financial interest or well-being of a relative or close associate to a greater extent than it affects the financial interest or wellbeing of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest, you **must** declare the interest. You **may** only speak on the matter if members of the public are able to speak. Otherwise you must not take part in any discussion or voting on the matter and must not remain in the room unless you have been granted a dispensation.

In all cases, where the Monitoring Officer has agreed that the interest in question is a **sensitive interest**, you do not have to disclose the nature of the interest itself.

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Title of Report	Terms of Reference of the Pensions Committee for the Municipal Year 2026/27
Key Decision No	Non Key Decision
For Consideration By	Pensions Committee
Meeting Date	24 June 2026
Cabinet Member	Non applicable
Classification	Open
Ward(s) Affected	None
Key Decision & Reason	No Non applicable
Implementation Date if Not Called In	Non applicable
Group Director	Louise Humphreys, Director of Legal, Democratic & Electoral Services and Monitoring Officer
Report Author	Gareth Sykes, Governance Officer, email: gareth.sykes@hackney.gov.uk

1. **Introduction**

- 1.1. The terms of reference of the Pensions Committee, as currently set out in the published Hackney Council Constitution, are attached at appendix 1 of this report for the Pensions Committee to note.

2. **Recommendations**

- 2.1. **To note the Pensions Committee's terms of reference for the 2026/27 municipal year, as set out at Appendix 3 of the Hackney Council Constitution.**

3. **Financial implications**

- 3.1. There are no direct financial implications arising from the recommendation in this report.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by John Holden, Assistant Director of Finance - Sustainability, Public Realm and Special Projects, john.holden@hackney.gov.uk, 12/5/2026

4. Legal implications

- 4.1. Article 9.17 of the Council's constitution confers with the fact that the Pensions Committee acts as trustee of the Council's pension fund, in line with legislation. The Committee is responsible for monitoring performance of the fund, setting and reviewing strategic objectives and appointing administrators, advisers, investment managers and custodians.
- 4.2. Section 2.1 of this report recommends Full Council note the terms of reference as outlined in Appendix 3 of the Council's constitution. Terms of reference are important because they define the committee's legal authority, purpose, limits and accountability.

Legal implications prepared on behalf of the Director of Legal, Democratic & Electoral Services by: Juliet Babb, Assistant Director Legal & Governance, juliet.babb@legal.hackney.gov.uk Date 21.05.26

Appendices

Appendix 1 - Pensions Committee Terms of Reference.

Background documents

No

Appendix 1 - Pensions Committee Terms of Reference

Functions

Pensions Committee is responsible for the functions set out below:

1. To act as Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, and the various pension legislation.
2. To act as Scheme Manager for the Pension Fund.
3. To make arrangements for the appointment of and to appoint suitably qualified pension fund administrators, actuaries, advisers, investment managers and custodians and periodically to review those arrangements.
4. To formulate and publish a Statement of Investment Principles.
5. To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and develop a medium-term plan to deliver the objectives.
6. To determine the strategic asset allocation policy, the mandates to be given to the investment managers and the performance measures to be set for them.
7. To make arrangements for the triennial actuarial valuation, monitor liabilities and to undertake any asset/liability and other relevant studies as required.
8. To monitor the performance and effectiveness of the investment managers and their compliance with the Statement of Investment Principles.
9. To set an annual budget for the operation of the Pension Fund and to monitor income and expenditure against the budget.
10. To receive and approve an Annual Report on the activities of the Fund prior to publication
11. To make arrangements to keep members of the Pension Fund informed of performance and developments relating to the Pension Fund on an annual basis.
12. To keep the terms of reference under review.
13. To determine all matters relating to admission body issues.
14. To focus on strategic and investment related matters at two additional Pensions Committee meetings.

15. To review the Pension Fund's policy and strategy documents on a regular cycle and review performance against the Fund's objectives within the business plan.
16. To maintain an overview of pensions training for Members.

Type of Committee

The Pensions Committee is a non-executive committee established by Full Council to discharge regulatory functions.

Membership

Membership of this Committee is appointed in accordance with political balance at Full Council.

The Pensions Committee will also co-opt a non-voting employer representative and a non-voting scheme representative.

Chairing arrangements

The Chair and Vice Chair of this committee is appointed at Full Council. In the absence of the Chair or Vice Chair, and subject to being quorate, the Committee members can agree who may preside over the meeting based on the number of those present in person.

Quorum and Voting Arrangements

The Quorum for the Pensions Committee shall be two elected Councillors.

Substitutes

Substitutes to the Committee will be appointed by Full Council for the purposes of establishing a quorum and will have the same voting rights as regular committee members.

Order of Business

- (a) Receive apologies;
- (b) Receive any declarations of interest from Councillors;
- (c) Approve the minutes of the previous meeting
- (d) Receive questions from, and provide answers to, members of the public on matters covered on the agenda;

(e) Consider reports as set out in the agenda.

(f) Consider any items of urgent business.

Who may attend?

Meetings of the Committee will normally be open to the public, unless confidential or exempt information is to be discussed.

Location

This Committee meets at the Council's main offices or any other suitable location.

You can also view meetings online in accordance with the Access to Information Procedure Rules in Part 6, Section C of the Council's Constitution with the Protocol on Recording and Live Streaming Council Meetings set out in Part 6, Section F of the Constitution.

Questions to the Committee

A member of the public who lives, works, or studies in the Borough can ask a question of the Committee with one supplementary question relating to an item on the agenda.

A Councillor may ask a question of the Committee with one supplementary question relating to an item on the agenda.

The total amount of time for questions with notice at the Committee will be no more than 15 minutes.

If the Chair agrees, a member of the public can ask a question at the Committee without having given notice. If a question without notice is asked, the Chair will explain that it might not be possible to give a full answer at the meeting and that a written response will be provided.

Frequency of meetings

The Committee meets on dates set out in the Council's meetings calendar.

Papers and Notice

The agenda and any papers for the Committee will be issued at least 5 working days in advance of the meeting, except in the case of matters of urgency.

Review

The terms of reference will be reviewed on an annual basis, or as necessary, to support the functions and objectives of this Committee. Updates to the terms of reference will be agreed annually at the Committee's first meeting of the municipal year.

Last reviewed: Date xxx



MINUTES OF A MEETING OF THE PENSIONS COMMITTEE

MONDAY 30 MARCH 2026

- Councillors Present:** Councillor Kam Adams in the Chair
Cllr Grace Adebayo, Cllr Frank Baffour,
Cllr Robert Chapman (Vice-Chair),
Cllr Ian Rathbone Cllr Margaret Gordon,
Cllr Ian Rathbone and Cllr Lynne Troughton.
- Co-Optee:** Jonathan Malins-Smith (Virtual)
- Apologies:** Councillor Ben Hayhurst and Councillor Fliss Premru
- Officers in Attendance:** Miriam Adams (Assistant Director of Pension Fund Investments and Administration)
Rabiya Khatun (Governance Officer)
Natalie Kokayi (Governance Officer)
Patrick Rodgers (Senior Lawyer)
Deirdre Worrell (Director of Financial Management)
- Also in Attendance:** Jill Davys (Gallagher Consultant)
Charlotte Grier (Gallagher Consultant)
Ian Colvin (Hymans Robertson)
Steven Scott (Hymans Robertson)

1 Apologies For Absence

- 1.1 Apologies for absence were received from Councillors Hayhurst and Premru, Jonathan Malins-Smith and Naeem Ahmed, Group Director of Finance and Corporate Resources.
- 1.2 Jonathan Malins –Smith attended the meeting virtually.

2 Declarations of Interest - Members to declare as appropriate

- 2.1 There were no declarations of interest.

3 Urgent Unrestricted Business

- 3.1 There were no declarations of interest.

4 Questions/Deputations/Petitions to the Committee

- 4.1 There was no representation received from the public.

5 Consideration of The Minutes of the Previous Meeting - 21 January 2026

- 5.1 Members considered the unrestricted minutes of the previous meeting held on 21 January 2026.

RESOLVED:

That the public minutes of the previous meeting of the Pensions Committee held on 21 January 2026 be agreed as a true and accurate record of the proceedings.

6 2024-25 Pension Fund Accounts and Audit Outcome Report

- 6.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report presenting the 2024/25 Pension Fund Annual Report and Audited Statement of Accounts. This concluded the 2024/25 audit.
- 6.2 It was reported that the Auditors had issued a true and fair view opinion, confirming there were no major concerns. However, two audit findings were raised relating to a technical system matter related to general testing due to the Pension Fund and Council using the same financial systems and a correction on financial instruments amending the classification of two assets Black Rock and Columbia Threadneedle from Level 1 to Level 2 in the notes. The final annual report would be published and submitted to the Secretary of State.

RESOLVED to:

- 1. Note the audited 2024/25 pension fund accounts and unqualified audit opinion.**
- 2. Note the audit recommendations.**

7 2025 Triennial Valuation Report, Funding Strategy Statement & Policies

- 7.1 Miriam Adams, Assistant Director of Pension Fund Investment and Administration presented the draft 2025 triennial valuation report which included the Rates and Adjustment Certificate as well as the Funding Strategy Statement post consultation.
- 7.2 Steven Scott, Hymans Robertson Consultant gave a final update on the 2025 valuation, confirming all substantive work had been completed and the final report would be certified and signed by the statutory deadline tomorrow. The valuation as of 31 March 2025 showed a funding surplus of £581m and the funding level was 138% compared to 106% at the 2022 valuation based on agreed assumptions including a discount rate of 6.4% compared to the 2022 rate of 4.3%. The improvement in the funding level was primarily due to the higher assumed future investment returns at 31 March 2025.
- 7.3 Following the introduction, Members of the Committee asked questions which the Assistant Director of Pension Fund Investments and Administration, Director of Financial Management and Hymans Robertson Consultant responded as follows:

- Regarding why the primary and secondary contribution rates had been reducing significantly, especially the secondary rate compared to the 2022 valuation, it was stated that the reduction in the secondary contribution rate was due to the significant improvement in the funding level to 138%. The reduction in the primary rate was due to updated actuarial assumptions that anticipated higher asset return assumptions thereby reducing the expected cost of pension benefits. This allowed for a reduction in contribution rates while maintaining prudence.
- In relation to the extent the improved funding position had been driven by actual performance or changes in assumptions, it was clarified that almost all of the reported surplus was due to changing the discount rate assumption to reflect higher future investment returns. The surplus may not be fully realised and required the Fund to meet the higher return targets.
- In relation to whether the Fund had been potentially over-optimistic with the assumptions given the economic uncertainty, it was stated that the Fund had not been overly optimistic and the plan for setting contribution rates had been considered robust and prudent. The contribution rates had been tested against downside economic scenarios including higher inflation and lower asset returns to ensure the plan remained robust.
- Regarding the rising liability-weighted average age of 56 years, it was explained that liability-weighted average age were skewed by older members with higher pension values. The Pensions team would perform further analysis on younger member opt-outs and continue to promote scheme benefits through seminars.
- With regard to Hackney Fund's funding position compared to other Local Government Pension Scheme (LGPS) funds, it was explained that historically the Fund had a relatively low funding level that had resulted in higher contribution rates. The Fund's current ranking was not yet known, but this information would be presented to the Committee in the summer when it was available.
- It was confirmed that there could be no passing of reduced employer contributions to scheme members struggling with the cost of living given the Fund's surplus as member contribution rates were set by the government, not the Fund. Employers had carried the burden of investment risk and higher historical contributions and the current surplus could be lost by market volatility. A separate government cost-sharing mechanism would determine any future member rate reductions.
- The fraud prevention procedures that were in place were outlined including annual National Fraud Initiative (NFI) checks that assisted in detecting issues such as someone claiming a pension benefit for a person who was deceased and internal audit checks with an administration audit added to the plan. The Fund also scrutinised the internal controls reports from LPPA the third-party provider.
- With regard to the projected cash flow analysis showing the benefit outflow exceeding contribution income from this year to 2027, it was clarified this was due to the Fund becoming more mature with an increasing proportion of pensioners. There would be no significant impact on the Fund as it would need to be more active in ensuring sufficient cash to pay benefits, as contributions alone would no longer be sufficient necessitating the realisation of income from assets.

RESOLVED to:

1. **Note the 2025 Draft Triennial Valuation Report issued by the Scheme Actuary (Appendix 1)**
2. **Approve the post-consultation Funding Strategy Statement and Policies: (Appendix 2)**
 - a. **Policy on Contribution Reviews**
 - b. **Policy on Cessations**
 - c. **Policy on Small Employers**
 - d. **Academies Policy**
3. **Note the Actuarial Cash Flow Projections (Appendix 3).**

8 Bulk Transfer - Brook House Sixth Form College to New City College

- 8.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the update on the LGPS pensions bulk transfer out for employees of Brooke House Sixth Form College to New City College. This bulk transfer out involved 41 active members, 88 deferred and 17 pensioners.
- 8.2 Following the introduction, Members of the Committee asked a question which the Hymans Robertson Consultant responded as follows:
 - With regard to whether there were other employers in the Fund at risk of merger or transfer, it was explained that the proposed new legislation would remove the need for Secretary of State direction, which would make it easier for academy employers to move to other pension funds. This could lead to consolidation particularly among multi-academy trusts seeking administration savings and analysis of this risk was ongoing and updates would be provided.

RESOLVED to:

1. **Approve the bulk transfer and payment of £13.5m**
2. **Approve the transfer out payment funding from the BlackRock Short Bond Fund.**

9 London Borough of Hackney Pension Fund - Treasury Management Strategy 2026-29

- 9.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report proposing the Treasury Management Strategy for the Pension Fund for 2026-2029 for the operational cash balances that the Administering Authority would maintain to manage daily transactions of the Fund. These transactions included the payment of pensions and transfers out together with the receipt of contributions from employers and payment of invoices. These balances are invested separately from the Council's own cash.
- 9.2 Following the introduction, Members of the Committee asked questions which the Assistant Director of Pension Fund Investments and Administration and Director of Financial Management responded as follows:
 - It was clarified that the Treasury Management Strategy for 2026-2029 was less complex now as it only covered operational cash such as bank accounts or money market funds and London CIV would now manage

the investment related cash such as fund manager cash or custodian cash. The investment guidelines for operational cash remained highly prudent, adhering to the Council's restrictive policy.

RESOLVED to:

- 1. Approve the Treasury Management Strategy for the Pension Fund for 2026-2029 (Appendix 1)**
- 2. Delegate responsibility for Pension Fund treasury management to the Group Director, Finance and Corporate Resources, including the authority to add or remove institutions from the approved lending list and amend cash and period limits as necessary in line with the Council's own creditworthiness policy.**

10 Quarterly Administration and Projects Update

10.1 Miriam Adams, Assistant Director of Pension Fund Investments and Administration introduced the report providing an update on pensions administration performance across key areas since the last meeting including Pension administration service, LGPS Regulatory Update, Pension Projects including the data improvement plan.

10.2 Following the introduction, Members of the Committee asked questions which the Assistant Director of Pension Fund Investments and Administration responded as follows:

- It was confirmed that members had a right of appeal against the Death Grant decision through the three-stage Internal Dispute Resolution Procedure, which concluded with the Pensions Ombudsman. Death grants were treated as priority payments, and the specific service level agreement timeline for payment would be provided separately.
- It was explained that the government had intended that the Pensions Dashboard would allow individuals to find their pensions through a single platform and make informed decisions. The regulator had issued the dashboard code in February and the challenges included ensuring data accuracy, specifically members' addresses and crucially meeting the LGPS deadline of 31 October.
- It was explained that the migration issues in October had caused initial delays but the persistent issue of some employers still failing to submit monthly returns had worsened and the escalation measures included writing to the Chief Financial Officers of non-compliant employers. The Pensions team had been holding separate sessions with LPPA beyond the monthly service review meetings to resolve this persistent issue as timely submissions were necessary for control and meeting obligations like benefit statement readiness.

RESOLVED to:

- 1. Approve the Death Grant Policy (Appendix 1)**
- 2. Note the Administration Performance Monitoring for the quarter ending December 2025 (Appendix 2)**
- 3. Agree LPPA's 2026/27 Shared Service Budget Proposal for Hackney Pension Fund (Appendix 3)**

4. Note the LGPS Regulatory Updates
5. Note the Data Improvement Plan (Appendix 4)
6. Note Update on other Pension Administration areas
7. Approve the draft Pension Communication for Councillors (Appendix 5).

11 Exclusion of The Press And Public

RESOLVED:

THAT the press and public be excluded from the proceedings of the Pensions Committee meeting during consideration of Exempt items 12 - 18 on the agenda on the grounds that it is likely, in the view of the nature of the business to be transacted, that were members of the public to be present, there would be disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

12 Investment Performance, Strategy, RIWG and Stewardship Code Update - EXEMPT

12.1 The minutes and decision relating to this item are contained within the exempt minutes.

13 Investment Strategy Statement- EXEMPT

13.1 The minutes and decision relating to this item are contained within the exempt minutes.

RESOLVED:

14 Governance and Risk Update EXEMPT

14.1 The minutes and decision relating to this item are contained within the exempt minutes.

15 LCIV Investment Management Agreement EXEMPT

15.1 The minutes and decision relating to this item are contained within the exempt minutes.

16 Independent Adviser Appointment Update- EXEMPT

16.1 The minutes and decision relating to this item are contained within the exempt minutes.

17 Consideration of the Exempt Minutes of the Previous Meeting - 21 January 2026

17.1 Members considered the restricted minutes of the previous meeting held on 21 January 2026.

RESOLVED:

That the exempt minutes of the previous meetings held on 21 January 2026 be agreed as a true and accurate record of the proceedings

18 Urgent Restricted Business

18.1 There was no urgent restricted business.

Duration of the meeting: 6.30- 8.40pm

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Title of Report	2025/26 Pension Fund Accounts Audit Plan
For Consideration By	Pensions Committee
Meeting Date	24 June 2026
Classification	Open
Ward(s) Affected	All
Group Director	Naeem Ahmed, Group Director Finance & Corporate Resources
Report Author	Miriam Adams, Assistant Director Pension Investments and Administration miriam.adams@hackney.gov.uk

1. Introduction

- 1.1. This report provides the Committee with the 2025/26 Pension Fund Accounts External Audit Plan from Forvis Mazars, the Fund’s external auditor. The report outlines the planned work, risks, audit scope and timing.

2. Recommendations

- 2.1. **The Pensions Committee is recommended to:**
- 2.2. **Note the 2025/26 Pension Fund External Audit Plan by Forvis Mazars.**
- 2.3. **Note that progress against the plan will be reported to future meetings of the Committee and Audit Committee.**

3. Reason(s) for decision

- 3.1. Forvis Mazars were appointed as the Council’s external auditors via Public Sector Audit Appointments (PSAA).

4. Background

- 4.1. Forvis Mazars act as Hackney Pension Fund’s external auditors to provide an audit opinion on:
- Whether the financial statements of Hackney Pension Fund give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2026 and the amount and disposition of the Fund’s assets and liabilities as at 31 March 2026; and
 - The consistency of the Pension Fund financial statements within the Pension Fund annual report and with the published financial statements of Hackney Council.

- 4.2. As the external auditors they have produced a plan of the upcoming 2025-26 audit of the Hackney Pension Fund.
- 4.3. The audit plan sets out the parameters and work they intend to deliver as part of this year's external audit of the Pension Fund accounts.
- 4.4. The report covers:
- Engagement and responsibilities
 - The audit team
 - Audit scope
 - Approach and timeline
 - Materiality and misstatements
 - Significant risks and other key judgement areas
 - Audit fees and other services
 - Confirmation of independence
- 4.5. In producing the External Audit Plan for 2025/26, Fovis Mazars have undertaken interim audit work.

Fees for Work as the Pension Fund's Appointed Auditor

- 4.6. The fees are designed to reflect the time, professional experience, and expertise to perform the audit. The main aspects impacting upon the fee this year compared to the prior year are higher scale fees by PSAA which now include the additional work required for auditing standards, ISA 240 and ISA315.

Area of Work	2025/26 Proposed Fee £	2024-25 Actual Fee £
Core Audit Work	£80,223	£83,963
Additional fee for testing of the triennial valuation membership data	TBC	-
Additional fees for work on level 3 investments and delays in delivery of audit evidence		£12,790
TOTAL FEES	£80,223	£96,753

Materiality

- 4.7. Materiality is set to a threshold of 1% of net assets. As set out in the table below, based on the prior year audited financial statements mazars anticipate overall materiality for the year ended 31 March 2026 to be in the region of £21.198m (£20.500m in the prior year), and performance materiality to be in the region of £16.958m (£16.400m in the prior year).

	2025-26 £'000s	2024-25 £'000s
Overall materiality	21,198	20,500
Performance materiality	16,958	16,400
Clearly trivial	636	615
<i>Specific Fund Account materiality:</i>		
Overall materiality	8,577	8,200
Performance materiality	6,862	6,600
Clearly trivial	257	247

5. **Financial Implications**

- 5.1. This report does not have any direct resource implications beyond the audit fee included in the plan which is charged fully to the Pension Fund.
- 5.2. The external audit of the accounts for the Council and the Pension Fund is a key mechanism for the provision of assurance on the Council's financial management arrangements.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by: Deidre Worrel, Director Financial Management
 Email: deidre.worrell@hackney.gov.uk
 Date: 15th June 2026

6. **Comments of the Director of Legal, Democratic and Electoral Services**

- 6.1. The audit plan highlights the area of risk covered by the external audit work and details of quality control established to provide assumptions of compliance with regulatory and legal requirements.
- 6.2. The Council has a statutory duty to publish financial accounts and engage in the external audit process.

Legal implications prepared on behalf of the Director of Legal, Democratic & Electoral Services by: Georgia Lazari , Team Leader-Places
 Email: georgia.lazari@hackney.gov.uk
 Date: 15th June 2026

Appendices

Appendix 1 - 2025/26 Pension Fund Audit Plan

Background documents

None



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Audit Strategy Memorandum

London Borough of Hackney Pension Fund – Year ending 31 March 2026

8 May 2026

Members of the Audit Committee

London Borough of Hackney Pension Fund
Hackney Town Hall
Mare Street
London
E8 1EA

01 May 2026

I am pleased to present our Audit Strategy Memorandum (“ASM”) for London Borough of Hackney Pension Fund for the year ended 31 March 2026. This document will be presented at the Audit Committee meeting on 17 June 2026. If you would like to discuss any matters in more detail, please contact me on 07747 764 529.

This report provides an overview of the planned scope and timing of our audit, including the significant and enhanced audit risks we have identified. In addition, as it is a fundamental requirement that we are, and are seen to be, independent of London Borough of Hackney Pension Fund this report also summarises our considerations and conclusions on our independence.

Two-way communication with you is key to a successful audit and is important in:

- reaching a mutual understanding of the scope of our audit and our respective responsibilities,
- sharing information to assist each of us with fulfilling our respective responsibilities,
- providing you with constructive observations arising during our audit, and
- ensuring that we gain an understanding of your attitude and views in respect of the risks facing the Pension Fund which may affect our audit, including the likelihood of those risks materialising and how they are monitored and managed.

This report, which we have prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed

your expectations.

During the meeting, we would be grateful for your views/ knowledge on the following specific matters:

- whether you have identified any other risks (business, laws & regulation, fraud, going concern, etc.) that may result in material misstatements in the financial statements.
- if there are any matters that you consider warrant particular attention during our audit and/ or any areas where you would like additional procedures to be undertaken.

Subject to our prior written agreement or as required by any applicable law or regulation, this report is considered confidential and is intended solely for the Audit Committee and should not be disclosed to any other party, used or quoted for any other purpose.

Yours faithfully,



Mark Kirkham, Key Audit Partner
Forvis Mazars LLP

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Your audit team	5
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Our independence	10
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Summary

Audit timeline (page 6)

Planning and risk assessment	April 2026
Audit Strategy Memorandum	May 2026
Fieldwork	July to December 2026
Completion	January 2027
Audit Completion Report	January 2027

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Materiality (page 8)

1% of net assets (as at 31/03/2025): £2,119,754 (£'000)

Materiality	Performance materiality	Reporting threshold
£21,198	£16,958	£636

10% of contributions receivable (as at 31/03/2025): £85,770 (£'000)

Materiality	Performance materiality	Reporting threshold
£8,577	£6,862	£257

Audit risks and other significant matters (pages 7)

Risk	Significant risk	Enhanced risk	Risk evolution	Page
Management override of controls	●	○	=	Page 7
Valuation of investments within level 3 of the fair value hierarchy	●	○	=	Page 7

Fees (page 9)

Audit fees – PSAA scale fee	£80,223
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Our independence (page 10)

We are independent of the Pension Fund in accordance with the ethical requirements that are relevant to our audit in the UK, including the FRC's Ethical Standard, the Code of Audit Practice and associated guidance issued by the National Audit Office.

Your audit team

Mark Kirkham
Engagement partner

mark.kirkham@mazars.co.uk

07747764529

Tom Greensill
Engagement Manager

tom.Greensill@mazars.co.uk

Nicholas Fletcher
Assistant Manager – Team Lead

Email: nicholas.fletcher@mazars.co.uk

We recognise the value you place in understanding you, understanding how you operate and the environment that you operate in.

2025/26 will be Mark's third year as the Pension Fund's Engagement Lead. This will be Tom's fifth year as the Engagement Manager and sixth year on the engagement. Nicholas will support Tom and the wider team in his second year on the engagement.

Audit scope, approach, and timeline



Audit risks and other significant matters

Significant risks

In this section, we have set out the significant and enhanced audit risks we have identified and our planned response. If we identify additional risks or change our risk assessment during our audit, we will report this to you. Refer to Appendix A for definitions. We have also set out in this section of the report any other significant matters that we consider should be brought to your attention.

Risk	Description	Our planned response
<p>Management override of controls</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 33</p>	<p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>The unpredictable way in which such override could occur means we identify a significant risk of management override of controls on our audit.</p>	<p>In line with our methodology, we plan to address the management override of controls risk by carrying out audit work on:</p> <ul style="list-style-type: none"> • accounting estimates; • journal entries; and • significant transactions outside the normal course of business or otherwise unusual.
<p>Valuation of investments within level 3 of the fair value hierarchy</p>	<p>As at 31 March 2025 the Pension Fund held investments with a fair value of £342m which were identified as level 3 (those where at least one input that has an impact on the valuation is not based on observable market data). These assets account for 16.3% of the Fund's net investment assets. Inherently these assets are harder to value, as they may not have publicly available quoted prices from a traded market, and as such they require professional judgement or assumptions to be made when valuing them at year end.</p> <p>As the pricing of these investment assets is subject to judgements, they may be susceptible to pricing variances due to the assumptions underlying the valuation. As a result, we consider that there is an increased risk of material misstatement.</p>	<p>We plan to address this risk by completing the following additional procedures:</p> <ul style="list-style-type: none"> • agree holdings from fund manager reports to the global custodian's report; • agree the valuation to supporting documentation including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation; • agree the investment manager valuation to audited accounts or other independent supporting documentation, where available; and • where audited accounts are available, check that they are supported by a clear opinion.

Materiality

We consider the value of net assets of the Pension Fund to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using net assets as the benchmark.

We have set our planning materiality based on the 2024-25 audited financial statements at the levels set out in the table adjacent. We will revise materiality on receipt of the draft financial statements. We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

We will accumulate misstatements identified during our audit that are above the reporting threshold set out in the table adjacent, i.e., any misstatements that we identify that are above the reporting threshold will be reported to you and management. Any misstatements that we identify that are below that amount would not need to be reported because we expect that the accumulation of such amounts would not have a material effect on the financial statements. If you have any queries about our reporting threshold, please raise these with me.

Each misstatement above our reporting threshold that we identify will be classified as **adjusted** (corrected by management), or **unadjusted** (not corrected by management). We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to you as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and our audit opinion

Misstatements also cover qualitative misstatements and quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

We also consider whether there are any financial statement areas or disclosures where a misstatement of an amount lower than overall materiality could reasonably be expected to influence the economic decisions of users of the financial statements.

Our assessment of the financial statements and/or disclosures to which this applies and the specific materiality level we have set is included in the table below.

	2025-26 £'000s	2024-25 £'000s
Overall materiality	21,198	20,500
Performance materiality	16,958	16,400
Clearly trivial	636	615
<i>Specific Fund Account materiality:</i>		
Overall materiality	8,577	8,200
Performance materiality	6,862	6,600
Clearly trivial	257	247

Fees

Audit fees

Public Sector Audit Appointments (PSAA) determine the scale fee for the audit of the Pension Fund and publish this each November. PSAAs scale fee for 2025/26 (excluding VAT) is set out in the table adjacent. Information on how PSAA set their scale fee can be found on PSAA's website.

Where an auditor is required to undertake substantially more or less work to deliver their responsibilities a fee variation will be proposed which is subject to approval by PSAA. Examples compiled by PSAA of circumstances that may trigger a fee variation are available on the PSAA [website](#).

In 2025/26 we will be requested by the auditors of employer bodies to carry out work on the Pension Fund membership data submitted to the actuary as part of the triennial actuarial valuation. This work will be subject to an additional fee variation. The fee impact of that work will be determined at the completion of the work.

We confirm we have not been engaged to carry out any non-audit work by London Borough of Hackney Pension Fund.

Nature of service	2025-26 proposed fee	2024-25 actual fee
PSAAs scale fee for the external audit	80,223	83,963
Additional fees for testing of the triennial valuation membership data	TBC	-
Additional fees for work on level 3 investments and delays to delivery of audit evidence	-	12,790
Total fees	TBC	96,753

Our independence

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships that we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that, in our professional judgement, there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the context of the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- all partners and staff are required to complete an annual independence declaration and complete annual ethics training,
- all new partners and staff are required to complete an independence confirmation,
- rotation policies covering audit engagement partners and other key members of the audit team, and
- use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that Forvis Mazars LLP, the engagement team and others in the firm as appropriate are independent and comply with relevant ethical and independence requirements. However, if at any time you have concerns or questions about our integrity, objectivity, or independence, please discuss these with me in the first instance.

We have not identified any threats to our independence in connection with the services we have provided to the Pension Fund. As indicated on the previous slide, we do not anticipate that we will be providing any non-audit services in the current audit period. We will update our independence assessment if this changes and inform you of the outcome as part of subsequent reporting to you.

Appendix A: Other communications

Audit scope and approach

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements. Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are driven primarily by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our strategy and design procedures to respond to the risks we identify. If we conclude that appropriately designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or if we decide that it would be more efficient, we may take a wholly substantive approach to our audit testing if, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required by UK auditing standards to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality'* section of this report.

Use of internal audit

We will liaise with internal audit throughout the audit and obtain a copy of their reports relating to the financial period under audit to determine whether any findings will have an impact on our risk assessment and planned audit procedures. We do not plan to rely on the work of internal audit

Management's and our experts

Management makes use of experts in specific areas when preparing the Pension Fund's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Disclosure notes on funding arrangements and actuarial present value of contractual retirement benefits	Hymans Robertson	We make use of PWC actuarial services who are commissioned by the NAO to review the national analysis of pension trends and assumptions of the various LGPS actuaries and consider the findings for potential impact on the values included within the financial statements.
Financial instruments disclosures	Redington	We will review the output and associated analysis against available information to confirm that the basis of the assessments appears reasonable and the disclosures are appropriate.

Appendix A: Other communications

Audit scope and approach

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Pension Fund that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services. The table below summarises the service organisations used by the Pension Fund and our planned audit approach.

Item of account	Service organisation	Audit approach
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 38</p> <p>Investment valuations and income along with all related disclosures</p>	Fund managers and Custodians	Substantive testing of transactions occurring in the year, income received and valuations applied to investments at the year end. We will seek an appropriate Type 1 or Type 2 report in respect of the operation of systems by the service organisation to give us assurance over their operation of key controls. We will consider the findings of this review and the impact on the overall control environment.
The management and maintenance of administrative information to allow for calculation of pension payments, transfers, etc., as well as the actuarial assessment of funding levels based on up-to-date membership data.	Equiniti	We will seek appropriate confirmation that the organisation’s controls and procedures have operated as designed throughout the year and that no weaknesses have been identified that would have a material impact on the information they provide to the London Borough of Hackney Pension Fund

Appendix A: Other communications

Responsibilities

We are appointed to perform the external audit of London Borough of Hackney Pension Fund (the Pension Fund) for the year to 31 March 2026. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the CIPFA Code of Practice on Local Authority Accounting.

Our audit does not relieve management or Audit Committee, as Those Charged With Governance, of their responsibilities.

The Group Director - Finance & Corporate Resources is responsible for the assessment of London Borough of Hackney's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the Group Director - Finance & Corporate Resources' use of the going concern basis of accounting in the preparation of the financial statements.

Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of London Borough of Hackney's internal control.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel and internal audit on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks.

In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. Our audit, however, should not be relied upon to identify all such misstatements.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Pension Fund and consider objections made to the accounts. This would include an objection made to the accounts of the Pension Fund included in the administering authority's financial statements. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Appendix A: Other communications

Required communications

This section of our report sets out the matters that we are required to report to you by UK auditing standards, including which form of our communications satisfy, or will satisfy, those requirements.

Required communication	Where addressed
Our responsibilities in relation to our audit of the company's financial statement and the responsibilities of management and Those Charged With Governance.	Audit Strategy Memorandum and engagement letter
The planned scope and timing of our audit, including any limitations (specifically with respect to significant risks and key audit matters, if applicable).	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • inquiries with you to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the Pension Fund; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Audit Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)
Significant matters arising during our audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> • non-disclosure by management; • inappropriate authorisation and approval of transactions; • disagreement over disclosures; • non-compliance with laws and regulations; and • difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report

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Appendix A: Other communications

Required communications

Required communication	Where addressed
<p>Significant findings from our audit, including:</p> <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices, including accounting policies, accounting estimates, and financial statement disclosures; • significant difficulties, if any, encountered during our audit; • significant matters, if any, arising from our audit that were discussed with management or were the subject of correspondence with management; • written representations that we are seeking; • expected modifications to our auditor’s report; and • other matters, if any, significant to the oversight of the financial reporting process or otherwise identified during our audit that we believe are relevant to those charged with governance in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during our audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of you into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that you may be aware of.</p>	<p>Audit Completion Report and Audit Committee meeting(s)</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • whether the event or condition constitutes a material uncertainty; • whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • the adequacy of related disclosures in the financial statements. 	<p>Audit Completion Report</p>

Appendix A: Other communications

Required communications

Required communication	Where addressed
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm’s system of quality management team completes, as part of an ongoing and iterative process, key steps to assess and conclude on our firm’s system of quality management, including:</p> <ul style="list-style-type: none"> • ensuring there is an appropriate assignment of responsibilities; • establishing and reviewing quality objectives each year, ensuring our firm’s quality objectives align with our strategies and priorities; • identifying, reviewing, and updating quality risks each quarter, taking into consideration multiple input sources (such as FRC/ ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.); • identifying, designing, and implementing responses to strengthen our firm’s internal control environment and overall quality; and • evaluating our quality responses and remediating control gaps or deficiencies. <p>We perform an evaluation of our system of quality management on an annual basis. We publish the details of our annual evaluation, and our conclusion, in our Transparency Report, which can be accessed on our website at: https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports.</p>	<p>Audit Strategy Memorandum (the communication adjacent satisfies this requirement)</p>
<p>We are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include:</p> <ul style="list-style-type: none"> • significant delays in management providing information that we require to perform our audit; • an unnecessarily brief time within which to complete our audit; • extensive and unexpected effort to obtain sufficient, appropriate audit evidence; • unavailability of expected information; • restrictions imposed on us by management; and • unwillingness by management to make or extend their assessment of the company’s ability to continue as a going concern when requested. <p>We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor’s report).</p>	<p>Audit Completion Report, discussion at Audit Committee meeting(s), and audit clearance meeting(s)</p>

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Appendix A: Other communications

Definitions

Term	Definition
<p>Materiality</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 43</p>	<p>An expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.</p> <p>We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to the company. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to you (reporting threshold). Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.</p> <p>An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:</p> <ul style="list-style-type: none"> • have a reasonable knowledge of business, economic activities, and accounts; • have a willingness to study the information in the financial statements with reasonable diligence; • understand that financial statements are prepared, presented, and audited to levels of materiality; • recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and • will make reasonable economic decisions based on the information in the financial statements. <p>We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors. When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks. We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.</p> <p>The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.</p>

Appendix A: Other communications

Definitions

Term	Definition
Significant risk	A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by UK auditing standards), including management override of controls and revenue recognition.
Enhanced risk	<p>An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:</p> <ul style="list-style-type: none"> • key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement, and • risks relating to other assertions and arising from significant events or transactions that occurred during the period.
Standard risk	A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.
Key audit matter	<p>A matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement (whether due to fraud or error) we identified, including those which had the greatest effect on our overall audit strategy, the allocation of resources in our audit, and directing the efforts of our engagement team.</p> <p>It is important that you understand and have the opportunity to discuss with us why something is being communicated as a key audit matter and the way it is described. This report highlights which of the significant and other risks are expected, at this stage, to be determined as key audit matters. It should be noted, however, that other audit areas may be determined as key audit matters during our audit.</p>

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Appendix A: Other communications

Definitions

Term	Definition
Key audit partner	<p>(a) An individual who is eligible for appointment as a statutory auditor and who is designated by our firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of our firm.</p> <p>(b) In the case of a group audit, any of the following: (i) an individual who is eligible for appointment as a statutory auditor and who is designated by our firm as being primarily responsible for carrying out the statutory audit of the consolidated accounts of the group on behalf of our firm; (ii) an individual who is eligible to conduct the audit of the accounts of any subsidiary undertaking determined by us to be a 'material subsidiary' and who is designated as being primarily responsible for that audit.</p> <p>(c) An individual who is eligible for an appointment as a statutory auditor and who signs the audit report.</p>

Appendix B: Current year updates, forthcoming accounting & other issues

HM Treasury changes to non-investment asset valuation

Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the “Code”)

Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to its requirements for the valuation frequency, valuation methodology and classification of non-investment property assets. The changes are effective from 1 April 2025 as set out in the 2025-26 Code and include:

- A change to the requirements regarding revaluation frequency. Rather than adhering to paragraph 34 of IAS 16 which requires an asset to be revalued whenever its carrying value differs materially from its current value, entities will be required to revalue assets on a quinquennial basis, i.e. every five years, supplemented by annual indexation in the intervening years. This requirement can be adhered to either as part of a full revaluation or as part of a rolling programme. The Code requires bodies to use the best index available to them. Should management determine that there is no appropriate index to use, then the quinquennial valuation is supplemented by a valuation in the third year.
- Revaluations carried out prior to 2025/26, in line with former requirements of the Code, remain valid throughout the transition period (being 1 April 2025 to the date the next revaluation is due for a given asset). During the transition period, the maximum period between revaluations must not exceed five years.
- The requirement to consider indicators of impairment under IAS 36 remains, so management will still be required to undertake an annual assessment of whether there are indicators of impairment, and where these are present, it may be necessary to undertake valuations outside of the 5-yearly valuation programme.

When management will no longer need to consider annually whether it is necessary to revalue non-investment assets, they will need to be satisfied that they have appointed a suitably qualified valuer to undertake the valuation of assets whenever they fall due either as part of a full valuation or a rolling programme. If local indices are used, management will need to have sufficient evidence to demonstrate these indices are appropriate and relevant to the entity’s circumstances, and to provide this evidence to the auditor.

Appendix B: Current year updates, forthcoming accounting & other issues

Effective for accounting periods beginning on or after 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements

The standard was UK-adopted in December 2025, and the date of incorporation into the Code is not confirmed, though expected to be within the 2028/29 financial year. It is not yet confirmed what interpretations and adaptations HMT will determine are necessary for implementation in the public sector. We have provided an outline of the main changes arising from IFRS 18 as unadapted and without interpretation and will provide an update on the expected impact on the London Borough of Hackney Pension Fund as and when detail is available as to when and how the standard is incorporated into the Code.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements.

New categories and subtotals for inclusion within the statement of profit or loss

- Income and expenses are to be classified into three new defined categories: operating, investing and financing, in addition to the income taxes and discontinued operations categories.
- All companies are to present new defined subtotals – operating profit and loss, and profit or loss before financing and income taxes.

New reporting requirements on Management Performance Measures (MPMs)

New requirements are introduced for management-defined performance measures (MPMs), which may also be called Alternative Performance Measures (APMs). These are described as subtotals of income and expenses that an entity: (a) uses in public communications outside financial statements; (b) uses to communicate to users of financial statements management's view of an aspect of the financial performance; and (c) are not listed within IFRS 18 or specifically required to be presented or disclosed by another IFRS Accounting Standard.

- All MPMs are required to be disclosed in a single note in the financial statements setting out:
 - an explanation of why the MPM is reported, and
 - a reconciliation to a directly comparable GAAP measure within IFRS 18 or another IFRS Accounting Standard.

Enhanced requirements for aggregation & disaggregating information

- Enhanced requirements are set out for the aggregation and disaggregation of items based on similar and dissimilar characteristics. Items that have dissimilar characteristics must be disaggregated when the resulting information is material. Guidance is also included on how to describe items within the financial statements, requiring an entity to label items presented or disclosed as 'other' only if a more informative label cannot be found.
- New guidance is provided on whether information should be reported in the primary financial statements or the notes. This includes guidance on presentation and disclosure of expenses classified in the operating category, alongside introducing more prescribed requirements for an entity that classifies expenses by function as well as the requirement to disclose expenses by nature in a single note for certain amounts - depreciation, amortisation, employee benefits, impairment and write-downs of inventories

Many principles and requirements have been brought forward from IAS 1 to IFRS 18 such as frequency of reporting, comparative information, offsetting, capital disclosures and the requirements for the statement of financial position and for the statement of changes in equity.

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Title of Report	Quarterly Administration and Projects Update
For Consideration By	Pensions Committee
Meeting Date	24 June 2026
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director, Finance & Corporate Resources
Report Author	Miriam Adams, Assistant Director Pension Investments and Administration miriam.adams@hackney.gov.uk

1. **Introduction**

1.1. This report is an update on pensions administration performance across the following key areas since the last meeting:

- Pension administration service
- LGPS regulatory update
- Pension Projects, including the data improvement plan

It provides the Committee with information on the position of the Fund's benefit administration between January and March 2026.

2. **Recommendations**

The Pensions Committee is recommended to:

- 2.1. **Approve the Administering Authorities Discretion Policy (Appendix 1)**
- 2.2. **Note the Administration Performance Monitoring for the quarter ending March 2026 (Appendix 2)**
- 2.3. **Note the LGPS Regulatory Updates**
- 2.4. **Note Update on other Pension Administration areas**

3. **Related Decisions**

- 3.1. Various previous policies and strategies agreed at Pensions Committees.

4. Pensions Administration and Communications Update

4.1 Policy review

Administering Authority Discretions Policy (Appendix 1)

LGPS regulations contain a number of areas where administering authorities have discretion to make a decision about how the regulations apply. Examples include determining whether a co-habiting partner meets the criteria to receive a partner's pension in the event of a member's death, or whether to enter into an admission agreement with a new employer. The Regulations do not require a written policy to be published in relation to all the areas of discretion, but given it is required in relation to a small number of areas it is good practice to include all administering authority discretions in the policy, to ensure members, employers and the LPPA operational teams understand the Fund's approach.

The policy statement was last reviewed in June 2021. Therefore, it has been updated throughout to reflect the revised job titles of the officers to whom responsibility for certain discretions has been delegated. The Fund has also worked with LPPA to bring some of the discretions inline with their usual working practices, whilst ensuring that robust and equitable decisions can be made.

4.2 Hackney Pension Fund administration

4.2.1 LPPA performance (Appendix 2)

The Fund changed its third party pensions administrator service provider from Equiniti to Local Pensions Partnership Administration (LPPA) in October 2025. In addition, a small in-house team is maintained.

The Quarter 4 administration reporting from LPPA is attached at Appendix 2. The LPPA performance report covers the period from 1 January 2026 to 31 March 2026.

In summary:

- LPPA's reported performance remained above its 95% SLA; the average over all case types is 98.2% for the quarter.
- Contact Centre: The average call wait time in Q4 was 3 minutes 38 seconds, under the 4 minute target.
- As at the end of Q4, the number of registered Hackney pension fund members for the online portal was 5,882. This has seen a month on month steady increase.
- The fluctuation in membership numbers shown in page 7 of Appendix 2 is due to temporary status changes to member records to allow correction.

4.2.2 Hackney Pension Internal Team Update

The Hackney Pension Fund has four members of staff who make up the in-house administration team. The team supports the Council's HR team with redundancy requests. To the end of the reporting quarter 508 redundancy estimates were completed for the year for the Council and schools.

General work volumes of the Hackney In-House Administration team for the quarter ending March 2026 is reported in the table below. Tasks reported on include email enquiries, telephone calls from scheme members and member facing meetings.

	Email enquiries	Telephone calls	Member Facing Meetings
Q1 25/26	1,074	519	60
Q2 25/26	1,275	385	55
Q3 25/26	840	374	15
Q4 25/26	1,139	412	47

4.3 Communications

Since the last update the following communications have been issued:

4.3.1 Pensioner Communications

A letter was sent to all pensioners at the end of April to encourage registration on PensionPoint ahead of pensions increase and P60s being made available in May.

4.3.2 Website

The Fund's website is currently under review given the change in administration function. Officers are working with Gallagher, the current website hosts, to update the website. Currently "under construction" notices have been added to the website as an interim measure and the key contact details and links to the LPPA member portal have been updated.

The website also hosts Fund documents and policies and has been updated to include the finalised 2024-25 Report and Accounts, the recently approved Funding Strategy Statement (FSS) and the 2025 Valuation Report.

4.3.3 Pre Retirement Seminars and Employer Support

On behalf of the Council, the In-House Pensions Team arranges 'Pre-retirement workshops' with a company called Affinity Connect, aimed at members who are thinking of retiring within the next 2 to 5 years. These workshops are held remotely with Affinity providing the facilitator, learning material and bookings free of charge. These are currently being held on a bimonthly basis and feedback received continues to be positive.

4.3.4 Employer Support - School visits

The In-House Pensions Team have attended pension surgeries/presentations at two different schools, with another five already diarised for the coming few months. The team were able to explain the basis of the LGPS scheme and ask any member specific queries that members had, and offered assistance in helping members register for the LPPA Pension Point portal.

4.4 Complaints & Internal Disputes Resolution Procedure (IDRP)

Complaints

LPPA received the following complaints this reporting quarter:

	Q4 2025/26								
	Carried forward from previous quarter	Complaints received (current period)	Complaints completed	Complaints closed / outcome (current quarter)					Carried forward
				Upheld	Not upheld	Partially upheld	Withdrawn	Not Recorded	
Delays	0	8	5	5	0	0	0	0	3
General Service	2	5	6	3	3	0	0	0	1
No Value Recorded	1	0	1	0	0	0	0	1	0
Payroll	0	0	0	0	0	0	0	0	0
Regulatory	0	0	0	0	0	0	0	0	0
Totals	3	13	12	8	3	0	0	1	4
				Upheld Complaint is justified and errors/ omissions occurred.	Not Upheld Complaint is not justified and no errors/ omissions occurred.	Partially Upheld Part of the complaint is justified and part is not.	Withdrawn Member has withdrawn their complaint.		

The Fund is working with LPPA to help identify any common complaint themes, in order to support in areas that require particular focus. As such, the Fund team, alongside LPPA, recently met with Prudential, the Fund's AVC (Additional Voluntary Contributions) provider to discuss issues that were being experienced with communications between LPPA and Prudential which was impacting AVC disinvestment timeframes and therefore delaying LPPA's ability to pay pension benefits for certain members. Reassurances were given to the Fund that these problems should not occur again as some necessary updates have been made to the prudential systems which should allow for smoother communications with LPPA.

Internal Disputes Resolution Procedure (IDRP)

This is the procedure used by the Fund for dealing with appeals from members both active and deferred. The majority of the appeals are in regard to either disputes around scheme membership or the non-release of ill health benefits. The process is in two stages:

- Stage 1 IDRP's for the reporting period are reviewed and determinations made for those appeals against the administering authority by the technical manager of the resolutions team in LPPA. All

Employers should have a policy to appoint an adjudicator for those made against them as an Employer; those made against the Council as an Employer are done by LPPA.

- Stage 2 IDRPs are determined by the Group Director, Finance & Resources taking external specialist technical advice from the Fund's benefits consultants.

If the member is still not satisfied with the resolution they can escalate the complaint directly to The Pensions Ombudsman. This must be done within 3 years of the original complaint.

No IDRPs applications were received during this reporting period. However, the Fund received notification that two previous IDRPs cases have now been progressed to The Pensions Ombudsman. The Fund is cooperating with The Pensions Ombudsman on these investigations by providing information as and when requested on the background and decisions taken. Brief detail of the two cases is below:

Case A - A deceased member's partner, who lived with the member at the date of death, is appealing the decision to not grant them a cohabiting survivors pension.

Case B - A pension member is appealing the former Employers decision to grant a tier 3 ill health pension.

4.5 Pension Increase and P60s

As advised previously, the latest pension increase was confirmed as 3.8% based on the Consumer Price Index (CPI) for September 2025. The pension increase applies from 6 April 2026.

Pensions Increase was successfully applied for 98.9% of eligible pensioners. LPPA continues to work on the remaining cases to update records and make correct payments. It is anticipated that this work should be completed by the end of June. Pensions Increase is currently being applied to eligible deferred members during May.

P60s are currently being produced by the LPPA payroll team and should be live on Pension Point by the end of May.

4.6 Administration Service Migration

4.6.1 Service Level Agreements (SLA)

Since going live with LPPA in October 2025 the Fund had agreed to the following relaxed SLAs in order to assist in the data and transition challenges that LPPA faced. High priority relaxed SLA for the period between 24th October 2025 – 30th April 2026 (relaxed to 90% target SLA). Other cases relaxed SLA for the period between 24th October 2025 – 30th April 2026 (relaxed to 70% target SLA). See table below

Priority	Case Type
HIGH	Deaths
	Retirements deferred
	Retirements immediate
OTHER	Admissions
	Refunds
	Transfers In
	Transfers Out
	Divorce
	Aggregation
	Deferred Benefits
	Estimates-member
	Estimates-employer
	Correspondance

These agreed relaxed service levels ended on 30 April. The Fund has now agreed with LPPA that the contractual standard SLAs should now be implemented. It's worth noting that LPPA have been performing to these contractual targets since transition which is really positive news.

The standard target is 95% with the high level SLAs below:

Process	Standardised SLA (Working Days)
New Starters	10
Transfers In	10
Transfers Out	10
Estimates-member	10
Deferred Benefits	15
Deaths	5
Retirements immediate	5
Retirements deferred	5
Refunds	5
Estimates-employer	5
Correspondance	10
Aggregation	30

Employer onboarding

The majority of the Fund's employers are up to date with their monthly payroll data submissions.

All employers/payroll providers have engaged with LPPA but at the date of writing, one academy and a group of federation maintained schools, using an external payroll provider, are still working with LPPA to successfully submit their first return for October payroll and then will work with LPPA to bring their returns up to date. This is due to various system and payroll coding issues.

The Fund team will continue to work with LPPA in escalating matters with these employers. Ongoing engagement will focus on supporting employers to resolve any issues that may be preventing submission. Fund officers continue to remind employers of their ongoing responsibilities.

The Council's payroll team have submitted up to and including the March return. Bringing the Council up to date following the transition between systems has been a big piece of work for LPPA and the payroll team given the level of membership within the Council.

4.6.2 Data Improvement Update

As previously reported the available pension data was imported from Compendia (Equiniti's pensions administration platform), to UPM (LPPA's pension administration platform). During data migration for the service onboarding, it was identified that Compendia did not store all the information that UPM requires to process pension member benefits on an ongoing basis. Additionally, the data migration was made more complex by the amount of work which was being processed by Equiniti 'off system' (i.e. changes not stored in the main Compendia database, but on offline documentation).

As a result, a data issues 'flag' has been added on UPM to c17,000 Hackney member records (active and deferred status) to signify that the record cannot be processed until the data has been rectified. For UPM functionality to work and be fully utilised, all data must be present and correct within the database. Missing or incorrect data will result in calculations, bulk processes, automation and self-service tools all failing and/or exception handling.

This does not fit with LPPA's standard operating model and therefore currently requires additional resources to service the work until all data issues are resolved. The project work to tackle these data gaps/issues had been formally agreed. This is expected to improve the Hackney member experience, reduce regulatory risks and support the Fund's longer term data strategy.

The high-level milestone plan is set out below:

Data Improvement Phases	Description	Estimated Timeline (2025-2026)
Phase 1 24 Oct 2025 - 15 Jan 2026	Bulk Data Import	24/10 – 10/01
	Intellica Set Up	24/10 - 20/11
	Intellica Data Analysis (for Data Rebuild)	21/11 - 24/12
	Data Rebuild (CARE, etc.)	28/11 - 15/01
	Casework Automation (Active & Deferred)	19/12 - 15/01
	Phase 2 Planning	29/12 - 15/01
Phase 2 15 Jan - 31 March 2026	Bulk Data Import (for complex Active & Deferred)	16/01 - 02/03
	Data Rebuild (CARE, etc.) for complex Active & Deferred	16/01 - 02/03
	Casework Automation (complex Active & Deferred)	16/01 - 02/03
	Intellica Driven Priority Fixes (for Data Rebuild)	16/01 - 27/03
	Annual Pension Increase (for Data Rebuild)	05/01 - 31/03
	Phase 3 Planning	11/03 - 31/03

The majority of the work has been completed. Officers meet with LPPA on a monthly basis to review progress of the data improvement project. LPPA's latest update in May has confirmed that focus continues on resolving the issues that impact the 2026/27 application of annual pension increase to scheme members' records and those that affect the ability to produce annual benefit statements. LPPA reports that good progress has so far been made although behind schedule. Much of the remaining data queries are now being looked at manually by the data teams.

4.7 Other administration and communications related developments and news

4.7.1 Access and Fairness consultation- phase one

On 6 March 2026 LGPS (Miscellaneous Amendments) (Member Benefits) Regulations 2026 [SI2026/226] were laid. The regulations amend multiple LGPS Regulations to bring about the changes proposed in MHCLG's 2025 Access and Fairness consultation.

Further guidance has now been issued from the Local Government Association (LGA) setting out detailed information about the changes, including transitional arrangements and the implications of backdating some of the regulation changes. The Ministry of Housing, Communities and Local Government (MHCLG) published statutory guidance covering survivor benefits and death grants. The statutory guidance sets out MHCLG's recommendations on how administering authorities should revisit cases where the member died before 1 April 2026.

The retrospective nature of some of these changes is a big administrative challenge and the Fund will continue working closely with LPPA to ensure the legislative changes are fully implemented.

4.7.2 Access and Protections consultation – elected members

On 25 March 2026, the LGPS (Amendment) (Elected Member Pensions) Regulations 2026 [SI2026/346] were laid. They come into force on 11 May 2026. They amend the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, as well as numerous combined authority and combined county authority establishment orders and the Local Authorities (Members' Allowances) (England) Regulations 2003.

The regulations extend membership of the LGPS, from 11 May 2026 to elected members of local authorities in England, including councillors and mayors of county councils, district councils, London borough councils, combined authorities, combined county authorities and the Greater London Authority. This includes unitary councils which, depending on their structure, are either district or county councils.

LPPA have created an Elected member page which contains information on the benefit structure, contributions and joining instructions <https://www.lppapensions.co.uk/members/pension-regulations/elected-member-pensions-lgps/> and the Council's payroll teams have been made aware of their duties.

5. Financial implications

- 5.1. The Pensions Committee has delegated responsibility for management of the Pension Fund. Whilst there are no direct financial impacts from the information contained in this report, quarterly monitoring of key aspects of the Pension Fund helps to provide assurance to the Committee of the overall financial performance of the Fund and enables the Committee to make informed decisions about the management of the Fund.
- 5.2. Monitoring of key administration, communication and project targets ensures that the Fund monies are being used appropriately including ensuring that the Fund is achieving value for money.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by: Deidre Worrel, Director Financial Management
Email: deidre.worrell@hackney.gov.uk
Date: 15th June 2026

6. Legal Implications

- 6.1. The Council's Constitution gives the Pensions Committee responsibility for various specified functions relating to management of the Council's Pension Fund, as reflected in the Committee's Terms of Reference. The Committee has delegated responsibility:
 - To act as quasi Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act

2013, and the various pension legislation.

- To act as Scheme Manager for the Pension Fund.
- To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium term plan to deliver the objectives.

6.2. Given these responsibilities, it is appropriate for the Committee to consider a regular quarterly update covering scheme administration, communication and pension projects.

Legal implications prepared on behalf of the Director of Legal, Democratic & Electoral Services by: Georgia Lazari , Team Leader-Places
Email: georgia.lazari@hackney.gov.uk
Date: 15th June 2026

Appendices

Appendix 1- Administering Authority Discretion Policy 2026
Appendix 2 - LPPA Q4 Administration Performance Update

Background documents

None

LONDON BOROUGH OF HACKNEY PENSION FUND

STATEMENT OF ADMINISTERING AUTHORITY
DISCRETIONS POLICIES

Page 59

To be Approved: 24 June
2026

Administering Authority statement of discretions policies – effective 1 July 2026

Introduction

Hackney Council, as Administering Authority to the London Borough of Hackney Pension Fund, has determined its discretionary policies in accordance with the Local Government Pension Scheme Regulations 2013 (as amended), and related legislation, and these are outlined in this statement. We will apply these policies to all members of the Pension Fund, regardless of who their employer is. Where relevant, these policies equally apply to members who left pensionable service prior to 1 April 2014 (albeit only in relation to discretions exercised since the effective date of these policies), to councillor members and to pension credit members.

We reviewed and updated the content of these policies in May 2026 in line with current legislation. These amended policies were approved at the Hackney Council Pension Committee on 24 June 2026 and are effective from 1 July 2026 unless stated otherwise within this statement.

We retain the right to change these policies at any time as long as we republish the amended policy at least within one month of when the change(s) we are introducing come(s) into effect.

These policies do not give, nor shall they be deemed to give, any contractual rights to any member of the Pension Fund, or to any other person whatsoever. Nothing in this document will cause the Administering Authority's capacity to exercise its discretionary powers to be unlawfully fettered or restricted in any way.

We will exercise these discretions in line with the provisions of the various LGPS Regulations and other legislation. Nothing within this statement can overwrite the legal requirements within those provisions.

We will review the policies within this statement as required in the light of future changes to the LGPS legislation or other relevant legislation. It will also be reviewed at least every three years. The next review of this statement will be done no later than May 2029.

Administering Authority Discretions under the Local Government Pension Scheme

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
	Key Strategies and Policies		
1	R13 - 55 (Mandatory)	Publish a Governance Compliance Statement stating how functions are delegated and whether the Administering Authority complies with guidance given by the Secretary of State	A copy of the current Governance Compliance Statement can be found on the Pension Fund's website .
2	R13 - 58 (Mandatory)	Decide on the Funding Strategy for inclusion in the Funding Strategy Statement	Agreed in co-operation with actuary. A copy of the current Funding Strategy can be found on the Pension Fund's website .
3	R13 - 61 (Mandatory)	Develop a Communication Policy setting out how the Administering Authority communicates with Scheme members, representatives of members, prospective members and Scheme employers and the format, frequency and method of communications, and the promotion of the Scheme to prospective members and their employers.	A copy of the current Communications Policy can be found on the Pension Fund's website .
4	R13 - 59(1) and (2)	Decide whether to have a written Pensions Administration Strategy and, if so, the matters it should include	A copy of the current Pensions Administration Strategy can be found on the Pension Fund's website .
5	R13 - 105(2)	Whether to delegate any Administering Authority functions under the Regulations	The Administering Authority does delegate certain functions to senior officers and to the Pension Committee as appropriate. Details of these are set out in the Council's Constitution and summarised in the Governance Policy.
6	R13 - 106(3)	Whether to establish a Joint Local Pensions Board (if approval has been granted by the Secretary of State)	The Administering Authority did not establish a Joint Pension Board
7	R13 - 106(6)	Decide procedures applicable to the Local Pensions Board	Procedures have been decided, and are detailed in the Local Pension Board's terms of reference

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
8	R13 – 107(1)	Decide appointment procedures, terms of appointment, and membership of the Local Pensions Board	The appointment procedures and terms have been decided, and are detailed in the Local Pension Board's terms of reference. The membership of the Local Pension Board is set out on the Pension Fund's website .
Disputes			
9	R13 – 74(1) A58 R97 - 100	Appoint a person for dealing with applications under Stage One of the Internal Dispute Resolution Procedures (IDRP) in relation to any disputes relating to the role as Administering Authority (includes in relation to councillor members)	LPPA, will act as the Stage One IDRPs assessor for Administering Authority disputes.
10	R13 – 76(4) A60(8) R97 - 99	Decide the procedure to be followed by the Administering Authority when exercising its Stage Two IDRPs functions and decide the manner in which those functions are to be exercised (includes in relation to councillor members)	Stage 2 determinations are dealt with by the Group Director, Finance and Corporate Resources of the London Borough of Hackney, after obtaining relevant advice and guidance. Information can be found on the Pension Fund's website
11	R13 – 79(2) A63(2) R97 – 105(1)	Whether the Administering Authority should appeal to the Secretary of State against an employer decision (or lack of a decision) (includes in relation to councillor members).	The Fund will appeal to the Secretary of State when there is sufficient evidence that an employer has made a decision or committed an act (or failed to act) that is both wrong in law and material, where we have been unable to persuade the employer to alter its actions (or inactions). Such matters will be decided by the Assistant Director, Pension Fund Investments & Administration on a case by case basis.
Admission Agreements and Employer Management			
12	R13 – 3(5) and Sch 2, Part 3, Para 1	Whether to agree to an admission agreement with an external employer.	Please see separate Admissions Policy and Funding Strategy Statement. A copy can be found on the Pension Fund's website .
13	R13 – Sch2, Part 3, Para 14	Whether to backdate the effective date of an admission agreement with an external employer.	Please see separate Admissions Policy and Funding Strategy Statement. A copy can be found on the Pension Fund's website

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
14	R13 – 4(2)(b)	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission	Please see separate Funding Strategy Statement. A copy can be found on the Pension Fund's website
15	R13 – Sch 2, Part 3, para 9(d)	Whether to terminate a transferee admission agreement in the event of <ul style="list-style-type: none"> insolvency, winding up or liquidation of the body breach by that body of its obligations under the admission agreement failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so 	Please see separate Funding Strategy Statement. A copy can be found on the Pension Fund's website
16	R13 – Sch 2, Part 3, para 12(a)	Employees of a contractor are only entitled to remain in the LGPS whilst they continue to be "employed in connection with" the original services that were transferred. This expression should be defined by the Administering Authority.	This is defined as meaning an employee will be expected to work more than 50% of their time on the services covered by the contract to remain in the LGPS.
17	R13 - 54(1)	Whether to set up a separate admission agreement fund	Please see separate Funding Strategy Statement. A copy can be found on the Pension Fund's website The Fund does not currently operate a separate fund for specified employers who participate by means of an admission agreement.
18	R13 – 64(2A)	Whether to suspend, for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.	The Fund will consider requests from employers for a suspension notice of up to three years, on a case-by-case basis

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
19	R13 – 64 (2ZAB)	To determine the amount of any exit credit that may be payable to an exiting employer, taking into account the factors set out in the Regulations	Please see separate Funding Strategy Statement. A copy can be found on the Pension Fund's website
20	R13 – 64(2ZAB)(b)	Whether to agree to pay an exit credit which is payable to an exiting employer, beyond six months of the date on which that employer ceases to be a Scheme Employer. This would be an extension of the usual timescale and would only be permitted if agreement is also received from the exiting employer.	Please see separate Funding Strategy Statement. A copy can be found on the Pension Fund's website
21	R13 – 64(4)	Whether to obtain a revision of the rates and adjustments certificate if there are circumstances that make it likely that a Scheme Employer will become an exiting employer.	Please see separate Funding Strategy Statement. A copy can be found on the Pension Fund's website
22	R13 – 68(2) TP14 – Sch 2, Para 2(3) R97 – 80(5)	Whether to require any strain on Fund costs to be paid “up front” by an employer following redundancy / business efficiency retirement, flexible retirement, or the waiver (in whole or in part) of any actuarial reduction on voluntary or flexible retirement.	Where costs arise from an employer’s decision to allow early retirement, these costs will be met by an internal recharge or invoice, as appropriate. The Council and external employers (including schools) will be required to meet any strain cost payment within the financial year in which the early retirement, on any grounds, takes place unless exceptional circumstances are identified.

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Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
23	R13 – 80(1)(b) TP14 – 22(1) A64(1)(b)	What information should be supplied by employers to enable Administering Authority to discharge its functions	The Third Party Administrator, with the agreement of the London Borough of Hackney Pension Fund, will determine the format and frequency of information. Details are available in the Pension Administration Strategy (PAS) and Employers' section of the LPPA website , which can be found here .
24	R13 – 69(1)	Decide frequency of payment of contributions to the Fund by employers and whether to make an administration charge for late receipt.	Details are included in the Pension Administration Strategy (PAS), which can be found on the Pension Fund's website.
25	R13 – 69(4)	Decide the format and frequency of information from employers to accompany payments of contributions to the Fund	The Third Party Administrator, LPPA, with the agreement of the London Borough of Hackney Pension Fund, will determine the format and frequency of this information. Further information is available in the Pension Administration Strategy (PAS) and Employers' Employers' section of the LPPA website , which can be found here .
26	R13 – 70 TP14 – 22(2)	Whether to issue an employer with a notice to recover additional costs incurred as a result of the employer's level of performance	Details are included in the Pension Administration Strategy (PAS), which can be found on the Pension Fund's website .
27	R13 – 71(1)	Whether to charge interest on overdue payments by employers	Details are available in the Pension Administration Strategy (PAS), which can be found on the Pension Fund's website .
28	R13 – 36(3) A56(2) R97 – 97(10)	The Administering Authority is required to approve medical advisors used by employers (for the determination of ill health benefits) (including in relation to councillor members).	A medical practitioner who confirms in writing to the employer that they are appropriately qualified and who has been approved for that purpose by the Employer to make any decision made regarding ill health will be deemed to be approved by the Administering Authority.
Payments relating to Death			

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
29	R13 – 82(2) A52(2) R97 - 95	A death grant due to a Scheme member's estate can be paid to the personal representative(s), or anyone appearing to be, without the need for grant of probate / letters of administration if the death grant is less than the amount specified in any order under Section 6 of the Administration of the Estates (Small Payments) Act 1965 (£5,000 at the time of the making of this policy). This also relates to councillor members.	See separate Death Grant Policy
30	R13 – 17(12), 40(2), 43(2) & 46(2) TP14 – 17(5) to (8) B23(2), 32(2) & 35(2) T08Sch1 R97 - 38(1) & 155(4) R95 - E8	The Administering Authority may, at its absolute discretion, pay any death grant due (including AVCs, SCAVCs and life assurance relating to AVCs) to or for the benefit of the member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of the member. This also relates to councillor members.	See separate Death Grant Policy
31	R13 – Sch 1 TP14 – 17(9)(b) B25	The Administering Authority must decide the evidence required to determine financial dependence of a cohabiting partner on a Scheme member or financial interdependence between the cohabiting partner and the Scheme member.	Evidence of financial interdependency or dependency will be required at the time of death and can include confirmation of shared household spending or extra living expenses for the partner on the member's death. This can be demonstrated in any of the following ways: <ul style="list-style-type: none"> • a joint mortgage or tenancy • a joint bank account • joint savings and investment accounts • a joint credit arrangement • being the beneficiary of a will • being the beneficiary of life assurance • household bills in joint names

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Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
32	TP14 – 3(6), 4(6)(c), 8(4), 10(2)(a), 17(2)(b) B10(2)	Where a member to whom regulation B10 applies (use of an average of three years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member.	An election will automatically be made if it would result in higher benefits being paid.
33	TP14 – 3(6), 4(6)(c), 8(4), 10(2)(a) & 17(2)(b) T08 - Sch 1 R97 - 23(9)	Whether to make an election on behalf of a deceased member who had a certificate of protection of pension benefits so their benefits may be calculated using the best pay figure.	An election will automatically be made if it would result in higher benefits being paid.
34	R13 – Sch 1 "Eligible Child" TP17(9)(a)	Decide to treat a child (who has not reached the age of 23) as being in continuous education or vocational training despite a break.	Consideration needs to be given to each case to identify whether the break is fundamental to the overall qualification, or whether it was a true break. Breaks of a gap year are treated as interruptions in education and the Fund will suspend the pension (breaks within an academic year are ignored). We may then restart the suspended pension at the end of such a break/gap, taking into account the circumstances of each individual case.
35	R97 - 47(1) R95 – G11(1)	How to apportion children's pension amongst eligible children (applies to children of leavers between 1 st April 1998 and 31 st March 2008 and children of councillor members)	Where there is more than one eligible child, the Fund will normally divide the child's pension equally between the eligible children.
36	B27(5) R97 – 47(2) R95 – G11(2)	Whether to pay the whole or part of a child's pension to another person for the benefit of the child (includes children of councillor members). This applies to pre 1 st April 2014 leavers only.	Where a child is below the age of 18, we will normally pay his/her pension to the person who has the care of the child, to be applied for the benefit of that child.
37	R95 - F7	Whether to suspend spouses' pensions during remarriage or cohabitation.	We will not suspend spouse's pensions during remarriage or cohabitation and therefore they will be paid for life.

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
Transferring or Linking Benefits			
38	R13 – 98(1)(b)	Whether to agree to the payment of a bulk transfer	Please see our separate Funding Strategy Statement. A copy can be found on the Pension Fund's website
39	R13 – 100(6)	The Administering Authority (with the agreement of the employer) may extend the 12 month time limit for a Scheme member to elect to transfer in benefits from a non-local government pension scheme or personal pension plan.	We expect Scheme members to request all transfers within 12 months, and will only extend the 12-month time limit in exceptional circumstances where the Scheme member can demonstrate the reason for their late request was outside of their control. The Pensions Manager will determine any such requests in consultation with the employer.
40	R13 – 100(7)	Whether to allow transfers of pension rights into the Fund	We will accept all transfer values (subject to meeting the appropriate timescales).
41	TP14 – 15(1)(d) & A28(2)	Whether to charge a Scheme member for the provision of an estimate of the additional pension that would be provided in the Fund in return for a transfer in of in house AVC/SCAVC funds (only applies where the arrangement was entered into before 1 st April 2014)	The Administering Authority does not charge for this estimate
42	TP14 – 10(9)	Where a deferred member also has ongoing multiple concurrent employments, the member may be able to choose which employment the deferred benefits are aggregated with. We can decide this where the member does not make their own election within 12 months.	The Fund has delegated authority to LPPA to decide this based on what appears to be the most beneficial approach at the point 12 months after the person became a deferred member for that employment.
43	R97 - 118	Whether the Fund will retain the Contributions Equivalent Premium (CEP) where a Scheme member transfers out to a contracted in pension scheme (for councillor members and pre 1.4.08. leavers)	The CEP amount will be retained by the Fund and used towards providing the balance of benefits due to the Scheme member.
Other Miscellaneous Discretions			
44	R97 – 106A(5)	The date to which benefits shown on deferred Annual Benefit Statements are calculated	All annual benefit statements will be calculated as at the 31st March preceding their distribution.

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
45	TP14 – 3(13) A70(1) & A71(4)(c) T08 – 12 R97 – 109 & 110(4)(b)	Abatement of pensions on re-employment (applies to pre 1 April 2014 retirees only including councillor members)	Retirement benefits are not abated and any that are subject to abatement as at 1 October 2014 will cease to be abated from that date.
46	R13 – 22(3)(c)	The pension account may be kept in such form as is considered appropriate	The Third Party Administrator with agreement from London Borough of Hackney will determine the form a pension account should be kept in.
47	R13 – 83 A52A	An Administering Authority may determine how and to whom benefits may be paid if the recipient is incapable of managing their affairs by reason of mental disorder or otherwise	The Fund has delegated authority to LPPA who can decide to do this where it can be satisfied that this would be in the best interests of the beneficiary, based on evidence provided and on a case by case basis.
48	R13 – 16(1)	Whether to turn down a request to pay an Additional Pension Contributions (APCs) and Shared Cost Additional Pension Contributions (SCAPCs) by regular contributions over a period of time, where it would be impractical to allow such a request, for example, due to the pension being bought resulting in very small payments	We will not decline a request unless an employer asks us to and, if an employer does so, LPPA will decide whether to decline the request on a case by case basis, having consideration for the costs involved in administering such a request and the benefits being sought by the member

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
49	R13 – 16(10)	Whether to require a satisfactory medical before agreeing to an application to pay an APC or SCAPC, and whether to turn down the application if not satisfied that the member is in reasonably good health.	<p>Where a member elects to pay an APC/SCAPC a medical declaration should also be completed and permission granted for the Fund to obtain further information regarding absence from their employer. Occasionally, the member will be required to attend a medical examination at their own expense.</p> <p>Generally applications will be approved where:</p> <ul style="list-style-type: none"> • The medical practitioner’s report confirms that the member is in reasonably good health; • There are exceptional circumstances. <p>Applications will not be granted where:</p> <ul style="list-style-type: none"> • The member refuses to complete the medical declaration form; • The member refuses to attend a medical examination at their own expense when requested by the Fund in connection with an application to pay an APC/SCAPC; • On receipt of the medical practitioner’s report, the Fund is not satisfied that the member is in reasonably good health. <p>Decisions regarding the above are delegated to the Operations and Commercial Director at LPPA.</p>
50	R13 – 32(7)	A Scheme member wishing to receive benefits other than at normal pension age, or on flexible retirement, must elect to do so within certain time limits. The Administering Authority may extend these time limits.	We expect any elections to be made within the time limits in the Regulations and would not normally extend the time limit
51	TP14 – 15(1)(c) T08 - Sch1 & R97 - 83(5)	Whether to extend the time period for a Scheme member electing to capitalise remaining contributions to an added years contract in cases of redundancy	An extension for an election to pay a lump sum to capitalise an added years contract will not be permitted beyond the time limit set by the Regulations (not later than the expiry of the period of three months beginning on the day after the member leaves employment) unless it can be demonstrated to the satisfaction of the Administering Authority that the person’s delay in giving notice is caused by an error or oversight on the part of the Administering or Employing Authority.

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
52	R13 – 34(1) B39 T08 - 14(3) R97 – 49 & 156	The Administering Authority may commute small pensions into a lump sum where they are below nationally prescribed limits.	We will pay a lump sum in lieu of a pension which falls below the nationally defined limits unless the member elects to continue to receive the pension as an ongoing payment.
53	R13 – 49(1)(c) B42(1)(c)	Decide, in the absence of an election from the Scheme member, which benefit is to be paid where the member would be entitled to a benefit under two or more Regulations in respect of the same period of Scheme membership	The Fund has delegated authority to LPPA to decide on a case by case basis, based on evidence available at the time and which benefit appears to be most beneficial to the member.
54	R97 - 147	Whether to permit a Pension Credit to remain in the Fund or require a transfer out	LPPA will deal with these cases in accordance with the Pension Credit member's wishes.
55	R97 - 50 and 157	Whether to commute benefits due to exceptional ill-health (applies to councillor members and pre 1 st April 2008 leavers only)	In these circumstances, we will pay a lump sum in lieu of a pension unless the member elects for it not to be paid.
56	R97 - 91(6)	The Administering Authority may determine the timing of pension increase payments by employers to the Fund (applies to pre 1 st April 2008 leavers only)	Any such payments must be made monthly.
<i>Discretions relating to employers which no longer exist</i>			
57	R13 –38(5) B31(6) and 31(7)	A former employer must decide whether a deferred member meets the criteria for permanent ill health. This also applies to a Scheme member who was formerly in receipt of Tier 3 ill-health benefits. The Administering Authority may decide this if that employer no longer exists.	We will follow the policy of Hackney Council as the main employer in the Fund.

Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
58	TP14 – Sch 2, Paras 1(2) and 2(2) (Written policy required)	An employer can choose to allow the rule of 85 protections to apply to a Scheme member's benefits on voluntary retirement. In doing this some or all of the early retirement reduction would not apply. This provision can only apply to Scheme members who are aged between 55 and 60. The Administering Authority may decide this if that employer no longer exists.	We will follow the policy of Hackney Council as the main employer in the Fund.
59	TP14 – 3(1), Sch 2, Paras 2(1) and 2(2) B30(5) and 30A(5) (Written policy required)	In the event that a deferred member is drawing benefits early and that member's former employer is no longer a Scheme Employer, to determine whether; To waive any reductions that would apply to the member's service which is fully protected for the rule of 85 on compassionate grounds. To waive any reductions that would apply to the member's service which is not fully protected for the rule of 85 on any grounds whatsoever.	We will follow the policy of Hackney Council as the main employer in the Fund.
60	R13 – 30(8) (Written policy required)	An employer can choose to waive, in whole or in part, any reduction that might otherwise apply to that Scheme member's benefits on flexible retirement. The Administering Authority may decide this if that employer no longer exists.	We will follow the policy of Hackney Council as the main employer in the Fund.
61	R13 – 30(8)	An employer can choose to waive, in whole or in part, any early retirement reduction that might otherwise apply to a Scheme member's benefits from 1 April 2014 on voluntary retirement. These provisions only apply to Scheme members who have reached age 55. The Administering Authority may decide this if that employer no longer exists.	We will follow the policy of Hackney Council as the main employer in the Fund.

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Ref	Regulation Reference (see key at end)	Description of Discretion	London Borough of Hackney Pension Fund Policy
62	C31(2)	Where an employer terminates employment early, the Administering Authority may agree to pay compensation on behalf of employer from the Fund and recharge payments to the employer	The Administering Authority will pay compensation on behalf of employer from the Fund and recharge payments to employer

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Ref	Regulation Reference	Description of Discretion	London Borough of Hackney Pension Fund Policy
63	R97 – 89(3)	Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits	Each case will be assessed on an individual basis and an agreed recovery plan for contributions will be introduced which allows for the recovery over the shortest period of time taking account the financial wellbeing of the member. Where a member is near to retirement or exceptional circumstances are identified then the outstanding contributions will be deducted from benefits when they are due.
64	TP14 - 3(5A)(vi) R97 - 106(1) R95 – D11(2)(c)	Where the employer is now defunct, grant application for early payment of deferred benefits on or after age 50 on compassionate grounds	The appropriate policy of Hackney Council as an employer will be applied
65	R13 38(5)	Decide whether a suspended ill health tier 3 member meets the criteria for ill health retirement in cases where the member's former employer is no longer a Scheme Employer	The appropriate policy and process of Hackney Council as an employer will be applied
66	R13 – 64(2ZA)	Whether to extend the period beyond 3 months from the date an employer ceases to be a Scheme Employer, by which to pay an exit credit.	See the Fund's separate Funding Strategy Statement. A copy can be found on the Pension Fund's website
67	2 of the Registered Pension	Decide whether to allow members who have accrued an annual allowance charge which cannot be discharged by	See the Fund's separate Scheme Pays Policy. A copy can be found on the Pension Fund's website

Ref	Regulation Reference	Description of Discretion	London Borough of Hackney Pension Fund Policy
	Schemes (Modification of Scheme Rules) Regulations 2011	means of mandatory scheme pays to pay any tax due through voluntary scheme pays.	
68	R97 – 31(5) TP14 – Schedule 2 para 2(1)	Where the employer no longer exists, whether to waive upon the voluntary early payment of benefits, any actuarial reduction on compassionate grounds	The appropriate policy of Hackney Council as an employer will be applied

***Key to Regulation References:**

- R13 – The Local Government Pension Scheme Regulations 2013
- TP14 – The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- A – The Local Government Pension Scheme (Administration) Regulations 2008
- B – The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- T08 – The Local Government Pension Scheme (Transitional Provisions) Regulations 2008
- R97 – The Local Government Pension Scheme Regulations 1997
- R95 - The Local Government Pension Scheme Regulations 1995
- C- Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended)

*Note that references to old provisions (e.g. R97) generally apply in relation to scheme members who left under those provisions.

LPP

Local Pensions Partnership
Administration

Quarterly Administration Report

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Hackney Pension Fund
1 January 2026 - 31 March 2026



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Forward thinking



Doing the right thing



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DEFINITIONS

Page 7

Total Fund Membership

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

Page 9

Casework Performance - All Cases

Performance is measured once all information is made available to LPPA to enable them to complete the process.

Relevant processes are assigned a target timescale for completion, and the performance is measured as the percentage of processes that have been completed within that timescale.

Page 10

Casework Performance - Standard

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

- APC/AVC Queries
- Cessation of Additional Contribution
- Change of Hours
- Change of Personal Details
- Under Three Month Opt-Out

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

Page 11

Ongoing Casework at the end of the Reporting Quarter

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

Page 13

Contact Centre Performance

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

Page 16

Contact Centre Call Satisfaction

Members are given the option to answer two questions, following a call with the LPPA Contact Centre (these relate to general satisfaction with LPPA, and satisfaction with the adviser they have spoken to – both responses follow a three-point rating scale).

Page 19

Member Online Portal

The number of member records by status, that are registered for LPPA's member self-service portal, PensionPoint.

Page 20

Member Log Ins

The number of unique log ins and total log ins by period on PensionPoint, these are only successful log ins where the password and one-time-pin has been successfully entered.

EXECUTIVE SUMMARY

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This performance report covers the reporting period of Q4 2025/26 (January – March 2026)

Contact Centre

Contact Centre wait times have been consistently under the targeted 4-minute wait time with an average wait time over the quarter of 3 minutes 38 seconds.

Satisfaction scores

Contact Centre satisfaction includes both satisfaction with the individual call handler that the member spoke to, and overall satisfaction with LPPA. Satisfaction with the individual call handler is typically higher than overall satisfaction, with satisfaction rates for the quarter at 95.9% and 77.1% respectively.

Statutory deadlines

There were no regulatory and statutory deadlines due in the reporting period.

Cyber and information security

LPPA achieved re-certification for Cyber Essentials Plus and also passed our ISO 27001 re-certification audit. These accreditations show our commitment to cyber and information security and keeping members' data safe.

PASA Accreditation

In Q4 LPPA undertook the rigorous PASA accreditation (Pensions Administration Standards Association) assessment process and following this, we were delighted to be awarded the accreditation from the 1 April 2026.

Outlook

Activity levels are, and are expected to remain high, due to:

- Data improvement work
- Significant regulatory change including McCloud remedy, Pensions Dashboard and LGPS Access and Fairness changes
- Ongoing activity to continue to improve the member experience in key areas.

LPPA PROJECTS - UPDATE

Data Improvement

Hackney migrated their LGPS pension administration to LPPA on 24th October 2025. The available pension data was imported from Compendia (Equiniti's pensions administration system), to LPPA's UPM system.

During data migration for service onboarding to LPPA, it was identified that the different systems did not store and use data in the same way. For UPM functionality to work and be fully utilised, all data must be present and correct within relevant fields in the database. Missing or incorrect data will result in calculations, bulk processes, automation and self-service tools failing and needing to be exception handled, which does not fit with LPPA's standard operating model.

Progress on data improvements has been very positive with 95% of in scope data issues resolved by 1st March. The remaining issues continue to be worked on with focus on those potentially impacting Annual Benefit Statements.

McCloud Remedy

Following the McCloud judgment, changes to all public service pension schemes that provided transitional protections to older members, including the LGPS came into force on 1 October 2023. The changes were designed to rectify unlawful discrimination against younger scheme members. In the LGPS, the impact is an extension of the underpin to all eligible members.

Work will have been completed by the previous administration service provider. LPPA are bringing Hackney into our wider McCloud project and carrying out further validation on eligibility and assessment of benefits in payment and transfers and establishing BAU processes.

The team are focused on the work required to ensure remedy eligible members receive the underpin on their ABS later this year.

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Pensions Dashboard

The Pensions Dashboard will enable individuals to access their pensions information online, securely and all in one place. It is estimated that they will be able to access the Dashboard in late summer 2027.

Following successful connection to the Dashboard, the project continues to focus on business readiness, including consideration on the unknown demand into LPPA and how to manage this. One of the project aims is to drive member self-service as much as possible.

Efficiency and Service Improvement Programme

LPPA's Service Improvement Programme (ESIP) is designed to leverage the investment in UPM, delivering automation and improved self-service capability and member experience.

Hackney will benefit from a number of automation and digital improvements delivered for other clients as part of this project over the last year, as part of BAU processing once records are validated as part of the data improvement project.

Message Centre

Rollout of the new Message Centre for members via Pension Point (secure member portal) was completed for Hackney in March 2026.

The solution makes enquiries more secure, efficient and transparent with improved work feed integration and reporting and ultimately provide an improved member experience.

Fund Membership

In this section...

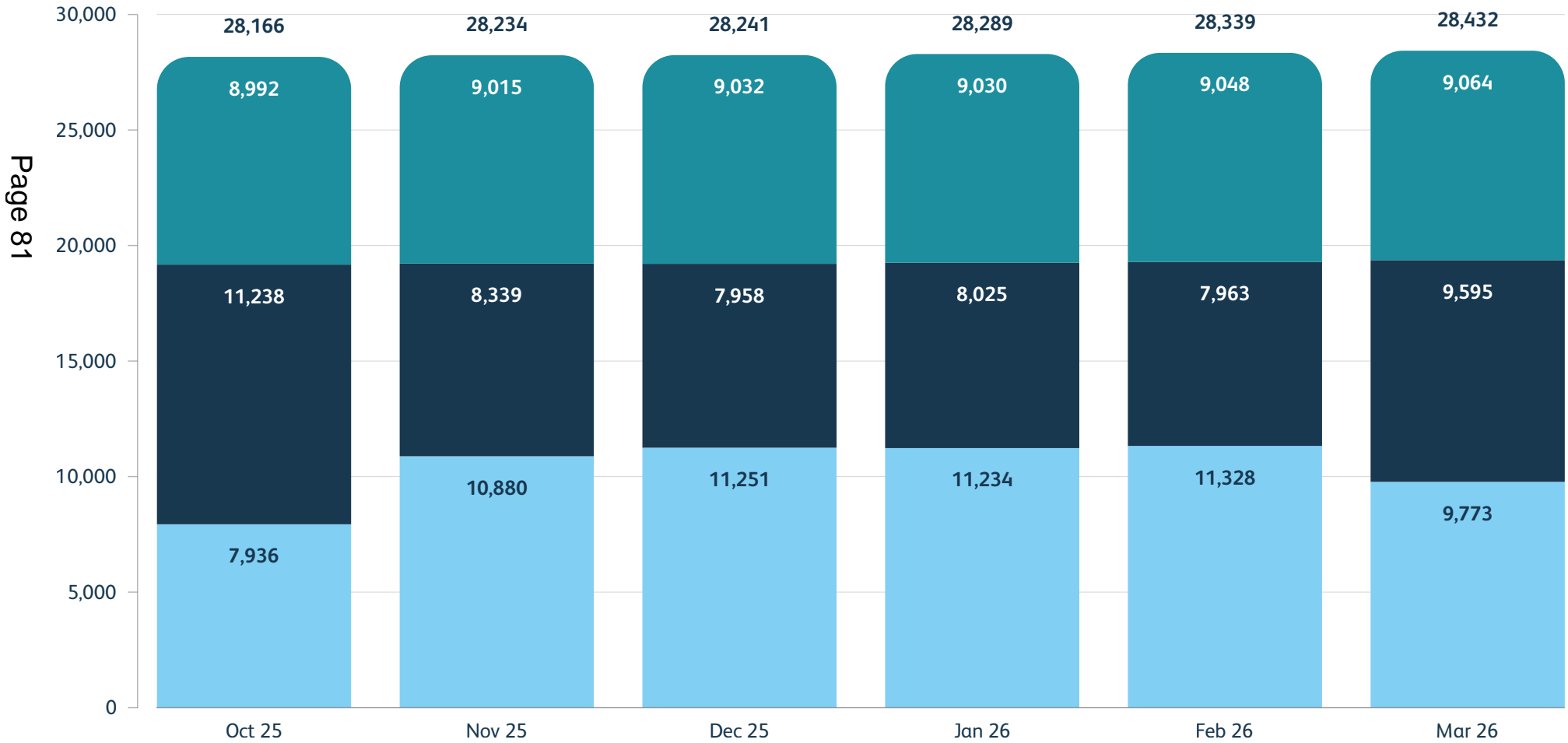
- Total fund membership

TOTAL FUND MEMBERSHIP

TOTAL FUND MEMBERSHIP

CLIENT
SPECIFIC

Active Members Deferred Members Pensioners & Dependents



Casework Performance

In this section...

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

CASEWORK PERFORMANCE

PERFORMANCE – ALL CASES

CLIENT
SPECIFIC

The quarterly SLA performance was **98.2%**



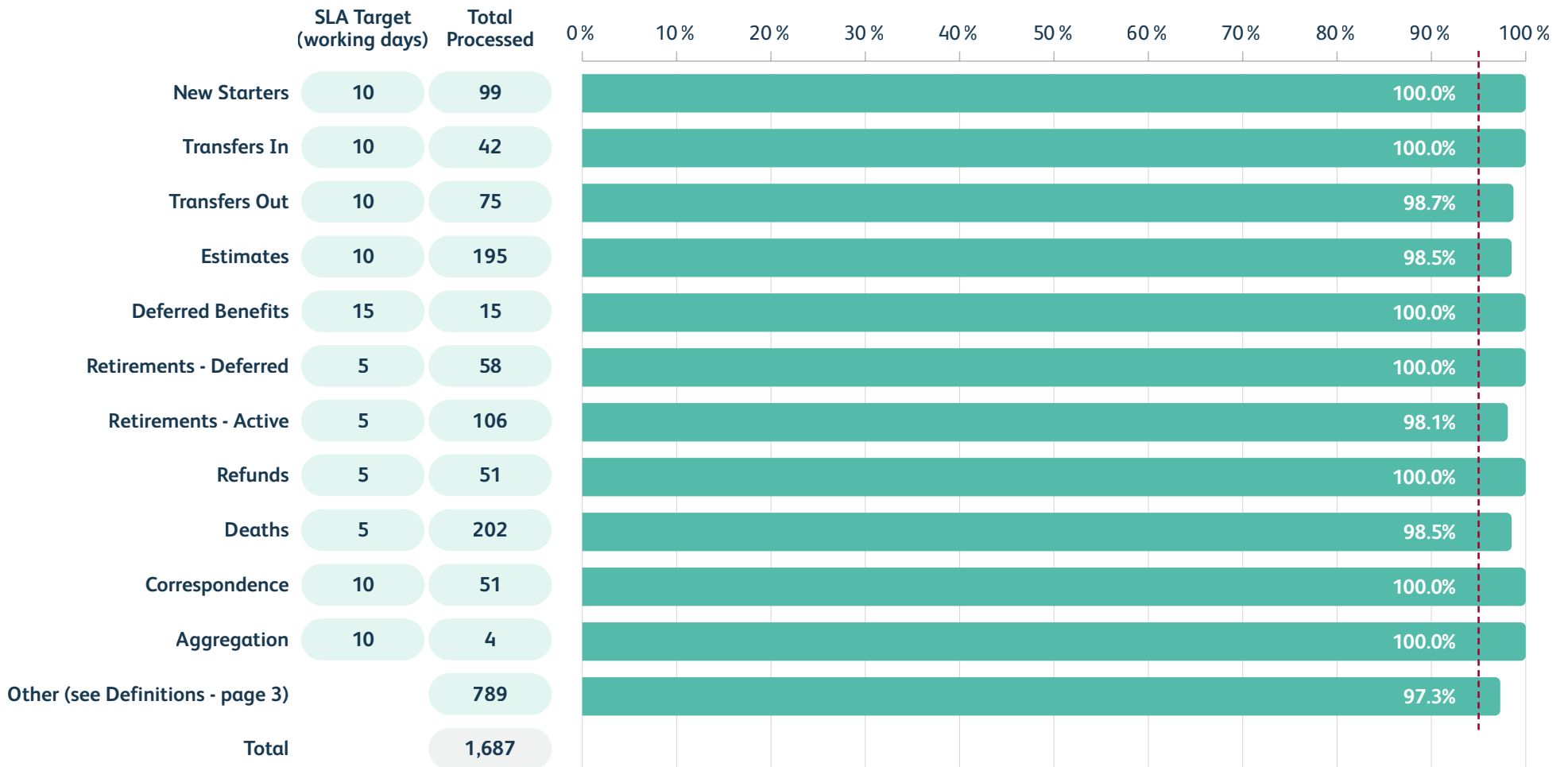
CASEWORK PERFORMANCE

PERFORMANCE STANDARD

CLIENT
SPECIFIC

----- Target (95%)

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CASEWORK PERFORMANCE

ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER

CLIENT
SPECIFIC

Please note:

The table below shows numbers of cases with SLAs. When migrating from the previous administrator, there were a larger number of cases (referred to as Work in Progress, or WIP) that were set up. Not all of these had an associated SLA, hence not appearing in the brought forward number. These non-SLA cases are reviewed on worked on alongside SLA cases, and are reported to Hackney separately.

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

	Brought forward at 01/01/26	Received (Inbound)	Completed (Outbound)	Work in Flight as of 31/03/26
New Starters	3	129	132	0
Transfers In	367	155	177	345
Transfers Out	165	194	99	260
Estimates	31	230	218	43
Deferred Benefits	196	179	168	207
Retirements - Deferred	69	205	162	112
Retirements - Active	91	220	199	112
Refunds	12	128	76	64
Deaths	227	311	262	276
Correspondence	244	145	274	115
Aggregation	27	81	39	69
Other	125	764	843	46
Total	1,557	2,741	2,649	1,649

Contact Centre Calls Performance

The Contact Centre deals with all online enquiries and calls from members for all funds that LPPA provides administration services for.

In this section...

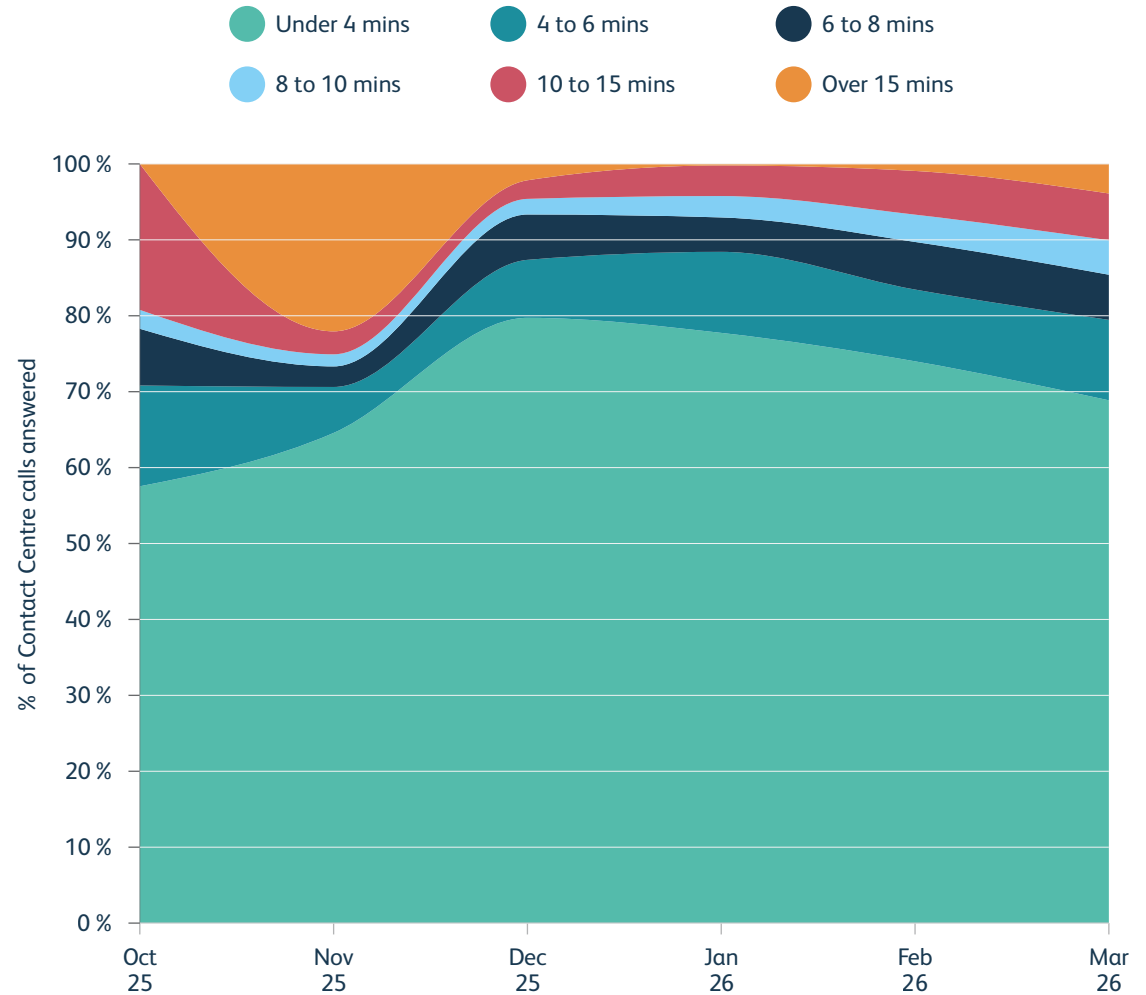
- Wait time range
- Calls answered

CONTACT CENTRE CALLS PERFORMANCE

WAIT TIME RANGE

CLIENT SPECIFIC

	Under 4 mins	4 to 6 mins	6 to 8 mins	8 to 10 mins	10 to 15 mins	Over 15 mins
Oct 25	41.6%	9.6%	5.4%	1.8%	13.9%	0.0%
Nov 25	81.1%	7.6%	3.4%	2.0%	3.8%	27.7%
Dec 25	81.4%	7.8%	6.1%	2.1%	2.5%	2.2%
Jan 26	77.2%	10.6%	4.5%	2.8%	4.0%	0.2%
Feb 26	72.0%	9.2%	6.1%	3.5%	5.6%	0.9%
Mar 26	63.7%	9.8%	5.5%	4.2%	5.7%	3.6%



CONTACT CENTRE CALLS PERFORMANCE

CALLS ANSWERED

CLIENT SPECIFIC

Please note:

The graph highlights seasonal activities which deliver higher volumes of in-bound enquiries from members into the Contact Centre. The chart has been marked up with key annual activities for reference.

During March, average Contact Centre wait times were impacted by higher levels of call demand during peak periods, particularly Monday mornings and Friday afternoons. While overall call volumes for the month were broadly in line with expectations, sustained pressure at these peak times increased the overall average wait time.

Quarterly average wait time was

3 minutes 38 seconds



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Customer Satisfaction Scores

In this section...

- Contact Centre calls satisfaction
- Contact Centre calls satisfaction - Agent

CUSTOMER SATISFACTION SCORES

CONTACT CENTRE CALLS SATISFACTION - OVERALL

CLIENT
SPECIFIC

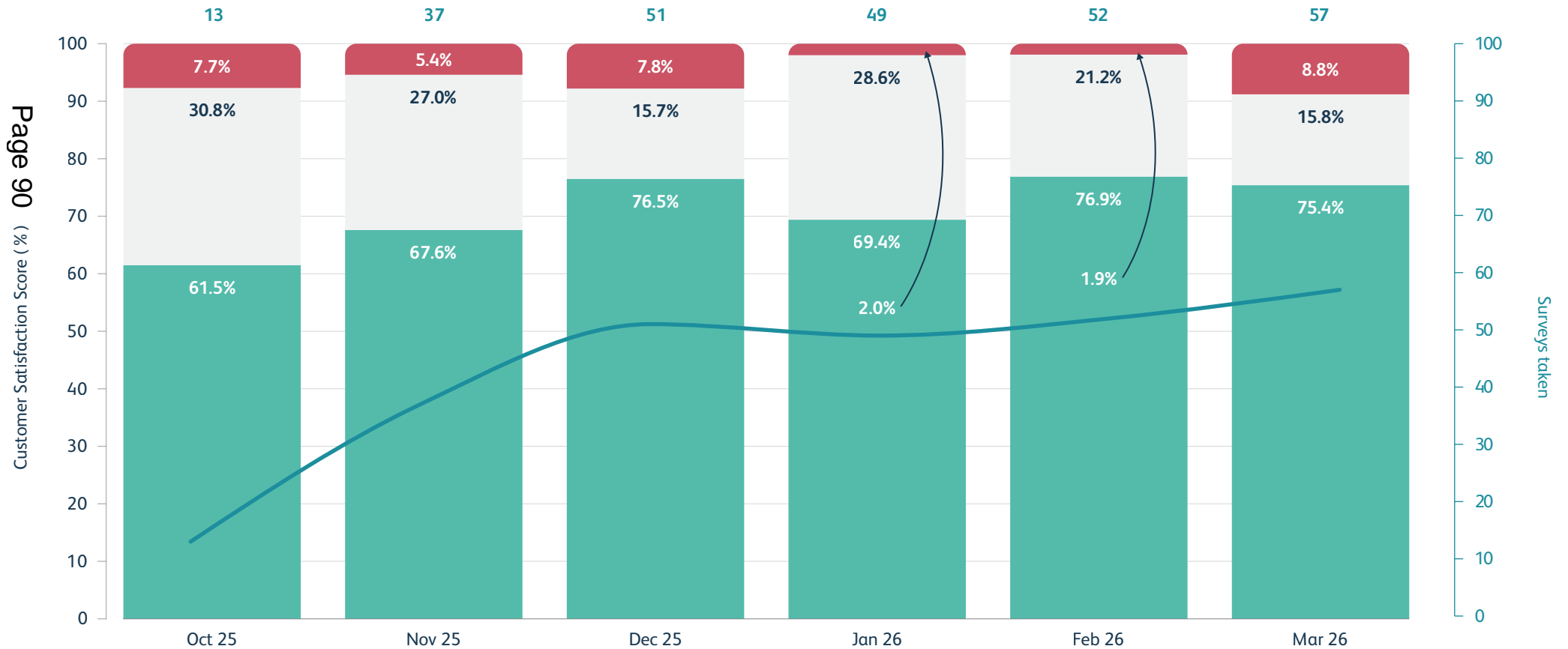
Please note:

The graph measures monthly member satisfaction with LPPA (“How satisfied are you with the overall service you have received from LPPA?”).

Over all member satisfaction
for the quarter was

74.1%

● Dissatisfied
 ● Neutral
 ● Satisfied
 — Surveys taken



CUSTOMER SATISFACTION SCORES

CONTACT CENTRE CALLS SATISFACTION - AGENT

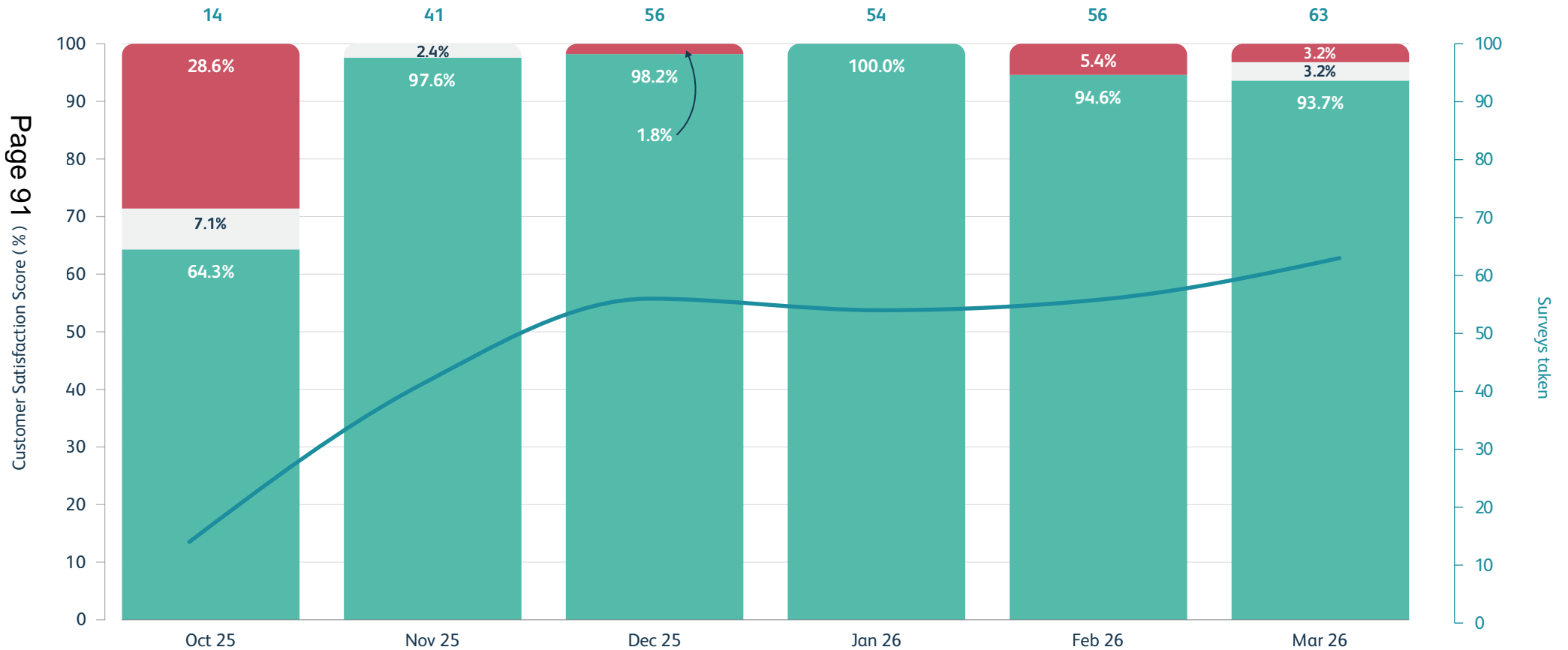
CLIENT
SPECIFIC

Please note:

The graph measures monthly member satisfaction with the Contact Centre adviser ("In connection with the adviser you have just spoken to, how satisfied are you with the service they provided?")

Agent specific member satisfaction for the quarter was **96.0%**

● Dissatisfied
 ● Neutral
 ● Satisfied
 — Surveys taken





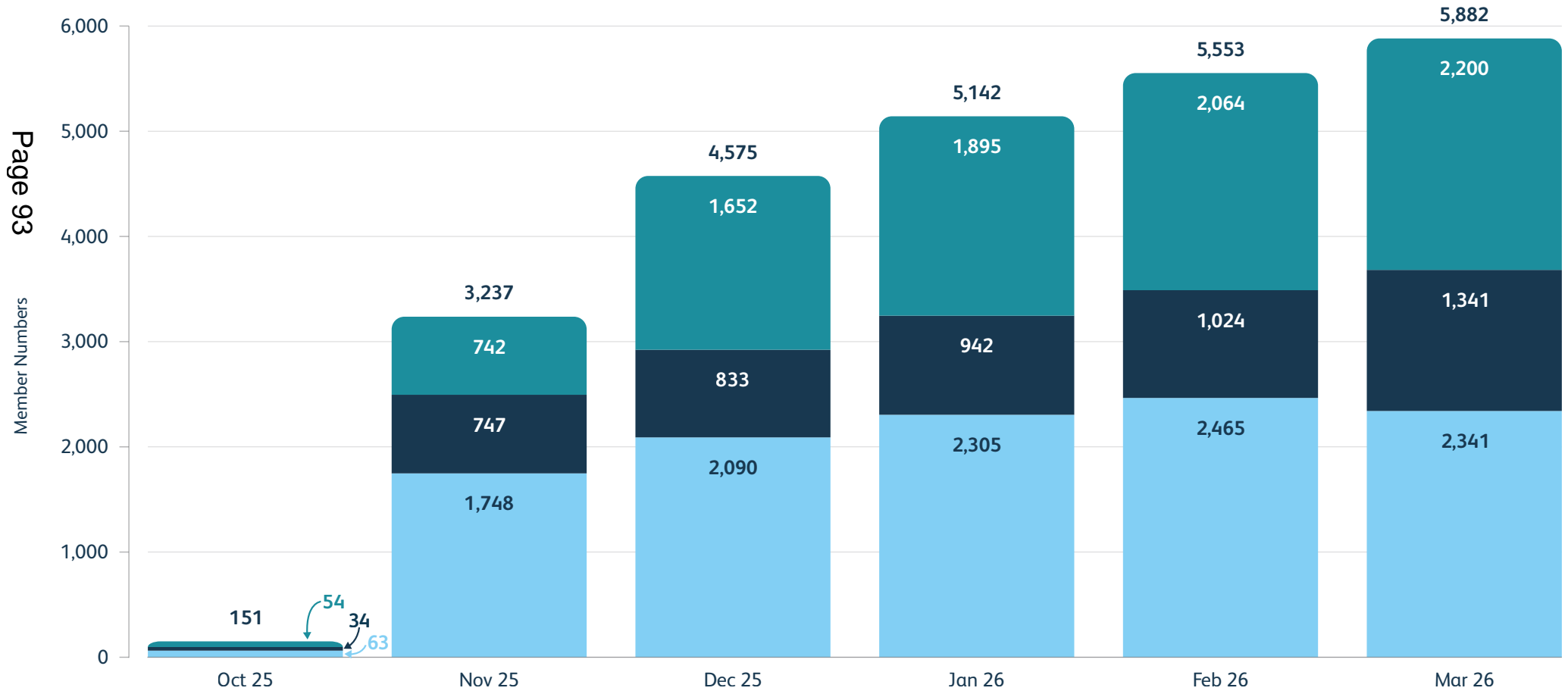
Member Online Portal

In this section...

- Total members registered
- Member Log Ins

TOTAL MEMBERS REGISTERED

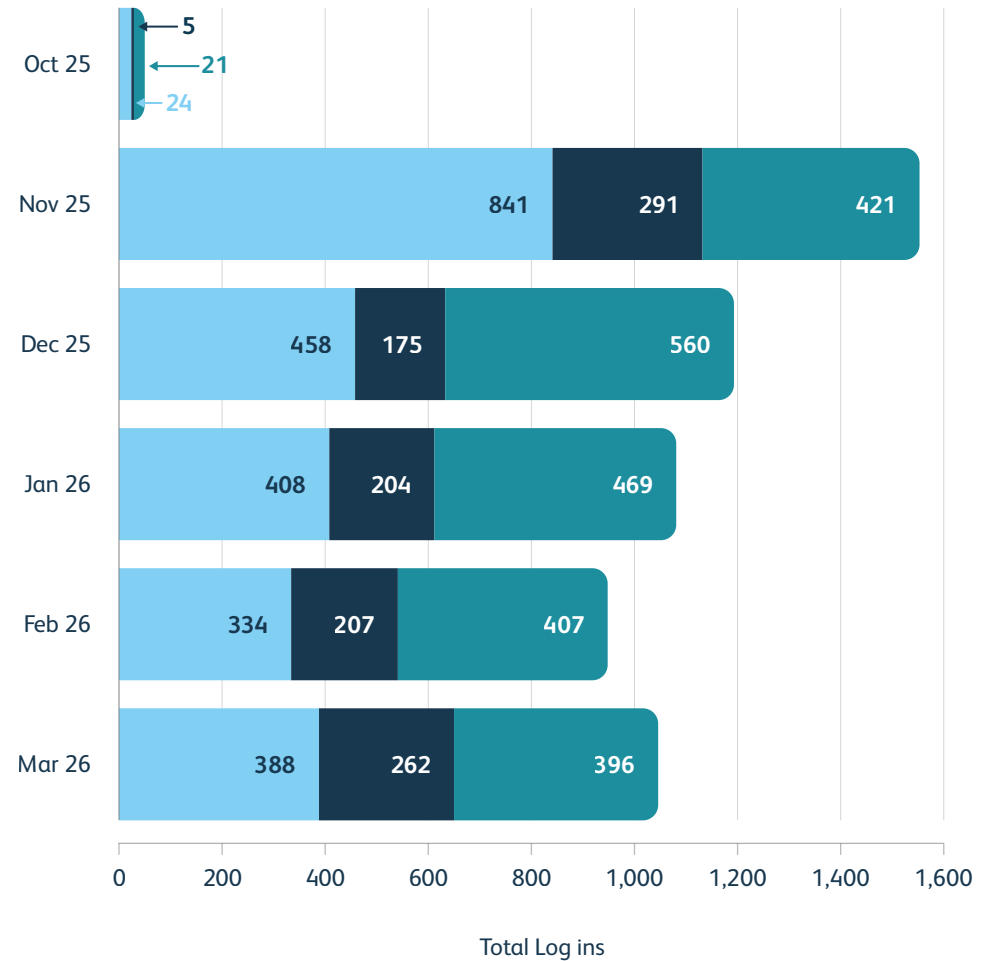
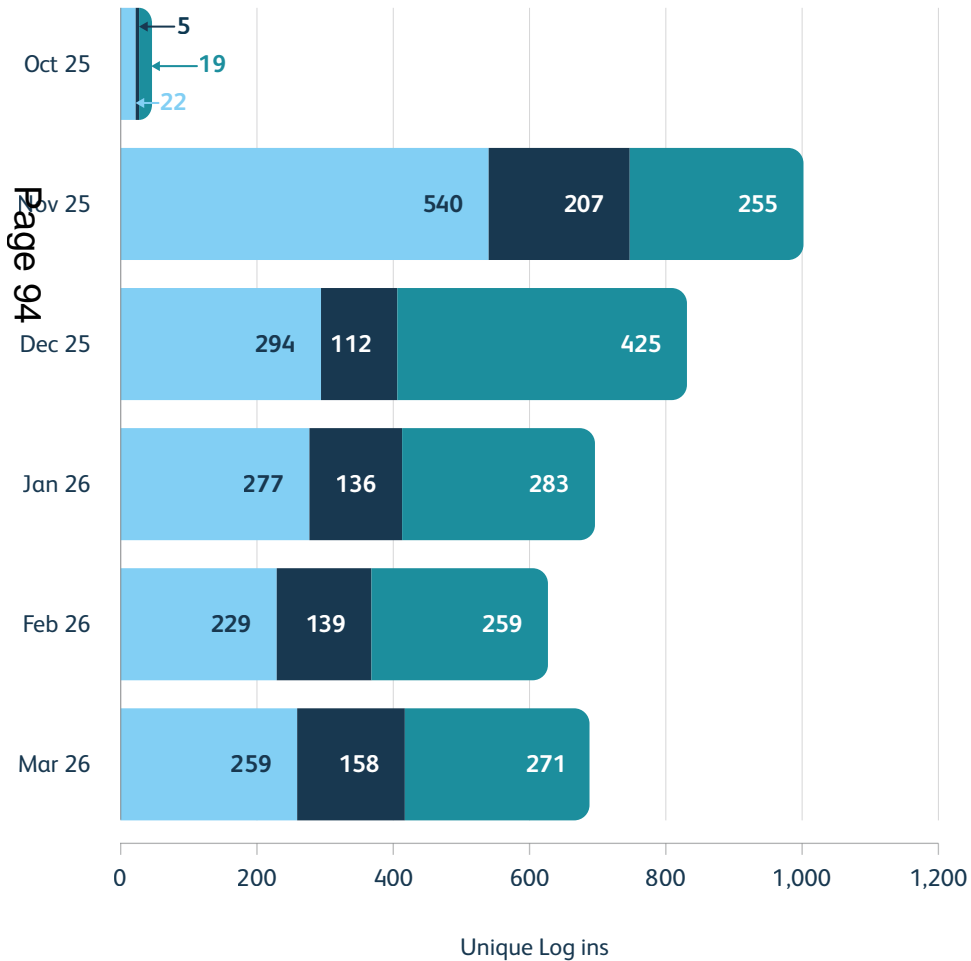
● Active Members
 ● Deferred Members
 ● Pensioners & Dependents



Please note:

The following charts help visualise the increase in online engagement (PensionPoint login) across different member groups, at different times of the year. For example, more retired members access their P60 in May and June, whilst active and deferred members login in higher numbers in August and September to access their annual benefit statement.

● Active Members ● Deferred Members ● Pensioners & Dependants



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Employer Engagement & Member Communication Activity

In this section...

- Delivered
- Scheduled
- Engagement communications (employers & members)

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

ALL
LG CLIENTS

PASA ACCREDITATION UPDATE

- In Q4 LPPA undertook the rigorous PASA accreditation (Pensions Administration Standards Association) assessment process. This included a written submission which covered every aspect of our administration operation, from technical capabilities and controls, to people management and client service. It required LPPA to provide robust evidence of our high standards of service delivery, and the prioritisation of positive outcomes for your members.
- An on-site visit to our Preston offices was conducted in March by an independent PASA assessment consultancy, who interviewed several of our administration colleagues across the business. And following this, we were delighted to receive news that LPPA had been awarded PASA accreditation from the 1 April 2026.
- The PASA accreditation represents the highest standards for UK pension administrators and is aligned to the Pension Regulators General Code. LPPA will be formally presented with the accreditation certificate and trophy at the PASA annual conference in London on **29 April 2026**.

DELIVERED Q4 2025 / 26 (January to March)

- LPPA was shortlisted in three categories of the UK Professional Pension Awards. These include:
 - **Third Party Administrator of the Year**
 - **Pensions Communication of the Year**
 - **Best Pension Scheme Communications Strategy**

The UK Pensions Awards event is on the 11 June 2026.

- Member training sessions were delivered, including Making Sense of Your (LGPS) Pension (to support new joiners in understanding their LGPS pension), and Making Sense of Your Retirement (to prepare members in their plans for retirement).
- Employer training sessions were delivered including:
 - **Monthly Data Returns Process** (successfully submitting files and resolving data queries).
 - **Employers Guide to Scheme Leavers** (support with how and when to submit leaver details to LPPA using the employer portal).
 - **Employer Responsibilities** (support with ongoing pension administration responsibilities).
 - **Absence and Ill Health Retirement** (support with managing different types of absence in the LGPS).
 - **Understanding Pay Elements** (covering the regulations behind each pay element, the calculation process, and how to report them)
- Email communications were issued to employers to promote a new and improved [monthly data returns process](#).
- [Pension Pulse \(employer newsletter\)](#) was also issued in March, with a focus on the financial year end that included:
 - 2026 employee contributions
 - 2026 CARE revaluation
 - An update on the LGPS Access and Fairness changes
 - A new summary of the LGPS and SAB

- Regular monthly satisfaction surveys were issued to (new) retired members and LGPS joiners.
- LPPA were re-certified for [Cyber Essential Plus](#), a government-backed certification scheme that aims to recognise UK businesses that have protected themselves from common online threats. Communications were issued through our website and LinkedIN, to provide members with confidence that LPPA works hard to keep their personal data safe and secure.
- Information on the [McCloud Remedy](#) was updated on the LPPA website for LGPS members.

SCHEDULED Q1 2026 / 27 (April to June 2026)

- Disclosure communications will be issued to employers and members, to provide an update on the UK Government's Access and Fairness changes to the Local Government Pension Scheme (LGPS), which take effect from 1 April 2026. These changes are based on its consultation to make the scheme fairer and easier for people to access.
- McCloud activity will be ongoing in Q1, including activity to further refine member eligibility and ongoing data validation, payments for retrospective members, and data analysis for active and deferred members in advance of the 2026 ABS deadline.
- Pension Pulse (employer newsletter) communications will be issued in Q1.
- Our annual newsletter will be communicated to retired members, with updates on pension increases, 2026 / 27 pay dates and information on how to access their P60.

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

CLIENT
SPECIFIC

Employers

Date	Activity	Employer	Number in attendance
08/01/2026	Employer Support - Monthly Returns	The Boxing Academy	1
13/01/2026	Monthly Returns Training	The Bridge Academy	1
14/01/2026	Scheme Leavers Training	The Bridge Academy	1
23/01/2026	Employer Support - Monthly Returns	Fuel4Learning	1
04/02/2026	Employer Support - Monthly Returns	Fit for Sport Betty Layward School	1
17/02/2026	Employer Support - Monthly Returns	The Boxing Academy	1
19/02/2026	Employer Support - Monthly Returns	Fuel4Learning	1
02/03/2026	Employer Support - Monthly Returns	The Boxing Academy	1

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Members

Date	Activity	Employer	Number in attendance
09/02/2026	Making Sense of Your Pension	London Borough of Hackney	2

Appendices

In this section...

- Appendix A - Annual Activity

APPENDIX A LPPA ANNUAL ACTIVITY

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	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26	Feb 26	Mar 26
Annual Benefit Statement and Newsletter to Deferred Members												
Pension Increases												
P60s and Newsletter to Pensioners												
Annual Benefit Statement and Newsletter to Active Members												
Pension Saving Statements												
McCloud Remedy												
Pensions Dashboards connection												

LPP

Local Pensions Partnership
Administration



Title of Report	Quarterly Investment Performance, Strategy and Stewardship Update
For Consideration By	Pensions Committee
Meeting Date	24 June 2026
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director, Finance & Corporate Resources
<u>Report Author</u>	Miriam Adams, Assistant Director Pension Investments and Administration miriam.adams@hackney.gov.uk

1. **Introduction**

1.1. This report is an update on quarterly investment performance, responsible investment and investment strategy update across the following key areas since the last reported quarter:

- Economic Environment, Investment, Manager and Pool update
- Update from LCIV Client Relations Team
- LAPFF Quarterly Engagement Update
- Fund Annual Responsible Investment Newsletter

2. **Recommendations**

2.1. **The Pensions Committee is recommended to:**

- **Note the Economic Environment, Investment Managers and Pool Investment Performance at 31 March 2026 (Appendix 1)**
- **Note the Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement Update (Appendix 2)**
- **Note the Fund Annual Responsible Investment Newsletter (Appendix 3)**

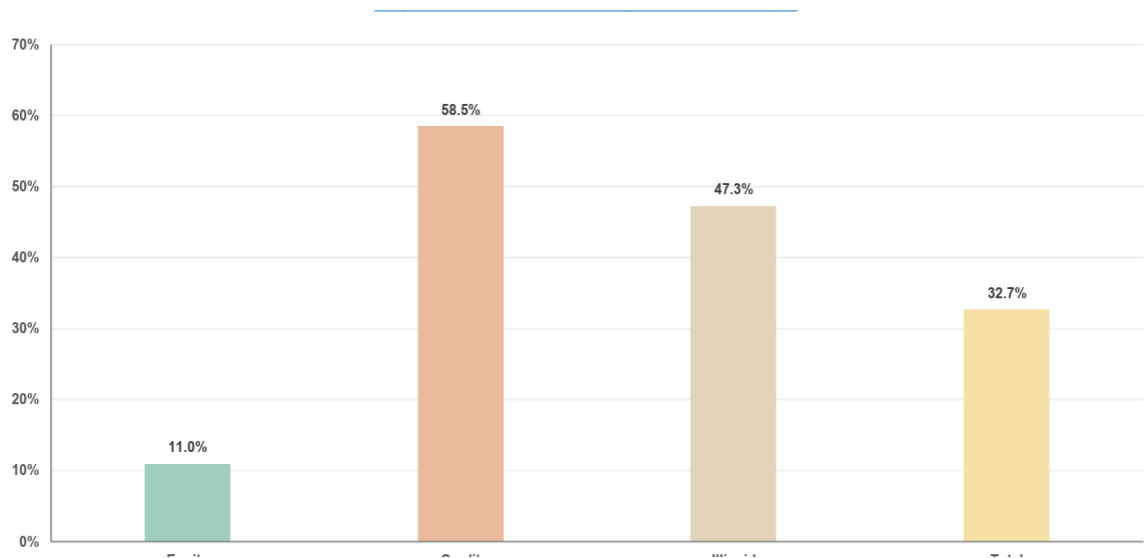
3. **Related Decisions**

- 3.1. 30 March 2026 Pensions Committee - Quarterly Investment, Funding Strategy Update
- 3.2. 25 November 2025 Pensions Committee - Quarterly Investment, Funding, Strategy Update
- 3.3. 23 September 2025 Pensions Committee - Quarterly Investment, Funding, Strategy Update
- 3.4. 11 June 2025 Pensions Committee - Quarterly Investment, Funding, Strategy and TCFD Update.

4. **Exposure to UK Assets**

4.1 As at 31 March 2026, the Fund’s exposure to UK assets was 32.7% representing c.£738.1m of the portfolio. Within the core asset classes, the Fund’s equity investments had 11.0% exposure to UK assets, credit investments had 58.5%, and illiquid investments 47.3% respectively. The increase in UK equity investments was due to the allocation to the L&G Future World UK Equity Index Fund.

Exposure to UK assets by asset class at 31 March 2026 (%)



source: Gallagher March 2026 report. Data used for private market funds in this calculation is quarter lagged. Source data from Northern Trust quarterly performance report

5. **Investment and Manager Performance**

Market Summary

5.1 Financial markets entered 2026 strongly, with risk assets rallying through late February. The rally was led by non-US equities – particularly emerging

markets – which benefited from improving growth sentiment and easing financial conditions. That momentum stalled in late February as geopolitical tensions crystallised in Iran, with escalation driving renewed volatility across equities, commodities and currencies.

- 5.2 Equity markets fell, with the quarter's early leaders suffering most, while energy markets also tightened in response to the conflict. Crude oil prices jumped above \$100/barrel, which in turn drove G4 government bond yields higher as markets moved to price in a new bout of energy-price-driven inflation. UK gilts were the weakest of the major bond markets, reflecting the UK's status as an energy importer, as markets priced out rate cuts and even moved to anticipate 2026 rate hikes.

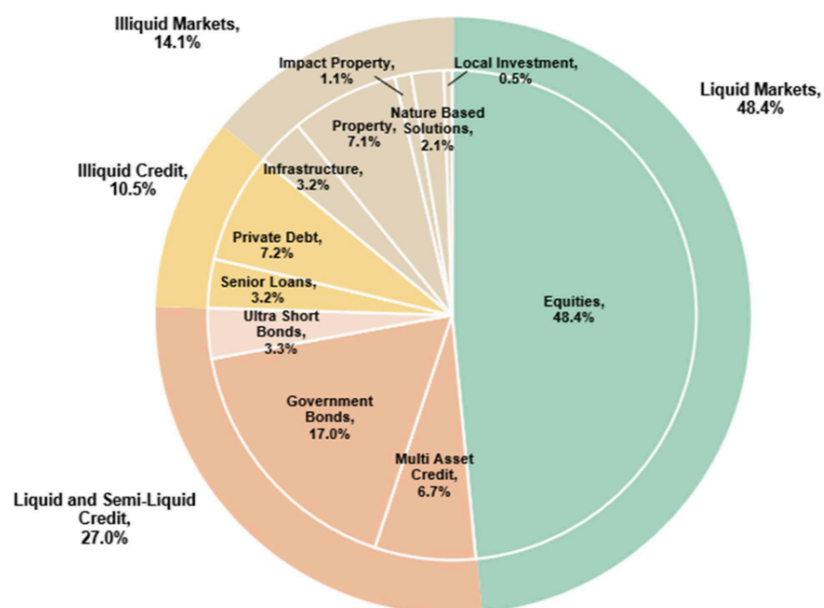
World Sustainable Investment Update

- 5.3 Climate policy signals were mixed in Q1. The US formally exited the Paris Agreement again and rolled back federal climate regulation, whilst Europe implemented its carbon border levy and reaffirmed its 2040 emissions-reduction target. Global energy transition investments rose 8% year on year to a record \$2.3trn, but temperatures continued to rise, with the World Meteorological Organization estimating that average temperatures in 2025 were 1.44°C above pre-industrial levels.
- 5.4 Energy security and the strategic role of renewables was brought into focus amid the Iran conflict, with Brent crude oil spiking above \$100 a barrel. The Net Zero Asset Managers initiative was relaunched with softened commitments, and the Investment Consultants Sustainability Working Group released new manager stewardship oversight tools.

Investment performance update

- 5.5 Appendix 1 to this report provides a manager performance update from the Fund's Investment consultant, Gallagher, for the quarter to 31 March 2026. The Fund's return of 2.20% under-performed benchmark return by -1.76%, while one year performance of 9.39% underperformed benchmark by 0.11%. On a 3 year to date (annualised) basis, the fund's performance of 6.93% underperformed against benchmark by -1.08%. The Fund also underperformed against benchmark on a 5 year (annualised) basis by -1.45%. The biggest detractors during the quarter were LCIV Global Alpha Growth Paris Aligned fund underperforming by -5.79%, LCIV Sustainable Equity Fund underperforming by -2.38% and LCIV Multi Asset Credit fund underperforming benchmark by -3.25%..

The table below shows the actual asset allocation at 31 March 2026.



5.6 At the beginning of the quarter, the London Borough of Hackney Pension Fund had a value of £2,313m. The Fund value decreased by £59m ending at £2,254m at 31 March 2026. The Fund received a number of private market capital call requests during the quarter.

LCIV Pooling Position at 31 December 2026

5.7 Pooled assets stood at £38.7billion, of which £21.1billion are in funds managed by London CIV. Assets under management via the London CIV Authorised Contractual Scheme (“ACS”) stood at £18.5 billion, and assets invested in LCIV private market funds stood at £2.6 billion, with £4.1 billion in total commitments.

The aggregate value of ‘pooled’ passive assets held by Legal and General Investment Management (“LGIM”) and Blackrock was £17.6 billion, with £11.9 billion managed by LGIM and £5.7 billion managed by BlackRock.

5.8 Report from the LCIV Client Relations Team at 31 March 2026

- Fit for the Future Update: The Pension Schemes Bill has now completed its passage through Parliament. For the LGPS, this confirms the established trajectory of the Fit for the Future programme, including the continued direction of travel on pooling and governance. Within this context, London CIV remains focused on delivery in line with Government direction. We continue to engage closely with Partner Funds and will ensure they are kept informed of relevant developments, guidance and milestones as Fit for the Future reforms are taken forward.

- Asset transition, advice and strategy delivery: London CIV's priority remains focused on delivering a smooth and well managed transition that supports Partner Funds through a complex period of change. Engagement in recent weeks has therefore focused on progressing the agreement of Investment Management Agreements (IMAs), completing the necessary documentation, and working with Partner Funds to ensure readiness for different transition pathways as implementation plans continue to develop. As has been the case throughout the Fit for the Future programme, a considered and steady approach is being taken as they move forward. During the quarter, London CIV also successfully delivered investment strategy advice for the first time, completing the pilot programme. The full service has been available to all partner funds from 1 April. In addition to this, London CIV representatives met with Pensions Minister Torsten Bell at the Pensions UK Investment Conference. Discussions focused on the practical delivery of LGPS reforms, the importance of collaboration between pools, Partner Funds and government, and the need for implementation to remain firmly grounded in fiduciary duty.
- Looking ahead: Going forward, key milestones for 2026 include finalising the IMAs, developing implementation plans, as well as formally agreeing local investment strategies. Recent engagement has identified common themes and priority asset classes. These will be explored further through planned workshops to assist Partner Funds to progress this work within their individual fiduciary frameworks.

6. **LAPFF Quarterly Engagement Update (Appendix 2)**

- 6.1. Hackney Pension Fund is a member of the Local Authority Pension Fund Forum (LAPFF) alongside the majority of LGPS funds and Asset Pools. LAPFF promotes the highest standards of corporate governance to protect the long-term value of local authority pension funds.
- 6.2. For LAPFF and its members, corporate responsibility and long-term shareholder value are two sides of the same coin. By acting together, the Forum proudly leads the way on issues such as executive pay, reliable accounting and a just transition to a net zero economy. And is prouder still to realise significant and tangible improvements in the practices of some of the world's biggest corporations.
- 6.3. LAPFF does not outsource engagements, rather engagement with companies is done by LAPFF as fund trustees and asset owners thereby representing asset owners directly in companies and stakeholder engagement.
- 6.4. The Local Authority Pension Fund Forum (LAPFF) Quarterly Engagement report (March 2026) is attached as (Appendix 2) to this report. The report sets out LAPFF's engagement activity over the Quarter in relation to environmental, social and governance issues.
- 6.5. Key engagement and stewardship activity during the quarter were:

- **Climate change adaptation**, with a focus on food, protein and agricultural supply chains and company preparedness for physical climate risks
- **Aviation and climate transition**, including engagement with major European airlines on decarbonisation pathways, sustainable air fuel (SAF), and governance
- **Water utilities**, covering pollution, PFAS (“forever chemicals”), and evolving UK regulatory reform
- **Zero-hours contracts & the Employment Rights Act (ERA)**, with engagement insights on how companies are preparing for forthcoming labour reforms, including guaranteed hours, agency labour, and wider workforce protections
- **Conflict-Affected and High-Risk Areas (CAHRAs)**, including targeted outreach to companies and follow-up engagement on heightened human rights due diligence
- **Electric vehicles and supply chains**, focusing on human rights risks and due diligence in critical mineral sourcing.

6.6. The LAPFF Business meeting was held on 15 April. The meeting focused on climate transition plans. The session opened with a fireside chat on The Transition Plan Reset, exploring where climate transition planning goes next and how momentum can be maintained in an increasingly challenging geopolitical landscape.

6.7. This was followed by a panel discussion examining the core features of strong climate transition plans. Panellists emphasised the importance of transparency alongside ambition, including clear targets underpinned by data. The final panel explored strengthening company-investor dialogue in practice. Panellists underscored the value of collaborative engagement to extend investor influence and the importance of engaging the right company decision-makers on specific issues. Practical examples demonstrated how targeted engagement can drive tangible progress on climate transition plans.

7. **Responsible Investment Annual News Letter (Appendix 3)**

7.1. The annual responsible investment newsletter provides a summary of key responsible investment activities and highlights for the year.

8. **Conference Dates**

- LAPF Strategic Investment Forum 29 - 30 June 2026
Register here
- LCIV Training for Councillors - 13 July 2026

9. **Financial implications**

- 9.1. The Pensions Committee has delegated responsibility for management of the Pension Fund. Whilst there are no direct financial impacts from the information contained in this report, quarterly monitoring of key aspects of the Pension Fund helps to provide assurance to the Committee of the overall financial performance of the Fund and enables the Committee to make informed decisions about the management of the Fund.
- 9.2. The report includes monitoring the performance of the Fund's investment managers which is essential to ensure that managers are achieving performance against set benchmarks and targets.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by: Deidre Worrel, Director Financial Management
Email: deidre.worrell@hackney.gov.uk
Date: 15 June 2026

10. **Legal implications**

- 10.1. The Council's Constitution gives the Pensions Committee responsibility for various specified functions relating to management of the Council's Pension Fund, as reflected in the Committee's Terms of Reference. The Committee has delegated responsibility:
- To act as quasi Trustees of the Council's Pension Fund, consider pension matters and meet the obligations and duties of the Council under the Superannuation Act 1972, the Public Service Pensions Act 2013, and the various pension legislation.
 - To act as Scheme Manager for the Pension Fund.
 - To set the overall strategic objectives for the Pension Fund, having taken appropriate expert advice, and to develop a medium term plan to deliver the objectives.
- 10.2. Given these responsibilities, it is appropriate for the Committee to consider a regular quarterly update covering funding, investment matters, scheme administration, communication and governance.

Legal implications prepared on behalf of the Director of Legal, Democratic & Electoral Services by: Georgia Lazari , Team Leader-Places
Email: georgia.lazari@hackney.gov.uk
Date: 15 June 2026

Appendices

Appendix 1 - Investment Performance Report - Gallagher

Appendix 2 - LAPFF Quarterly Engagement Report

Appendix 3 - Annual Responsible Investment Newsletter

Background documents

None



Gallagher

Insurance | Risk Management | Consulting

How Are Your Managers Performing For You?

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Q1 2026

London Borough of Hackney Pension Fund



Private and Confidential



Contents

Hackney Pension Fund Risk Management Framework	3
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Your fund details and comments	13
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Hackney Pension Fund Risk Management Framework 31/03/2026

Objective	Performance Indicator	Data objective	Current	Status	Trigger Levels		
					Green	Amber	Red
Return Objective	Monitor the funding level	Funding Level	138% ¹	○			
	Expected Return > Required Return	Expected Return (p.a.)	8.5%	●	ER=RR + 2% or more	ER=RR + 1-2%	ER=RR + 1% or less
		Required Return ² (p.a.)	6.4% ¹				
Risk Budget	Value-at-Risk 95% < 13.0%	Value-at-Risk	12.5%	●	<13.0%	13.0 – 19.0%	>19%
Liquidity & Cashflow	Ensure sufficient portfolio liquidity in a 1-in-20 downside scenario	Liquid Asset % - Liquid Asset VaR % > 45% of assets	62.2%	●	>45.0%	45.0-35.0%	<35.0%
	Ensure expected liability outflows broadly covered by asset income	% of cash outflows expected to be matched over next 5 years	110 -120% ³	●	>90.0%	70.0 – 90.0%	<70.0%
ESG	Reduce Scope 1 & 2 Carbon Emissions/£m by 50% by 2030	Average reduction p.a. vs. 9.4% required p.a. required to meet interim target	48.1tCO2e/£m ⁴	●	>9.4% (p.a. since 2023)	9.4% - 8.5% (p.a. since 2023)	<8.5% (p.a. since 2023)
	Consider allocation to sustainability focused mandates	Current % of total assets	45.2%	○			
Local Investing	Local investments to 3-5% over time	Current % of total assets	0.5%	●	>3.0%	3.0 – 1.0%	<1.0%

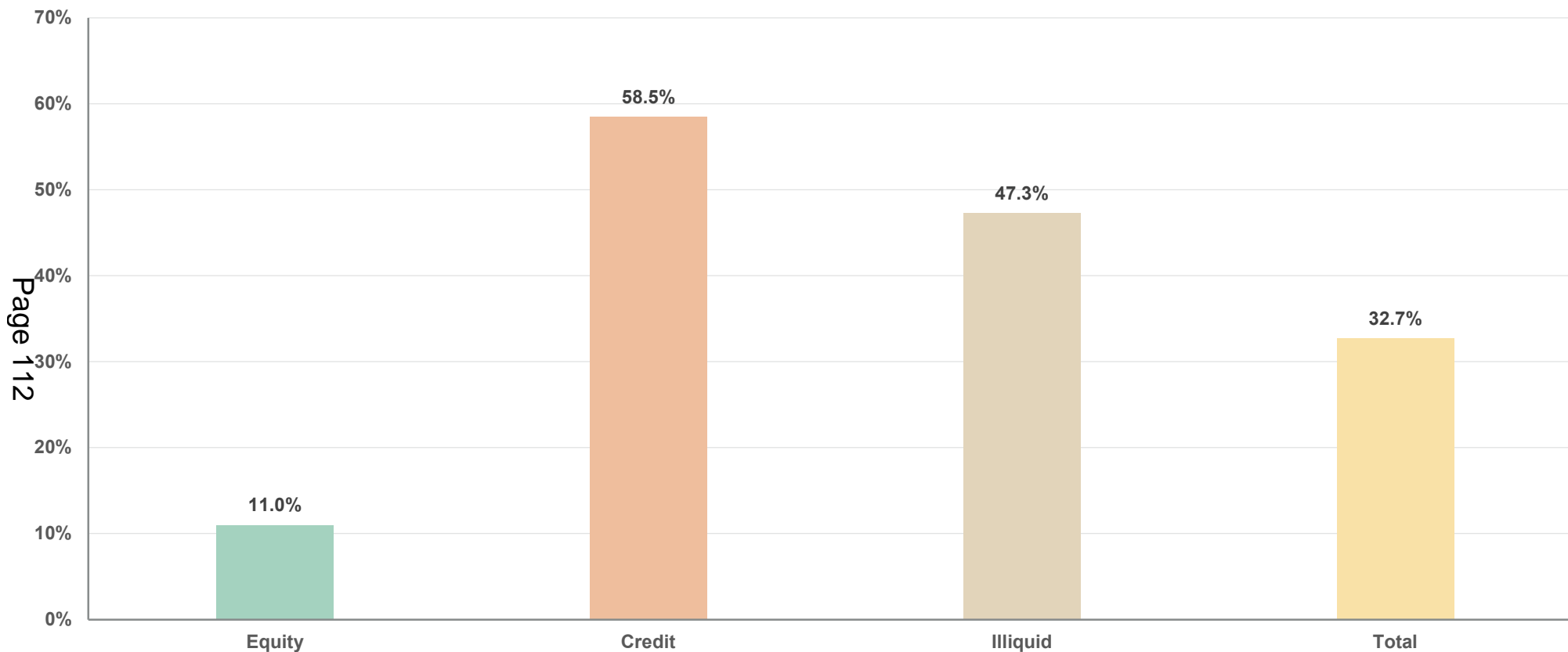
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Source: Hackney Pension Fund data, Gallagher modelling. 1) Based off Hymans Robertson's Initial results of actuarial valuation as at 31 March 2025. 2) Required return is the actuarial discount rate set at the 31 March 25 valuation. 3) Figure uses contribution and benefit information from Hymans from 31 March 25 valuation, asset data sourced from investment managers. 4) Taken from 31 March 2025 TCFD report.

Exposure to UK assets

As at 31 March 2026, the Fund's exposure to UK assets was 32.7%, representing c.£738.1m of the portfolio. The increase from last quarter was driven by a new allocation to the L&G Future World UK Equity Index Funds. Within the core asset classes, the Fund's equity investments had 11.0% exposure to UK assets, credit investments had 58.5%, and illiquid investments 47.3%, respectively.

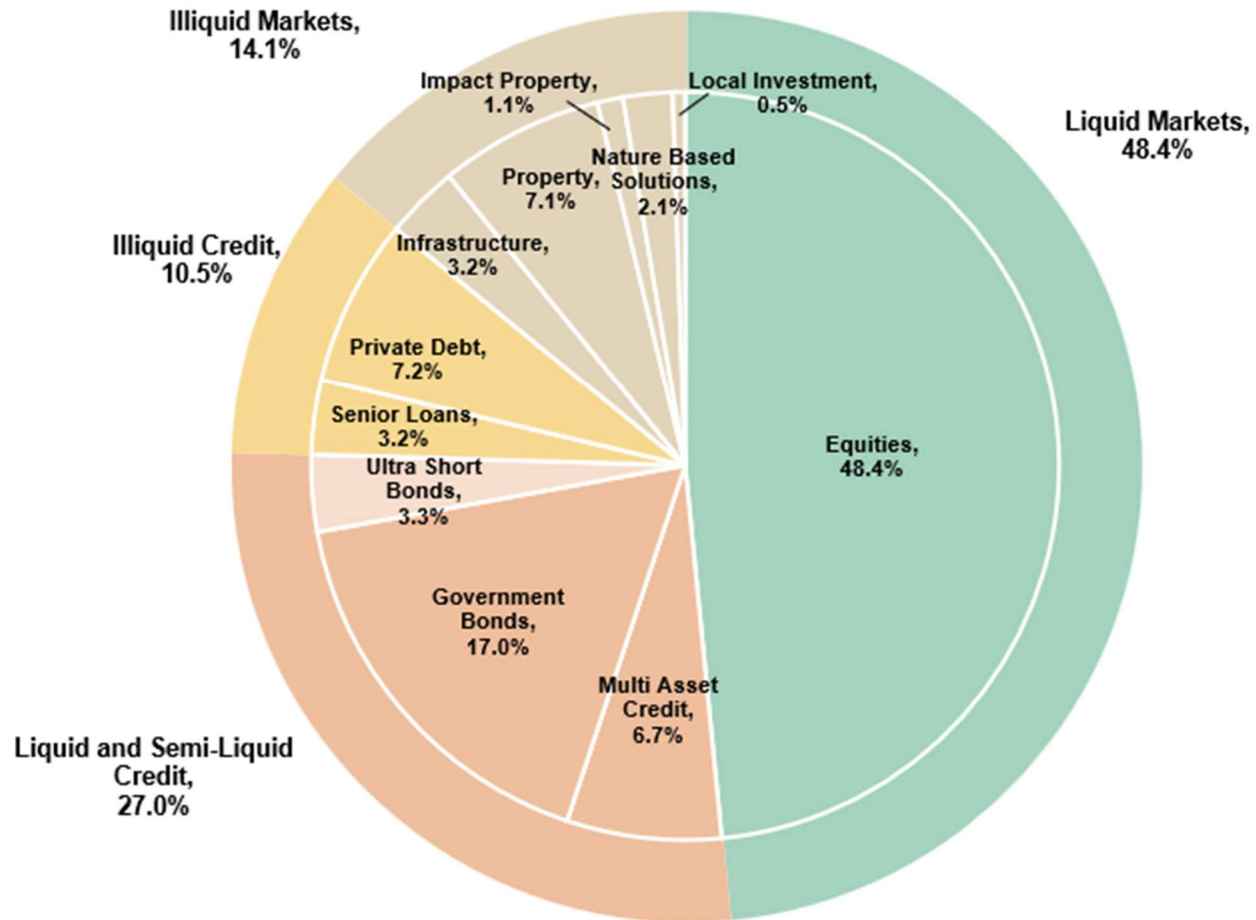
Exposure to UK assets by asset class (%)



Source: Northern Trust's Q1 2026 report and investment managers. Please note that the data used for certain funds in this calculation is quarter-lagged.

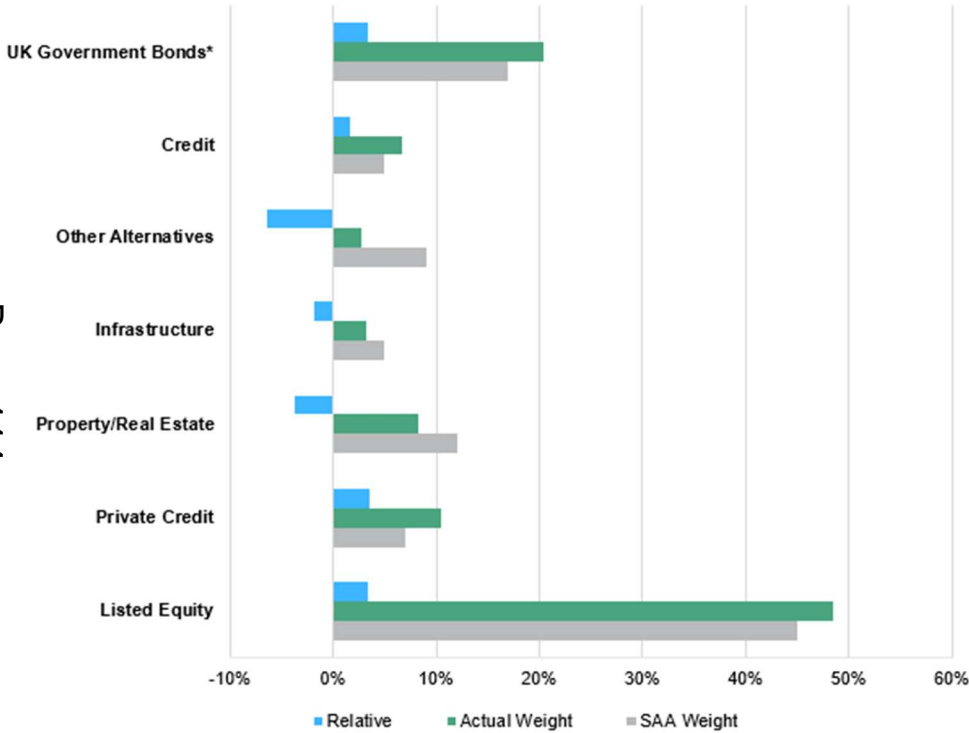
Current Portfolio Position

Asset Allocation (31 Mar 26)

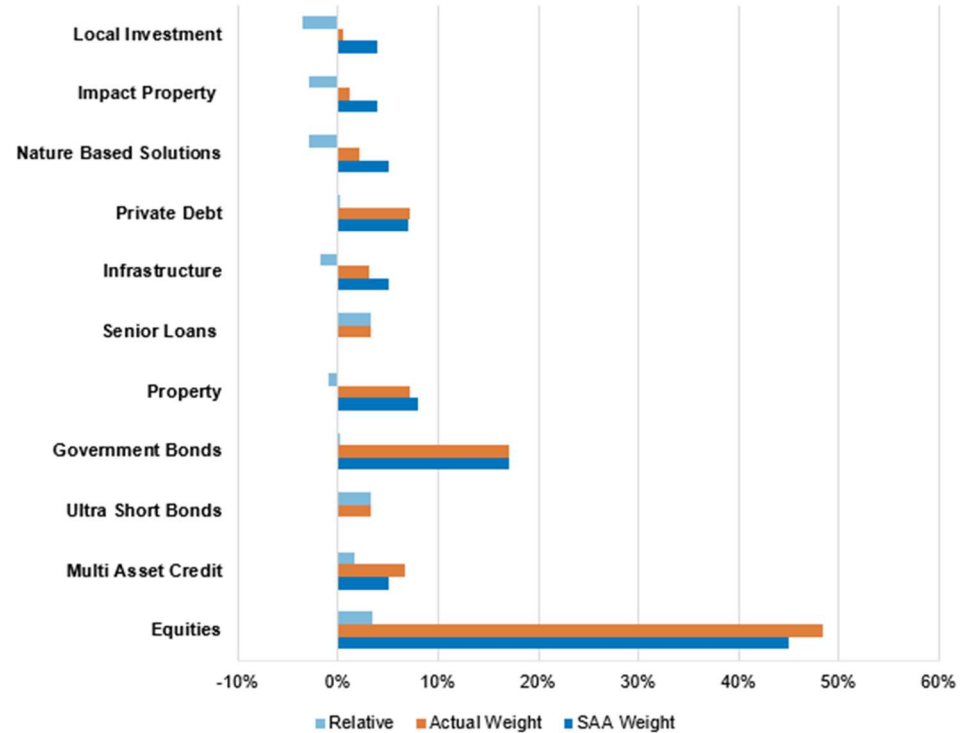


Asset class holdings relative to Strategic Asset Allocation

Asset class holdings relative to Government set SAA (31 Mar 26)



Asset class holdings relative to Gallagher set SAA (31 Mar 26)

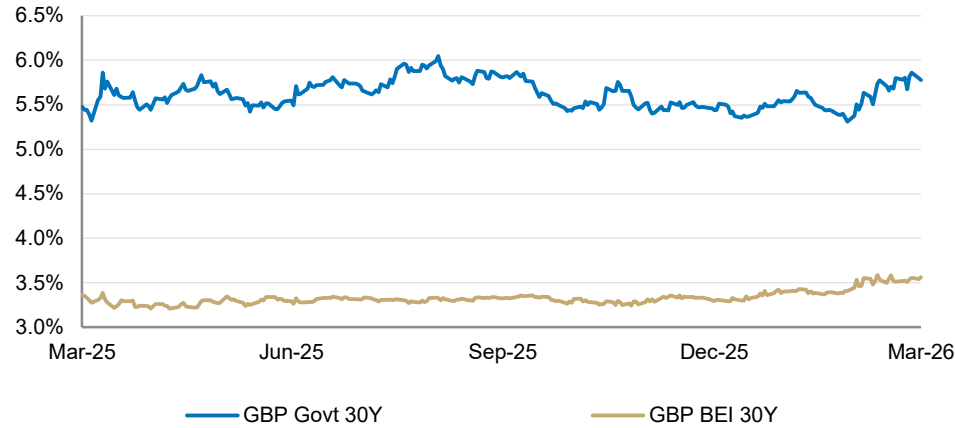


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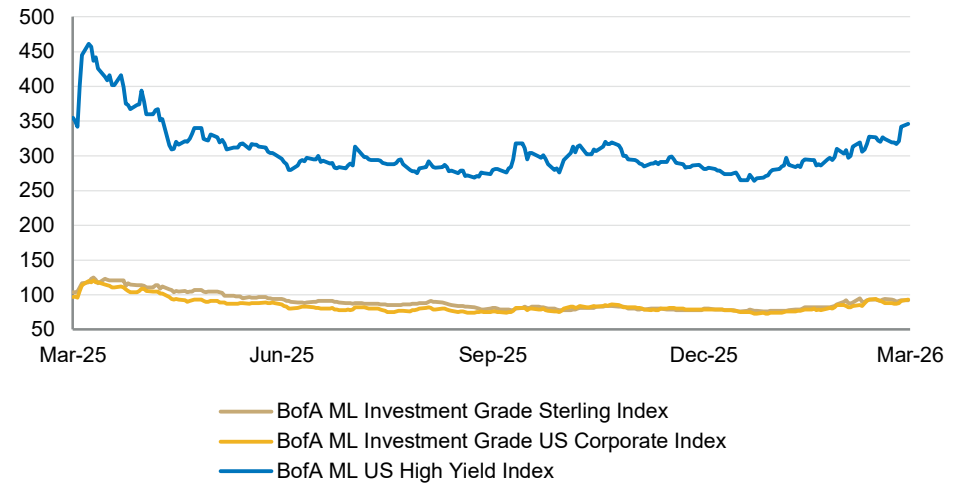
*The UK Government Bonds category consists of the Columbia Threadneedle Bonds and BlackRock Short Bond mandates.

What has happened in the markets?

30-Yr Gilt Yield & 30-Yr Breakeven Inflation

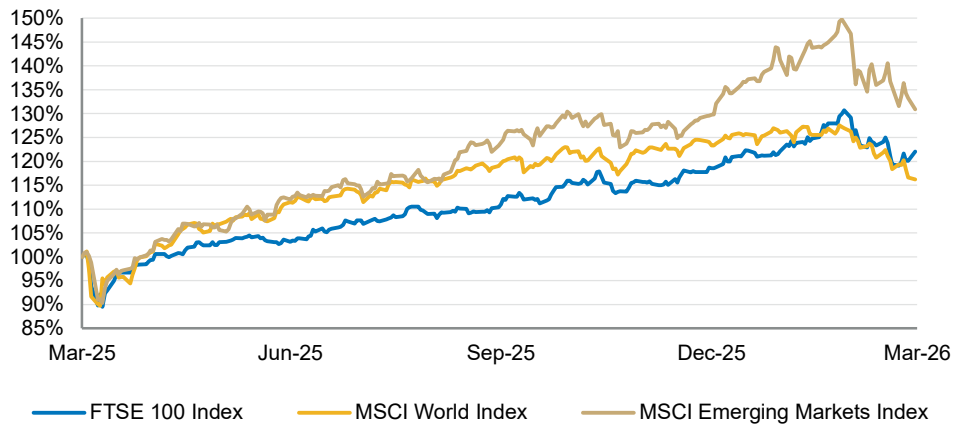


Credit Spreads (basis points)

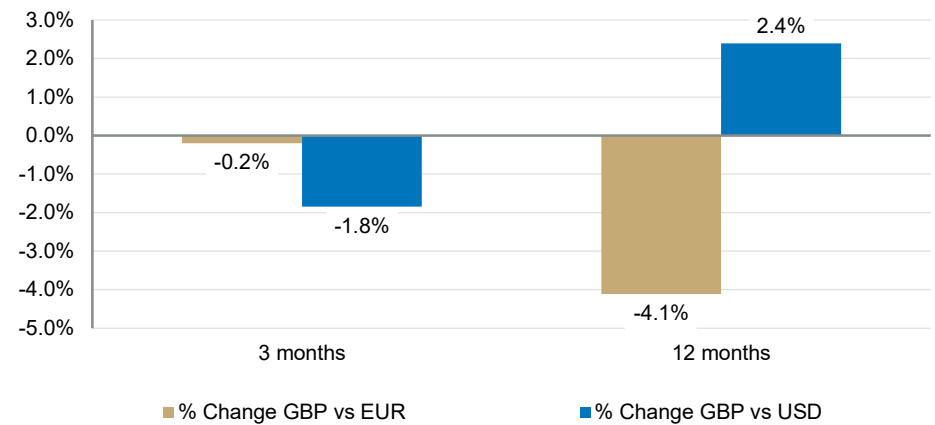


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Global Equity Markets



Currency Markets



Key takeaways

Here is your Economic Review



**Pete
Drewienkiewicz
(CIO)**

Financial markets entered 2026 strongly, with risk assets rallying through late February. The rally was led by non-US equities – particularly emerging markets – which benefited from improving growth sentiment and easing financial conditions. That momentum stalled in late February as geopolitical tensions crystallised in Iran, with escalation driving renewed volatility across equities, commodities and currencies.

Equity markets fell, with the quarter's early leaders suffering most, while energy markets also tightened in response to the conflict. Crude oil prices jumped above \$100/barrel, which in turn drove G4 government bond yields higher as markets moved to price in a new bout of energy-price-driven inflation. UK gilts were the weakest of the major bond markets, reflecting the UK's status as an energy importer, as markets priced out rate cuts and even moved to anticipate 2026 rate hikes.

Sustainable Investment Update

Climate policy signals were mixed in Q1. The US formally exited the Paris Agreement again and rolled back federal climate regulation, whilst Europe implemented its carbon border levy and reaffirmed its 2040 emissions-reduction target. Global energy transition investments rose 8% year on year to a record \$2.3trn, but temperatures continued to rise, with the World Meteorological Organization estimating that average temperatures in 2025 were 1.44°C above pre-industrial levels. Energy security and the strategic role of renewables was brought into focus amid the Iran conflict, with Brent crude oil spiking above \$100 a barrel. The Net Zero Asset Managers initiative was relaunched with softened commitments, and the Investment Consultants Sustainability Working Group released new manager stewardship oversight tools.

Your dedicated manager research team comments



Nick Horsfall

Cash and Government Bonds

The gilt market navigated a volatile Q1 2026, shaped by domestic and geopolitical developments. The market opened the year with a rally, supported by improving sentiment around the UK's public finances and growing expectations of further rate cuts from the Bank of England ("BoE"). However, yields rose during the latter part of January, driven by spillover selling from the US Treasury market alongside sticky domestic inflation.

The outbreak of geopolitical conflict in the Middle East led to a broad-based sell-off across major government bond markets. Contrary to the typical flight-to-safety dynamic that would normally support sovereign debt, investors instead focused on the inflationary consequences of the energy price shock arising from the disruption to the supply of oil and gas. Markets repriced to reflect a lower probability of near-term rate cuts and growing fears about stagflation. Gilt market volatility remained elevated throughout the period as investor sentiment shifted rapidly in response to geopolitical developments.

By quarter end, 30-year nominal gilt yields and breakeven inflation rates had each risen by approximately 30 bps, while 30-year real yields closed only marginally higher. In light of increased uncertainty around the inflation and growth outlook, the BoE, the Federal Reserve ("Fed"), and the European Central Bank ("ECB") unanimously decided to hold base rates unchanged in March. The BoE noted that higher energy costs were likely to delay further easing and signalled its readiness to respond to potential inflationary pressures.



Tristan Chapple

Liquid Markets (Equities)

After a steady start to the year, equity markets were ultimately defined by the conflict in the Middle East. Uncertainty prevailed as investors considered the potential for conflict escalation and the immediate impact of soaring energy costs. Emerging markets ("EM") continued last quarter's trend and outperformed their developed-market ("DM") counterparts. US equities lagged amid ongoing concerns that AI could disrupt the business models of some of the largest listed software companies. In contrast, the UK market's higher energy exposure led it to outperform the DM benchmark by some margin. Japan was another stand-out performer as investors welcomed the pro-growth agenda of the newly elected Liberal Democratic Party. Value was easily the strongest style, while growth and momentum strategies lagged. Energy stocks soared and the utilities and materials sectors were also well ahead. Consumer stocks significantly lagged the benchmark, and tech stocks were also behind. In DMs, small caps fared best; large caps marginally outperformed in EMs.



Simone Tarozzi

Liquid Markets (Multi-Asset)

Q1 2026 proved a difficult quarter for risk assets as the conflict in the Middle East and the effective closure of the Strait of Hormuz dominated sentiment. Global equities sold off, commodities surged, and government bonds marginally declined, with rising energy prices stoking inflation concerns and pushing rate expectations from cuts toward potential hikes. Our preferred multi-asset managers held up relatively well in this environment, with commodity exposure proving supportive. All preferred diversified risk premia ("DRP") managers posted gains, reflecting resilience against a challenging market backdrop. Supporting DRP, trend following generated early gains before sharp reversals detracted (although remaining positive year to date), while equity market neutral delivered mixed results. Macro strategies also had a strong start to the quarter but gave back some of their returns as the rates environment shifted. Fundamental long/short equity funds faced headwinds as sentiment towards growth stocks deteriorated. Overall, across the broader hedge fund industry, returns were positive over the quarter.

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Chris Bikos

Liquid & Semi-Liquid Credit

Q1 2026 was characterised by heightened volatility across global fixed income markets following a sharp deterioration in risk sentiment after the outbreak of war in the Middle East. Higher energy prices reignited inflation concerns and triggered a rapid repricing of interest rate expectations, with government bonds selling off sharply, particularly at the front end of yield curves. Major central banks kept policy rates unchanged during the quarter, but rising sovereign yields became the dominant headwind for fixed-income assets.

Except for higher quality collateralised loan obligation (“CLO”) tranches and agency mortgage-backed securities (“MBS”), most credit sectors delivered negative returns. In investment grade, higher rates and relatively modest spread widening led to losses across regions. Shorter maturities outperformed long duration in the US, UK and Europe. High yield also weakened amid wider spreads and softer risk appetite, although US high yield outperformed European. Leveraged loan markets underperformed, reflecting heavy supply and ongoing pressure on software issuers linked to AI driven disruption.

Emerging-market debt faced a challenging quarter: widening credit spreads, a stronger US dollar and elevated geopolitical risk led to negative returns across hard- and local-currency segments. EM corporate debt was relatively resilient, with high yield EM corporates benefiting from income and strong performance from oil and gas issuers.



Tricia Ward

Illiquid Credit

Private credit market sentiment became more polarised in Q1. Heightened scrutiny around borrower fundamentals (particularly within software) led to increased redemption activity in ‘semi liquid’ vehicles typically targeted at wealth clients, particularly within the US Business Development Company (“BDC”) market. Consequently, certain BDC managers reported elevated withdrawal requests, reflecting caution from retail and wealth clients. Gallagher do not explicitly research or rate BDCs, in part due to the structural asset-liability mismatch between the underlying assets and liquidity terms offered by private BDCs. In addition, we typically do not consider BDCs representative of institutional direct lending products.

Against this backdrop, institutional direct lending capital has remained comparatively stable, with fundraising totalling \$15bn in Q1 2026 (source: Preqin). However, dispersion across direct lending managers and portfolios has increased, with greater emphasis on sponsor quality, sector exposure and documentation standards. Concerns around certain leveraged sectors, most notably software, have further highlighted the need for robust portfolio construction and proactive monitoring. Our focus in direct lending remains on managers demonstrating conservative leverage, strong covenant packages and matched asset-liability approaches to liquidity management.



Sarah Miller

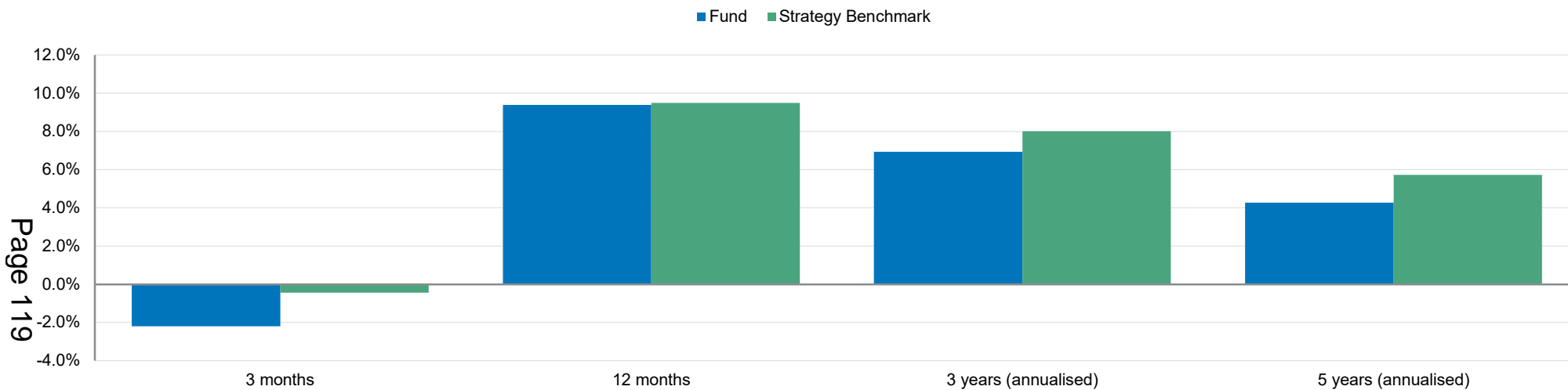
Illiquid Markets

Private equity saw a continued recovery in deal and exit volumes following a subdued 2024–25, aided by improved financing availability and sponsor-to-sponsor transactions, particularly in the large-cap segment. European private equity software investment activity slowed in Q1 2026. PitchBook shows a 38% year-on-year decline in deal value, reflecting valuation pressure after a sharp reset in listed software multiples. Uncertainty around long-term implications of rapid AI adoption, particularly for traditional software-as-a-service pricing models, dampened investor conviction.

European real estate investment volumes rose c.6% year on year. This is still below historical averages, led by multifamily and hospitality assets, while limited new supply and improving sentiment began to support pricing across select prime sectors. Infrastructure equity remained resilient in Q1 2026. Fundraising momentum carried through from 2025 as investors sought assets offering stable, inflation-linked cashflows and portfolio defensiveness amid heightened geopolitical uncertainty. Deployment activity remained disciplined. Investors increasingly favoured regulated and higher-yielding subsectors such as power, utilities and transport, while maintaining caution on valuation and exit assumptions.

Portfolio Performance vs Policy Benchmark & Target

Returns (%)	3 months	12 months	3 years (annualized)	5 years (annualized)
Total portfolio assets	-2.2%	9.4%	6.9%	4.3%
Strategy Benchmark	-0.4%	9.5%	8.0%	5.7%
Relative to Strategy Benchmark	-1.8%	-0.1%	-1.1%	-1.5%



Source: Northern Trust's Q1 2026 report

How have your managers performed for you?

Fund	Inception Date	Holdings Current £m	Holdings Previous £m	Since Inception Return (Annualised if >12m)			3 Year Return (Annualised)			12 Month Return			3 Month Return		
				Fund	Bench-mark	Excess	Fund	Bench-mark	Excess	Fund	Bench-mark	Excess	Fund	Bench-mark	Excess
Liquid Markets (Equities)															
BlackRock Low Carbon	Mar 2018	175.0	276.5	11.1%	10.2%	0.9%	13.9%	13.0%	0.9%	13.8%	12.0%	1.8%	-5.4%	-6.0%	0.6%
LCIV Emerging Market Equity Fund	Sep 2021	118.5	98.1	4.3%	5.3%	-1.0%	10.9%	12.4%	-1.5%	36.0%	26.8%	9.2%	4.9%	1.8%	3.1%
LCIV Global Alpha Growth Paris Aligned Fund	Sep 2021	251.0	269.7	0.5%	9.9%	-9.5%	7.8%	14.6%	-6.8%	9.1%	18.0%	-8.9%	-7.0%	-1.2%	-5.8%
LCIV Sustainable Equity Fund	Jun 2018	366.1	403.2	8.9%	11.2%	-2.3%	9.8%	14.0%	-4.2%	12.6%	16.4%	-3.8%	-4.0%	-1.7%	-2.4%
BlackRock World Equity	Jun 2018	111.0	158.0	11.3%	10.6%	0.7%	17.3%	15.9%	1.4%	18.7%	18.2%	0.5%	-3.0%	-3.0%	0.1%
L&G Future World UK Equity Index Fund	Mar 2026	70.3	-	1.7%	0.2%	1.5%	-	-	-	-	-	-	-	-	-
Liquid & Semi-Liquid Credit															
BlackRock Short Bond	Feb 2019	74.8	97.6	2.6%	2.4%	0.2%	4.8%	4.6%	0.2%	4.2%	3.9%	0.3%	0.8%	0.9%	-0.1%
Columbia Threadneedle Bonds	Sep 2003	384.3	218.8	3.9%	3.5%	0.4%	0.0%	-0.2%	0.2%	3.5%	3.5%	0.0%	-1.3%	-0.7%	-0.6%
LCIV MAC Fund	Mar 2024	150.5	152.4	6.8%	9.0%	-2.3%	-	-	-	5.9%	8.5%	-2.6%	-1.2%	2.0%	-3.3%
Illiquid Credit															
Churchill Senior Loans	Dec 2018	25.5	58.6	6.6%	6.5%	0.1%	-	-	-	-	-	-	-	-	-
LCIV Private Debt Fund	Mar 2021	163.1	176.0	7.7%	7.0%	0.7%	-	-	-	-	-	-	-	-	-
Permira Senior Loans	Feb 2019	47.3	91.9	7.3%	7.0%	0.3%	-	-	-	-	-	-	-	-	-
Illiquid Markets															
Columbia Threadneedle Pensions Property (TPEN)	Mar 2004	160.3	160.0	3.7%	3.6%	0.1%	4.1%	3.2%	0.8%	4.4%	4.3%	0.1%	0.2%	0.7%	-0.5%
LCIV Renewable Infrastructure Fund	Mar 2021	71.7	67.6	2.1%	8.5%	-6.4%	-	-	-	-	-	-	-	-	-
LCIV Nature Based Solutions	Dec 2024	48.1	57.1	-	-	-	-	-	-	-	-	-	-	-	-
LCIV UK Housing Property Fund	Dec 2024	24.9	19.0	-	-	-	-	-	-	-	-	-	-	-	-
Resonance National Homelessness Property Fund 2	Jan 2025	12.0	8.3	-	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL		2,254.4	2,312.7												

The information above describes the past performance of the investment. Past performance is not a reliable indicator of the future results or performance of any investment.

If the investment described above is not denominated in pounds sterling, the return generated by the investment may increase or decrease as a result of fluctuations in exchange rates between currencies.

Performance data for Churchill Senior Loans and Permira Senior Loans is sourced from the manager.

Performance data for LCIV Private Debt Fund and LCIV Renewable Infrastructure Fund has been taken from the LCIV Q4 2025 Private Markets Investment Review.

Performance for Permira Senior Loans, LCIV Private Debt Fund and LCIV Renewable Infrastructure Fund is reported on a quarter lag.

Due to the recent inception dates, no performance is shown for the LCIV Nature Based Solutions Fund, LCIV UK Housing Property Fund and Resonance National Homelessness Property Fund 2.

Please note that the valuation and since inception returns for Columbia Threadneedle Bonds are sourced from the manager.

Please note that performance provided by Northern Trust is gross of fees.

Your fund details and comments

Fund	Inception Date	Commentary
Liquid Markets (Equities)		
BlackRock Low Carbon	Mar 2018	The fund delivered a return of -5.4% over Q1 2026, outperforming the benchmark by 0.6%.
LCIV Emerging Market Equity Fund	Sep 2021	The fund delivered a return of 4.9% over Q1 2026, outperforming the benchmark by 3.1%. Allocation and stock selection were key to the positive performance registered over the quarter. At sector level, an overweight allocation to information technology spurred returns, as the sector continues to show momentum pertaining to AI, whilst an underweight to consumer discretionary aided relative performance. At stock level, TSMC displayed the largest contribution within the Fund, as the company benefits from its competitive advantage within the AI supply chain. LCIV noted that the performance patterns and return drivers are aligned to their expectations, and that with the restructuring that took place with Ashmore and Acadian joining J.P. Morgan in running the mandate, they believe the fund is well positioned to deliver outperformance over the longer term.
LCIV Global Alpha Growth Paris Aligned Fund	Sep 2021	The fund delivered a return of -7.0% over Q1 2026, underperforming the benchmark by 5.8%. Rising geopolitical tensions, coupled with a style rotation which favoured value over growth contributed to relative underperformance, as widespread valuation compression was noted across growth holdings. A sell-off across software and asset-light digital companies damaged return prospects over the quarter, with advances in AI hindering market sentiment as investors showed concerns around disruption and durability of margins. At the stock level, the core detractors over the quarter were seen from AppLovin, DoorDash and Adyen. LCIV noted that portfolio turnover has remained high, with the sale of previous high conviction positions. LCIV believes this is something that warrants close monitoring.
LCIV Sustainable Equity Fund	Jun 2018	The fund delivered a return of -4.0% over Q1 2026, underperforming the benchmark by 2.4%. Disrupted energy supply routes and surging oil prices as a consequence of the Middle East conflict saw the Energy sector, where the fund has historically maintained low exposure, to showcase positive returns. Rising inflation expectations triggered a shift in market sentiment surrounding interest-rate cuts, which proved favourable for energy, utilities and materials. At the stock level, the three holdings that detracted most significantly were LVMH, AppLovin and Intuit. LCIV noted that the relative underperformance was not unexpected, amid the geopolitical landscape and AI-related developments given the Fund's positioning. In mid-April 2026, LCIV completed a due-diligence review of the investment manager, with findings to be shared in Q2 2026.
BlackRock World Equity	Jun 2018	The fund delivered a return of -3.0% over Q1 2026, outperforming the benchmark by 0.1%.
BlackRock Future World UK Equity Index Fund	Mar 2026	The fund delivered a return of 1.7% since inception to Q1 2026 end, outperforming the benchmark by 1.5%.
Liquid & Semi-Liquid Credit		
BlackRock Short Bond	Feb 2019	The fund delivered a return of 0.8% over Q1 2026, underperforming the benchmark by 0.1%. This mandate is being held temporarily to house the private market drawdowns.
Columbia Threadneedle Bonds	Sep 2003	The fund delivered a return of -1.3% over Q1 2026, underperforming the benchmark by 0.6%. The underperformance was in part due to an underweight position in inflation-linked gilts, which outperformed conventional gilts over the period. In addition to this, the Fund's US and euro yield-curve positions detracted from returns, as short-term yields rose faster than longer-dated yields. Conversely, the Fund benefitted from holding long exposure to New Zealand government bonds, which Threadneedle sold shortly after the Iran conflict began.
LCIV MAC Fund	Mar 2024	The fund delivered a return of -1.2% over Q1 2026, underperforming the SONIA +4.5% p.a. performance comparator by 3.3%. Amid geopolitical tensions rising, longer dated bonds saw aggressive repricing and front-end government bond yields rising, with expectations moving from interest rate cuts to the potential for multiple hikes. Given the Fund's exposure to interest rate risk, this proved to be a core detractor over the quarter. Relative underperformance over the quarter was due more in part to asset class dynamics, rather than single holdings, as the diversified and higher quality positioning employed by the strategy helped minimise drawdowns in March. LCIV noted that both investment managers are meeting expectations in relation to the composition and risk profile of the Fund.
Illiquid Credit		
Churchill Senior Loans	Dec 2018	The since inception net internal rate of return reported by the manager as at Q1 2026 was 6.6%, with the fund having drawn c.96% of its commitments as at 31 March 2026. The fund is expected to wind up (i.e. have returned all capital) by 2029.

LCIV Private Debt Fund	Mar 2021	<p>This comment is written on a quarter lag.</p> <p>Over Q4 2025, total fund NAV increased moderately to c.£553m, with NAV appreciation being catalysed by investment gains.</p> <p>The fund's investment period ended in March 2025, and performance is now formally assessed against objectives. The since inception net internal rate of return is 7.7% as at Q4 2025, which is towards the top end of the 6-8% target set.</p> <p>The fund has currently drawn 75% of its commitments and is now closed to new commitments given the investment period ended on 29th March 2025.</p>
Permira Senior Loans	Feb 2019	<p>The since inception net internal rate of return reported by the manager as at Q1 2026 was 7.3%, with the fund having drawn c.87% of its commitments as at 31st March 2026. The fund is expected to wind up (i.e. have returned all capital) in 2027.</p>
Illiquid Markets		
Columbia Threadneedle Pensions Property (TPEN)	Mar 2004	<p>The fund delivered a return of 0.2% over Q1 2026, underperforming the benchmark by 0.5%.</p>
LCIV Renewable Infrastructure Fund	Mar 2021	<p>This comment is written on a quarter lag.</p> <p>Over Q4 2025, fund NAV increased to £677.1m, from £644.7m in Q3 2025. This was driven by capital calls experienced over the quarter, which amounted to £42.2m. The increase in NAV was offset by an unrealised loss of £5.2m, with six underlying investments noting decreases in valuations, whilst FX movements detracted from USD and EUR commitments.</p> <p>LCIV reported a net internal rate of return of 2.1% since inception, which is below the 7-10% investment target set.</p> <p>The fund is now 59% drawn on commitments.</p>
LCIV Nature Based Solutions	Dec 2024	<p>This comment is written on a quarter lag.</p> <p>Over Q4 2025, fund NAV increased to £190.1m, from £183.2m in Q3 2025. This was predominantly driven by capital call activity from JP Morgan's Campbell Global Forest Fund, Manulife Hancock Timberland and Farmland Fund VI and Gresham House's Forestry Fund VI, totalling c.£5m.</p> <p>The fund's ramp-up period is expected to end in July 2028, at which time performance will be formally assessed.</p> <p>The fund has currently drawn 57% of its commitments.</p>
LCIV UK Housing Property Fund	Dec 2024	<p>This comment is written on a quarter lag.</p> <p>Over Q4 2025, fund NAV increased to £261.7m in Q4 2025, from £259.3m in Q3 2025. The increased noted was driven by valuation increases from 4 of the 6 underlying investments, alongside income distributions received over the period.</p> <p>The fund will invest in a range of different types of social and affordable housing funds. As at quarter end, the Fund was 100% committed across six investments; CBRE UK AHF (c.£100m), Octopus AHF (c.£108m), Savills IM SAH (c.£75m), Man RI 3 (c.£100m), L&G AHF (c.£100m); and a secondary commitment to CBRE UK AHF (c.£44.8m).</p> <p>The fund's ramp-up period is expected to end in March 2027, at which time performance will be formally assessed.</p>
Resonance National Homelessness Property Fund 2	Jan 2025	<p>Hackney Pension Fund has committed £20m to this fund. The fund held its final close in February 2025 and raised a total of £174m.</p> <p>As at 31st March 2025, the fund had total ownership of 521 properties, 447 of which are already tenanted. During the quarter, the fund had 91 properties in conveyancing and had purchased 391.</p>

Appendix

Asset Class Groupings

Cash and Government Bonds	<ul style="list-style-type: none">• Manage unrewarded interest rate and inflation risk through efficient use of entire universe of hedging instruments.• Examples: gilt portfolios, swap overlay strategies, LDI pooled funds.
Liquid Markets	<ul style="list-style-type: none">• Highly marketable asset classes that generate returns through market risk premia.• Examples: equities, commodities, liquid multi-asset strategies.
Liquid & Semi-Liquid Credit	<ul style="list-style-type: none">• Steady income via regular coupon payments.• Bulk of excess returns are compensation for credit risk.• Examples: investment grade and high yield corporate bonds, “go-anywhere” credit.
Illiquid Credit	<ul style="list-style-type: none">• Long-dated, hold-to-maturity instruments that pay an illiquidity premium.• Potential for inflation-linked cashflows.• Examples: infrastructure debt, secured leases, direct lending.
Illiquid Markets	<ul style="list-style-type: none">• High potential returns but often difficult to access and relatively complex.• Generally aim to take advantage of market dislocation and more exotic risk premia.• Examples: private equity, property, infrastructure equity.

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These are the benchmarks we compare your investments against

Fund	Benchmark
Liquid Markets (Equities)	
BlackRock Low Carbon	MSCI World Low Carbon Target Reduced Fossil Fuel Select Index
LCIV Emerging Market Equity Fund	MSCI Emerging Market Index (TR Net)
LCIV Global Alpha Growth Paris Aligned Fund	MSCI All Country World Gross Index (GBP)
LCIV Sustainable Equity Fund	MSCI World (GBP) (TR Net)
BlackRock World Equity	MSCI World Net Total Return 95% hedged to GBP
L&G Future World UK Equity Index Fund	FTSE All Stock Index
Liquid & Semi-Liquid Credit	
BlackRock Short Bond	3-month SONIA
Columbia Threadneedle Bonds	Bond Composite
LCIV MAC Fund	SONIA + 4.5%
Illiquid Credit	
Churchill Senior Loans	IRR (net of fees) of 6-7%
LCIV Private Debt Fund	IRR (net of fees) of 6-8%
Permira Senior Loans	IRR (net of fees) of 6-8%
Illiquid Markets	
Columbia Threadneedle Pensions Property (TPEN)	IRR (net of fees) of 7-10%
LCIV Renewable Infrastructure Fund	N/A
LCIV Nature Based Solutions	MSCI/AREF UK 'All Balanced Open-Ended' Property Fund Index
LCIV UK Housing Property Fund	N/A
Resonance National Homelessness Property Fund 2	N/A

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Quarterly
Engagement
Report

January-March
2026



Climate Change Adaption

• Aviation • Zero
Hour Contracts

ENGAGEMENTS



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CLIMATE CHANGE ADAPTATION & RESILIENCE

FOOD / PROTEIN / AGRICULTURAL SUPPLY CHAINS

Climate adaptation has continued to be a focus for LAPFF during Q1 of 2025. With climate change and more frequent extreme weather events already impacting our planet and economy, ensuring companies are taking measures to adapt to the physical risks is of significant interest to investors. In this context, climate adaptation relates to companies anticipating and preparing for the climate-related changes already with us and predicted to intensify. According to a 2024 report by the World Economic Forum, climate hazards could drive \$560-610 billion of asset losses annually across listed companies by 2035, rising to \$1.1 trillion by 2055.¹ In a scenario without adaptation strategies,

this could lead to a 6.6% to 7.3% drop in average company earnings every year by 2035. Climate adaptation differs from mitigation, where companies work to reduce the risk that the negative impacts will occur in the first place, which remains a central focus of LAPFF’s work.

Climate-related impacts will be felt across the entire economy but will affect some sectors more than others. One such area is food systems, whereby the UK government has identified climate change as one of the greatest risks to the long-term stability of global food security.² This means food producers and distributors will experience the impacts of climate change acutely, with the material negative impacts stemming from extreme heat, drought, and water stress. In the context of the UK, Met Office projections³ indicate that warmer, wetter winters and hotter, drier summers will become more frequent, as will extremes like floods and droughts. These all have implications for how food is produced. The extent to which companies need to adapt depends on the specific hazard (its frequency and certainty), their vulnerability to its impacts, and the geographic exposure of their operations. As a result, adaptation strategies demand a

bespoke approach at the industry and company level.

Inside Track is a non-profit organisation that provides a platform for people working within key industries to confidentially share internal insights, with the aim of shaping strategic interventions to support industry change. In April 2025, it published a memo from anonymous food industry executives in which they were voicing concerns about the threat climate change poses to food security.⁴ The memo stressed that yield, security, and predictability of supply will become unreliable due to climate risks such as declining soil health, water scarcity, and global heating. The memo cautioned that the food sector is ill-equipped to deal with the magnitude of these risks and called on investors to lead a pragmatic dialogue with companies, urging them to strengthen supply chain resilience.

Objective: What can LAPFF do to encourage companies to prepare?

The starting point is for investee companies to understand and be clear about what a higher temperature outcome might mean for their business. LAPFF is therefore actively encouraging companies to identify and describe

1 https://reports.weforum.org/docs/WEF_Business_on_the_Edge_2024.pdf
 2 <https://lordslibrary.parliament.uk/impact-of-climate-change-and-biodiversity-loss-on-food-security/>
 3 <https://weather.metoffice.gov.uk/climate-change/climate-change-in-the-uk>
 4 <https://insidetrack.org.uk/foodmemo>

ENGAGEMENTS

climate adaptation issues that are financially material. Such disclosures should include the potential impacts and the actions that the company is taking to reduce the risks. By doing so, companies would be aligning with the IFRS S2 standard.

To further this objective, in Q1 LAPFF held engagement calls with Sainsbury's, Associated British Foods (ABF), Danone, Marks and Spencer (M&S), and Nestlé. This was part of a dialogue facilitated by BNP Paribas. These collaborative engagements sought to encourage companies to identify and describe financially material physical climate-related impacts, and disclose the adaptation measures they are taking to mitigate such risks. LAPFF expects these measures to be company-specific and embedded within a range of 'reasonable outcomes', not just a single 'preferred' scenario. Given the heterogeneity of global climate change, companies should be focused on the regional differences of key sourcing areas and commit to regularly disclosing information that allows investors to monitor progress. LAPFF upholds the expectation that the board must have direct oversight of the execution of climate-adaptation strategies, anchored by a named director to ensure clear accountability.

Achieved Sainsbury's

Sainsbury's disclosed that supply chain resilience is embedded within its commercial strategy; it has and continues to be a high priority for the Board. Sainsbury's identified water stress and scarcity as one of its greatest risks, particularly in Peru and Spain, noting that the four growing areas across Spain face different climate hazards. A key pillar of its adaptation strategy is to prioritise long-term supplier partnerships, whereby the sustained commitment empowers suppliers to invest in localised mitigation and adaptation measures. Sainsbury's aims to enhance traceability across the end-to-end value chain by establishing shorter supply chains. It emphasised its commitment to industry collaboration, particularly in sourcing regions where it cannot operate alone.

ABF

ABF outlined a risk management process

led by the CFO who reports to the Board. The company highlighted how physical climate-related risks are identified and managed within its devolved business units (Retail, Grocery, Sugar, Agriculture and Ingredients), with periodic reporting to central management. ABF noted that some risks may be material at a business level without aggregating to group level materiality. The company acknowledged investor feedback that disclosures could be strengthened through financial quantification of physical risk impacts, beyond qualitative risk ratings.

Danone

In 2025, Danone conducted a multi-layer risk mapping of its supply chains, including the physical risks of climate, land use change, supply concentration and water usage. The study identified the top 15 high-risk commodities and potential yield changes by 2030 and 2050. This exercise was used to guide investment in mitigation. Milk was identified as its top priority, followed by sugar and strawberries. North America, Spain, France, and Mexico were identified as its risk focus areas, noting the UK is not an area of concern as it is relatively small from a sourcing perspective.

In addition, Danone has committed to ensuring that 45% of its supply is sourced from farmers using regenerative agriculture by 2030. It is working to identify where the climate impacts will be most severe and assess whether regenerative practices demonstrate greater resilience relative to conventional farming; one way they are measuring this is by leveraging satellite imagery.

Through its January 2024 Sustainable Sourcing Programme, Danone introduced new contractual commitments for strategic suppliers aligned with SBTi requirements and has since collected 93% of supplier specific emissions factors from its dairy ingredient suppliers, strengthening visibility and accountability across its supply chain.

M&S

The Board of M&S has ultimate oversight of its ESG strategy, reinforced by the board-level ESG committee. The cross-functional ESG Business Forum operationalises delivery across business units, meeting quarterly to track progress, manage risks, and report to the Executive

Committee and the ESG Committee; M&S noted that the most recent meeting explored its supply chains.

In 2025, the company conducted a risk assessment of its top 50 raw materials, including palm oil, cocoa and coffee, to prioritise resilience strategies for those with the highest environmental and social risks. It is committed to funding and scaling innovative projects that address supply chain risks using its annual £1m 'Plan A Accelerator Fund'; current projects include extending the season of British tenderstem broccoli, drone-based crop monitoring, and biochar trials. With regards to milk yields, M&S' milk pool of 40 British farmers embeds resilience by maintaining the highest welfare and environmental standards, supported by a five-year programme that funds the equipment for the real-time monitoring of animal health and wellbeing as well as regenerative farming practices, such as soil health and biodiversity. This data spans 42 metrics, with results interpreted by on-site visits from environmental experts.

M&S emphasised that its long-term partnerships, particularly in Britain, provide assurance for its suppliers to invest in both climate mitigation and adaptation strategies. M&S added that it is collaborating with the UK government to help drive policy changes in this space at the national level.

Nestlé

Nestlé defined a climate resilience strategy underpinned by a proprietary risk-mapping tool that identifies where its key ingredients are sourced, the physical climate risks these regions face, and hotspots of high biodiversity. Nestlé is scaling regenerative agricultural practices across its supply chain alongside identifying alternative sourcing regions. Across Côte d'Ivoire and Ghana, two of its key cocoa sourcing regions, Nestlé supports its farmers to implement regenerative agriculture practices, including shade-tree systems and frequent pruning. Malaysia has been pinpointed as a region for future cocoa sourcing, whereby cocoa trees will be planted alongside existing palm oil plantations. Intercropping aims to diversify monoculture plantations, which can enhance crop resilience to weather extremes. Nestlé continues to scale climate-linked insurance across

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Image: Alamy

commodities including coffee and palm oil, using its long-term sourcing relationships to improve farmers' access to coverage. It noted that this remains challenging in cocoa due to unpredictable and highly variable yields. Nestlé reiterated the importance of a collectively recognised definition for regenerative agriculture, and moving towards consistent reporting frameworks and standardised regulation across the industry.

In Progress: There is growing recognition among both companies and investors that climate change will negatively impact most agricultural activities; this will impose material risks on companies

across the food supply chain.⁵ While financially viable solutions are available, it's often not clear who will fund the required actions. Given this, it is not unreasonable for investors to require that companies clearly set out not just the possible impacts, but also the detailed actions they will be taking, as has been made clear during engagements in Q1.

At the February 2026 Business meeting, LAPFF issued a report entitled 'Climate Adaptation: Food Producers and Distributors', setting out what the Forum and other stewards of capital should be asking investee companies with exposure to the most at risk commodities. The report covered dairy, fresh fruit & vegetables as well as coffee

and chocolate. For those companies exposed to dairy farming, the report recommended a focus on three key areas: herd management, land management, and infrastructure. In the case of fresh fruit and vegetables, this would include a requirement for companies to set out specific actions they are proposing to take, such as plans to shift sourcing away from the most exposed parts of its supplier base.

LAPFF will continue to engage companies exposed to the physical risks of climate change on agriculture, in particular, exploring opportunities for enhanced stewardship while determining any appropriate level of sector or commodity focus over time.

⁵ <https://www.wwf.org.uk/press-release/uk-supermarkets-track-meet-critical-targets>

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Image: Alamy

South West Water handing out emergency rations of bottled water to anyone affected by the Cryptosporidium outbreak in Torbay

WATER UTILITIES

Issue: LAPFF has maintained longstanding engagement with the water utilities sector regarding pollution from storm overflows and required upgrades to ageing Victorian infrastructure. Building on this foundation, LAPFF is expanding its engagement focus to include the growing risks posed by per- and poly-fluoroalkyl substances (PFAS), or “forever chemicals”, and other environmental contaminants, such as microplastics.

PFAS are synthetic chemicals and environmental contaminants built around strong carbon-fluorine bonds; these are chains of carbon atoms bonded to fluorine, with each compound containing at least one fully fluorinated carbon group. These bonds are among the strongest in organic chemistry, which is why PFAS are often called “forever

chemicals”: they break down extremely slowly and can persist in water, soil, and air for decades or even centuries.

Their chemical stability makes them highly resistant to oil, water, heat, and stains. As a result, PFAS have been widely used in many commercial and household products, including non-stick cookware, water- and stain-repellent fabrics, firefighting foams, certain paints, medical devices, and various types of food packaging.

However, the same durability that makes PFAS useful also makes them a major environmental concern. PFAS, especially short-chain varieties, can travel easily through the environment and accumulate in soil, plants, and animals, ultimately entering the human food chain. They are frequently detected in drinking water supplies around the world. Epidemiological studies have linked PFAS exposure to several health

risks, including adverse reproductive outcomes in women, immune system disruption, and potential carcinogenic effects.

LAPFF also notes the significant regulatory changes underway within the UK water sector via the government’s decision to dismantle Ofwat and transition to a new integrated water regulator, as recommended in the government-commissioned 2025 Independent Water Commission: review of the water sector, the Cunliffe Report⁶, and detailed in the January 2026 DEFRA Water White Paper “A New Vision for Water”⁷. These reforms signal a shift toward more coordinated, system-wide oversight of the sector. In this context, LAPFF’s engagement will encourage companies to demonstrate how they are addressing both legacy pollution challenges and emerging risks, while adapting to the forthcoming regulatory

6 <https://www.gov.uk/government/publications/independent-water-commission-review-of-the-water-sector>

7 https://assets.publishing.service.gov.uk/media/698dd6d5ceeaa48d377f6a73/Defra_Water_White_Paper_2026_print__with_correction_slip_.pdf

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framework and supporting sector-wide collaboration to deliver a more resilient and sustainable water system.

Achieved: LAPFF met with Pennon's ESG Committee Chair, senior executives, and incoming leadership to discuss progress across environmental performance, preparation for regulatory changes, and governance, particularly in relation to its South West Water operations. The company reported strengthened capability through an expanded ESG function and creation of a dedicated Chief Strategy and Regulatory Affairs role.

Pennon outlined material improvements across its operations, including continued delivery of the 'Upstream Thinking' catchment programme as well as the company's long running, nature-based catchment management programme designed to improve water quality at source by working with farmers, landowners, and environmental partners across the South West. The company also outlined energising two new renewable energy sites as part of its ambition to self-generate 40% of energy consumption by 2030.

On pollution via storm overflows, Pennon confirmed progress, noting 291 overflow improvements have been completed, all bathing-water overflows have been addressed, and the company remains committed to achieving fewer than ten overflows a year by 2040. This progress is welcome, given South West Water has historically recorded some of the highest storm overflow incident rates in England, according to Environment Agency (EA) Event Duration Monitoring (EDM) data (2024-2020)⁸. The 2025 data was released by the EA after the meeting with Pennon in late March 2026. Its latest Incident Reduction Plan is forthcoming, and the company continues to target 4-star EPA ratings, which Pennon confirms is reviewed at every board meeting.

On emerging contaminants, Pennon described active PFAS monitoring in coordination with the Drinking Water Inspector (DWI) and participation in national trials, noting its partnership with the University of Exeter's CREWW to develop PFAS removal methods and

advance microplastics detection and research. The company reiterated its support for the 'polluter pays' principle, cautioning that end-of-pipe solutions alone are unsustainable for bill payers.

Pennon also discussed the 2026 Water White Paper and the sectors transition to a new single regulator, welcoming the sector-wide shift from a water-sector to a water-system approach. It noted active involvement in transition planning and supported the reintroduction of a Chief Engineer to strengthen asset health oversight. The company recognised the importance of improved regional planning and better alignment between regulators and the unique geographic and socio-economic context of the South West.

In Progress: Pennon continues to operate in a challenging risk environment, where climate-driven weather variability and legacy infrastructure pressures are shaping day-to-day performance. Although progress has been made on storm-overflow reductions, progress is lagging, and Pennon remains under heightened public and regulatory scrutiny. A notable example is Channel 4's Dirty Business⁹ which aired in February; a series examining the UK water industry and associated issues. Additionally, shortly after LAPFF's meeting with the company, South West Water pleaded guilty to supplying water unfit for human consumption following the 2024 cryptosporidium outbreak in Brixham - which resulted in more than 140 confirmed cases, several hospitalisations, and a prolonged boil water notice affecting thousands of households - as reported on 4 March 2026 by the BBC¹⁰. This incident underscores ongoing risks around water quality management and the importance of robust internal controls, transparent reporting, and strengthened oversight as the sector transitions towards a new regulatory model.

Pennon also faces a period of leadership transition, with CEO Susan Davy stepping down and incoming CEO Keith Haslett assuming the role in April 2026. The transition will require continued stability and board-level focus

to maintain momentum on long-term environmental targets. LAPFF will monitor how the company manages this leadership change while responding to regulatory expectations, rebuilding public trust, and ensuring that lessons from recent incidents translate into operational improvements.

Valuing Water Finance Initiative

LAPFF is also focused on effective water stewardship as a member of the Valuing Water Finance Initiative (VWFI), a coalition of 108 investors representing US\$18.1 trillion in AUM. The initiative calls on companies to meet the Corporate Expectations for Valuing Water, which provides guidance as to how companies should manage, protect, and value freshwater across their operations and supply chain. LAPFF was co-chair of the Valuing Water Finance Task Force whilst these expectations were developed.

During Q1, LAPFF signed a letter circulated to 56 companies across four water-intensive industries, namely food, beverage, apparel, and high-tech. The letter reinforces investor attention to mitigating water risk and reflects key themes found in Ceres' 2025 VWFI benchmark analysis, which outlined that while companies are aware of water-related risks, significant gaps remain that place value at risk.

The letters encourage each company to identify the most water-dependent and water-impacting areas across its operations and supply chains and to then disclose credible water-related targets along with the actions taken to achieve them.

ARE Protein Transition Platform – Meiji & Nissin

Objective: Asia Research and Engagement's Protein Transition platform is an initiative focused on the contributions of Asia-based food companies to regional and global protein security through expanding the share of sustainable proteins.

8 <https://environment.data.gov.uk/dataset/21e15f12-0df8-4bfc-b763-45226c16a8ac>

9 https://www.channel4.com/programmes/dirty-business?gad_source=1&gad_campaignid=19633109208&gbraid=0AAAAACqZr-DdkkpdPlqGIMMIRPdBYGb3&gclid=Cj0KQCQIAk6rNBhCXARISAN5mQLvVFSUpVyHwVoJAge8sl2qga2TXotdhl27Jc9yKdujNEC13MPgKgaAkblEALw_wcB

10 <https://www.bbc.co.uk/news/articles/cvg3599690yo>

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The initiative looks at a wide range of issues within protein producers, including climate change, animal welfare, deforestation, responsible use of natural capital, fair labour, and responsible use of chemicals. In total, the initiative has set 19 goals for companies to hit by 2030 with a view to a just, human, and climate-safe protein transition.

Achieved: LAPFF participated in calls through the platform for the first time in Q1, meeting Nissin Foods and Meiji HD.

In a meeting with Nissin Foods, key issues covered included deforestation, food waste, animal disease, antibiotic use, and protein diversification. Nissin has implemented 'Satelligence', a Netherlands-based satellite data platform, to monitor deforestation on a weekly basis. The company has also shown a 34.9% reduction in food waste, driven primarily by improved procurement planning and sales forecasting, alongside the recycling of unsold products into animal feed. LAPFF discussed a growing demand for plant-based products and cage-free eggs as business opportunities, although uptake in Japan was described as materially lower than that in the UK and Europe.

In a meeting with Meiji, LAPFF welcomed the company's recent move to participate in the 'In-Setting Consortium', an industry coalition aimed at reducing scope 3 GHG emissions and transitioning the food value chain towards 'nature positive'. While Meiji plans to harness this platform to enhance the traceability of its supply chain, it is yet to set a strategy or timebound targets. It also provided limited detail on why it was unable to provide transparency on certain commodities where a number of its peer companies do, which was stressed as a point of potential improvement for the company. Meiji echoed the sentiment expressed by in Nissin Foods, that Japanese consumers were less concerned by animal welfare or cage-free eggs than other markets.

In Progress: LAPFF will continue to support the platforms core aims of a transition to net zero, which also encourages companies to move towards net positive practices for nature and biodiversity and supports workers in a fair and just transition.

CLIMATE CHANGE MITIGATION

Aviation

Objective: Aviation remains heavily dependent on fossil-based jet fuel, making it a significant source of hard-to-abate emissions and subject to increasingly stringent regulatory requirements across the UK, EU, and international markets.

In Q1, LAPFF met with major European airline groups, including Ryanair, International Consolidated Airlines Group (IAG), Wizz Air, and easyJet, to press for decarbonisation strategies that are credible, measurable, and aligned with a 1.5°C pathway. Across all engagements, LAPFF sought to understand airlines' plans for scaling Sustainable Aviation Fuel (SAF), the extent to which long term SAF targets are being converted into firm supply agreements, and how companies intend to meet emerging SAF mandates that may reshape cost structures and competitive dynamics within the sector.

LAPFF also focused on how each airline is managing material climate-related risks, including regulation, operational impacts, and supply chain, as well as whether governance structures, board-level oversight, and executive incentives are sufficiently robust to support long term climate objectives. Additionally, LAPFF assessed the credibility of airlines' pathways to net-zero, including the roles of new aircraft technology, fleet renewal, operational efficiency, and investment in disruptive technologies such as hydrogen power and synthetic fuels. Given the sectors complex value chain, LAPFF also sought assurance on supplier accountability, Scope 3 emissions transparency, and how companies intend to address gaps or non-compliance among critical suppliers.

Achieved:

Ryanair

LAPFF met with Ryanair's Director of Sustainability and Finance to discuss climate strategy, governance, and regulatory developments. The company clarified recent media coverage surrounding CEO Michael

O'Leary's remarks on Sustainable Aviation Fuel (SAF), noting that while it expects to meet the 2030 first- and second-generation SAF mandates under ReFuelEU, it views the e-SAF sub-mandate as unachievable given current technology readiness and supply constraints. Ryanair confirmed that it has secured MoUs for around 80% of its 12.5% SAF target for 2030 and does not expect this target to shift. The company highlighted systemic challenges in the European SAF market, including high penalties for fuel suppliers and a lack of incentives relative to the US, which can drive feedstocks and producers out of Europe.

Ryanair outlined ongoing investments in SAF innovation through its partnership with Trinity College Dublin, which is supporting certification of 15 feedstocks to broaden future supply. The company also discussed its engagement in policy debates around EU ETS, ReFuelEU, and the "polluter pays" principle, warning that current policies favour long-haul carriers, with higher emissions, over short-haul point-to-point operators.

On governance, Ryanair explained that sustainability oversight sits with the audit committee and that three board sustainability sessions occur annually. LAPFF welcomed the company's transparency on regulatory challenges, SAF progress, and technological limitations while noting the space for continued development of governance structures and long-term decarbonisation planning.

IAG

LAPFF met with IAG's sustainability and investor relations leads to continue dialogue with the company on decarbonisation strategy. IAG provided a detailed overview of its emissions trend, noting that recent increases in reported Scope 3 emissions reflect expanded and more accurate disclosure rather than operational deterioration. The company highlighted early achievement of its 2025 carbon-intensity target of 80g/pkm, attributing this to fleet modernisation, including the retirement of Boeing 747s and the introduction of new neo aircraft, as well as upgrades to ground vehicle fleets now operating on HVO (Hydrotreated Vegetable Oil) fuel or electric power.

IAG outlined significant improvements

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Image: Alamy

in supplier engagement, supported by its partnership with Watershed to standardise Scope 3 methodologies across the Group and focus on high-risk suppliers. The company described strengthened auditing using EcoVadis and SEDEX, with follow up action plans implemented where non-compliance is identified. IAG also noted its work on wildlife-trafficking prevention and local biodiversity assessments, reflecting a broadened sustainability remit beyond decarbonisation.

On policy and regulation, IAG emphasised the growing complexity of global SAF mandates and the need for more coherent frameworks, particularly given the limited production capacity for advanced SAF pathways such as Power-to-Liquid (PtL) and Alcohol-to-Jet (AtJ) in Europe. IAG also raised concerns about future feedstock availability, noting growing jurisdictional competition as countries introduce its own SAF mandates and seek to secure domestic supply. This is particularly relevant for waste-based feedstocks such as used cooking oil, where China is a major global supplier. As China's domestic SAF market

develops, more of that feedstock may be absorbed domestically rather than exported, potentially tightening supply for European producers, increasing price volatility, and making long-term planning more difficult for airlines reliant on imported feedstocks.

Wizz Air

LAPFF met with Wizz Air's sustainability, corporate affairs, and investor relations leads. Wizz Air emphasised the central role of its young, fuel-efficient fleet for its position as one of Europe's lowest-emitting airlines on a per-RPK (Revenue Passenger Kilometres) basis. The company reported continued improvements, with emissions intensity coming in at c.52.2 grams of CO₂ per passenger kilometre and reiterated its target of operating a 100% neo fleet by 2028.

Wizz Air described proactive steps to secure SAF supply well ahead of increasing EU mandates, including equity investments in UK-based Firefly, producing SAF from human waste, and US-based CleanJoule. These investments aim to diversify feedstocks and overcome

geographic supply limitations across Wizz Air's dispersed airport network, which was also a challenge raised in discussions with easyJet. Wizz Air confirmed its aspiration to reach a 10% SAF blend by 2030 and noted that while SAF availability remains the largest barrier to progression, it is still mapping pathways to move beyond the 10% blend. The company noted SAF uptake is driven primarily by mandate compliance rather than customer demand, with trial flights demonstrating limited consumer willingness to pay a premium.

On governance and reporting, Wizz Air reiterated that Scope 1 emissions remain its primary focus, with Scope 2 targets expected this year and Scope 3 targets planned over a longer timeframe. LAPFF highlighted reputational risks associated with delayed Scope 3 commitments and encouraged the company to consider a future 'Say On Climate' vote. Wizz Air also raised concerns about fragmented regulatory frameworks, infrastructure constraints for SAF distribution, and the need for coordinated European investment to scale next generation SAF.

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easyJet

LAPFF met with easyJet's Director of Sustainability and investor relations representatives at the airline's Luton headquarters to discuss the company's decarbonisation strategy and governance approach. easyJet presented its "Reduce, Replace, Remove" framework, which translates into a 75% reduction in emissions intensity by 2050, with a 35% interim reduction target by 2035. The airline highlighted operational efficiency improvements, such as retrofitting sharklets, use of lighter-weight materials like paint, single-engine taxiing, APU switch-off procedures, and deployment of the IRIS air-traffic management system, as well as progress in fleet renewal with the more efficient A320neo and A321neo aircraft.

On SAF, easyJet noted, like Wizz Air, the challenges associated with smaller airlines operating across multiple bases, unlike larger hub-based carriers. This was said to limit its ability to secure SAF at scale at any single airport. The airline currently relies on MoUs and is exploring tripartite agreements between producers, fuel suppliers, and airports to bridge the gap between long term offtake needs and its annual procurement cycle. It highlighted that SAF suppliers require long-term commitments to attract investment, while logistical and supply chain constraints continue to hinder scale up.

easyJet also discussed its longer-term interest in hydrogen propulsion aviation, expressing cautious optimism for post-2035 potential of this technology. However, the airline did acknowledge manufacturer (e.g. Airbus) delays and technological hurdles. On governance, LAPFF noted the absence of a designated sustainability director on the board, in response easyJet pointed to regular board sessions on sustainability, dedicated ESG and SAF steering committees, and sustainability-linked remuneration.

In Progress: Across the aviation sector, LAPFF observes that while all four engaged airlines are making progress on fleet modernisation, operational efficiencies, and early stage SAF procurement, significant challenges remain in translating long-term decarbonisation ambitions into fully deliverable pathways. A recurring theme across engagements was the structural

fragility of the SAF market, marked by limited supply, regional imbalances, and growing jurisdictional competition. The extent to which airlines are dependent on policy coherence, feedstock availability, and accelerated investment in advanced pathways such as PtL and ATJ to meet future mandates were also flagged as structural issues. Smaller, multi-base carriers like Wizz Air, easyJet and Ryanair face logistical disadvantages in accessing SAF at scale, while even the larger hub-based carriers within IAG highlighted ongoing cost pressures, constrained infrastructure, and the need for clearer long-term regulatory signals to support supply chain development.

LAPFF further notes that although airlines are, broadly speaking, strengthening aspects of governance, emissions reporting, and supplier engagement, gaps remain in board-level sustainability oversight. The Forum will continue to monitor how companies address these structural barriers, improve governance arrangements, and strengthen transparency around Scope 3 emissions. LAPFF will also assess how airlines balance emerging technologies such as hydrogen and synthetic fuels with credible near-term decarbonisation action. Additionally, the Forum will maintain scrutiny of whether corporate transition strategies remain aligned with a 1.5°C pathway as airlines respond to evolving mandates, cost pressures, and the sector-wide need for coordinated investment in next-generation SAF.

SAY ON CLIMATE

Say on Climate – Schrodgers and Land Securities

Objective: LAPFF and CCLA lead an investor campaign calling on FTSE 100 companies to provide shareholders with a regular vote on their climate risk and resilience strategies. LAPFF's view is that companies should give shareholders a say at least once every three years, in line with guidance from the Transition Plan Taskforce (TPT), now under the ISSB.

LAPFF's view is that climate change is a systemic financial risk, and companies should demonstrate credible

decarbonisations plans. A dedicated shareholder vote improves accountability, transparency, and investor confidence in how companies plan to navigate climate transition.

Achieved: LAPFF met with Schrodgers and Land Securities Group in Q1 to request the companies consider including a management resolution setting out their respective transition plans

LAPFF built on an engagement with Schrodgers in Q4 2025, in which the company provided further detail regarding its climate stewardship, including voting and engagement activity. The company outlined its established expectations of investee companies, including the adoption of material Scope 1, 2 and 3 emissions targets, net-zero commitments, credible transition plans, and ongoing disclosure, noting that these expectations have remained broadly consistent and are reviewed annually. LAPFF queried the effectiveness of engagement with Schrodgers' highest-emitting and hard-to-abate companies.

Schrodgers outlined its approach to climate stewardship, describing voting and engagement as a continuum, and at the core of its efforts on managing climate risk whilst maximising opportunities. The company reiterated its long-standing expectations of investee companies, including the setting of material Scope 1, 2 and 3 targets, net-zero commitments, credible transition plans and ongoing disclosure, noting that these expectations have remained consistent and are reviewed annually.

Discussion focused on the credibility of transition plans among the highest-emitting and hard-to-abate companies, with Schrodgers noting an increased focus on a narrower group of issuers where delivery against 2030 targets was becoming more challenging. Schrodgers reflected on its approach to 'Say on Climate', explaining that it is not fundamentally opposed to management resolutions as a vehicle to engage on issuers approach to transition but prefers targeted engagement and existing voting tools, including voting against management where concerns persist. The discussion also covered broader shareholder rights and governance considerations, including the role of regulatory frameworks in supporting

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Image: Alamy

investor accountability.

LandSec undertakes large-scale development and regeneration projects and launched a dedicated £135 million Net Zero Transition Investment Plan in 2021 to support decarbonisation initiatives through to 2030, forming a key component of the company's transition strategy. LAPFF sought further detail on capital allocation under the plan, including the effectiveness of investments to date and how capital will be deployed through to 2030 to ensure the company meets its targets. LAPFF also asked about the company's approach to addressing harder-to-abate embodied emissions associated with development activity, and whether LandSec would consider

submitting a 'Say on Climate' resolution to its 2026 AGM.

Schroders and LandSec indicated that they would keep market sentiment around climate transition plans under review but confirmed that there are currently no plans to include such a resolution on the agenda of upcoming AGMs.

In Progress: LAPFF will continue to approach shareholder oversight of climate transition plans as an ongoing governance issue. Throughout 2026, the Forum will track the introduction, withdrawal, and framing of climate-related resolutions at company AGMs and maintain engagement and, where appropriate, escalation.

SOCIAL FACTORS

Zero-hours contracts & employment rights act

Objective: Building on LAPFF's ongoing focus on workforce standards and modern slavery risk, engagements were held with InterContinental Hotels Group (IHG) and Mitie Group (Mitie) to assess preparedness for forthcoming changes under the UK Employment Rights Act (ERA), including rights to request guaranteed hours, reforms affecting agency labour, and wider provisions such as Day 1 unfair dismissal rights.

Across both engagements, LAPFF sought to understand: (i) how companies are adapting operational models historically reliant on flexible labour; (ii) how risks associated with zero-hours contracts (ZHCs) and agency workers are being managed, particularly in higher-risk sectors; (iii) the implications for recruitment, probation and performance management processes; and (iv) how oversight and transparency – including in relation to migrant and agency workers – can be strengthened within complex operating models (e.g. franchise or client site structures).

Achieved:

InterContinental Hotels Group (IHG)

Engagement with IHG clarified the distinction between directly managed and franchised operations. IHG confirmed that it does not operate zero-hours contracts within the parts of the business it directly controls. Where newly onboarded hotels have ZHCs in place, these may remain temporarily during integration but are typically phased out. Within the franchised estate, employment models remain under franchisee control, though IHG said they could raise ZHC practices in discussion with owners.

On the ERA reforms effective from 1 April, IHG acknowledged that provisions relating to guaranteed hours and agency workers may have operational implications, particularly in hospitality contexts characterised by fluctuating demand (e.g. large events or banqueting). While recognising the reputational sensitivities surrounding ZHCs, the company noted that some workers value

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flexibility that ZHC provide. The company is engaging with labour providers to assess how legislative changes may affect agency staffing models and indicated an intention to create greater permanency in roles where feasible.

LAPFF noted there is an increased risk of reputational damage within the franchise model should individual franchisees fail to respond adequately to new legislative requirements. IHG acknowledged this inherent exposure and outlined mitigation mechanisms, including contractual obligations requiring compliance with applicable laws; engagement through Owners Association and regional People Committees; legislative briefings via UK-specific HR forums; and a confidential, multilingual whistleblowing channel covering employment and supply chain concerns.

On disclosure, IHG noted that its granular employment data across the franchised estate is not centrally collected and therefore not reported in corporate disclosures. It is noted that IHG provided the same explanation when LAPFF met with the company in 2024. Within the managed and corporate estate, workforce metrics (including agency usage) are monitored through optimisation processes and employee voice surveys. IHG acknowledged that agency and migrant workers represent heightened risk groups and confirmed that its forthcoming modern slavery statement will provide enhanced detail on identified issues and remediation actions.

Mitie Group

The engagement with Mitie focused on operational preparedness and practical implications of the ERA. Since the previous meeting in September 2024, Mitie described the legislative landscape as having evolved, with some proposals amended or removed, including the removal of the unfair dismissal compensation cap. The company characterised its overall position as “no better and no worse,” but with greater clarity on likely impacts.

Mitie indicated that guaranteed hours provisions may be more manageable than initially anticipated, noting that it often has more available hours than employees

seek, resulting in a balancing exercise to fill gaps. However, concerns were raised about being required to offer guaranteed hours to individuals who may prefer flexible arrangements, potentially creating administrative and operational burdens.

The company was among a limited number of firms to publicly sign an open letter to senior government ministers expressing concerns that certain provisions could have unintended consequences. Mitie reported engagement with members of the House of Lords and noted particular concern regarding Day 1 unfair dismissal rights, which it suggested could result in more conservative and bureaucratic hiring processes.

On probation and performance management, Mitie confirmed a standard three-month probation period (extendable), operating within a six-month qualifying period before ERA protections apply. Approximately 630 employees are currently categorised within the lowest performance bracket (out of a workforce of c.72,000), and the company acknowledged that performance management practices may require strengthening. Work is underway to improve clarity and consistency in this area.

Agency labour was described as forming a small proportion of the workforce, though flexible demand remains critical in certain areas (e.g. airport security and surge capacity roles). Around 25% of Mitie’s workforce are trade union members. The company anticipates that expanded trade union access rights may represent one of the more significant practical changes, particularly where staff operate on client-owned sites.

Mitie further noted it is monitoring potential future reforms, including sector-wide collective bargaining proposals, which may evolve significantly over the coming year.

In Progress: Across both engagements, several themes remain under active scrutiny. LAPFF will continue to assess how companies operationalise guaranteed hours provisions in practice, particularly where employee preference for flexibility may diverge from statutory entitlements. Further engagement will

examine how recruitment, probation and early-stage performance management processes are being adapted in response to ERA reforms, including the removal of the compensation cap and changes to unfair dismissal rights.

For IHG, continued dialogue will focus on transparency and assurance mechanisms within the franchised estate, including oversight of agency and migrant worker experiences and thresholds for agency reliance. For Mitie, follow up will explore data on probation outcomes, performance management effectiveness, and the scale and oversight of migrant labour within both direct operations and supply chains.

More broadly, LAPFF will monitor how legislative reform interacts with business models reliant on flexible labour, and whether companies can demonstrate that workforce flexibility is being balanced with strengthened protections, effective risk mitigation, and credible disclosure.

CONFLICT-AFFECTED AND HIGH-RISK AREAS (CAHRAS)

Objective: With conflicts increasing globally, having seen a rise from 147,000 in 2023, to over 200,000 in both 2024 and 2025¹¹, companies face heightened operational, reputational, legal, regulatory and financial risks where conflict dynamics intersect with actual or potential adverse impacts on people¹². Against this backdrop, LAPFF expects companies with exposure to CAHRAs to demonstrate and explain how they identify, prevent, mitigate and accounts for these risks, including where heightened human rights due diligence (hHRDD) is applied, in line best practice principals set out by international standards such as the United Nations Guiding Principles on Business and Human Rights, amongst others.

LAPFF considers that companies should have policies, governance arrangements and due diligence

¹¹ <https://acleddata.com/series/acledd-conflict-index>

¹² <https://publications.schroders.com/view/3335662/>

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processes that explicitly address CAHRAs. This should include an assessment of human rights impacts, conflict impacts, and the cross section where conflict and human rights impacts intersect, which can only be done by applying the principles of hHRDD.

Achieved: LAPFF wrote to 31 companies considered to have operations, or business activities linked to the Occupied Palestinian Territories. The letter contains a 12-question survey, requesting information on companies’ policies, policy and governance, identification of risks, action and hHRDD, and transparency.

As of 31 March 2026, 12 companies had responded, or stated their intent to respond in due course. Responses for which are currently under review.

This outreach prompted further engagement with Motorola Solutions. The discussion focused on the company’s oversight mechanisms, its approach to new business, and the processes it uses to assess risks within its existing client base.

Motorola shared examples of withdrawing from certain regions ahead of formal sanctions, such as its exit from Russia, and instances where it had sought advice from external human rights experts in particularly challenging jurisdictions. While these

examples were helpful, the company’s broader disclosures on how it manages high-risk transactions remain limited. It is still unclear how Motorola consistently applies heightened human rights due diligence across its business, or whether it fully evaluates how its commercial decisions may influence conflict dynamics.

In Progress: LAPFF is currently reviewing responses to the questionnaire, which will be presented to members in due course. Escalation will be considered based on responses and non-responses, through either voting alerts or at company AGMs.

Electric Vehicles – General Motors

Objective: LAPFF engages automotive manufacturers to assess how they are managing the human rights and supply chain risks associated with a transition to electric vehicles. In particular, engagements focus on critical mineral sourcing, supply chain traceability, and the extent to which companies apply robust human rights due diligence in regions where risks are more present, and supply chains more opaque. LAPFF seeks greater clarity on governance,

oversight, and implementation, including how risks linked to battery production and raw material extraction are identified, mitigated, and remediated, and whether disclosure is sufficient to demonstrate that electrification plans are being delivered responsibly.

Achieved: LAPFF has been engaging General Motors (GM) on these issues since 2022. In a notable move, the company did not publish a standalone sustainability report in its most recent reporting period.

Whilst a more fragmented approach to reporting has been taken by GM, it has made notable progress in mapping its supply chain, providing better visibility throughout its supply chains. It has also been consulting NGOs and other civil society organisations to better understand how to address both systemic and localised human rights issues, designed to complement a series of other tools that GM is using such as social auditing, capacity building, and training with suppliers.

In Progress: LAPFF will continue to expand its engagement across automotive manufacturers and relevant value chain actors to assess how human rights risks associated with electric vehicle production are being identified and managed.



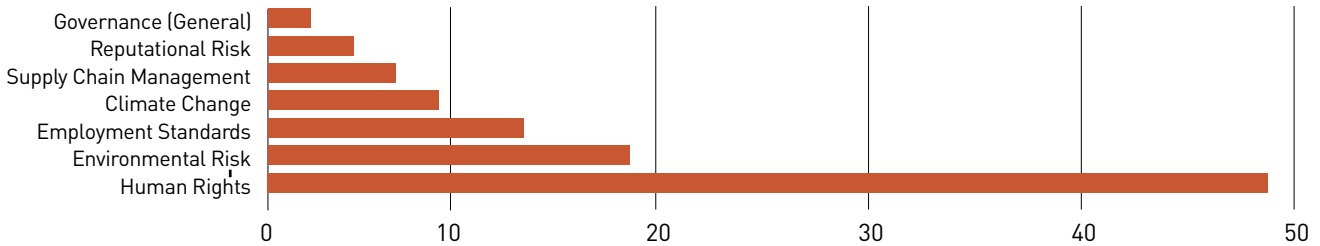
COMPANY PROGRESS REPORT

The table below represents data taken from 'Meetings', 'AGMs' and 'Received Correspondence' only. LAPFF engaged 65 companies engaged over the quarter

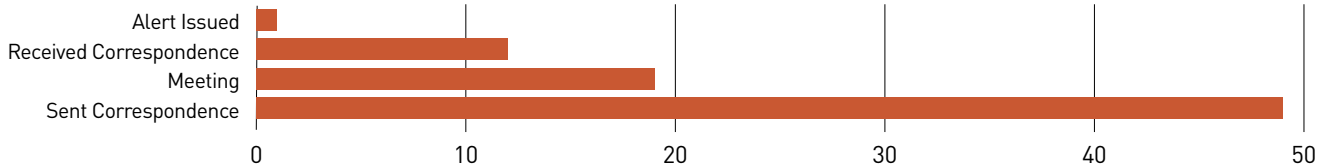
Company/Index	Activity	Topic	Outcome
ABB LTD	Received Correspondence	Human Rights	No Improvement
AMAZON.COM INC.	Received Correspondence	Human Rights	No Improvement
AP MOLLER - MAERSK AS	Received Correspondence	Human Rights	No Improvement
ASSOCIATED BRITISH FOODS PLC	Meeting	Environmental Risk	Dialogue
ATLAS COPCO AB	Received Correspondence	Human Rights	No Improvement
BOOKING HOLDINGS INC.	Received Correspondence	Human Rights	Moderate Improvement
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Small Improvement
CNH INDUSTRIAL NV	Received Correspondence	Human Rights	No Improvement
DANONE	Meeting	Environmental Risk	Dialogue
EASYJET PLC	Meeting	Climate Change	Dialogue
EXPEDIA GROUP INC	Received Correspondence	Human Rights	No Improvement
GENERAL MOTORS COMPANY	Meeting	Human Rights	Dialogue
INTERCONTINENTAL HOTELS GROUP PLC	Meeting	Employment Standards	Dialogue
INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA	Meeting	Climate Change	Dialogue
J SAINSBURY PLC	Meeting	Environmental Risk	Dialogue
LAND SECURITIES GROUP PLC	Meeting	Climate Change	Small Improvement
MARKS & SPENCER GROUP PLC	Meeting	Environmental Risk	Moderate Improvement
MEIJI HOLDINGS CO LTD	Meeting	Environmental Risk	Small Improvement
MICROSOFT CORPORATION	Received Correspondence	Human Rights	No Improvement
MITIE GROUP PLC	Meeting	Employment Standards	Small Improvement
MOTOROLA SOLUTIONS INC.	Meeting	Human Rights	Small Improvement
NESTLE SA	Meeting	Environmental Risk	Dialogue
NISSIN FOOD HLDGS CO LTD	Meeting	Environmental Risk	Dialogue
PENNON GROUP PLC	Meeting	Environmental Risk	Dialogue
PRADA SPA	Received Correspondence	Human Rights	Dialogue
RYANAIR HOLDINGS PLC	Meeting	Climate Change	Dialogue
SCHRODERS PLC	Meeting	Climate Change	Satisfactory Response
SIEMENS AG	Received Correspondence	Human Rights	Moderate Improvement
STARBUCKS CORPORATION	Alert Issued	Employment Standards	
VOLVO AB	Received Correspondence	Human Rights	Small Improvement
WIZZ AIR HOLDINGS PLC	Meeting	Climate Change	Dialogue

ENGAGEMENT DATA

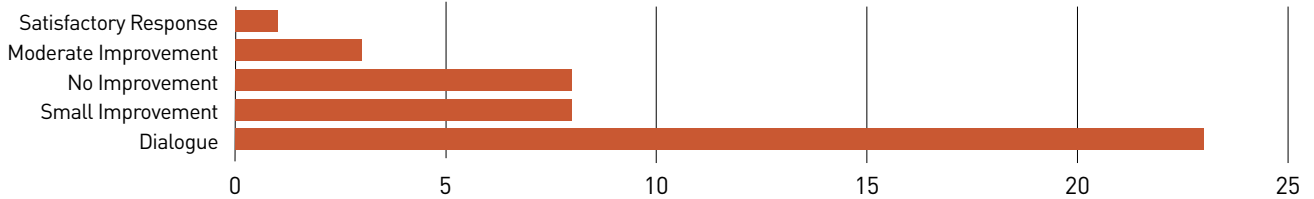
ENGAGEMENT TOPICS



ACTIVITY

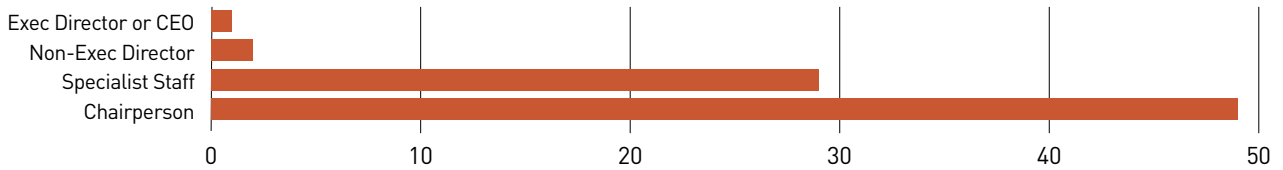


ENGAGEMENT OUTCOMES*

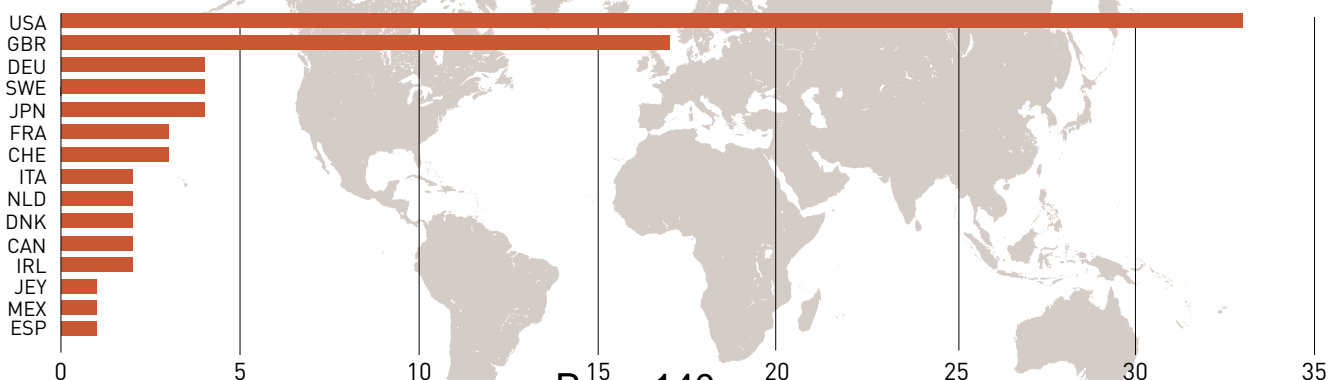


*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

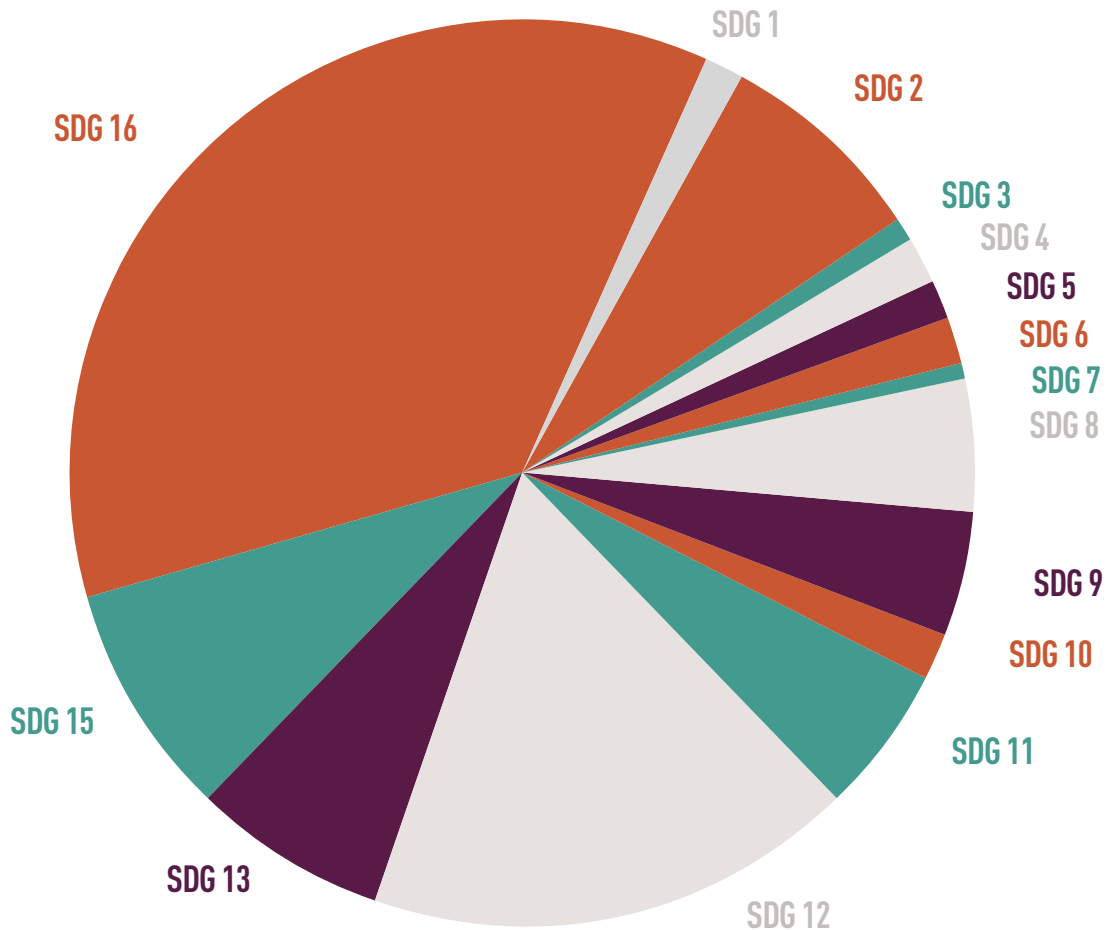
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	2
SDG 2: Zero Hunger	10
SDG 3: Good Health and Well-Being	1
SDG 4: Quality Education	2
SDG 5: Gender Equality	2
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	1
SDG 8: Decent Work and Economic Growth	6
SDG 9: Industry, Innovation, and Infrastructure	6
SDG 10: Reduced Inequalities	2
SDG 11: Sustainable Cities and Communities	7
SDG12: Responsible Production and Consumption	23
SDG 13: Climate Action	9
SDG 14: Life Below Water	0
SDG 15: Life on Land	11
SDG 16: Peace, Justice, and Strong Institutions	47
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund	Hackney Pension Fund	Shropshire Pension Fund
Barking and Dagenham Pension Fund	Hammersmith and Fulham Pension Fund	Somerset Pension Fund
Barnet Pension Fund	Haringey Pension Fund	South Yorkshire Pension Authority
Bedfordshire Pension Fund	Harrow Pension Fund	Southwark Pension Fund
Berkshire Pension Fund	Havering Pension Fund	Staffordshire Pension Fund
Bexley (London Borough of)	Hertfordshire Pension Fund	Strathclyde Pension Fund
Brent (London Borough of)	Hillingdon Pension Fund	Suffolk Pension Fund
Cambridgeshire Pension Fund	Hounslow Pension Fund	Surrey Pension Fund
Camden Pension Fund	Isle of Wight Pension Fund	Sutton Pension Fund
Cardiff & Glamorgan Pension Fund	Islington Pension Fund	Swansea Pension Fund
Cheshire Pension Fund	Kensington and Chelsea (Royal Borough of)	Teesside Pension Fund
City of London Corporation Pension Fund	Kent Pension Fund	Tower Hamlets Pension Fund
Clwyd Pension Fund (Flintshire CC)	Kingston upon Thames Pension Fund	Tyne and Wear Pension Fund
Cornwall Pension Fund	Lambeth Pension Fund	Waltham Forest Pension Fund
Croydon Pension Fund	Lancashire County Pension Fund	Wandsworth Borough Council Pension Fund
Cumbria Pension Fund	Leicestershire Pension Fund	Warwickshire Pension Fund
Derbyshire Pension Fund	Lewisham Pension Fund	West Midlands Pension Fund
Devon Pension Fund	Lincolnshire Pension Fund	West Yorkshire Pension Fund
Dorset Pension Fund	London Pension Fund Authority	Westminster Pension Fund
Durham Pension Fund	Lothian Pension Fund	Wiltshire Pension Fund
Dyfed Pension Fund	Merseyside Pension Fund	Worcestershire Pension Fund
Ealing Pension Fund	Merton Pension Fund	
East Riding Pension Fund	Newham Pension Fund	Pool Company Members
East Sussex Pension Fund	Norfolk Pension Fund	ACCESS Pool
Enfield Pension Fund	North East Scotland Pension Fund	Border to Coast Pensions Partnership
Environment Agency Pension Fund	North Yorkshire Pension Fund	LGPS Central
Essex Pension Fund	Northamptonshire Pension Fund	Local Pensions Partnership
Falkirk Pension Fund	Nottinghamshire Pension Fund	London CIV
Gloucestershire Pension Fund	Oxfordshire Pension Fund	Northern LGPS
Greater Gwent Pension Fund	Powys Pension Fund	Wales Pension Partnership
Greater Manchester Pension Fund	Redbridge Pension Fund	
Greenwich Pension Fund	Rhondda Cynon Taf Pension Fund	
Gwynedd Pension Fund	Scottish Borders Pension Fund	

London Borough of Hackney Pension Fund 2025-26 Responsible Investment Newsletter



pensions@hackney

 **Hackney**

London Borough of Hackney Pension Fund

Responsible Investment Newsletter 2025-26

Background to the Fund



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The London Borough of Hackney Pension Fund looks after the pension benefits of over 20,000 scheme members who work or have worked for the Council and associated employers, with benefits protected by law.

The Fund has over £2bn of assets which are invested to generate returns. The combination of investment returns alongside employee / employer contributions are used to pay pensions today and in the future.

The Fund takes its responsibilities seriously as an asset owner recognising its accountability to not only generate investment returns but also its broader responsibilities to be a good steward of assets.

Scheme Member Survey*

The Pension Fund surveyed scheme members to get their views on Responsible Investment in January 2025, the output of which has been reflected in the actions and policies of the Fund.

Scheme members said they wanted to see:

- The Fund invest responsibly but also wanted to ensure pensions could be paid;
- Human Rights, Climate Change and Biodiversity were key areas of focus;
- More engagement with companies and the managers it uses.

Taking the views of scheme members into account, the Fund updated its policies, reviewed key themes for engagement and stewardship. The Fund has engaged and challenged its external managers including its investment pool, the London Collective Investment Vehicle to do more to ensure the Fund's voice is heard when it comes to fully integrating responsible investment into the Fund's assets.

Hackney's approach to Responsible Investment

Responsible Investment is a key part of the Fund's approach to fulfilling its fiduciary duty. ESG issues can create financially material risks and opportunities; the Fund aims to manage these risks and generate sustainable, long-term investment returns.

The management of ESG considerations is therefore a fundamental part of the Fund's overarching investment strategy. The Fund believes:

- Environmental, social and corporate governance (ESG) issues can have a material impact on the long-term performance of investments
- The UN Sustainable Development Goals highlight investment risks and potential opportunities
- Engagement with managers, can have a material impact
- Responsible investment is relevant to the performance of the entire Fund across all asset classes.

London Borough of Hackney Pension Fund

Responsible Investment Newsletter 2025-26

Climate Change and Biodiversity

The Fund has been at the forefront of recognising the risks that climate change poses to the Fund's long-term investments and has set targets around climate reduction as well as looking for opportunities to invest in renewable infrastructure and nature.

However, the Fund also recognises the need to invest on a global basis and that net zero by 2050 looks an increasingly distant goal set by the Paris Accord.

This year the Fund completed its first report covering the Taskforce on Climate Related Financial Disclosures (TCFD)* ahead of regulatory requirements for the LGPS.

Other Key Themes

Human Rights was again a key topic with the Fund looking to increase engagement with companies involved in conflict affected areas.

The Fund's investment in local housing to deliver new homes for homeless residents of the Borough saw a number of properties being bought and occupied by those in need.

With the 'Fit for the Future' Changes, the Fund has made a strategic commitment to allocate further capital to local projects to deliver impact for the Borough and surrounding areas and is working with its investment pool to look for opportunities that improve lives as well as delivering financial returns for the Fund.

The Fund was recognised for all the hard work it has done over the year receiving an award for 'Fund of the Year 2025'



Stewardship and Engagement

The Fund was pleased to be recognised by the Financial Reporting Council (FRC) again this year re- confirming its status as a signatory of the UK Stewardship Code.

The Fund has engaged extensively with its external providers not least the Fund's investment pool, the London CIV on a range of ESG matters to better understand the activities undertaken on its behalf.

During the year the Fund also undertook a procurement exercise to appoint a segregated voting provider for its passive funds, further demonstrating its commitment to being active stewards of capital.

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Title of Report	2026/27 - 2027/28 Training Plan Update
For Consideration By	Pensions Committee
Meeting Date	24 June 2026
Classification	Open
<u>Ward(s) Affected</u>	All
<u>Group Director</u>	Naeem Ahmed, Group Director, Finance & Corporate Resources
Report Author	Miriam Adams, Assistant Director Pension Investments and Administration miriam.adams@hackney.gov.uk

1. **Introduction**

- 1.1. Regulation 55A and 55B of the Local Government Pension Scheme (Amendment) (Governance) Regulations 2026 requires that an Administering Authority must prepare a governance strategy, training strategy and conflict of interest policy. The Committee approved the Training Strategy and training topics in March.
- 1.2. A Training Strategy is a document setting out how the Authority will ensure that any persons to whom regulation 55B(1) or (2) applies will meet the knowledge and understanding requirements as set out in paragraph 3 of the regulation.
- 1.3. Since then, the membership of the Pensions Committee has changed. This paper updates the Committee on training topics for 2026/27 and 2027/28:

2. **Recommendations**

- 2.1. **The Pensions Committee is recommended to note the report and appendices.**
- 2.2. **Note the updated Training Topics (Appendix 1)**
- 2.3. **Note the requirement for all Committee Members to complete the Knowledge & Skills Assessment Form**

3. **Reason for the decision and related decisions**

- 3.1. Regulation 55B of the 2026 LGPS (Amendment) (Governance) Regulations 2026 specifies persons to whom the knowledge and understanding requirement applies.

3.2. Pensions Committee meeting - 30 March 2026 - Governance Update

4. **Introduction**

- 4.1. The Local Government Pension Scheme (Amendment) Regulations 2026, effective from 1 April 2026 sets out that Regulation 55A and 55B require Administering Authorities to prepare a Training Strategy. A training strategy is a document setting out how the Authority will ensure that any persons to whom functions have been delegated under the Regulations will reach an appropriate level of 'knowledge and understanding' to meet the requirements of their role. This includes ongoing maintenance of knowledge.
- 4.2. The 2026 Regulations therefore require all members of a pension committee to have appropriate knowledge and understanding relating to their LGPS duties and responsibilities. It is considered appropriate to consider the knowledge and understanding of a committee as an individual requirement, i.e. ensuring that the individual degree of knowledge and understanding is appropriate for the purposes of enabling the individual and therefore the committee as a whole to properly exercise their delegated responsibility on behalf of the Administering Authority.
- 4.3. The 2026 Regulations require that Administering Authorities must be able to demonstrate and explain that the individual knowledge and understanding of each pension committee member, together with the advice available to the committee, enable them to properly exercise their delegated functions.
- 4.4. The Administering Authority must also be able to demonstrate how knowledge will be obtained and maintained, including how they will assess and address skills gaps and seek to increase knowledge. Given the high bar expected of committee members in relation to their knowledge and understanding, the statutory guidance identifies expectations of the pensions committee to include:
- committing to undertake the role for a term of office having the capacity to attend meetings
 - attending and participating constructively in meetings
 - undertaking training and development appropriate to their role and individual needs
 - approaching matters with an open and independent mind, avoiding any predetermination, bias
 - having the confidence to challenge, influence and engage
 - operating within the terms of reference of the committee and the Administering Authority's code of conduct.
- 4.5. The committee is required within a reasonable time after being appointed,

however the degree of knowledge and understanding required is that appropriate to the proper exercise of the functions delegated to the person by the Administering Authority, in accordance with guidance issued by the Secretary of State from time to time.

- 4.6. The Committee approved the Training Strategy in March, since then, the Councillor membership of the Pensions Committee has changed as a result of the local elections which took place on 7 May. The training topics (Appendix 1) have therefore been updated to reflect the requirements of a new Pensions Committee in line with the nine core technical areas identified in the 2026 draft statutory guidance on fund governance.
- 4.7. Training is delivered in various formats including an online learning portal, in person training sessions, workshops, external training and conferences.
- 4.8. The Regulations also require Funds to assess members' knowledge and understanding on an annual basis.

The Pensions Regulator

- 4.9. TPR's General Code of Practice requires those charged with pension scheme governance to have access to the skills and knowledge for carrying out their role effectively.

Markets in Financial Instruments Directive II

- 4.10. Evidence of training will enable the Fund to evidence committee knowledge and understanding which may be required to classify the Fund as a 'professional client'.

5. Financial Implications

- 5.1. The Pensions Committee holds delegated authority for the management of the Pension Fund. While this report presents no immediate financial implications, the training of Committee members constitutes a vital component of the Fund's governance framework. This ensures that individuals tasked with delegated functions under the Regulations attain the requisite "knowledge and understanding" necessary for their roles. Such training, combined with professional guidance from Fund advisors, empowers the Committee to execute its delegated responsibilities through well-informed decision-making.
- 5.2. Oversight and review of the Fund's key Policies and Governance arrangements ensures that the Fund's statutory responsibilities are being met and monies are being used appropriately including ensuring that the Fund is achieving value for money.
- 5.3. The cost of training is budgeted for in the annual budget of the Pension Fund.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by: Deidre Worrell, Director Financial Management
Email: deidre.worrell@hackney.gov.uk
Date: 15th June 2026

6. **Legal Implications**

6.1. Regulation 55 of the Local Government Pension Scheme Regulations 2013 state that an administering authority must prepare a written statement setting out:

- Whether the authority delegates its functions to a committee
- If the authority does so:
 - the terms of the delegation
 - the frequency of the meetings
 - whether the committee includes representatives of Scheme employees and whether they have voting rights
- The extent to which the delegation complies with Secretary of State guidance
- Details of terms, structure and operational procedures relating to the local Pensions Board.

Legal implications prepared on behalf of the Director of Legal, Democratic & Electoral Services by: Georgia Lazari , Team Leader-Places
Email: georgia.lazari@hackney.gov.uk
Date: 15th June 2026

Appendices

Appendix 1 - Updated Training Topics

Appendix 2 - Knowledge & Assessment Form

Background documents

None

2026/27 - 2027/28 PENSIONS COMMITTEE TRAINING PLAN

INTERNAL TRAINING FOR COUNCILLORS	
Training Topic	Date
Induction training – new pensions committee councillors	8 June 2026
Councillors registration - Online self-learning - Hymans LGPS On-line Learning Academy (LOLA) platform	8 June 2026
Pensions Governance - Pensions Committee Roles & Responsibilities	24 June 2026
Pensions Services - Fit for the Future and Pool Oversight	24 June 2026
LCIV - LGPS Training Day Invitation for Councillors (currently limited to 2 spaces but possibility of virtual attendance explored)	13 July 2026 (Venue to be confirmed)
Asset Classes & Asset Allocation - Understanding Responsible Investment	29 June 2026 (virtual)
Asset Classes & Asset Allocation - Understanding Investment Strategy	29 June 2026 (virtual)
Asset Classes & Asset Allocation - Understanding Investment Asset Classes & Types	27 July 2026
Pensions Governance - London CIV	27 July 2026
Pensions Governance - Regulatory background	Inhouse - TBA
Pensions Governance - Key Skills & Behaviours	Inhouse - TBA
Pensions Administration & Communications	Inhouse - TBA
Responsible Investment - Taskforce on Climate-Related Financial Disclosures (TCFD), UK Stewardship Code	22 Sept 2026
Brief Guide to Pension Fund Annual Report, Accounts and Audit Standards	16 Nov 2026
Pensions Governance - Risk Management The Pensions Regulator	Inhouse - TBA
Responsible Investment - Taskforce on Nature-related Financial Disclosures (TNFD)	16 Nov 2026
Investment Master Class - (Investment Strategy, Performance	Inhouse - TBA

& Risk Management)	
Pensions Services - Cyber Security	Inhouse - TBA
Pension Services Procurement, Contract Management	Inhouse - TBA
Pensions Administration - Pensions Scam	Inhouse - TBA
Funding Strategy Master Class	Nov 2027
Actuarial Methods Master Class	June 2027
Pensions Services - Responsible Investment	Inhouse - TBA
Triennial Valuation - Climate Scenario Analysis	Inhouse - TBA
Triennial Valuation - Assumptions, Cash Flow, Asset Liability Modelling	June 2028
CONFERENCES	
Conference Topic	Date
Introducing London CIV to New Councillors (2 member spaces currently allowed, awaiting confirmation of virtual attendance)	13 July 2026 (PM) London
Local Authority Pension Fund Forum (LAPFF) Mid Year Conference	8 July 2026 London
LAPFF Annual Conference	TBA
EXTERNAL TRAINING TOPICS FOR COUNCILLORS	
Training Topic	Date
LGPS Fundamentals - 1 (virtual)	21 and 28 October 2026
LGPS Fundamentals - 2 (virtual)	20 and 27 November 2026
LGPS Fundamentals - 3 (virtual)	9 and 16 December 2026

**London Borough of Hackney Pensions Committee and Pensions Board
Knowledge and Skills Self-Assessment form**

Name:

Committee: Pensions Committee

Role: Committee Member /Substitute Member

Date:

Complete the sections in grey if you require training on the whole subsection otherwise select sections you require training on.

Committee Terms of Reference, Hackney Council Constitution, Key Skills and Behaviours

I have all the knowledge detailed below and do not require additional training	
I would like further training on the areas highlighted below	

Understanding of the Pensions Committee and Pensions Board terms of reference	
Understanding of Conflicts of Interest	
Understanding the role of the Administering Authority	

Legislation & Guidance of the Scheme

I have all the knowledge detailed below and do not require additional training	
I would like further training on the areas highlighted below	

General awareness of the LGPS regulatory framework and laws relating to pensions in the UK	
Awareness of LGPS specific duties and responsibilities	
Awareness of Pension Regulator's General Code of Practice, Pensions Ombudsman	

Governance Framework

I have all the knowledge detailed below and do not require additional training	
I would like further training on the areas highlighted below	

Fiduciary duty	
Understanding of the role of the Administering Authority, Pensions Committee, MHCLG, Local Pensions Board, S151 Officer, Scheme Advisory Board, Asset Pools, Pensions Regulator, Senior LGPS Officer, Fiduciary duty of Pensions Committee	
Awareness of Cyber Security and GDPR	
General understanding of (Markets in Financial Instruments Directive) MIFID II requirements and workings of financial market vehicles available to pension funds	
Awareness of the Public Service Pensions Act 2016 and understanding of the role and powers of the Pensions Regulator	
Awareness of Environmental, Social and Governance (ESG) investment issues	
Understanding of Responsible Investment, shareholder voting and engagement	
Awareness of Climate Change issues and reporting	
Awareness of TCFD issues and reporting	
Awareness of TNFD and nature reporting	
Awareness of the UK Code of Corporate Governance and the Stewardship code	

Risk Management

I have all the knowledge detailed below and do not require additional training	
I would like further training on the areas highlighted below	

Understanding of risk management and responsibilities	
Understanding of key pension fund risks - investment risk, funding risk, employer risk, resource & skill risk, administrative risk, regulatory & compliance risk, reputational risk, cybersecurity risk and other relevant risks	

Investment Objectives, Strategic Asset Allocation, Pooling and Pooling Performance Management

I have all the knowledge detailed below and do not require additional training	
I would like further training on the areas highlighted below	

Awareness of the Investment Strategy Statutory Guidance	
Understanding of Investment Strategy Statement (ISS)	
Understanding of asset allocation and local investment	
Understanding of traditional asset classes – Equities, Bonds, Property	
Understanding of alternatives – Private Equity, Multi-asset credit, Private Debt, Absolute Return Bonds, Hedge Funds, Infrastructure, Property, Residential Housing, Equity Protection, Renewable Energy Infrastructure, Natural Capital	
Awareness of the Fit for the Future roles and responsibilities	
Knowledge of policies and approaches adopted by the LBH Pensions Committee	
Understanding of investment benchmarks	

Financial markets and products knowledge

I have all the knowledge detailed below and do not require additional training	
I would like further training on the areas highlighted below	

Understanding of the role of the structure, operation and purpose of investment pooling arrangements including London CIV	
Knowledge of pool models, roles and responsibilities	
A broad understanding of the workings of the financial markets and of investment vehicles available to the pension fund and the nature of the associated risks	
Awareness of the limits placed by regulation on the investment activities of the LGPS funds	
Awareness of topical investment issues	
Understanding of how the following impact investments interest rate cuts, credit spreads, derivatives, yield curve, inflation	

Pensions Financial Strategy, Management, Accounting, Reporting and Audit Standards

I have all the knowledge detailed below and do not require additional training	
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I would like further training on the areas highlighted below	
--	--

Awareness of the Accounts and Audit regulations and legislative requirements relating to the role of the Committee in considering and signing off the annual report	
Awareness of the role of both internal and external audit in the governance and assurance process	

Pension Services Procurement, Contract Management and Relationship Management

I have all the knowledge detailed below and do not require additional training	
I would like further training on the areas highlighted below	

Awareness of the main public procurement requirements of UK and EU legislation and how they apply to procuring services for local authority Pension Funds	
Awareness of supplier risk management and the nature and scope of risks to be considered when selecting third parties	
Awareness of the role of support services – custodians, investment advisers, independent investment advisers, Independent Person, banks, auditors, pensions administration software providers	

Pensions Administration & Communications

I have all the knowledge detailed below and do not require additional training	
I would like further training on the areas highlighted below	

Understanding of the Fund's Administration Strategy	
Understanding of the LGPS benefit structure	
Understanding of how the Fund maintains accurate scheme member data	
Understanding of discretions	
Understanding of breaches and procedure of reporting breaches	
Understanding of different types of employer including Employer Responsibilities, Employer Exits and Employer Risks Analysis	
Understanding of Pension Communications	

The 2026 Statutory Guidance on Fund Governance requires that administering authorities must be able to demonstrate that the governing bodies must have the knowledge and understanding for governing the scheme. This means that pensions committee and board reporting must demonstrate how knowledge and understanding requirements have been considered and applied when decisions are being discussed or taken during meetings.

Records of attendance at training must be kept ensuring action to raise with the individual is taken where poor attendance is identified.

Responses will be treated as confidential, group training, or 1-2-1 sessions will be arranged as appropriate. **Please return completed forms to miriam.adams@hackney.gov.uk**

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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