



HILLINGDON
LONDON



Pensions Committee

Date: TUESDAY, 9 DECEMBER
2025

Time: 5.00 PM

Venue: COMMITTEE ROOM 5 -
CIVIC CENTRE

**Meeting
Details:** The public and press are welcome
to attend and observe the meeting.

For safety and accessibility, security measures will be conducted, including searches of individuals and their belongings. Attendees must also provide satisfactory proof of identity upon arrival. Refusal to comply with these requirements will result in non-admittance.

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To Members of the Committee:

Reeta Chamdal (Chair)
Kaushik Banerjee (Vice-Chair)
Stuart Mathers
Labina Basit
Peter Smallwood

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Putting our residents first

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Agenda

CHAIRMAN'S ANNOUNCEMENTS

- 1 Apologies for Absence
- 2 Declarations of Interest in matters coming before this meeting
- 3 Minutes of the meeting dated 24 September 2025 1 - 6
- 4 To confirm that items marked Part I will be considered in public and those marked Part II will be considered in private

PART I - Members, Public and Press

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- 7 Investment Strategy and Fund Manager Performance - Part I 13 - 38
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PART II - Members Only

That the reports in Part 2 of this agenda be declared not for publication because they involve the disclosure of information in accordance with Section 100(A) and Part 1 of Schedule 12 (A) to the Local Government Act 1972 (as amended), in that they contain exempt information and that the public interest in withholding the information outweighs the public interest in disclosing it.

- 11 Approve restricted minutes from meeting on 24 September 2025 139 - 144

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Minutes

PENSIONS COMMITTEE

24 September 2025

Meeting held at Committee Room 6 - Civic Centre,
High Street, Uxbridge UB8 1UW



	<p>Committee Members Present: Councillors Reeta Chamdal (Chair), Stuart Mathers and Labina Basit</p> <p>Also Present: Sophie Robinson – Hymans Robertson Craig Alexander – Hymans Robertson Dagmar Dvorak – LCIV Tim Mpofu – LCIV Pete Carpenter – Director of Pensions, Treasury & Statutory Accounts Tony Noakes – Pension Board Member Roger Hackett – Chair of Pensions Board Member Sunny Jheeta – ISIO Andrew Singh – ISIO Catherine Edgecombe - Hampshire County Council Tunde Adekoya – Finance Manager Marian George – Independent Advisor Jack Francis – Kent – Internal Audit Assistant Manager(Pension Board Member)</p> <p>LBH Officers Present: Steve Muldoon – Corporate Director of Finance Pete Carpenter – Director, Pensions, Treasury & Stat Accounts Anisha Teji – Senior Democratic Services Officer Tunde Adekoya – Finance Manager - Pensions & Governance</p>
129.	<p>APOLOGIES FOR ABSENCE (<i>Agenda Item 1</i>)</p> <p>Apologies for absence were received from Councillor Colleen Sullivan and Councillor Kaushik Banerjee.</p>
130.	<p>DECLARATIONS OF INTEREST IN MATTERS COMING BEFORE THIS MEETING (<i>Agenda Item 2</i>)</p> <p>None.</p>
131.	<p>MINUTES OF THE PREVIOUS MEETING (<i>Agenda Item 3</i>)</p> <p>RESOLVED: It was agreed that the minutes of the meeting on 3 June 2025 be confirmed as an accurate record.</p>
132.	<p>TO CONFIRM THAT ITEMS MARKED PART I WILL BE CONSIDERED IN PUBLIC AND THOSE MARKED PART II WILL BE CONSIDERED IN PRIVATE (<i>Agenda Item 4</i>)</p> <p>It was confirmed that agenda items 5 – 9 would be considered in Part I and agenda</p>

	items 10 – 13 would be considered in Part II.
133.	<p>ADMINISTRATION REPORT (<i>Agenda Item 5</i>)</p> <p>The Director of Pensions, Treasury & Statutory Accounts introduced the Pensions Administration & Performance report.</p> <p>It was reported that membership had increased by 17.8%, and all administration cases had met their SLA targets. Portal registration had risen to 53.56%, although 47% of members remained unregistered. Deferred and active benefit statements were delivered on time and the backlog of over 4000 government leave cases was reduced to just 42. Communications were high, with over 3000 calls and 200 digital messages handled. Issues with Capita's new dashboard were expected to cause delays of up to six weeks for all customers however HPS monitored the situation weekly. The team had received six compliments and one complaint, which related to a rejected £30,000 fund transfer due to the absence of the required professional financial advice.</p> <p>RESOLVED: That the Pensions Committee noted the administration update.</p>
134.	<p>INVESTMENT STRATEGY AND FUND MANAGER PERFORMANCE - PART I (<i>Agenda Item 6</i>)</p> <p>The Director of Pensions, Treasury & Statutory Accounts introduced the Investments Strategy and Fund Manager Performance report and highlighted the dashboard produced collaboratively by officers.</p> <p>It was reported that the funding level rose from 128% to 136%, resulting in a £380 million surplus, though this assumed 20 years of continued funding. Liabilities decreased by £20 million, and assets increased to £1.46 billion, a 3.96% rise in market value. Despite strong returns, the fund remained near the bottom of league tables. One year and five year returns were slightly below benchmark, while long-term performance aligned with expectations.</p> <p>Members queried why the fund had only just met its benchmark following years of underperformance and asked what changes had been made or were planned to improve and stabilise returns for long-term sustainability. It was explained that the fund's performance was mostly in line with benchmarks due to a large portion being invested passively and options to improve returns were being considered based on risk appetite. Active managers had struggled because the market was unstable and the benchmarks they used were outdated, especially for fixed income and equity investments. It was also difficult to review certain assets every quarter. The need to spread investments across different areas and improving future performance was emphasised.</p> <p>RESOLVED: That the Pensions Committee noted the funding and performance update.</p>
135.	<p>RESPONSIBLE INVESTMENT (<i>Agenda Item 7</i>)</p> <p>The Finance Manager - Pensions & Governance introduced the item on the Responsible Investments Update.</p> <p>The report provided information on how managers entrusted with the investing Pension</p>

	<p>Fund assets were implementing their Environmental, Social and Governance (ESG) policies and demonstrated their commitment to ensuring it was a cogent part of their investment process.</p> <p>Members heard about two managers who were active in voting and engaging with companies. The London CIV working through a partner, voted on 3929 issues, supporting 84%, voting against 10.4%, and choosing not to vote on 5.5%. The other manager, Legal and General Investment Management, took part in over 8000 meetings and voted on almost 89,000 issues, supporting 75%, opposing 24.8%, and abstaining just 0.1% of the time. Examples of their work with companies like BP and Hershey were noted and the importance of responsible investment practices across environmental, social, and governance areas was emphasised.</p> <p>Two main points were raised by members. First, it was requested that future reports include reasons for votes against resolutions such as environmental, social, governance, or pay-related concerns so that clearer insight could be given to the Committee. Second, a post-meeting update was asked for regarding the pension fund's position on investments linked to Palestine, Gaza, Israel, and illegal settlements, due to concerns from the public and pensioners and guidance from the UN.</p> <p>It was confirmed that advice on the matter was being sought and would be shared with Members once available. It was noted that a summary of fund managers' voting patterns would be included in the next paper.</p> <p>RESOLVED: That that the Pensions Committee:</p> <ol style="list-style-type: none"> 1. Note the fund managers' ESG activities and compliance efforts. 2. Note LCIV & LAPFF activities.
136.	<p>RISK REGISTER REPORT (<i>Agenda Item 8</i>)</p> <p>The Finance Manager - Pensions & Governance introduced the item on the Risk Register Report.</p> <p>The Committee heard how pension fund risks were categorised and managed, with 14 risks split into six "closed" risks that were under control and eight "active" risks being monitored. There had been no changes in classification since the last meeting. The most significant active risk was liquidity for member payments, which was being managed daily through cash flow forecasting, and the fund was currently in a stable position.</p> <p>RESOLVED: That the Pensions Committee:</p> <ol style="list-style-type: none"> 1. Consider and agree the Risk Register in terms of the approach, the specific risks identified, and the measures being taken to mitigate those current risks. 2. Note the revised format and agreed the retired risks and those which remained open.
137.	<p>GOVERNANCE (<i>Agenda Item 9</i>)</p> <p>The Committee considered the Governance report which included the work plan and governance updates. The workplan outlined future discussion items and included an updated appendix and rescheduled policy review dates.</p>

	<p>It was noted that most Members were on track, while new Members on the Committee were still in the early stages of getting up to speed. Key policy reviews and statements were scheduled for future meetings and the timeline for compliance with the General Code of Practice was moved to March 2026 due to changes in the cyber and EDI policies.</p> <p>Officers were thanked for their ongoing work and advance notice of upcoming training sessions was requested to help members plan and meet their required hours. It was confirmed that training opportunities would continue to be communicated and the next session on the investment strategy was expected before the next committee meeting. It was noted that the London CIV would be providing member training as part of its updated service offering from 2026/27.</p> <p>RESOLVED: That the Committee:</p> <ol style="list-style-type: none"> 1. Note the dates for Pensions Committee meetings. 2. Made suggestions for future agenda items, working practices and / or reviews. 3. Note Committee's Continuous Professional Development update 4. Note GCoP Update
138.	<p>APPROVE RESTRICTED MINUTES FROM MEETING ON 03 JUNE 2025 (<i>Agenda Item 10</i>)</p> <p>RESOLVED: That the Committee agreed the Part II minutes from the meeting on 3 June 2025 as an accurate record.</p>
139.	<p>GOVERNANCE PART II (<i>Agenda Item 11</i>)</p> <p><i>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).</i></p> <p>RESOLVED: That the Committee noted the recommendation as detailed in the confidential report</p>
140.	<p>INVESTMENT PART II - STRATEGY REVIEW AND FIT FOR THE FUTURE UPDATE (<i>Agenda Item 12</i>)</p> <p><i>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).</i></p> <p>RESOLVED: That the Committee noted the recommendation as detailed in the confidential report.</p>

141.	<p>PENSION FUND SUPPLIERS (<i>Agenda Item 13</i>)</p> <p><i>This item was discussed as a Part II item without the press or public present as the information under discussion contained confidential or exempt information as defined by law in the Local Government (Access to Information) Act 1985. This was because it discussed 'information relating to the financial or business affairs of any particular person (including the authority holding that information)' (paragraph 3 of the schedule to the Act).</i></p> <p>RESOLVED: That the Committee noted the recommendation as detailed in the confidential report.</p>
	<p>The meeting, which commenced at 5.00 pm, closed at 8.07 pm.</p>

These are the minutes of the above meeting. For more information on any of the resolutions please contact Anisha Teji on ateji@hillingdon.gov.uk. Circulation of these minutes is to Councillors, Officers, the Press and Members of the Public.

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PETITION ON LGPS DIVESTMENT		Item 5
Committee	Pensions Committee	
Contact Officers	Anisha Teji, Democratic Services	
Papers with this report	None.	

REASON FOR ITEM

With the Chair's permission, this item is brought to the Committee following the submission of a petition by local residents and members of the Hillingdon Palestine Solidarity Campaign, requesting that Hillingdon Council divest its pension fund investments from companies alleged to be complicit in violations of Palestinian rights.

RECOMMENDATIONS

That the Pensions Committee notes the petition and submission made by the petition organiser and asks any clarification questions.

INFORMATION

On 30 October 2025 the Council received a petition signed by local residents and members of the Hillingdon Palestine Solidarity Campaign (HPSC) as follows:

"Petition topic

Divestment of the Local Government Pension Scheme (LGPS) fund it administers from, and end procurement contracts with, companies enabling Israel's grave violations of Palestinian rights, including arms companies.

Desired outcome

We, the undersigned, call on the Council to:

1. Commit to divest the Local Government Pension Scheme fund administered by the council from companies complicit in Israel's genocide and apartheid against Palestinians.

These include:

- arms companies supplying Israel with weapons and military technology*
- companies providing infrastructure for Israel's unlawful military occupation of Palestinian land*
- companies conducting business activity in Israel's illegal settlements on stolen Palestinian land*

2. *Use its influence as part of London Collective Investment Vehicle (CIV) to publicly lobby it to divest from companies enabling Israel's human rights abuses.*
3. *Commit to end procurement contracts with companies complicit in Israel's attacks. For example, terminate all banking arrangements with Barclays, which provides substantial financing to companies supplying Israel with weapons used in its attacks on Palestinians."*

The petition received 1,045 signatures from Hillingdon and local residents.

Constitutional Context:

In accordance with the London Borough of Hillingdon's Constitution and Petition Scheme, petitions submitted by residents that fall outside the usual procedures for hearing petitions, may be referred and considered by another appropriate committee responsible for the subject matter. In this case, this is the Pensions Committee.

The lead petitioner will be invited to address the Pensions Committee for up to 5 minutes.

FINANCIAL IMPLICATIONS

None at this time.

LEGAL IMPLICATIONS

None at this time.

Pensions Administration & Performance		Item 6
Committee	Local Pensions Board	
Contact Officers	Tunde Adekoya – Finance Pete Carpenter - Finance	
Papers with this report	None	

REASON FOR ITEM

The provision of administration services for the Hillingdon Pension Fund is delivered in partnership with Hampshire County Council (HCC) through Hampshire Pension Service (HPS) under a section 101 agreement. The agreement includes Key Performance Indicators (KPIs) which are generally consistent with national standards.

The purpose of this report is to update the Pensions Committee on pensions administration activities and the performance of the administration provider against the agreed indicators.

RECOMMENDATIONS

1. That the Pensions Committee note the administration update

INFORMATION

This briefing summarizes the key highlights from the October 2025 Hillingdon Partnership Report.

Key Takeaways

Administration remains strong with full SLA compliance, high portal engagement, and significant progress on year-end tasks and regulatory projects. Outstanding historic casework and McCloud remedy remain key focus areas.

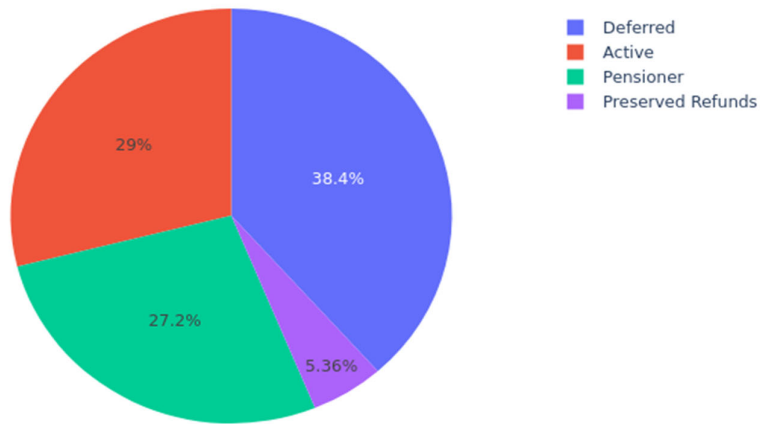
Key Highlights

Membership Growth:

Total members: 32,546 (+18.5% since onboarding on 27 September 2021).

Active: 9,423 | Deferred: 12,513 | Pensioner: 8,866 | Preserved Refunds: 1,744.

Membership Breakdown



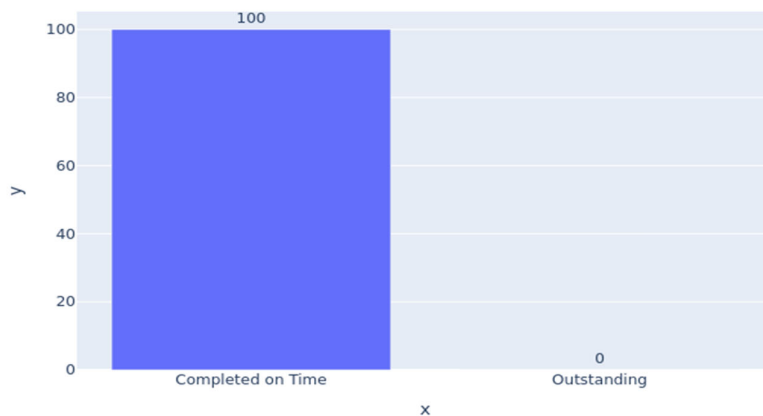
Administration Performance:

100% SLA compliance across all case types in October.

242 cases processed: average completion within SLA.

Outstanding cases: 502, mainly deferred benefits and transfers.

SLA Performance (%)



Customer Engagement:

Calls: 124 received, 99.2% answered, avg wait 61 secs.

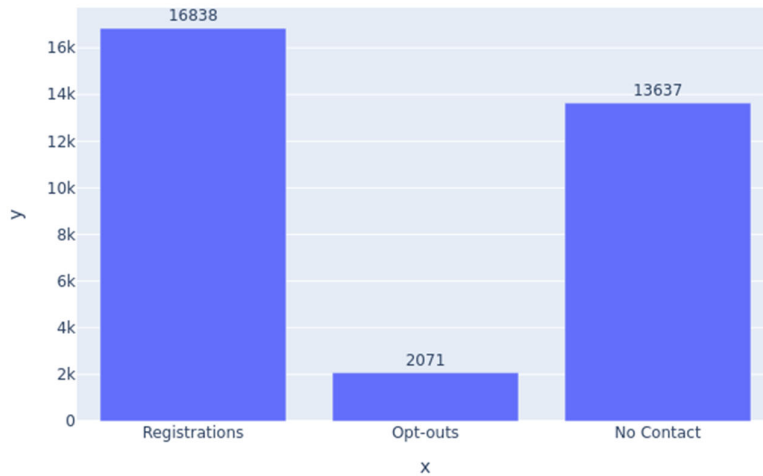
Emails: 5,083 received (163 LBH-specific).

Member Portal: 16,838 registrations (~55% of membership); 81 messages received.

Classification: Public

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Portal Engagement



Employer Services:

114 active employers; 1 exit in October.

Pending changes: 2 exits, 10 admitted bodies, 1 academy conversion.

Employer training and focus group scheduled for November.

Year-End Timetable:

Key milestones:

PDP connection (31 Oct)

Life Certificates & TPR return (30 Nov).

Active benefit statements: 99.65% produced (9,224 of 9,256).

Historic Casework:

Original backlog: 4,161; processed: 3,918; outstanding: 243.

McCloud Remedy:

Deadline extended to Aug 2026; work ongoing.

Pensions Dashboard:

Civica onboarding complete; connection expected end of Nov.

Dashboard public access (DAP) expected in ~1 year.

Classification: Public

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Audit & Compliance:

Member deaths audit: Substantial assurance.

Transfers audit in progress; payroll & cyber audits scheduled Q3/Q4.

No data breaches reported.

Communications:

Employers: None in October.

Members: Portal promotion & newsletter issued.

Compliments & Complaints:

Complaints: 1 | Compliments: 2.

FINANCIAL IMPLICATIONS

Financial implications are included in the body of the report.

LEGAL IMPLICATIONS

Legal implications have been included in the body of the report.

INVESTMENT STRATEGY and FUND MANAGER PERFORMANCE (Part I)	ITEM 7
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Committee	Pensions Committee
Officer Reporting	Tunde Adekoya, Finance Pete Carpenter, Finance
Papers with this report	LCIV Executive Summary 30 September 2025 Hymans Interim Valuation Report 30 September 2025 NT performance report on shared drive LCIV Performance reporting on shared drive

HEADLINES

The Fund officers and LCIV team have worked collaboratively to produce ‘easy to digest’, dashboard executive summary which draws out highlights of the performance and funding position as well as providing an easy access format for additional investment related information and statistics.

Attached is the report for quarter ending 30 September 2025 for review and comment.

RECOMMENDATIONS

It is recommended that Pensions Committee:

- 1. Note the funding and performance update.**

Summary of Key Insights to LCIV Executive Report

Funding & Liabilities:

Funding Level: 146% (up from 136% in Q2).

Assets: £1.54bn (+£100m this quarter).

Liabilities: Reduced by £20m, improving surplus.

Key Assumptions:

Discount Rate: 6.9% p.a.

Pension Increases: 2.1% p.a.

Investment Performance

Quarterly Return: +5.7%, beating benchmark by 0.3%.

Year-to-Date: +8.4%; 3-Year Annualised: +9.6%.

Top Contributors:

LGIM Future World Fund (+2.33%)

LGIM World Developed Equity (+2.16%)

Classification: Public

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LCIV Global Alpha Growth Paris Aligned (+0.43%)

Areas of Underperformance: Opportunistic Dislocation and some Private Debt allocations.

Asset Allocation vs Strategic Target

Global Equities: 57% (+6% overweight).

Property: 13% (+6% overweight).

Multi-Asset Credit: 9% (-3% underweight).

Infrastructure: 5% (-3% underweight).

Index-Linked Gilts: 6% (-1% underweight).

Diversified Growth and Cash slightly overweight; Private Equity remains at 0%.

Market & Economic Context

Global:

U.S. Fed cut rates in September; inflation concerns persist.

U.K. inflation remains high; BoE held rates after July cut.

Markets:

Equities strong, led by tech and consumer discretionary sectors.

Credit spreads at tightest levels in a decade; gilt yields rose amid fiscal uncertainty.

FINANCIAL IMPLICATIONS

The financial implications are contained within the body of the report.

The executive summary report is provided by LCIV without charge.

LEGAL IMPLICATIONS

There are no legal implications in the report.

Classification: Public

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Quarterly Executive Summary

30 June 2025 - 30 September 2025

1 Funding and Liabilities



146%

The Funding level increased by 10% this quarter



£1.04bn

The liabilities decreased by £20m over the quarter.

Source: Hymans actuarial data.

3 Investment Performance



5.7%

The Fund returned 5.7% this quarter.



0.3%

The Fund outperformed its benchmark by 0.3% this quarter

Source: Northern Trust custody data

2 Pension Assets



1.54bn

market value this quarter.



5.44%

increase in market value this quarter

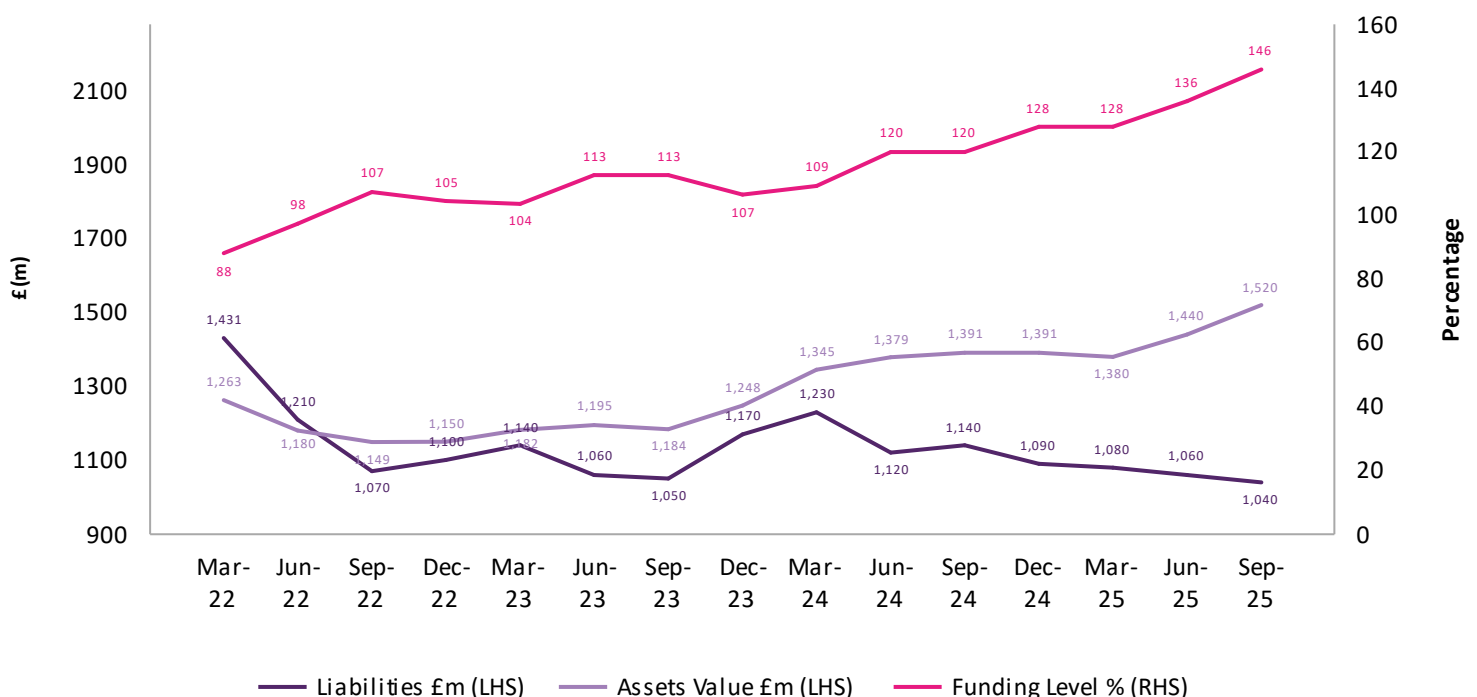
Source: Northern Trust custody data

Assumptions to calculate liabilities	31 Mar 2022	30 Sep 2025
Funding Level (%)	88	146
Deficit/Surplus (£m)	(171)	480
Funding basis	Ongoing	Ongoing
Discount rate (%p.a.)	4.1	6.9
Pension increases (%p.a.)	2.7	2.1

- Salary increases are assumed to be 0.5% above pension increases, plus an additional promotional salary scale.
- Discount rate methodology: Expected returns on the entire strategy over 20 years with a 70% likelihood.
- Pension increase methodology: Expected CPI inflation over 20 years with a 50% likelihood.

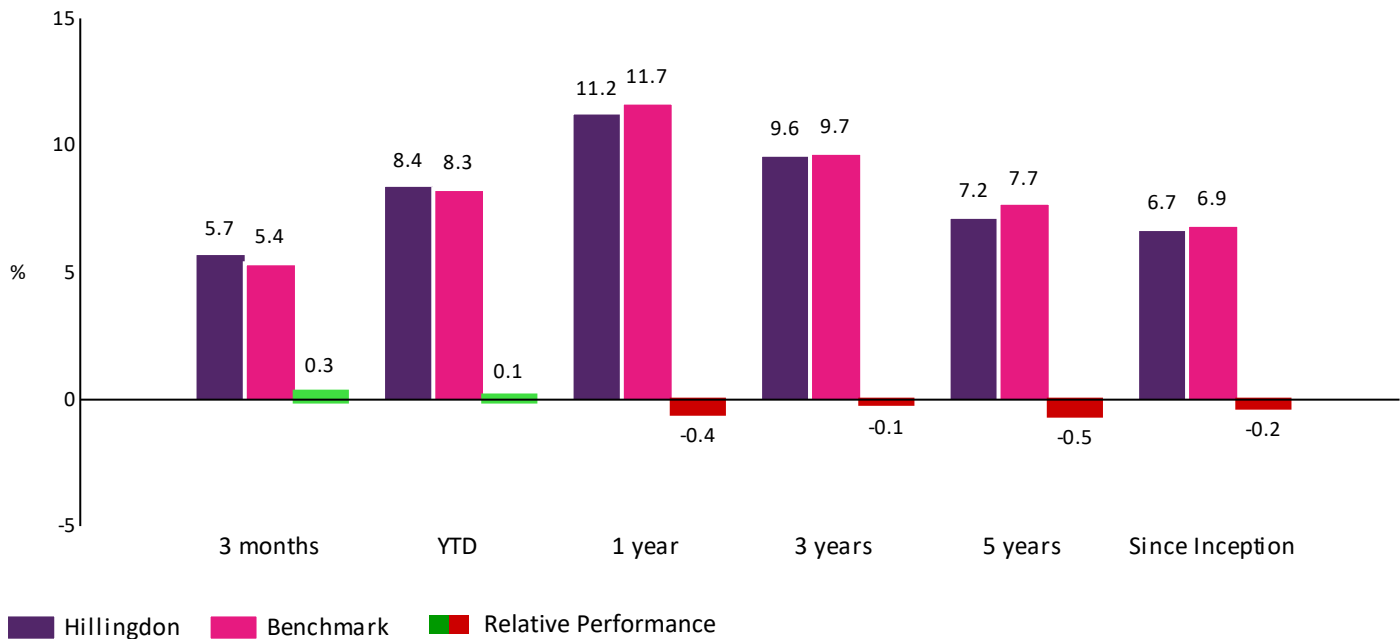
Source: Hymans actuarial data.

Funding Level By Progression



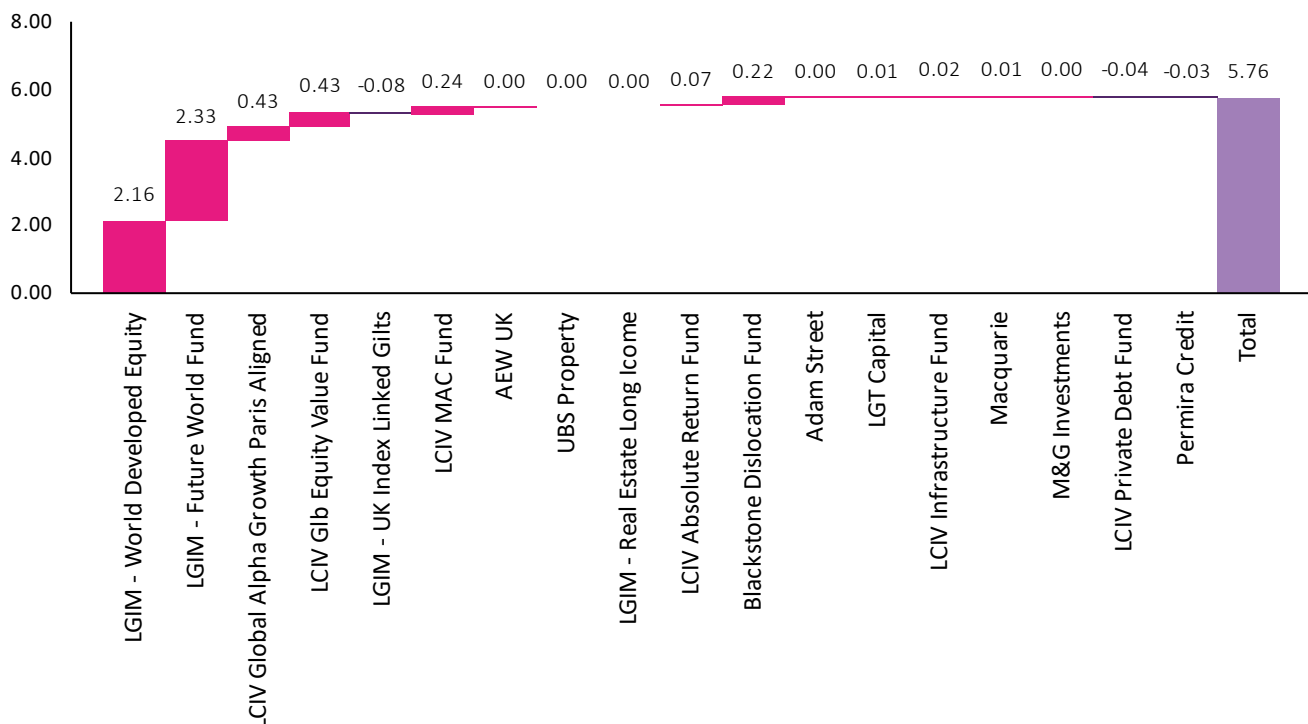
Source: Hymans actuarial data.

Performance: Total Fund vs Benchmark



Source: Northern Trust custody data as of 30 September 2025.
Returns are gross of fees and annualised for periods greater than 1 year.

Manager Contribution to Total Return - Q3 2025



Source: Northern Trust custody data as of 30 September 2025.
Returns are gross of fees.

Commentary

Economies and Markets Update – Q3 2025

Most of the themes that have influenced markets since the start of the year continued in the third quarter of 2025. Although the ceasefire in Gaza was well received by markets, there is no end in sight for the armed conflict in the Ukraine despite ongoing efforts from President Trump and other leaders across the world.

President Trump continued his efforts to bring production back to the U.S. by announcing further tariffs on various countries and products. However, markets have gone weary of his backtracking on new tariff edicts. Furthermore, the President continued to put pressure on the U.S. Central Bank to lower interest rates. In September 2025, the Fed started to lower rates again, gauging the risks to growth as higher than their concerns about inflation. Democrats and Republicans failed to agree on ongoing funding for healthcare leading to a government shutdown – however, this appeared to have a limited impact on markets.

Despite tariff uncertainties, U.S. growth is holding up better than expected. However, inflation dynamics are deteriorating, and unemployment data is showing clear signs of weakness with barely any new jobs created over recent months.

Meanwhile, in the U.K., inflation remains stubbornly high, and markets are awaiting the announcement of the budget in November 2025. In July, the Bank of England cut rates by 0.25% but has since stayed put. However, the European Central Bank remained in “wait-and-see” mode.

Equities

Equity markets have stopped reacting to tariff announcements and continued their trend upwards over recent months. The ‘Magnificent 7’ stocks recovered further but their dominance was less pronounced than was seen in recent years because market breadth has increased somewhat. The composition of the ‘Magnificent 7’ has changed as well with Broadcom replacing Tesla in this group.

Global equity market performance by style (rebased to 100 on 1 September 2021)



Source: Bloomberg, 30 September 2025

Regional performance of equity markets

Regional	Average % Weight in MSCI World Index	Q3 2025 Return	% Contributions to the return index
Asia Pacific	8.11	9.14	0.74
North America	75.39	10.13	7.60
Western Europe	16.25	5.51	0.92

Regional performance of equities in Q3 (GBP terms, MSCI Classifications and based the MSCI World Index)

Source: Bloomberg, 30 September 2025

In line with growth equities performing strongly so did U.S. equity markets. Strong performance could also be seen in Emerging Markets; after years of underperformance relative to Developed Markets they are profiting from a weaker U.S. Dollar and relatively attractive valuations. The U.K. equity market lagged again mainly due to its bias towards value stocks.

Equity market performance by sector

The theme of growth vs. value fed through into sector performance. Consumer discretionary, information technology and communications companies led the pack again. Defensive stocks such as consumer staples underperformed, but industrial and materials companies posted solid gains as can be seen in the table below.

Sector	Average % Weight in MSCI World Index	Q3 2025 Return	% Contributions to the return index
Communication Services	8.49	12.67	1.06
Consumer Discretionary	10.29	10.43	1.07
Consumer Staples	5.77	-0.14	0.00
Energy	3.48	8.30	0.29
Financials	16.99	7.40	1.27
Health Care	9.28	4.96	0.48
Industrials	11.31	6.66	0.76
Information Technology	26.59	14.35	3.73
Materials	3.23	10.57	0.34
Real Estate	1.97	4.75	0.10
Utilities	2.60	7.26	0.19

Sector performance of equities in Q3 (GBP terms, MSCI Classifications and based the MSCI World Index)

Source: Bloomberg, 30 September 2025

Fixed Income and Currencies

The U.S. Dollar traded sideways over the quarter after sharp weakness earlier in the year. The Fed rate cuts and the government shutdown did not have any meaningful impact on the currency unlike in previous episodes where the U.S. Dollar was sold when shutdowns were announced.

Trade-weighted U.S. Dollar

Trade-weighted U.S. Dollar

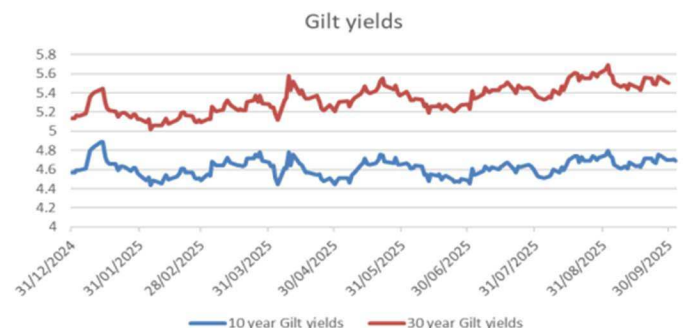


Source: Bloomberg, 30 September 2025

Bond yields had a more volatile quarter. In the U.S. they trended lower after the Fed cut rates and the government shutdown was announced. This was in contrast to Gilt yields in the U.K. which ended the quarter up. Stubbornly high inflation and uncertainty around the budget were the main drivers. Concerns are rising around increased issuance at a time when U.K. corporate defined benefit pension plans are reducing their holdings and questions remain as to which other investors could step in to provide liquidity.

30 year real yields in the U.K. peaked at around 2.60% in early September before settling at 2.40% at the end of the quarter. Those are levels last seen in the 1990s.

UK Gilts: 10 year nominal and breakeven rates and real yields



Source: Bloomberg, 30 September 2025

Credit spreads followed the general risk appetite in markets and continued to tighten over the quarter. Levels are now at their tightest for nearly 10 years.

Investment Manager Monitoring

Most of the actively managed equity funds posted strong returns in absolute terms in the third quarter.

The Sub-funds which follow a 'growth' style of investing also performed well in absolute terms. Although they lagged their benchmark indices in Q3, the margins of underperformance were small. The LCIV Global Alpha Growth Fund and LCIV Global Alpha Growth Paris Aligned Fund were the standout performers. These Sub-funds gained 9.1% and 9.0% respectively, only slightly less than the returns earned in Q2, and both of the Sub-funds are ahead of the MSCI All Country World Index in the year to date.

One of the themes in equity markets in Q3 was the improved performance of relatively cyclical industrial and financial services stocks, helped by the rate cut by the U.S. Federal Reserve and the perception that the central bank would tolerate 'sticky' inflation in a bid to support growth.

This worked to the advantage of the LCIV Global Equity Value Fund, which gained 8.7%. Although the Sub-fund lagged its benchmark index, it outperformed the MSCI All Country World Value Index and is ahead of that Index in the year to date.

LCIV MAC Fund gained 2.6% in the third quarter, 0.4% more than the cash plus 4.5% target.

The multi-asset funds performed well in the third quarter, capturing gains made in the equity, credit and precious metal markets to varying degrees, whilst guarding against downside risks in segments of the capital markets which are perceived to be overvalued.

The LCIV Absolute Return Fund was up +2.9% in Q3 and has made a gain of 8.5% in the year to date, almost 3% more than the cash + 3% target for the Sub-fund. The investment manager has adjusted the portfolio dynamically, profited from the surge of gold and other precious metals and ensured that the Sub-fund remains sensibly balanced so that it captures some of the upside in periods when sentiment is positive in the equity markets.

Fund Modifications

London CIV continues to advance the development of multi-manager equity strategies. Drawing on the Prospects lists of investment managers we have developed this year, we are designing products to play specific roles in Partner Fund portfolios. These products will aim to achieve their investment objectives consistently by capturing style and other factors in a balanced way through allocations to investment managers who pursue complementary strategies. We are aiming to share our plans with Partner Funds before the end of this year.

At the time of writing, we were working on in-depth reviews of the LCIV MAC Fund (managed by CQS and PIMCO) and the LCIV Alternative Credit Fund (CQS). We will complete these reviews in Q4. We will also initiate another review of the LCIV Absolute Return Fund.

Outlook

This year has been marked by armed conflict, humanitarian crises and rapid changes in government policy. Western economies have withstood these challenges in terms of growth, but at the cost of a marked deterioration in the strength of government finances. Corporations have also been resilient in terms of earnings growth, partly because they have been able to pass input price inflation through to consumers. Central banks, including the U.S. Federal Reserve, have signalled that they will tolerate inflation above target levels to help support growth, prompted by the deterioration in employment statistics.

The positive dynamic in the outlook for corporate earnings, and the overall strength of corporate balance sheets, is

reflected in extended levels of valuation in the equity and credit markets. Investors appear to have become indifferent to changes in tariff policies and developments which could have a material impact on growth, such as the shutdown of the U.S. government and further tax increases in the Autumn Budget in the U.K., not to mention the long-term effects of poor fiscal discipline and the rising cost of interest payments on government debt.

In short, risks to asset prices look high, but this has been a challenge for an extended period now. We encourage Partner Funds to allow for alternative economic outcomes, positive and negative, when considering the sources of risk in their pension funds. The potential benefits of diversification extend beyond high-level asset allocations to sub-segments of the equity and debt markets presenting complementary economic drivers, and different approaches to capitalising on opportunities and managing risk.

Manager Performance

Asset Class / Fund Name	Weight	3 Months (%)		1 Year (%)		3 Years p.a. (%)		Since Inception p.a. (%)		
		Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Inception Date
Global Equities	57.8									
LGIM - Future World Fund	24.0	9.8	9.7	17.6	17.2	16.7	16.4	11.9	11.6	23 Sep 2020
LGIM - Global Equities	24.0	9.1	9.2	17.6	17.8	18.3	18.6	10.5	10.7	31 Oct 2016
LCIV Global Equity Value Fund	5.0	8.7	9.9	0.0	0.0	0.0	0.0	9.2	15.1	28 Oct 2024
LCIV Global Alpha Growth Paris Aligned Fund	4.8	9.0	9.8	16.0	19.8	13.2	19.3	3.1	14.5	22 Apr 2021
Property	12.6									
LCIV/CBRE Indirect Real Estate	12.0	0.8	0.6	0.0	0.0	0.0	0.0	0.6	0.2	25 Apr 2025
AEW UK	0.6	0.0	1.2	7.3	6.8	6.0	(2.4)	5.9	5.1	30 Jun 2014
Multi-Asset Credit	9.2									
LCIV MAC Fund	9.2	2.6	2.1	7.6	8.8	8.5	9.1	7.5	8.9	26 May 2022
Index Linked Gilts	6.4									
LGIM - UK ILG	6.4	(1.3)	(1.3)	(7.8)	(7.8)	(5.2)	(5.2)	(2.6)	(2.5)	22 Feb 2017
Infrastructure	4.7									
LCIV Infrastructure Fund	4.1	0.5	1.7	5.4	7.3	7.1	7.6	5.8	5.7	14 Nov 2019
Macquarie	0.5	1.7	1.7	9.6	7.3	11.9	7.6	9.4	4.5	30 Sep 2010
Private Debt	4.6									
LCIV Private Debt Fund	4.0	(1.0)	1.5	8.0	6.0	9.9	6.0	7.4	6.0	16 Nov 2021
Permira	0.6	(5.0)	1.9	3.6	8.3	7.5	8.6	7.2	5.8	30 Nov 2014
M&G Investments	0.0	9.9	1.9	10.1	8.3	(15.8)	8.6	1.6	5.5	31 May 2010
Diversified Growth	2.4									
LCIV Absolute Return Fund	2.4	2.9	1.0	5.3	4.6	2.0	4.7	4.9	1.5	28 May 2010
Opportunistic Dislocation	2.1									
Blackstone Dislocation Fund	2.1	10.7	3.6	11.2	15.3	0.0	0.0	4.3	15.3	27 Mar 2024
Private Equity	0.2									
Adam Street	0.1	3.4	10.5	3.0	21.4	(13.3)	20.3	5.4	0.0	31 Jan 2005
LGT	0.1	6.7	10.5	10.3	21.4	1.1	20.3	10.0	0.0	31 May 2004

Source: Northern Trust custody data as of 30 September 2025

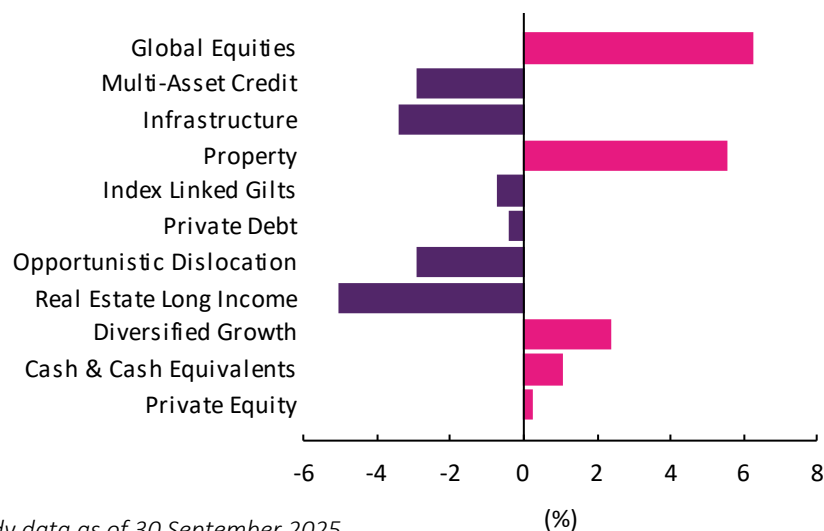
Returns are gross of fees and annualised for periods greater than 1 year.

Asset Allocation

Asset Class	Strategic Asset Allocation (%) 31 December 2023	Actual Asset Allocation (%) 30 June 2025	Actual Asset Allocation (%) 30 September 2025	Change in Asset Allocation (%) Quarter on Quarter	Actual Asset Allocation (%) 30 September 2025 vs Strategic Asset Allocation (%)
Global Equities	51	55	57	2	+6
Multi-Asset Credit	12	9	9	(0)	-3
Infrastructure	8	5	5	(0)	-3
Property	7	13	13	(1)	+6
Index Linked Gilts	7	7	6	(0)	-1
Private Debt	5	5	5	(0)	-0
Opportunistic Dislocation	5	2	2	(0)	-3
Real Estate Long Income	5	0	0	0	-5
Diversified Growth	0	2	2	(0)	+2
Cash & Cash Equivalents	0	1	1	(0)	+1
Private Equity	0	0	0	(0)	+0

Source: Northern Trust custody data as of 30 September 2025

Actual Asset Allocation vs Target Allocation by Asset Class As of 30 September 2025



Source: Northern Trust custody data as of 30 September 2025

Asset Allocation Changes - Q3 2025

Asset Class	Market Value 30 June 2025 (£'m)	Net contribution* (£'m)	Income (£'m)	Appreciation (£'m)	Market Value 30 September 2025 (£'m)
Global Equities	806	-	-	75	881
Property	191	-	1	1	193
Multi-Asset Credit	137	-	5	(1)	140
Index Linked Gilts	98	-	-	(1)	97
Infrastructure	71	(1)	1	-	71
Private Debt	70	2	2	(3)	71
Diversified Growth	35	-	-	1	36
Opportunistic Dislocation	32	(3)	-	3	32
Cash & Cash Equivalents	18	(2)	-	-	16
Private Equity	3	-	-	-	3
Real Estate Long Income	-	-	-	-	-
Total	1,460	(4)	9	75	1,540

Source: Northern Trust

* Net contributions include cash contributions/distributions, securites/receipts, fee/fee rebates, inter account transfers for consolidations and benefit payments. Copied history of backloaded data may not display the correct contributions/withdrawals creating misrepresentation.

Assessment Framework

As of 30 September 2025

ACS Sub-Fund	LCIV Global Alpha Growth Paris Aligned Fund	LCIV Global Equity Value Fund	LCIV Absolute Return Fund
Investment Manager	Baillie Gifford	Wellington	Ruffer
Skills tests			
Resourcing			
Investment process			
Responsible investment and engagement			
Risk Management			
Enabling tests			
Business Management			
Strategy Execution			
Skills proposition: overall rating	2	1	2
Value proposition: rating	3	N/A	3

Private Markets Fund	LCIV Infrastructure Fund	LCIV Private Debt Fund	LCIV Private Debt Fund
Investment Manager	Stepstone	Churchill	Pemberton
Skills tests			
Resourcing			
Strategy and investment process			
RI and engagement			
Risk management			
Deployment			
Business Management			
Skills proposition: overall rating			
Value proposition: rating			

Source: London CIV.

Value Proposition: Rating of Sub-Funds		Skills Proposition: Overall Rating of investment managers
Rating	Key / Definition	Key / Definition
1	Achieving objectives. Formal annual reviews of Skills factors and regular monitoring cadence and intensity.	Best in class capabilities, robust investment, RI and risk management processes. Expected to achieve objectives. Add to Prospects list, prioritise for selection for LCIV funds.
2	Not achieving objective, underperforming benchmark or reference index; Areas of potential improvement flagged and monitored through regular updates and formal annual reviews of Skills factors.	Strong capabilities and processes, room for improvement in certain criteria which are flagged and monitored. Expected to achieve objectives. Eligible for Prospects lists and LCIV funds.
3	Not achieving objective, underperforming benchmark or reference index, trend in rolling 3 and 5-year relative performance * is improving; in-depth review of Skills factors triggered and repeated every 6 months (at least). Monitoring intensified. Action points and milestones agreed. EIC reviews progress every quarter.	Skill assessment identifies shortcomings which could hinder achievement of objectives. Position at risk. Not eligible for Prospects lists, selection for LCIV funds or allocations of additional capital. Monitoring intensified. Action points and milestones agreed with investment manager and communicated to investors. EIC reviews progress every quarter.
4	Not achieving objective, underperforming benchmark or reference index, trend in rolling 3 and 5-year relative performance * is static or negative; Skills factors reassessed and challenged by EIC. Actions and milestones agreed and communicated to investors.	Serious concerns about capabilities and/or execution of key processes. Not expected to achieve objectives. Initiate manager termination process.

* Since inception data used if performance record does not extend to 3 or 5 years.

Disclaimer

Important information

London LGPS CIV, Fourth Floor, 22 Lavington Steet, London, SE1 0NZ

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About London CIV

London LGPS CIV Limited ('London CIV'), established in 2015 by London Local Authorities manages London Local Government Pension Scheme ('LGPS') assets. London CIV is one of eight U.K. LGPS asset pooling companies. The London Boroughs and City of London who are the 32 Shareholders, are also our clients ('Partner Funds').



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Appendix

Asset Allocation

Asset Class / Fund Name	Market Value (30 June 2025) £m	Net Contributions £m	Income £m	Fees £m	Appreciation £m	Market Value (30 September 2025) £m	Weights (%) (30 June 2025)	Weights (%) (30 September 2025)	Change in weights (%)	Strategic Asset Allocation (%) 31 Dec 2023	Asset Allocation vs Strategic Asset Allocation (%) 31 Dec 2023
Global Equities	806	-	-	-	75	881	55	57	2.04	51	6
LCIV Global Alpha Growth Paris Aligned Fund	67	-	-	-	6	73	5	5	0.16		
LCIV Global Equity Value Fund	70	-	-	-	6	76	5	5	0.15		
LGIM - Future World Fund	334	-	-	-	33	366	23	24	0.94		
LGIM - Global Equities	335	-	-	-	30	365	23	24	0.79		
Index Linked Gilts	98	-	-	-	(1)	97	7	6	-0.43	7	-
LGIM - UK ILG	98	-	-	-	(1)	97	7	6	-0.43		
Multi-Asset Credit	137	-	5	-	(1)	140	9	9	-0.25	12	(3)
LCIV MAC Fund	137	-	5	-	(1)	140	9	9	-0.25		
Property	191	-	1	-	1	193	13	13	-0.56	7	6
LCIV NEW UK	9	-	-	-	-	9	-	-	-0.03		
LCIV/CBRE Indirect Real Estate	182	-	1	-	1	183	12	12	-0.53		
UBS Property	0	-	1	-	-	-	-	-	-0.00		
Real Estate Long Income	-	-	-	-	-	-	-	-	-	5	(5)
LGIM - LPI Income Property	-	-	-	-	-	-	-	-	-		
Diversified Growth	35	-	-	-	1	36	2	2	-0.06	-	2
LCIV Absolute Return Fund	35	-	-	-	1	36	2	2	-0.06		
Private Equity	3	-	-	-	-	3	-	-	-0.00	-	-
Adam Street	2	-	-	-	-	2	-	-	-0.00		
LGT	1	-	-	-	-	1	-	-	0.00		
Infrastructure	71	(1)	1	-	-	71	5	5	-0.26	8	(3)
LCIV Infrastructure Fund	63	(1)	1	-	-	63	4	4	-0.24		
Macquarie	8	-	-	-	-	8	-	-	-0.03		
Private Debt	70	2	2	-	(3)	71	5	5	-0.18	5	-
LCIV Private Debt Fund	60	2	2	-	(3)	61	4	4	-0.11		
M&G Investments	0	-	-	-	-	-	-	-	0.00		
Permira	10	-	-	-	-	9	-	-	-0.07		
Cash & Cash Equivalents	18	(2)	-	-	-	16	1	1	-0.20	-	1
Non-custody	18	(2)	-	-	-	16	1	1	-0.20		
Opportunistic Dislocation	32	(3)	-	-	3	32	2	2	-0.10	5	(3)
Blackstone Dislocation Fund	32	(3)	-	-	3	32	2	2	-0.10		
Total	1,460	(4)	9	-	75	1,540	100	100			

Source: Northern Trust custody data as of 30 September 2025

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London Borough of Hillingdon Pension Fund

Funding update report at 30 September 2025

This report is addressed to the Administering Authority of the London Borough of Hillingdon Pension Fund (the Fund). This document should be read in conjunction with the fund's current Funding Strategy Statement.

The purpose of this report is to provide the funding position of the London Borough of Hillingdon Pension Fund as at 30 September 2025 and show how it has changed since the previous valuation at 31 March 2022. This report has not been prepared for use for any other purpose and should not be so used. The report should not be disclosed to any third party except as required by law or regulatory obligation or with our prior written consent. Hymans Robertson LLP accept no liability where the report is used by or disclosed to a third party unless such liability has been expressly accepted in writing. Where permitted, the report may only be released or otherwise disclosed in a complete form which fully discloses the advice and the basis on which it is given.

The figures presented in this report are prepared only for the purposes of providing an illustrative funding position and have no validity in other circumstances.

This report also contains the data and assumptions underlying the results and the reliances and limitations which apply to them.

Surplus/(deficit)

£0.48bn

+£0.65bn vs last valuation

Funding level

146%

+58% vs last valuation

Required return

4.4%

-0.5% vs last valuation

Return likelihood

92%

+32% vs last valuation

Results

Funding position update

The table on this page shows the estimated funding position at 30 September 2025 on the Fund's Ongoing basis (as defined in the Fund's FSS). The table also shows what future investment return would be required for the Fund to be 100% funded, along with the likelihood of the investment strategy achieving this return. The equivalent results at 31 March 2022 on the Ongoing basis are shown for comparison. An increase in the likelihood corresponds to an improvement in the funding position (and vice versa).

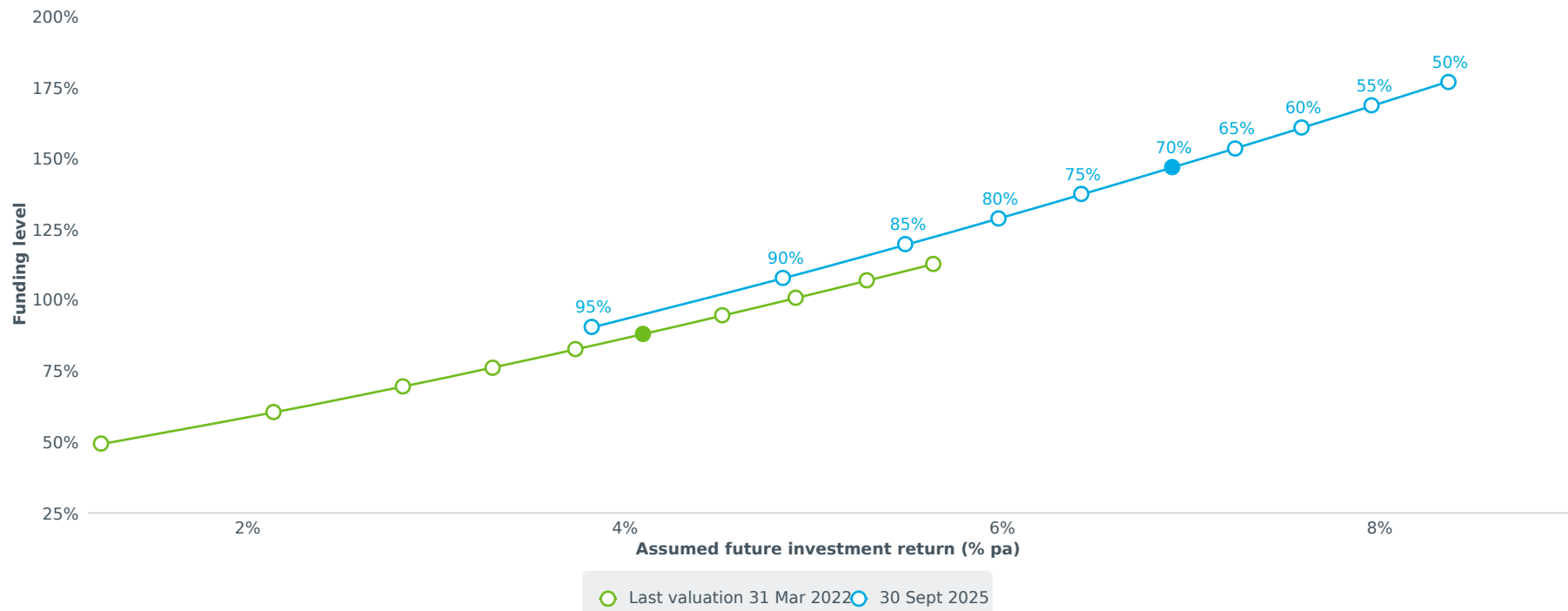
Please note that the asset value at 30 September 2025 shown in this report may differ to the actual asset value at that date. The asset value in this report is an estimate based on a rollforward from 31 March 2022 using estimated cashflows (see section A2) and estimated investment returns (see section A3). This approach ensures the asset value is consistent with the liabilities and gives a more reliable estimate of the funding position than if the actual asset value was used.

Monetary amounts in £bn		Ongoing basis	
		31 March 2022	30 September 2025
	Assets	1.26	1.52
	Active members	0.39	0.32
	Deferred pensioners	0.37	0.23
Liabilities	Pensioners	0.67	0.48
	Total liabilities	1.43	1.04
	Surplus/(deficit)	(0.17)	0.48
	Funding level	88%	146%
	Required return (% pa)*	4.9%	4.4%
	Likelihood of achieving this return	60%	92%

* Future investment return for funding level to be 100%

Understanding the funding level

To help better understand the funding level, the chart below shows how the funding level varies with the assumed rate of future investment returns at 31 March 2022 and 30 September 2025. The percentages next to each point on the lines show the likelihood of the investment strategy achieving that return at the respective date (for further details see section A5). The solid-coloured point indicates the funding level on the Fund's chosen assumptions.



Funding level progression

The chart below shows how the funding level has progressed between 31 March 2022 and 30 September 2025. It allows for changes in market conditions and other factors described in Appendix B.



Next steps

Change in funding level since the last valuation is to be expected due to the volatile nature of both the Fund's assets and liabilities. However, understanding the factors underlying the change may help inform the Fund's ongoing monitoring of its funding strategy and risk management.

The results at 30 September 2025 in this report are estimates based on rolling forward the fund's funding position from 31 March 2022. You should understand the methodology and limitations of this approach described in Appendices B and C, and that factors such as changes to the investment strategy and membership profile may not be fully reflected in the results. No decisions should be made solely on the results in this report.

Please get in touch with your Hymans Robertson contact if you wish to discuss the results in this report further.

Appendix A - Data and assumptions

A.1 Membership data

The membership data underlying the figures in this report was supplied by the fund for the purpose of the valuation at 31 March 2022 and is summarised below:

31 March 2022	Number	Avg. age	Accrued benefit (£k pa)	Payroll (£k pa)
Active members	8,691	53.2	23,167	152,450
Deferred pensioners	12,903	53.1	20,151	
Pensioners and dependants	7,675	69.6	42,417	

Average ages are weighted by liability.

The membership is assumed to evolve over time in line with the demographic assumptions described in the Fund's FSS. Please see Appendix A for details of the rollforward methodology which includes the estimated changes in membership data which have been allowed for.

A.2 Cashflows since the valuation at 31 March 2022

We have allowed for the following cashflows in estimating the assets and liabilities at 30 September 2025.

Estimated cashflows (£k)	31 March 2022 to 30 September 2025
Employer contributions	153,320
Employee contributions	38,185
Benefits paid	189,098

Cashflows are assumed to be paid daily. Contributions are based on the estimated payroll, certified employer contributions (including any lump sum contributions) and the average employee contribution rate at 31 March 2022. Benefits paid are projections based on the membership at 31 March 2022.

A.3 Investment returns since the valuation at 31 March 2022

Investment strategy	Actual/ index	From	To	Return
Whole fund	Actual	1 April 2022	30 September 2025	20.28%

The total investment return for the whole period is 20.28%.

A.4 Financial assumptions

Assumption	31 March 2022	30 September 2025
Funding basis	Ongoing	Ongoing
Discount rate (% pa)	4.1%	6.9%
Pension increases (% pa)	2.7%	2.1%

Salary increases are assumed to be 0.5% pa above pension increases, plus an additional promotional salary scale.

For further details on the methodology used to derive the assumptions, please see the Fund's FSS.

A.5 Demographic assumptions

Life expectancy (years)	Ongoing basis	
	Male	Female
Pensioners	22.3	24.8
Non-pensioners	23.0	26.1

Life expectancies are from age 65 and are based on the Fund's membership data at 31 March 2022. Non-pensioners are assumed to be aged 45 at that date. All other demographic assumptions are the same as at the most recent valuation at 31 March 2022.

Appendix B - Technical information

B.1 Funding update methodology

The last formal valuation of the fund was carried out as at 31 March 2022. The results in this report are based on rolling forward the results of the last formal valuation to 30 September 2025 using approximate methods. The roll-forward allows for:

- estimated cashflows over the period as described in section A.2
- investment returns over the period (estimated where necessary) as described in section A.3
- changes in financial assumptions as described in section A.4
- estimated additional benefit accrual.

The CARE, deferred and pensioner liabilities at 30 September 2025 include a total adjustment of 10.3% to reflect the difference between actual September CPI inflation values (up to 30 September 2024) and the assumption made at 31 March 2022. The adjustment for each year's actual inflation is applied from 31 October 2024 that year, cumulative with prior years' adjustments, which may lead to step changes in the funding level progression chart.

In preparing the updated funding position at 30 September 2025, the membership is assumed to have changed since 31 March 2022 in line with the demographic assumptions described in the Fund's FSS. No allowance has been made for any other changes. The principal reason for this is that insufficient information is available to make any such adjustment. Significant membership movements, or any material difference between estimated inputs and actual experience, may affect the reliability of the results. The Fund should consider whether any such factors mean that the roll forward approach may not be appropriate.

No allowance has been made for any early retirements or bulk transfers since 31 March 2022. There is also no allowance for any changes to Local Government Pension Scheme (LGPS) benefits except where noted in the formal valuation report or Funding Strategy Statement.

Where the Fund has moved to a different funding basis since 31 March 2022 this may give rise to step changes in the funding level on the date of the change.

B.2 Sensitivity of results to assumptions

The results are particularly sensitive to the real discount rate assumption (the discount rate net of pension increases) and the assumptions made for future longevity.

If the real discount rate used to value the accrued liabilities was lower then the value placed on those liabilities would increase. For example, if the real discount rate at 30 September 2025 was 1.0% pa lower then the liabilities on the Ongoing basis at that date would increase by 16.6%.

In addition, the results are sensitive to unexpected changes in the rate of future longevity improvements. If life expectancies improve at a faster rate than allowed for in the assumptions then, again, a higher value would be placed on the liabilities. An increase in life expectancy of 1 year would increase the accrued liabilities by around 3-5%.

Appendix C - Reliances and limitations

The report should not be disclosed to any third party except as required by law or regulatory obligation or with our prior written consent. Hymans Robertson LLP accept no liability where the report is used by or disclosed to a third party unless such liability has been expressly accepted in writing. Where permitted, the report may only be released or otherwise disclosed in a complete form which fully discloses the advice and the basis on which it is given.

The last formal valuation of the fund was carried out as at 31 March 2022 and this report relies upon the results of that valuation. The reliances and limitations that applied to that valuation apply equally to these results. The results of the valuation have been projected forward using approximate methods. The margin of error in these approximate methods increases as time goes by. The method may not be appropriate if there have been significant data changes since the previous formal valuation (for example redundancy exercises, significant unreduced early retirements, ill health retirements and bulk transfers). The methodology assumes that actual experience since the valuation at 31 March 2022 has been in line with assumptions.

The data used in this exercise is summarised in section 3. Data provided for the purposes of the formal valuation at 31 March 2022 was checked at the time for reasonableness and consistency with other sources. Data provided since then (eg actual investment returns) has been used as-is.

The data is the responsibility of the Administering Authority and the results rely on the data.

The results in this schedule are based on calculations run on 23 October 2025 using the data set out in section 3. Any other factors coming to light after this report was prepared have not been allowed for and could affect the results. If any data has materially changed since 23 October 2025 the results could be materially different if they were recalculated.

Some financial assumptions may be based on projections from our Economic Scenario Service (ESS) model which is only calibrated at each month-end. Results between month ends use the latest available calibration, adjusted in line with the movement in market conditions. This adjustment is approximate and there may be step changes at month-end dates when a new ESS monthly calibration is factored in.

The methodology underlying these calculations mean that the results should be treated as indicative only. The nature of the fund's investments means that the surplus or deficit identified in this report can vary significantly over short periods of time. This means that the results set out should not be taken as being applicable at any date other than the date shown.

During periods of high market volatility, actual asset returns may differ more significantly from the market index returns we use to estimate them from day to day. This means that estimated asset values will be less reliable in such periods, particularly at dates not coinciding with periods of known returns. If you want to make a decision based on your current funding position, we strongly recommend you get an up to date valuation from your asset manager and speak to your Hymans Robertson LLP consultant.

As with all modelling, the results are dependent on the model itself, the calibration of the underlying model and the various approximations and estimations used. These processes involve an element of subjectivity and may be material depending on the context. No inferences should be drawn from these results other than those confirmed separately in writing by a consultant of Hymans Robertson LLP.

Decisions should not be based solely on these results and your Hymans Robertson LLP consultant should be contacted to discuss any appropriate action before any is taken. Hymans Robertson LLP accepts no liability if any decisions are based solely on these results or if any action is taken based solely on such results.

Data used directly or indirectly in the preparation of these results may have been sourced from third parties, including Bloomberg and iBoxx (IHS Markit).

This report complies with the relevant Technical Actuarial Standards.

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RESPONSIBLE INVESTMENTS UPDATE

ITEM 8

Committee	Pensions Committee
Officer Reporting	Babatunde Adekoya, Finance
Papers with this report	Full manager voting - Shared drive. LGIM Engagement Report Q2 2025 – Shared drive LAPFF Engagement Report Q2 2025 – Shared drive

HEADLINES

Environmental, Social, and Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of an investment in a company or business. These criteria help to better determine the future financial performance of companies (return and risk).

The purpose of this report is to provide information on how managers entrusted with investing the Pension Fund assets are implementing their ESG policies and demonstrate their commitment to ensuring it is a cogent part of their investment process.

In addition, the report details the progress on the UK Stewardship Code project, policy updates and other relevant information.

RECOMMENDATIONS

It is recommended that Pensions Committee:

- 1. Note the fund managers' ESG activities and compliance efforts**
- 2. Note LCIV & LAPFF activities**

SUPPORTING INFORMATION

Voting and Engagement

Fund managers carry out proxy voting on the Pension Fund's behalf. Below is a breakdown of voting statistics by LGIM, and London CIV (Ruffer, Wellington and Baillie Gifford).

Fund Managers Voting Breakdown Q3, 2025						
LCIV		Meetings	Resolutions	Votes With	Against	Abstention/non -voting
	Sep-25					
LCIV - Ruffer		10	202	182	17	3
LCIV - Baillie Gifford		8	103	84	16	3
LCIV - Wellington		6	87	80	6	1
		24	392	346	39	7
	%			88.27	9.95	1.79
LGIM		Meetings	Resolutions	Votes With	Against	Abstention
	Jun-25	2,551	19,352	13,922	5,186	244
		2,551	19,352	13,922	5,186	244
	%			71.94	26.80	1.26

The volume of meetings attended, and resolutions voted on by all the fund managers shown above, encapsulates their commitment to ESG issues and demonstrates alignment of their stewardship activities with their own investment beliefs, policies, and guidelines. Through this approach, they seek to be active owners on behalf of their clients, by encouraging good governance and a high standard of corporate practices.

The voting breakdown above indicates LGIM have voted against proposed management resolutions on 27% of voting opportunities and supported resolutions on approximately 72% of occasions. The London CIV, through three equities portfolio managers, Wellington and Baillie Gifford, absolute return manager, Ruffer combined to back various management resolutions on 88% of voting opportunities and about 10% against the resolutions proposed by company managements. Abstentions for LGIM and LCIV were 1.26% and 1.79% respectively.

The snapshots below further contextualise the voting patterns and issues addressed with voting decisions by the managers above.

Global - Q3 2025 voting summary

Shareholder-proposed resolutions:						
Proponent/Category	For	Against	Abstain	For %	Against %	Abstain %
Shareholder	275	123	0	69%	31%	0%
Company Articles	7	2	0	78%	22%	0%
Director Election	165	66	0	71%	29%	0%
Director Related	7	30	0	19%	81%	0%
Compensation	0	8	0	0%	100%	0%
Social	5	2	0	71%	29%	0%
E&S Blended	2	1	0	67%	33%	0%
Miscellaneous	11	7	0	61%	39%	0%
Non-Routine Business	63	4	0	94%	6%	0%
Audit Related	3	2	0	60%	40%	0%
Environmental	8	0	0	100%	0%	0%
Routine Business	1	0	0	100%	0%	0%
Corporate Governance	3	1	0	75%	25%	0%

How L&G voted	Number of votes	% Aligned management recommendations
For	13922	99.8%
Against	5186	4.4%
Abstain	244	97.1%

Number of	Values
Resolutions	19352
AGM Resolutions	12449
EGM Resolutions	6903
AGM	1259
EGM	1292
Meetings	2551

Most popular resolutions	Number of resolutions
Elect Director	4722
Accept Financial Statements and Statutory Reports	1098
Elect Director (Cumulative Voting or More Nominees Than Board Seats)	907
Approve Auditors and Authorize Board to Fix Their Remuneration	886
Amend Articles/Bylaws/Charter - Organization-Related	876

Number of companies where L&G voted:	Value
In Total	2187
For in all resolutions	712
Against or Abstain in at least one resolution	1475

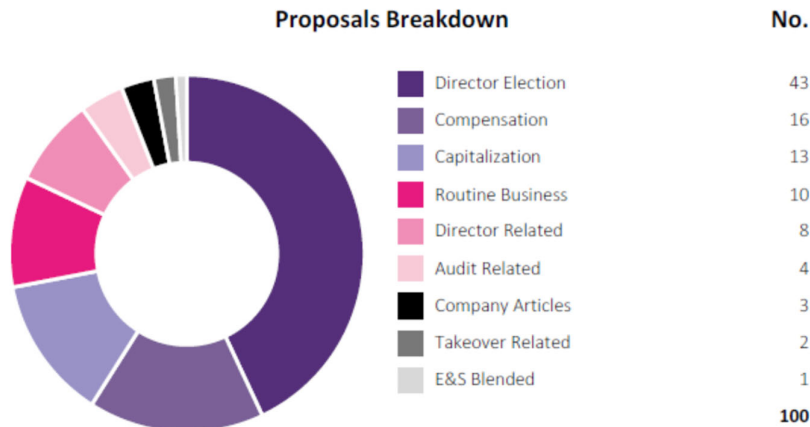
Voting data shown is "For" and "Against" the resolution. Please note that for shareholder resolutions, a vote "For" the resolution is a vote against management. We aim to keep abstentions to a minimum. Where there are no legal or practical impediments, we vote on our clients' investments across all developed and emerging markets globally, where possible.

Source: L&G, as at 30 September 2025.

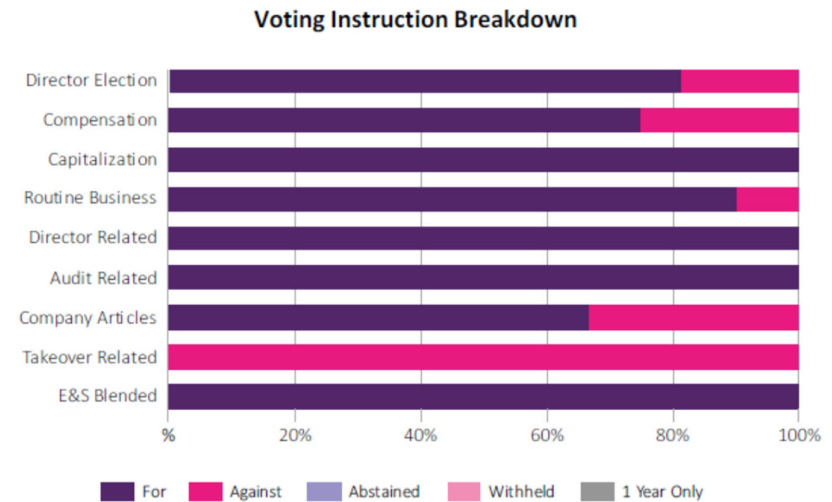
Classification: Public
Pensions Committee 09 December 2025

Voting Summary

As stewards of capital, exercising voting rights is an important part of our responsibility towards our Client Funds' ESG objectives. We believe that voting on shareholder resolutions is a powerful part of our stewardship strategy as it helps communicate our views to companies. Being transparent about disclosing our voting records further supports this aim. London CIV's stewardship provider Hermes EOM and investment managers are expected to vote on all proxies considering the impact of ESG factors to ensure shareholder value is maximised. London CIV monitors voting records on a quarterly basis and expects Hermes EOS and managers to be able to provide a rationale for all voting activity on a "comply or explain" basis. The following charts give an overview of voting activity for this quarter (1 July 2025 - 30 September 2025).



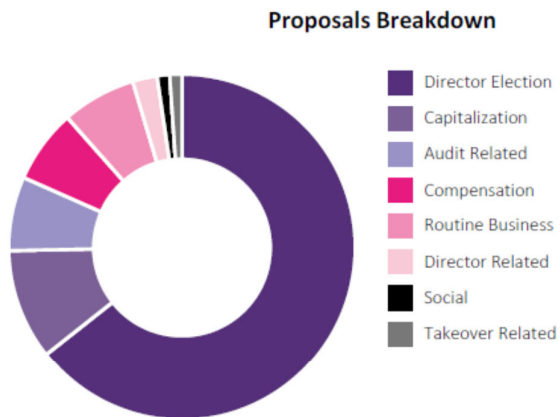
Source: London CIV data as at 30 September 2025



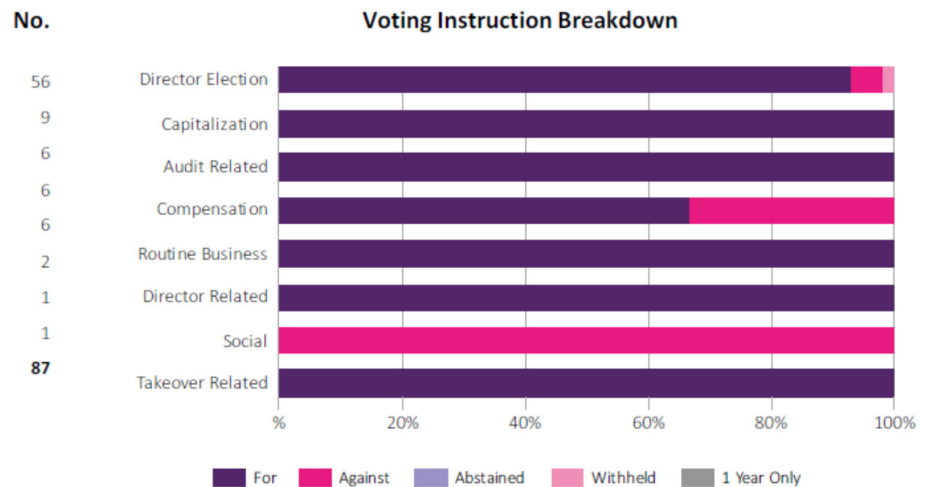
Source: London CIV data as at 30 September 2025

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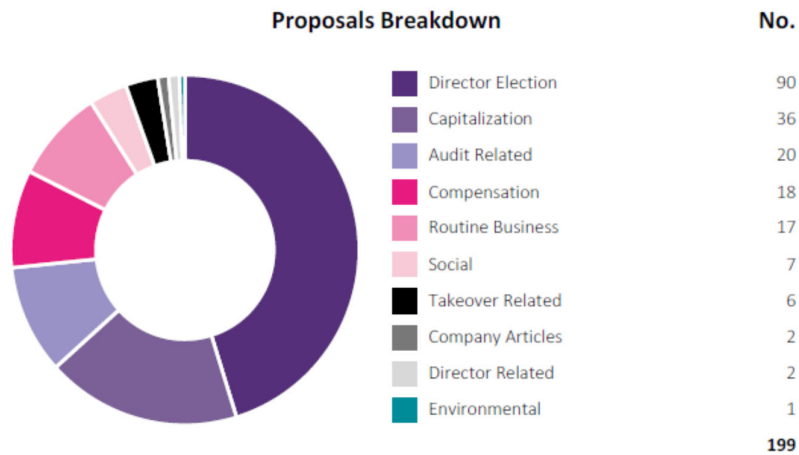
Source: London CIV data as at 30 September 2025



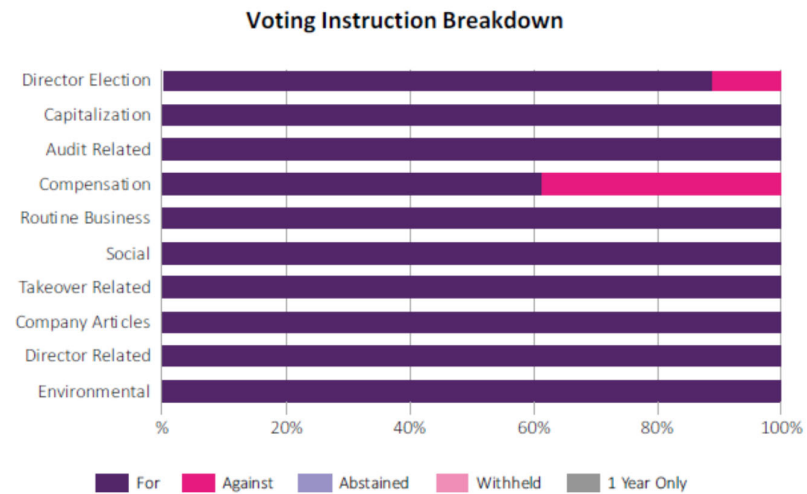
Source: London CIV data as at 30 September 2025

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Source: London CIV data as at 30 September 2025



Source: London CIV data as at 30 September 2025

Engagement

ESG factors play an increasingly important role in determining the performance of certain assets. Pension Fund asset managers, as part of their ESG commitments undertake various engagement activities in their holistic approach in making investment decisions. These activities aim to affect changes within invested companies where it is deemed necessary or to complement existing practices.

LGIM

Holding boards to account

To be successful, companies need to have people at the helm who are well equipped to create resilient long-term growth. By voting and engaging directly with companies, LGIM encourages management to control risks while seeking to benefit from emerging opportunities. The manager aims to safeguard and enhance clients' assets by engaging with companies and holding management to account for their decisions. Voting is an important tool in this process, and one which they use extensively.

Creating sustainable value

LGIM believe it is in the interest of all stakeholders for companies to build sustainable business models that are also beneficial to society. They work to ensure companies are well-positioned for sustainable growth, and to prevent market behaviour that destroys long-term value. Their investment process includes an assessment of how well companies incorporate relevant ESG factors into their everyday thinking. The manager engages directly and collaboratively with companies to highlight key challenges and opportunities, and support strategies that seek to deliver long-term success.

Promoting market resilience

As a long-term investor for its clients, it is essential that markets (and, by extension, the companies within them) can generate sustainable value. In doing so, LGIM believe companies should become more resilient amid change and therefore, seek to benefit the whole market. They use their influence and scale to ensure that issues affecting the value of clients' investments are recognised and appropriately managed. This includes working with key policymakers, such as governments and regulators, and collaborating with asset owners to bring about positive change across markets.

Global Investment Stewardship themes

LGIM Investment Stewardship activity is structured around six core themes:

- Climate: Keeping 1.5°C alive
- Nature: Supporting a world that lives in harmony with nature, recognising the economic value of natural capital
- People: Improving human capital across the corporate value chain

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Pensions Committee 09 December 2025

- **Health:** Safeguarding global health to limit negative consequences for the global economy
- **Governance:** Strengthening accountability to deliver stakeholder value
- **Digitisation:** Establishing minimum standards for how companies manage digitisation-related risks

The manager believes these themes are financially material to their clients' portfolios, often pose systemic risks and opportunities, and cover areas where LGIM as an asset manager can influence change.

Engagement Focus

LAPFF

During the quarter LAPFF engaged various companies worldwide on issues covering all aspects of ESG during the quarter under review.

Below are three examples of their engagement activities in Q2 2025.

Environmental

HEIDELBERG & CRH

Objective: A focus of the meetings with the cement companies has been to assess the credibility of the company's decarbonisation strategies. Key areas of discussion included the deployment of Carbon Capture and Storage (CCS), substitution of clinker (a key cement ingredient and the main source of CO₂ emissions in cement production) and the development of alternative low-carbon technologies, particularly to address the industry's reliance on fossil fuels for kiln heating. The engagement with Heidelberg Materials emphasised the role of CCS, given Heidelberg's plans to operate one of the first full-scale CCS plants in Norway. Additional focus was placed on broader emissions-reduction measures, including energy transition, process innovation, and climate risk management. Overall, these meetings aimed to ensure that both companies demonstrate progress towards reducing emissions in line with LAPFF's expectations. Particular attention was given to the cost implications, transparency, and scalability of CCS and other abatement options.

Achieved CRH: CRH reported progress in advancing CCS capabilities in France, with funding secured and government partnerships in place. A cautious but deliberate approach is being taken, ensuring projects provide both return on investment and a learning pathway for future deployment (e.g. Tarmac CCS). The Forum heard where the company were in terms of clinker factor and alternative fuel use. The company had reduced its clinker factor to 75.9% in 2024, while alternative fuels reached 47% globally (55% in the EU). CRH continues to prioritise clinker substitution and alternative fuels through EcoRec (Europe) and Sapphire (North America). The company has a Safety, Environment & Social Responsibility (SESR) Committee which oversees climate targets. The SESR board committee meets five times annually, including a meeting to review performance

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against decarbonisation milestones. ESG topics receive significant board attention, with deep dives into decarbonisation, circularity, water and workforce engagement.

While in the last meeting with CRH, the company expressed concerns with the risk of European producers being undercut by imports of emissions intensive cement, this year CRH expressed confidence in the EU Carbon Border Adjustment Mechanism (CBAM) and Emission Trading System (ETS) reform, noting the trial phase has been effective and timelines are being respected. The company confirmed 15% of long-term incentives remain linked to ESG metrics (net zero, sustainable products growth, inclusion & diversity), while 20% of short-term incentives are now ESG-linked.

Achieved Heidelberg: The Forum met with Heidelberg in Q3 2025 for the first time after some previous correspondence. The Forum was interested to hear how Heidelberg delivered the first full-scale CCS project in the cement sector, at its Brevik plant in Norway. The plant captures CO₂ and stores it under the North Sea. The company described the success as a “moon landing” achievement which marks a unique industry-first after more than a decade of development. The Forum raised questions on the real-life implications and operational practicality of decarbonisation in the plant, after reading Brevik is expected to capture 400,000 tonnes of CO₂ annually from 2025, including around 50% of its own plant emissions. Heidelberg confirmed it is working with DNV (Danske Veritas) as an independent auditor to verify CCS performance, including permanent CO₂ storage and blockchain-based carbon accounting, to avoid any risk of greenwashing. Heidelberg also remarked that it is the only cement producer with an average clinker ratio below 70% and has upgraded its target to 64% by 2030. The company acknowledged that roughly 40% of clinker volumes are already under carbon pricing. Heidelberg emphasised that achieving its KPIs provides a cost advantage versus competitors, especially under CBAM.

Social

LVMH Moët Hennessy Louis Vuitton (LVMH)

Objective: LAPFF has undertaken a series of engagements with luxury goods manufacturers to encourage better practice and disclosures on how the sector manages human rights risks. LVMH has had two Maison subsidiaries in Italy placed under court administration: Dior in 2024, and more recently Loro Piana in July 2025. LAPFF focused this engagement on a deep dive into the company’s audit and remediation processes, specifically examining the Loro Piana case, having discussed Dior during a previous meeting.

Achieved: LVMH provided further details regarding how the issue at Loro Piana had been uncovered, and the ongoing work being undertaken to enhance its human rights due diligence. LVMH noted that there were parts of this process that it was unable to publicly report due to the court administration order. However, the company was able to provide reassurance to LAPFF that its audit programme was working as intended.

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LAPFF had previously written to LVMH suggesting inclusions for its upcoming standalone human rights policy and reiterated that LVMH should make a clear commitment to the UN Guiding Principles on Business & Human Rights, with detailed, transparent disclosures on how risks were being prevented and mitigated.

Governance

Executive Remuneration

Infineon

Objective: During Q3, LAPFF intensified its engagement with listed companies across Europe and the U.S., following a wave of significant shareholder dissent on remuneration during the 2025 AGM proxy season. These conversations focused on uncovering key drivers behind investor opposition and assessing how companies are responding to mounting shareholder concerns. By probing both the rationale for dissent and the corrective actions being considered, LAPFF sought to gain a clearer picture of governance practices and the extent to which boards are aligning executive pay with long-term shareholder value.

Achieved: LAPFF has an established history of engagement with German manufacturer Infineon, having previously met with the Chair in 2021 on climate change. More recently, investor attention has shifted towards remuneration. At its February 2025 shareholder meeting, 43.32% of shareholders voted against the company's remuneration report – a sharp increase from 12.3% in 2023 and just 1.01% in 2024. Although the proposal passed, the scale of dissent signalled growing investor concern. In response, the supervisory board has introduced several changes to the remuneration structure. ESG targets remain at 20%, while the former 80% TSR weighting has been halved: 20% is now measured against a defined semiconductor peer group, and 20% against the DAX. The remaining 40% is tied to Infineon's Target Operating Model, setting profitability and cash flow goals to close the gap with peers, the company reported that this has been well received by investors. Further governance changes include removing the discretionary short-term incentive (STI) modifier, extending the LTI period from four to five years with an additional holding requirement, broadening malus and clawback clauses, and phasing out change of control provisions in management contracts. On quantum, the supervisory board has proposed staged increases of 27% for the CEO and 13% for other directors, concentrated in variable pay, with base pay unchanged. Benchmarking against semiconductor peers were cited as the rationale, with the board arguing that more competitive pay is necessary to attract and retain senior talent in a highly specialised market.

FINANCIAL IMPLICATIONS

ESG initiatives included within the Pension Fund budget.

LEGAL IMPLICATIONS

Legal implications are included in the report.

Classification: Public

Pensions Committee 09 December 2025

Pension Fund Risk Register		Item 9
Committee	Pension Committee	
Officer Reporting	Pete Carpenter - Finance Tunde Adekoya, Finance	
Papers with this report	Pension Fund Risk Register Open & Closed Risk Matrix	

HEADLINES

The purpose of this report is to identify to the Pension Committee the main risks to the Pension Fund and to enable them to monitor and review risks going forward (see appendices).

RECOMMENDATIONS

It is recommended that Pensions Committee:

- **Consider and agree the Risk Register in terms of the approach, the specific risks identified, and the measures being taken to mitigate those current risks.**
- **Note the format agreeing the retired risks and those which remain open**

SUPPORTING INFORMATION

Risk Register

The Council's risk management software, JCAD, permits all 14 risks to be classified into two categories, open and closed risks.

The software allows risks that are being managed as, day-to-day, business as usual items, to be retired but maintained in the background as a record. In the event the risk requires active management it can then easily be re-introduced. Whilst open risks are constantly monitored and reviewed every three months, to ensure the status are still aligned with the risk measurement.

Attached are two reports covering open and retired/closed risks:

Closed risks being managed as business as usual or tolerated include:

- PEN 1 - Fund assets fail to deliver returns in line with the anticipated returns underpinning the valuation
- PEN 2 - Inappropriate long-term investment strategy

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- PEN 3 - Active investment manager under-performance relative to benchmark
- PEN 4 - Inflation - Pay and price inflation significantly more than anticipated
- PEN 5 - Pensioners living longer
- PEN 6 - Poor Performance of Outsourced Administrator
- PEN 8 - ESG - Risk of financial loss through the negative impact of ESG matters

Risks which remain open, and which are actively being managed Include:

- PEN 7 - Cyber Security
- PEN 9 - Liquidity on asset management - risk of failure to liquidate assets or meet drawdown calls
- Pen 10 - Liquidity on members dealings - risk that the fund is unable to settle member payments
- PEN 11 - Failure of the pool in management of funds / access to funds
- PEN 12 - Failure of the Fund's governance to comply with statutory requirements
- PEN 13 - Key officer risk
- PEN 14 - Failure of employers to deliver accurate and timely employee administration information

All seven open risks remain static from the previous quarter.

The significance of risks is measured by interaction of the likelihood of occurrence (likelihood) and by the potential damage that might be caused by an occurrence (impact). The risks are also RAG (Red, Amber, Green) rated to identify level. Scoring is included in the attached Risk Matrix.

FINANCIAL IMPLICATIONS

The financial implications are contained in the risk register attached.

LEGAL IMPLICATIONS

The legal implications are contained in the risk register attached.

Risk Ref	Risk Title and Description	Causes	Consequences	Status	Risk Owner	Review Date	Risk Category	Last Review Date	Last Reviewed By	Review Comments	Directorate	Service	Risk Type	Created Date	Current Rating	Controlled Profile	Controlled Rating	Uncontrolled Profile	Uncontrolled Rating
PENS0024	PEN 7 - Cyber Security	Inappropriate cyber protection, ongoing management and contingency planning leading to vulnerabilities.	Los of data Ransom demands Non delivery of statutory service	Static	Tunde Adekoya	01/12/2025	IT & Technology	01/09/2025 01:00	Tunde Adekoya	Risk Reviewed - No Changes Required PEN 7 - Cyber Security	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	8 E1		8 E1		8
PENS0009	PEN 9 - Liquidity on asset management - risk of failure to liquidate assets or meet drawdown calls	Lack of notice given for drawdown Poor cashflow management	Unable to meet trades Financial penalties Overdraft fees	Static	Tunde Adekoya	20/01/2026	Financial	20/10/2025 01:00	Tunde Adekoya	Risk Reviewed - No Changes Required PEN 9 - Liquidity on asset management - risk of failure to liquidate assets or meet drawdown calls	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	8 F1		4 E1		8
PENS0010	Pen 10 - Liquidity on members dealings - risk that the fund is unable to settle member payments	Cashflow negative (Payments greater than income) Poor cashflow management	Non payment of pensions Negative impact on pensioners Reputational damage Fines	Static	Tunde Adekoya	01/12/2025	Financial	01/09/2025 01:00	Tunde Adekoya	Risk Reviewed - No Changes Required Pen 10 - Liquidity on members dealings - risk that the fund is unable to settle member payments	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	4 E3		4 E3		4
PENS0011	PEN 11 - Failure of the pool in management of funds / access to funds	Lack of interest in common fund launch Poor CIV governance Government intervention	Lack of diversity in investment Inability to meet pooling requirement Unable to meet any changing in ISS requirements	Static	Tunde Adekoya	04/02/2026	Financial	04/11/2025	Tunde Adekoya	Risk Reviewed - No Changes Required PEN 11 - Failure of the pool in management of funds / access to funds	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	12 E1		8 E1		8
PENS0017	PEN 12 - Failure of the Fund's governance to comply with statutory requirements	New General CoP needs gap analysis and rectification GMP moral vs regulatory requirement Knowledge gaps resulting in ineffectiveness of Committee and/or Board	Fund by TPR for non code compliance Not delivering best practice in accordance with the new code TPR/DLUHC action taken against the Fund for not GMP non compliance Poor decisions and/or	Static	Tunde Adekoya	04/02/2026	Statutory Service Provision	04/11/2025	Tunde Adekoya	Risk Reviewed - No Changes Required PEN 12 - Failure of the Fund's governance to comply with statutory requirements	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	6 E4		2 D3		6
PENS0016	PEN 13 - Key officer risk	Small team with specialist knowledge in each role. Limited capacity for succession planning.	Non delivery of service statutory requirements Agency staff costs to cover any vacant position.	Static	Tunde Adekoya	04/02/2026	Statutory Service Provision	04/11/2025	Tunde Adekoya	Risk Reviewed - No Changes Required PEN 13 - Key officer risk	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	6 E4		2 B3		10
PENS0015	PEN 14 - Failure of employers to deliver accurate and timely employee administration information	Poor outsource contract management by employers Poor performance of outsourced service providers Inadequate payroll reporting by Hillingdon Council Lack of ownership by employers	Inaccurate pension records Reporting of employers to TPR - and subsequent ramifications (Fines) Incorrect pensions being paid Pensions payment not processed efficiently Additional pension administration costs	Static	Tunde Adekoya	04/02/2026	Statutory Service Provision	04/11/2025	Tunde Adekoya	Risk Reviewed - No Changes Required PEN 14 - Failure of employers to deliver accurate and timely employee administration information	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	8 F4		1 A3		12

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Risk Ref	Risk Title and Description	Causes	Consequences	Status	Risk Owner	Risk Category	Directorate	Service	Risk Type	Created Date	Current Rating	Controlled Profile	Controlled Rating	Uncontrolled Profile	Uncontrolled Rating
PENS0020	PEN 01 - Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation	Market and economic environment not conducive to asset performance. Incorrect asset allocation. Underperforming fund managers.	Reduced asset value. Reduced funding level. Increase in employer contributions.	Closed/Tolerated	Tunde Adekoya	Financial	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	29/05/2024	12 D1		12 D1		12
PENS0021	PEN 02 - Inappropriate long-term investment strategy	Incorrect asset allocation and fund manager selection. Incorrect manager decisions	Increased employer contributions. Reduced investment returns vs passive strategy	Closed/Tolerated	Tunde Adekoya	Financial	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	29/05/2024	12 E1		8 D1		12
PENS0019	PEN 03 - Active investment manager under-performance relative to benchmark	Incorrect market environment for their Strategy Key staff loss	Lower returns / funding level Increased employer contributions	Closed/Tolerated	Tunde Adekoya	Financial	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	29/05/2024	12 D1		12 D1		12
PENS0023	PEN 04 - Inflation - Pay and price inflation significantly more than anticipated	Global and national market/geo political environment causing higher inflation. Incorrect BoE actions to rectify	Increased pension payments / cashflow negative Reduced asset values & increased negative actuarial assumptions reduce funding level Discount rate may be higher which could improve funding level	Closed/Tolerated	Tunde Adekoya	Financial	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	29/05/2024	12 E1		8 D1		12
PENS0018	PEN 05 - Pensioners living longer	Improvements in longevity	Pension costs exceeding forecast Reduced funding level	Closed/Tolerated	Tunde Adekoya	Financial	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	6 E2		6 E2		6
PENS0025	PEN 06 - Poor Performance of Outsourced Administrator	Poor service delivery of outsource partner Poor contract management Lack of action when improvements	Non delivery of pension payments Non compliance with pension regulations	Closed/Tolerated	Tunde Adekoya	Statutory Service Provision	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	6 F2		3 E2		6
PENS0022	PEN 8 - ESG - Risk of financial loss through the negative impact of ESG matters	Negative ESG influences creating an environ	Reduced asset value Reduced funding level	Closed/Tolerated	Tunde Adekoya	Financial	Finance Directorate	Statutory Accounting, Investments & Pensions	Operational	30/05/2024	0		0		0

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GOVERNANCE Part I

Item 10

Committee	Pensions Committee
Officer Reporting	Pete Carpenter, Finance Tunde Adekoya, Finance
Papers with report	Pension Committee Workplan Pension Committee Training Log Draft Funding Strategy Statement Revised Internal Dispute Resolution Procedure Guide Revised Pensions Administration Strategy Statement

HEADLINES

This report is to enable the Pension Committee to review the Committee workplan, note governance updates as well as approval of various triennial and interim policy updates.

RECOMMENDATIONS

That the Committee:

1. **Note the dates for Pensions Committee meetings.**
2. **Note Committee Work Plan**
3. **Note Committee's Continuous Professional Development update**
4. **Note GCoP Update**
5. **Note and Approve Draft Funding Strategy Statement for Consultation**
6. **Note and Approve Revised Internal Dispute Resolution Procedure Guide**
7. **Note and Approve Revised Pensions Administration Strategy Statement**

SUPPORTING INFORMATION

The Pension Committee workplan has been updated and is now shown as an appendix to this report. The policies listed below have been rescheduled for review at the dates next to each policy to ensure that they are in line with triennial valuation and responsibly manage Pensions committee agenda items.

Conflicts of Interests Policy – March 26

Training Policy – March 26

Responsible Investment – March 26

Committee are asked to review the workplan and make suggestions for consideration and inclusion.

Agreed future meeting dates:
24 March 2026

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Training

In line with the required competencies set out by the CIPFA Knowledge and Skills Framework, Pension Committee members should have a general understanding of areas associated with their LGPS fiduciary role. Upcoming changes in legislation are expected to enforce the need for training and will make it a regulatory requirement for Pension Committee members.

To monitor progress against this requirement a log of member training is shown below. As a foundation requirement, Pension Committee members are asked to complete the AON CIPFA Knowledge & Skills Framework sessions.

Pensions Committee Continuous Professional Development Log 2025/26

Attached to this paper is the updated training log for all Pensions Committee members detailing training undergone during 2025/26.

General Code of Practice

The general code of practice became effective in September 2025, and we are currently on schedule to become compliant with the code. The main compliance policy documents outstanding, the Cyber Policy and EDI Policy have now been updated. The revised Cyber Policy will be presented in Part II for approval by the committee as well as the next steps of EDI policy, Gap analysis, which has been completed by officers and the Pensions Board.

Draft Funding Strategy Statement (FSS)

The Funding Strategy Statement sets out the approach for ensuring the Local Government Pension Scheme (LGPS) remains solvent, affordable, and sustainable. The FSS is the strategic framework that integrates funding principles, actuarial assumptions, and governance to ensure the LGPS can meet its obligations to members while managing cost and risk for employers.

The key elements of the Funding Strategy Statement are as follows:

- *establish a clear and transparent fund-specific strategy identifying how employers' pension liabilities are best met going forward*
- *support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013*
- *ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund are met*
- *explain how the fund balances the interests of different employers*
- *explain how the fund deals with conflicts of interest and references other policies/strategies.*

Revised Internal Dispute Resolution Procedure (IDRP) Guide

The IDRP guide provides a straightforward step for employees of how the internal dispute resolution procedures operate in the Local Government Pension Scheme and specifically within London Borough of Hillingdon Pension Fund.

Classification: Public

Pensions Committee 09 December 2025

A revision of the guide was necessitated by the need to clarify a two-pronged approach to stage one appeal process for complaints about administrator (Hampshire Pension Services) or Employer decisions. Three paragraphs of clarification statements were added to the previous version of the document approved in March 2025. These are highlighted in yellow on page 3 of the IDRP document attached.

Revised Pension Administration Strategy Statement

This strategy paper has been revised to include provisions of the Pensions Dashboard Regulations 2022 and clearly spell out responsibilities of both the fund and employers as shown in highlighted texts on page 3 and tables in Appendix B.

The revision of the IDRP guide also required amendment to Appendix A, page 15, under “Employer Responsibilities”, highlighted in blue.

FINANCIAL IMPLICATIONS

Continued training will incur fees dependant on the platform and events attended.

LEGAL IMPLICATIONS

Where applicable the legal implications are included within the body of the report.

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London Borough of Hillingdon Pension Fund - Pensions Committee agenda plan

	Frequency	Last review	Dec-25	Mar-26	Jun-26
Policies					
Governance Policy & Compliance Statement inc Governance					
Compliance Statement		Dec-23		Y	
Conflicts of Interests Policy		Mar-23		Y	
Risk Management Policy		Mar-25			
Procedure for Reporting Breaches of the Law		Oct-24			
Funding Strategy Statement		Mar-23		Y	
Investment Strategy Statement	At least every 3 years	Dec-23		Y	
Responsible Investment Policy		Mar-23		Y	
Training Policy		Dec-23		Y	
Pensions Administration Strategy		Mar-24	Y		
Scheme pays policy		Dec-23			
Internal Disputes Resolution Procedure (IDRP) Employees Guide		Oct-22	Y		
Communications Policy		Sep-24			
Discretions Policy		Jun-22			
Pensions Administration					
Pensions Administration Performance	Quarterly		Y	Y	Y
Breaches, Complaints and Appeals	Annually				
Pension Board Annual Report	Annually			Y	
Funding					
Actuarial Valuation	Every 3 years	Mar-23		Y	
Investment					
Review of Investment Strategy	Every 3 years	Jun-23	Y		
Investment update and manager review	Quarterly		Y	Y	Y
Responsible Investment Update	Quarterly		Y	Y	Y
Climate Risk Dashbaord (TCFD)	Every 3 years	Mar-22	Y		

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		Pensions Committee Members					Advisers & Actuary			
DATE	DETAILS	Cllr Reeta Chamdal	Cllr Kaushik Banerjee	Cllr Stuart Mathers	Cllr Coleen Sullivan	Cllr Labina Basit	Marian George	Craig Alexander	Andrew Singh	Sunny Jheeta
13/05/2025	London CIV Investment Review	0.75								
13/05/2025	Pensions Chair SAB meeting	1.5								
15/05/2025	Triennial Valuation Training - Hymans Robertson	2	2	2			2	2	2	2
10/06/2025	Hymans Robertson - "Fit for the future webinar"		1							
11/06/2025	LCIV Baillie Gifford - Manager Update	1								
09/07/2025	LAPFF Business Meeting			2						
16/07/2025	LCIV AGM	2								
18/07/2025	Pension fund Investment Forum - By Isio	2	2	2			2		2	2
31/07/2025	London CIV Private Market Investment Review Webinar	2.5								
05/08/2025	London CIV Fixed Income & Multi Asset Webinar	1								
08/10/2025	LCIV Sustainability Working Group	2								
21/10/2025	Hymans Robertson	1								
22/10/2025	Scheme Advisory Board Conference	7								
30/10/2025	Tri-Borough Investment Training	4								
17/11/2025	Isio Investment Strategy Training	1.5	1.5				1.5		1.5	
	Total Training Hours 2025/26	28.25	6.5	6	0	0	65.6	15	35.5	30
	CIPFA Knowledge & Skills Framework 7 Modules (Completed) 14 Hours	*	*	*	**	**				
*Required Minimum PB Annual Training Hours (14 Hours)		14	14	14	14	14				

*Completed Knowledge and Skills training prior to 2024/25.

****Cllrs Sullivan and Basit joined Pension Committee on 11 July 2025 – training to be completed.**

Keys

Meets Prorata Annual Requirement

On track to Prorata Annual Requirement

Did Not Meet Requirement

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London Borough of Hillingdon Pension Fund

Funding Strategy Statement

April 2026

Effective date	1 April 2026
Previous valuation date	31 March 2025
Date approved	
Next review	March 2029
Prepared in accordance with SAB / CIPFA / MHCLG guidance dated	January 2025

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1 Purpose of the London Borough of Hillingdon Pension Fund and the Funding Strategy Statement

The Local Government Pension Scheme (LGPS) regulations require funds to maintain and publish a funding strategy statement (FSS). According to the Ministry for Housing, Communities and Local Government (MHCLG) the purpose of the FSS is to document the processes the administering authority uses to:

- *establish a clear and transparent fund-specific strategy identifying how employers' pension liabilities are best met going forward*
- *support the desirability of maintaining as constant and stable primary contribution rate as possible, as defined in Regulation 62(5) of the LGPS Regulations 2013*
- *ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost efficiency of the fund are met*
- *explain how the fund balances the interests of different employers*
- *explain how the fund deals with conflicts of interest and references other policies/strategies.*

You can find more information about the LGPS at www.lgpsmember.org and about the regulatory framework in [Appendix A](#).

This document sets out the FSS for London Borough of Hillingdon Pension Fund (the Fund). If you have any queries about the FSS, contact pensions@hillingsdon.gov.uk.

The London Borough of Hillingdon Pension Fund is part of the Local Government Pension Scheme (LGPS) and is administered by the London Borough of Hillingdon, known as the administering authority. The administering authority runs the Fund on behalf of participating employers, their employees and current and future pensioners. You can find out more about roles and responsibilities in [Appendix B](#).

London Borough of Hillingdon worked with the fund's actuary, Hymans Robertson, to prepare this FSS which is effective from 1 April 2026, and is expected to remain in force until 31 March 2029 at the latest, unless an interim review is carried out prior to then. [LGPS Regulations](#) (specifically Regulation 62) require an actuarial valuation to be carried out every three years, under which contribution rates for all participating employers are set for the following three years. This FSS sets out the assumptions and methodology underpinning the 2025 actuarial valuation actuarial exercise.

1.1 What are the funding strategy objectives?

The funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The Fund engages with employers when developing funding strategy in a way which balances the risk appetite of stakeholders. The funding strategy therefore reflects the specific characteristics of its fund employers and its own investment strategy.

1.2 Who is the FSS for?

The FSS is mainly for employers participating in the Fund, because it sets out how money will be collected from them to meet the Fund's obligations to pay members' benefits.

Different types of employers participate in the Fund:

Scheduled bodies

Employers who are specified in a schedule to the LGPS regulations, including councils and employers like academies and further education establishments. Scheduled bodies must give employees access to the LGPS if they can't accrue benefits in another pension scheme, such as another public service pension scheme.

Designating employers (otherwise known as Resolution bodies)

Employers like town and parish councils can join the LGPS through a resolution. If a resolution is passed, the Fund can't refuse entry. The employer then decides which employees can join the scheme.

Admission bodies

Other employers can join through an admission agreement. The Fund can set participation criteria for them and can refuse entry if the requirements aren't met. This type of employer includes contractors providing outsourced services like cleaning or catering to a scheduled body.

Some existing employers may be referred to as **community admission bodies** (CABs). CABs are employers with a community of interest with another scheme employer. Others may be called **transferee admission bodies** (TABs), that provide services for scheme employers. These terms aren't defined under current regulations but remain in common use from previous regulations.

The Scheme Advisory Board refer to three different tiers of employers which may participate in the LGPS, specifically:

- Tier 1 – Local Authorities (including contractors participating in the LGPS with Local Authority backing)
- Tier 2 – Academy Trusts and Further Education Institutions (Colleges).
- Tier 3 – Standalone employers with no local or national taxpayer backing. Include universities, housing associations and charities.

1.3 How is the funding strategy specific to the London Borough of Hillingdon Pension Fund?

The funding strategy reflects the specific characteristics of the Fund employers and its own investment strategy.

1.4 How often is the Funding Strategy Statement reviewed?

The FSS is reviewed in detail at least every three years ahead of the triennial actuarial valuation and an annual check is carried out in the intervening years.

Any amendments will be consulted on and approved by the Pensions Committee.

Amendments to the FSS may be in the following circumstances:

- material changes to the scheme benefit structure (e.g. HM Treasury-led)
- on the advice of the fund actuary

- significant changes to investment strategy or if there has been significant market volatility which impacts the FSS or goes beyond FSS expectation
- if there have been significant changes to the fund membership and/or Fund maturity profile
- if there have been significant or notable changes to the number, type, or individual circumstances of any of the employing authorities to such an extent that they impact on the funding strategy (e.g. exit/restructuring/failure) which could materially impact cashflow and/or maturity profile and/or covenant)
- if there has been a material change in the affordability of contributions and/or employer(s) financial covenant strength which has an impact on the FSS.
- recommendations from MHCLG/GAD.

In undertaking such reviews, the administering authority should consider:

- looking at experiences in relation to long-term funding assumptions (in terms of both investment income and forecast contributions income) and consequences of actions taken by employers (e.g. pay awards and early retirements)
- the implications for the funding strategy and, if significant, determine what action should be taken to review the FSS
- the implications arising from the funding strategy for meeting the liabilities of individual employers and any amendments required to the ISS
- consulting with individual employers specifically impacted by any changes as an integral part of the monitoring and review process

A review won't necessarily lead to rates changes for individual employers but could impact admissions, terminations, approach to managing risk and employer risk assessment.

1.5 Links to Administration Strategy

The Fund maintains an Administration Strategy Statement which outlines the responsibilities, standards and procedures for employers and the Fund. A copy of this can be found in the Documents and Policies section of the Fund's website [here](#).

Adherence with the requirements of the Administration Strategy Statement is crucial to ensure the well-running of the pension Fund and any failure to do so may lead to uncertainty around the value of an employer's liabilities and the need for prudent assumptions to fill any data gaps.

1.6 Actuarial valuation report

The actuarial valuation report sets out 1) the actuary's assessment of the past service funding position, and 2) the contributions required to ensure full funding by the end of the time horizon. The Rates and Adjustments certificate shows the contribution rates payable by each employer (which may be expressed as a percentage of payroll and/or monetary amounts).

PART A – Key Funding Principles

2 How does the Fund calculate employer contributions?

2.1 Calculating contribution rates

Employee contribution rates are set by the LGPS regulations.

Employer contributions rates are determined by a mandatory actuarial valuation exercise and are made up of the following elements:

- **the primary contribution rate** – contributions payable towards future benefits
- **the secondary contribution rate** – the difference between the primary rate and the total employer contribution

The primary rate also includes an allowance for the Fund's expenses.

The fund actuary uses a model to project each employer's asset share over a range of future economic scenarios. The contribution rate takes each employer's assets into account as well as the projected benefits due to their members. The value of the projected benefits is worked out using employer membership data and the assumptions in [Appendix E](#).

The total contribution rate for each employer is then based on:

- **the funding target** – how much money the Fund aims to hold for each employer
- **the time horizon** – the time over which the employer aims to achieve the funding target
- **the likelihood of success** – the proportion of modelled scenarios where the funding target is met.

This approach takes into account the maturing profile of the membership when setting employer contribution rates.

The approach taken by the fund actuary helps the Fund meet the aim of maintaining as stable a primary employer contribution rate as possible.

2.2 The contribution rate calculation

Table 1: contribution rate calculation for individual or pooled employers

Type of employer	Scheduled bodies			CABs and designating employers		TABs
Sub-type	Local authorities	Academies, Colleges	Other Scheduled Bodies	Open to new entrants	Closed to new entrants	(all)
SAB Tier	Tier 1	Tier 2	Tier 3	Tier 3	Tier 3	Tier 1
Funding target*	Ongoing	Ongoing	Ongoing	Ongoing, but may move to low-risk exit basis		Ongoing

Minimum likelihood of success	75%	75%	75%	75%	75%	75%
Maximum time horizon	20 years	20 years	20 years	20 years	15 years	15 years
Primary rate approach**	The contributions must be sufficient to meet the cost of benefits earned in the future with the required likelihood of success at the end of the time horizon, expressed as a percentage of pensionable pay					
Secondary rate	The difference between the total contribution rate payable (determined as per 2.1) and the primary rate. Negative adjustments are expressed as a percentage of payroll and positive adjustments can be expressed as a percentage of payroll or monetary amounts (for mature closed employers).					
Stabilised contribution rate?	Yes	Yes	No	No	No	No
Treatment of surplus (assessed at valuation date)	Covered by stabilisation arrangement		Total contribution rate must be set at least at the primary rate. However, reductions may be permitted by the administering authority subject to additional consideration of the low-risk exit basis position.			
Phasing of contribution changes	Covered by stabilisation arrangement		3 years			

* See [Appendix E](#) or further information on funding targets.

** The Primary Rate for all employer has been calculated using an 80% likelihood of success.

The Primary Rate for the Whole Fund is the weighted average (by payroll) of the individual employers' primary rates

Employers participating in the Fund under a pass-through agreement will pay a contribution rate as agreed between the contractor and letting employer, subject to administering authority approval. For pass-through arrangements let by London Borough of Hillingdon, the contribution rate is set at 21% of pay.

The Fund manages funding risks as part of the wider risk management framework, as documented in the Fund's risk register. The funding-specific risks identified and managed by the Fund are set out in [Appendix D – Risks and Controls](#).

2.3 Making contribution rates stable

Making employer contribution rates reasonably stable is an important funding objective. Where appropriate, contributions are set with this objective in mind. The Fund may adopt a stabilised approach to setting contributions for individual employers, which keeps contribution variations within a pre-determined range from year-to-year. Stabilisation criteria and limits are reviewed during each triennial valuation process.

The administering authority believes a stabilised approach remains a prudent long-term strategy and the robustness of this approach was once again tested by extensive asset liability modelling (ALM) carried out by the Fund actuary at the 31 March 2025 funding valuation.

Table 2: current stabilisation approach

Type of employer	Local authorities, academies, colleges
Maximum contribution increase per year	+1% of pay*
Maximum contribution decrease per year	-1% of pay*

*The administering authority may exercise discretion over the phasing of annual contribution rate increases or decreases subject to a maximum increase/decrease of 3% of pay over the 3-year inter-valuation period.

At the 2025 funding valuation only, some stabilised employers, in light of sustained past service funding position improvements, may experience a 2026/27 total contribution rate change of greater than 3% of pay when compared to their 2025/26 total contribution rate.

2.4 How does the funding strategy link to the investment strategy

The funding strategy sets out how money will be collected from employers to meet the Fund's obligations. Contributions, assets and other income are then invested according to an investment strategy set by the administering authority. You can find the Fund's investment strategy in its Investment Strategy Statement (ISS) [here](#).

The funding and investment strategies are closely linked. The Fund must be able to pay benefits when they are due – those payments are met from a combination of contributions (through the funding strategy) and asset returns and income (through the investment strategy). If investment returns or income fall short the Fund won't be able to pay benefits, so higher contributions would be required from employers.

The investment strategy is set considering the Fund's long-term funding requirements and its investment risk appetite. The fund's current strategic investment strategy is summarised in the table, with full details available set out in the ISS.

Asset class	Allocation
Equities	57%
Index Linked Gilts	7%
Private Credit	8%
Property	8%
Infrastructure	8%
ESG Impact	5%
Multi Asset Credit	7%
Cash	0%

2.5 Does the funding strategy reflect the investment strategy?

The funding policy is consistent with the investment strategy. Future investment return expectations are set with reference to the investment strategy, including a margin for prudence which is consistent with the regulatory requirement that Funds take a 'prudent longer-term view' of funding liabilities (see [Appendix A](#))

2.6 Reviewing contributions between valuations

The Fund may amend contribution rates between formal valuations, in line with its policy on contribution reviews. The Fund's policy is available in Appendix F. The purpose of any review is to establish the most appropriate contributions. A review may lead to an increase or decrease in contributions.

2.7 What is pooling for funding and contribution rate purposes?

A single contribution rate is payable by all employers in the pool and individual funding positions are not tracked.

All schools within a single multi-academy trust are pooled for funding and contribution rate purposes.

2.8 What is pooling for contribution rate purposes only?

A single contribution rate is payable by all employers in the pool and individual funding positions are tracked, by the Fund actuary.

Contribution rates can be volatile for smaller employers that are more sensitive to individual membership changes, pooling across a group of employers minimises this.

As individual funding positions are tracked, some employers may be better funded or more poorly funded than the pool average. In this type of pooling arrangement, employers do not target full funding at exit. If an employer leaves the Fund, the cessation valuation is based on their own funding position rather than the pool average.

CABs that are closed to new entrants aren't usually allowed to enter a pool.

TABs are usually also ineligible for pooling (with other TABs). Where pass-through is in place, a TAB will be pooled with the letting authority.

2.9 Administering authority discretion

Individual employers may be affected by circumstances not easily managed within the FSS rules and policies. If this happens, the administering authority may adopt alternative funding approaches on a case-by-case basis.

Additionally, the administering authority may allow greater flexibility to the employer's contributions if added security is provided. Flexibility could include things like a reduced contribution rate, extended time horizon, or permission to join a pool. Added security may include a suitable bond, a legally binding guarantee from an appropriate third party, or security over an asset.

The Fund may, at its absolute discretion, permit the prepayment of employer contributions in specific circumstances.

2.10 Non cash funding

The Fund will not accept any form of non-cash assets in lieu of contributions.

2.11 Managing surpluses and deficits

The funding strategy is designed to ensure that all employers are at least fully funded on a prudent basis at the end of their own specific time horizon. The uncertain and volatile nature of pension scheme funding means that it is likely there will be times when employers are in surplus and times when employers are in deficit. The funding strategy recognises this by 1) including sufficient prudence to manage the effect of this over the time horizon, and 2) making changes to employer contribution rates to ensure the funding strategy objectives are met.

Fluctuations in funding positions are inevitable over the time horizon, due to market movements and changing asset values, which could lead to the emergent of deficits and surplus from time to time, and lead to changes in employer contribution rates.

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3 What additional contributions may be payable?

3.1 Pension costs – awarding additional pension and early retirement on non-ill-health grounds

If an employer awards additional pension as an annual benefit amount, they pay an additional contribution to the Fund as a single lump sum. The amount is set by guidance issued by the Government actuary's Department and updated from time to time.

If an employee retires before their normal retirement age on unreduced benefits, employers will be asked to pay additional contributions called strain payments.

Employers typically make strain payments as a single lump sum, though strain payments may be spread over an appropriate period if the administering authority agrees.

3.2 Pension costs – early retirement on ill-health grounds

If a member retires early due to ill-health, an additional funding strain will usually arise, which can be very large. Such strain costs are the responsibility of the member's employer to pay.

To mitigate this risk, individual employers may elect to use external insurance.

4 How does the Fund calculate assets and liabilities?

4.1 How are employer asset shares calculated?

The Fund adopts a cashflow approach to track individual employer assets.

Each Fund employer has a notional share of the Fund's assets, which is assessed yearly by the actuary. The actuary starts with assets from the previous year-end, adding cashflows paid in/out and investment returns to give a new year-end asset value. The fund actuary makes a simplifying assumption, that all cashflow and investment returns have been paid uniformly over the year. This assumption means that the sum of all employers' asset values is slightly different from the Whole Fund asset total over time. This minimal difference is split between employers in proportion to their asset shares at each valuation.

If an employee moves one from one employer to another within the Fund, assets equal to the cash equivalent transfer value (CETV) will move from the original employer to the receiving employer's asset share. These are calculated on an annual basis.

Alternatively, if employees move when a new academy is formed or an outsourced contract begins, the fund actuary will calculate assets linked to the value of the liabilities transferring.

4.2 How are employer liabilities calculated?

The Fund holds membership data for all active, deferred and pensioner members. Based on this data and the assumptions in [Appendix E](#), the fund actuary projects the expected benefits for all members into the future. This is expressed as a single value – the liabilities – by allowing for expected future investment returns.

Each employer's liabilities reflect the experience of their own employees and ex-employees.

4.3 What is a funding level?

An employer's funding level is the ratio of the market value of asset share against liabilities. If this is less than 100%, the employer has a shortfall: the employer's deficit. If it is more than 100%, the employer is in surplus. The amount of deficit or surplus is the difference between the asset value and the liabilities value.

Funding levels and deficit/surplus values measure a particular point in time, based on a particular set of future assumptions. While this measure is of interest, for most employers the main issue is the level of contributions payable. The funding level does not directly drive contribution rates. See section 2 for further information on rates.

PART B – Employer Events

5 What happens when an employer joins the Fund?

5.1 When can an employer join the Fund

Employers can join the Fund if they are a new scheduled body or a new admission body. New designated employers may also join the Fund if they pass a designation to do so.

On joining, the Fund will determine the assets and liabilities for that employer within the Fund. The calculation will depend on the type of employer and the circumstances of joining.

A contribution rate will also be set. This will be set in accordance with the calculation set out in Section 2, unless alternative arrangements apply (for example, the employer has agreed a pass-through arrangement). More details on this are in Section 5.3 below.

5.2 New academies

Academies converting from local authority status

For an academy converting from local authority status, only active members of the former local authority school transfer to the new academy.

Liabilities for transferring active members will be calculated (on the ongoing basis) by the Fund actuary on the day before conversion to an academy. Liabilities relating to the converting school's former employees (ie members with deferred or pensioner status) remain with the ceding council.

New academies will be allocated an asset share based on the estimated funding level of the ceding council's active members, having first allocated the council's assets to fully fund their deferred and pensioner members. This funding level will then be applied to the transferring liabilities to calculate the academy's initial asset share, capped at a maximum of 100%. The council's estimated funding level will be based on market conditions on the day before conversion.

New academies joining the Fund will fall into one of the below categories:

- a) one of multiple academies within the Fund who are part of a multi-academy trust (a "MAT");
- b) be a single academy trust (a "SAT"); or
- c) a standalone employer where they are the only academy within the Fund who are a part of a MAT (and the other academies in the MAT do not participate within the London Borough of Hillingdon Fund).

If the academy joins an existing MAT in the Fund, the assessed assets and liabilities are added to the MAT funding pool, and the academy will pay the MAT contribution rate. This approach represents full risk-sharing of past and future service costs.

If the new academy is a SAT or standalone employer, then the actuary will need to calculate the contribution rate to be paid on conversion.

If an academy leaves one MAT and joins another, all active, deferred and pensioner members transfer to the new MAT.

Newly set up academies (including free schools and studio schools)

Free schools do not transfer active members from a converting school but must allow new active members (non-teaching staff) to transfer in any eligible service.

Newly set up academies (including free schools and studio schools) will fall into one of the below categories:

- if the academy joins an existing MAT in the Fund, becomes part of the MAT funding pool and will pay the MAT contribution rate.
- if the academy is sponsored by another employer within the Fund, it becomes part of the sponsoring employer's funding pool and will pay the sponsoring employer's contribution rate.
- if the academy is standalone, the actuary will calculate the contribution rate to be paid.

The Fund's academy policy can be found in the Documents and Policies section of the Fund's website [here](#).

5.3 New admission bodies as a result of outsourcing services

New admission bodies usually join the Fund because an existing employer (usually a scheduled body like a council or academy) outsources a service to another organisation (a contractor). This involves TUPE transfers of staff from the letting employer to the contractor. The contractor becomes a new participating Fund employer for the duration of the contract and transferring employees remain eligible for LGPS membership. At the end of the contract, employees typically revert to the letting employer or a replacement contractor.

Liabilities for transferring active members will be calculated by the fund actuary on the day before the outsourcing occurs.

New contractors will be allocated an asset share equal to the value of the transferring liabilities. The admission agreement may set a different initial asset allocation, depending on contract-specific circumstances.

There is flexibility for outsourcing employers when it comes to pension risk potentially taken on by the contractor. You can find more details on outsourcing options from the administering authority or in the contract admission agreement.

5.4 Other new employers

There may be other circumstances that lead to a new admission body entering the Fund, e.g. set up of a wholly owned subsidiary company by a local authority. Calculation of assets and liabilities on joining and a contribution rate will be carried out allowing for the circumstances of the new employer.

New designated employers may also join the Fund. Contribution rates will be set using the same approach as any other designated employers in the Fund.

5.5 Risk assessment for new admission bodies

Under the LGPS regulations, a new admission body must assess the risks it poses to the fund if the admission agreement ends early, for example if the admission body becomes insolvent or goes out of business. In practice, the fund actuary assesses this because the assessment must be carried out to the administering authority's satisfaction.

After considering the assessment, the administering authority may decide the admission body must provide security, such as a guarantee from the letting employer, an indemnity or a bond.

This must cover some or all of the:

- strain costs of any early retirements, if employees are made redundant when a contract ends prematurely
- allowance for the risk of assets performing less well than expected
- allowance for the risk of liabilities being greater than expected
- allowance for the possible non-payment of employer and member contributions
- admission body's existing deficit.

Where an academy is the letting employer, the Fund will expect academies to ensure and confirm that the outsourcing complies with the requirements set out in the DfE Academy Trust LGPS Guarantee policy before permitting an admission body in the Fund. Where this requirement is met, no additional risk assessment or security will typically be required for the admitted body as the pension liabilities will be covered by the DfE Academy Guarantee.

Please contact the Fund for future details on admission policy and guidance.

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6 What happens if an employer has a bulk transfer of staff?

Bulk transfer cases will be looked at individually, but generally:

- the Fund won't pay bulk transfers greater in value than either the asset share of the transferring employer in the fund, or the value of the liabilities of the transferring members, whichever is lower
- the Fund won't grant added benefits to members bringing in entitlements from another Fund, unless the asset transfer is enough to meet the added liabilities
- the Fund may permit shortfalls on bulk transfers if the employer has a suitable covenant and commits to meeting the shortfall in an appropriate period, which may require increased contributions between valuations.

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7 What happens when an employer leaves the Fund?

7.1 What is a cessation event?

Triggers for considering cessation from the Fund are:

- the last active member stops participation in the Fund
- insolvency, winding up or liquidation of the admission body
- a breach of the agreement obligations that isn't remedied to the Fund's satisfaction
- failure to pay any sums due within the period required
- failure to renew or adjust the level of a bond or indemnity, or to confirm an appropriate alternative guarantor
- termination of a deferred debt arrangement (DDA).

The administering authority, at its discretion, can defer triggering a cessation for up to three years by issuing a suspension notice. That means cessation won't be triggered if the employer takes on one or more active members during the agreed time.

If no DDA exists, the administering authority will instruct the fund actuary to carry out a cessation valuation to calculate if there is a surplus or a deficit when the Fund leaves the scheme.

7.2 What happens on cessation?

The administering authority must protect the interests of the remaining Fund employers when an employer leaves the scheme. The actuary aims to protect remaining employers from the risk of future loss. The funding target adopted for the cessation calculation is below. These are defined in [Appendix E](#).

- (a) Where there is no guarantor, cessation liabilities and a final surplus/deficit will usually be calculated using a low-risk basis, which is more prudent than the ongoing participation basis.
- (b) Where there is a guarantor, the guarantee will be considered before the cessation valuation. Where the guarantor is a guarantor of last resort this will have no effect on the cessation valuation. If this isn't the case (i.e. if the guarantee continues to apply in respect of the former employer's obligations post cessation), cessation may be calculated using the same basis that was used to calculate liabilities (and the corresponding asset share) on joining the Fund.
- (c) Depending on the guarantee, it may be possible to transfer the employer's liabilities and assets to the guarantor without crystallising deficits or surplus. This may happen if an employer can't pay the contributions due and the approach is within guaranteed terms. This is known as 'subsumption' of the assets and liabilities.

If the Fund can't recover the required payment in full, unpaid amounts will be paid by the related letting authority (in the case of a ceased admission body) or shared between the other Fund employers. This may require an immediate revision to the rates and adjustments certificate or be reflected in the contribution rates set at the next formal valuation.

The fund actuary charges a fee for cessation valuations and there may be other cessation expenses. Fees and expenses are at the employer's expense.

The cessation policy is in Appendix G.

7.3 What happens if there is a surplus?

If the cessation valuation shows the exiting employer has more assets than liabilities – an exit credit – the administering authority can decide how much (if any) will be paid back to the employer based on:

- the surplus amount
- the proportion of the surplus due to the employer's contributions over the employer's period of participation in the Fund
- any representations (like risk sharing agreements or guarantees) made by the exiting employer and any employer providing a guarantee or some other form of employer assistance/support
- any other relevant factors.

The exit credit policy is covered in the cessation policy in Appendix G.

7.4 What happens if there is a deficit?

If there is a deficit, full payment will usually be expected in a single lump sum or:

- spread over an agreed period, if the employer enters into a deferred spreading agreement (DSA)
- if an exiting employer enters into a deferred debt agreement (DDA), it stays in the Fund and pays contributions until the cessation debt is repaid. Payments are reassessed at each formal valuation.

The employer flexibility on exit policy is covering in the cessation policy in Appendix G.

7.5 What if an employer has no active members?

When employers leave the Fund because their last active member has left, they may pay a cessation debt, receive an exit credit or enter a DDA/DSA. Beyond this they have no further obligation to the Fund and either:

- a) their asset share runs out before all ex-employees' benefits have been paid. The other Fund employers will be required to contribute to the remaining benefits. The fund actuary will portion the liabilities on a pro-rata basis based on each employer's share of overall liabilities at each formal valuation.
- b) the last ex-employee or dependant dies before the employer's asset share is fully run down. The fund actuary will apportion the remaining assets to the other Fund employers based on each employer's share of overall liabilities at each formal valuation.

8 What are the statutory reporting requirements?

8.1 Reporting regulations

The Public Service Pensions Act 2013 requires the Government actuary's Department to report on LGPS Funds in England and Wales after every three-year valuation, in what's usually called a section 13 report. The report includes advice on whether the following aims are achieved:

- Compliance
- Consistency
- Solvency
- Long term cost efficiency

8.2 Solvency

Employer contributions are set at an appropriate solvency level if the rate of contribution targets a funding level of 100% over an appropriate time, using appropriate assumptions compared to other Funds. Either:

- (a) employers collectively can increase their contributions, or the Fund can realise contingencies to target a 100% funding level; or
- (b) there is an appropriate plan in place if there is, or is expected to be, a reduction in employers' ability to increase contributions as needed.

8.3 Long-term cost efficiency

Employer contributions are set at an appropriate long-term cost efficiency level if the contribution rate makes provision for the cost of current benefit accrual, with an appropriate adjustment for any surplus or deficit. To assess this, the administering authority may consider absolute and relative factors.

Relative factors include:

1. comparing LGPS Funds with each other
2. the implied deficit recovery period
3. the investment return required to achieve full funding after 20 years.

Absolute factors include:

1. comparing Funds with an objective benchmark
2. the extent to which contributions will cover the cost of current benefit accrual and interest on any deficit
3. how the required investment return under relative considerations compares to the estimated future return targeted by the investment strategy
4. the extent to which contributions paid are in line with expected contributions, based on the rates and adjustment certificate
5. how any new deficit recovery plan reconciles with, and can be a continuation of, any previous deficit recovery plan, allowing for Fund experience.

These metrics may be assessed by GAD on a standardised market-related basis where the Fund's actuarial bases don't offer straightforward comparisons. Standard information about the Fund's approach to solvency of the pension Fund and long-term cost efficiency will be provided in a uniform dashboard format in the valuation report to facilitate comparisons between Funds.

Appendices

Appendix A – The regulatory framework

A1 Why do Funds need a funding strategy statement?

The Local Government Pension Scheme (LGPS) regulations require Funds to maintain and publish a funding strategy statement (FSS). The purpose of the FSS was set out in Section 1.

To prepare this FSS, the administering authority has used guidance jointly prepared by the Scheme Advisory Board (SAB), MHCLG, and by the Chartered Institute of Public Finance and Accountancy (CIPFA) dated January 2025.

The Fund has a fiduciary duty to scheme members and obligations to employers to administer the scheme competently to keep employer contributions at an affordable level. The funding strategy statement sets out how the Fund meets these responsibilities.

A2 Consultation

Both the LGPS regulations and most recent CIPFA guidance state the FSS should be prepared in consultation with “*persons the authority considers appropriate*”. This should include ‘*meaningful dialogue... with council tax raising authorities and representatives of other participating employers*’.

In practice, for the Fund, the consultation process for this FSS was as follows:

- a) A draft version of the FSS was issued to all participating employers and the Local Pensions Board in **December 2025** for comment.
- b) Comments were requested by **19/12/2025**
- a) Following the end of the consultation period the FSS was updated where required and then published, in **MMYY**

The fund also shared the draft FSS with the Department for Education.

A3 How is the FSS published?

The FSS is published on the Fund’s website at www.hillingdon.gov.uk/pension-fund-documents and copies are made available on request.

A4 How does the FSS fit into the overall Fund documentation?

The FSS is a summary of the Fund’s approach to funding liabilities and isn’t exhaustive. The Fund publishes other statements like the Investment Strategy Statement and the Fund’s annual report and accounts also includes up-to-date Fund information.

You can see all Fund documentation at www.hillingdon.gov.uk/pension-fund-documents.

Appendix B – Roles and responsibilities

B1 The administering authority is required to:

1. operate a pension Fund
2. collect employer and employee contributions, investment income and other amounts due to the pension Fund as stipulated in LGPS Regulations
3. have an escalation policy in situations where employers fail to meet their obligations
4. pay from the pension Fund the relevant entitlements as stipulated in LGPS Regulations
5. invest surplus monies in accordance with the relevant regulations
6. ensure that cash is available to meet liabilities as and when they fall due
7. ensure benefits paid to members are accurate and undertake timely and appropriate action to rectify any inaccurate benefit payments take measures as set out in the regulations to safeguard the Fund against the consequences of employer default
8. take measures as set out in the regulations to safeguard the fund against the consequences of employer default
9. manage the valuation process in consultation with the Fund's actuary
10. prepare and maintain an FSS and associated funding policies and ISS, after proper consultation with interested parties
11. monitor all aspects of the Fund's performance and funding, and amend the FSS/ISS accordingly
12. establish a policy around exit payments and payment of exit credits/debits in relation to employer exits
13. effectively manage any potential conflicts of interest arising from its dual role as both Fund administrator and scheme employer
14. enable the local pension board to review the valuation and FSS review process and as set out in their terms of reference
15. support and monitor a Local Pension Board (LPB) as required by the Public Service Pensions Act 2013, the Regulations and the Pensions Regulator's relevant Code of Practice

B2 Individual employers are required to:

1. ensure staff who are eligible are contractually enrolled and deduct contributions from employees' pay correctly after determining the appropriate employee contribution rate (in accordance with the Regulations),
2. provide the Fund with accurate data and understand that the quality of the data provided to the Fund will directly impact on the assessment of their liabilities and their contributions. In particular, any deficiencies in their data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality
3. pay all ongoing contributions, including employer contributions determined by the actuary and set out in the rates and adjustments certificate, promptly by the due date
4. develop a policy on certain discretions and exercise those discretions as permitted within the regulatory framework

5. make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain
6. notify the administering authority promptly of all changes to active membership that affect future funding
7. Pay any exit payments on ceasing participation in the Fund timely provide the Fund with accurate data and understand that the quality of the data provided to the Fund will directly impact on the assessment of their liabilities and their contributions. In particular, any inaccuracies in data may result in the employer paying higher contributions than otherwise would be the case if their data was of high quality.

B3 The fund actuary should:

1. prepare valuations including the setting of employers' contribution rates at a level to ensure Fund solvency and long-term cost efficiency based on the assumptions 26 set by the administering authority and having regard to the FSS and the LGPS Regulations
2. provide advice so the Fund can set the necessary assumptions for the valuation • prepare advice and calculations in connection with bulk transfers and the funding aspects of individual benefit-related matters such as pension strain costs, ill health retirement costs, compensatory added years costs, etc
3. provide advice and valuations to the Fund so that it can make decisions on the exit of employers from the Fund
4. provide advice to the Fund on bonds or other forms of security against the financial effect on the Fund of employer default
5. assist the Fund in assessing whether employer contributions need to be revised between valuations as permitted or required by the regulations
6. ensure that the Fund is aware of any professional guidance or other professional requirements that may be relevant in the role of advising the Fund.
7. identify to the Fund and manage any potential conflicts of interest that may arise in the delivery the contractual arrangements to the Fund and other clients.

B4 Local Pension Boards (LPB):

Local Pension Boards have responsibility to assist the administering authority to secure compliance with the LGPS regulations, other legislation relating to the governance and administration of the LGPS, any requirements imposed by the Regulator in relation to the LGPS, and to ensure the effective and efficient governance and administration of the LGPS. It will be for each Fund to determine the input into the development of the FSS (as appropriate within Fund's own governance arrangements) however this may include:

1. Assist with the development and review the FSS
2. Review the compliance of scheme employers with their duties under the FSS, regulations and other relevant legislation
3. Assist with the development of and review communications in relation to the FSS.

B5 Employer guarantors

1. Department for Education - To pay cessation debts in the case of academy cessations (where the obligations are not being transferred to another MAT) and to consider using intervention powers if an academy is deemed to be in breach of the regulations.

2. Other bodies with a financial interest (outsourcing employers)
3. Any other guarantor

B6 Other parties:

- 1 internal and external investment advisers ensure the investment strategy statement (ISS) is consistent with the funding strategy statement
- 2 investment managers, custodians and bankers play their part in the effective investment and dis-investment of Fund assets in line with the ISS
- 3 auditors comply with standards, ensure Fund compliance with requirements, monitor and advise on fraud detection, and sign-off annual reports and financial statements
- 4 governance advisers may be asked to advise the administering authority on processes and working methods
- 5 internal and external legal advisers ensure the Fund complies with all regulations and broader local government requirements, including the administering authority's own procedures
- 6 the Ministry for Housing, Communities and Local Government, assisted by the Government actuary's Department and the Scheme Advisory Board, work with LGPS Funds to meet Section 13 requirements.

Appendix C – Glossary

Actuarial certificates

A statement of the contributions payable by the employer (see also rates and adjustments certificate). The effective date is 12 months after the completion of the valuation.

Actuarial valuation

An investigation by an actuary, appointed by an Administering Authority into the costs of the scheme and the ability of the Fund managed by that authority to meet its liabilities. This assesses the funding level and recommended employer contribution rates based on estimating the cost of pensions both in payment and those yet to be paid and comparing this to the value of the assets held in the Fund. Valuations take place every three years (triennial).

Administering Authority (referred to as ‘the Fund’)

A body listed in Part 1 of Schedule 3 of the regulations who maintains a Fund within the LGPS and a body with a statutory duty to manage and administer the LGPS and maintain a pension Fund (the Fund). Usually, but not restricted to being, a local authority.

Admission agreement

A written agreement which provides for a body to participate in the LGPS as a scheme employer

Assumptions

Forecasts of future experience which impact the costs of the scheme. For example, pay growth, longevity of pensioners, inflation, and investment returns,

Code of Practice

The Pensions Regulator’s General Code of Practice.

Debt spreading arrangement

The ability to spread an exit payment over a period of time

Deferred debt agreement

An agreement for an employer to continue to participate in the LGPS without any contributing scheme members

Employer covenant

The extent of the employer’s legal obligation and financial ability to support its pension scheme now and in the future.

Funding level

The funding level is the value of assets compared with the liabilities. It can be expressed as a ratio of the assets and liabilities (known as the funding level) or as the difference between the assets and liabilities (referred to as a surplus or deficit).

Fund valuation date

The effective date of the triennial Fund valuation.

Guarantee / guarantor

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

Local Pension Board

The board established to assist the Administering Authority as the Scheme Manager for each Fund.

Non-statutory guidance

Guidance which although it confers no statutory obligation on the parties named, they should nevertheless have regard to its contents

Notifiable events

Events which the employer should make the Administering Authority aware of

Past service liabilities

The cost of pensions already built up or in payment

Pension committee

A committee or sub-committee to which an administering authority has delegated its pension function

Pensions Administration Strategy

A statement of the duties and responsibilities of scheme employers and Administering Authorities to ensure the effective management of the scheme

Primary and secondary employer contributions

Primary employer contributions meet the future costs of the scheme and Secondary employer contributions meet the costs already built up (adjusted to reflect the experience of each scheme employer). Contributions will therefore vary across scheme employers within a Fund.

Rates and adjustments certificate

A statement of the contributions payable by each scheme employer (see actuarial certificates)

Scheme Manager

A person or body responsible for managing or administering a pension scheme established under section 1 of the 2013 Act. In the case of the LGPS, each Fund has a Scheme Manager which is the Administering Authority.

Appendix D – Risks and controls

D1 Managing risks

The administering authority has a risk management programme to identify and control financial, demographic, regulatory and governance risks.

Details of the key Fund-specific risks and controls are set out in the Fund's Risk Management Policy, which can be found on the Fund's website at www.hillingdon.gov.uk/pension-fund-documents.

The local pension board assists the Fund its managing its risks and the full role of the local pension board in is set out in the London Borough of Hillingdon constitution which can be found at www.hillingdon.gov.uk/article/2513/Council-constitution-and-delegations.

D2 Employer covenant assessment and monitoring

Many of the employers participating in the Fund, such as admitted bodies (including TABs and CABs), have no local tax-raising powers. The Fund assesses and monitors the long-term financial health of these employers to assess an appropriate level of risk for each employer's funding strategy.

Type of employer	Assessment	Monitoring
Local Authorities	Tax-raising or government-backed, no individual assessment required	n/a
Colleges	Government-backed, covered by DfE guarantee in event of failure	Check that DfE guarantee continues, after regular scheduled DfE review
Academies	Government-backed, covered by DfE guarantee in event of MAT failure	Check that DfE guarantee continues, after regular scheduled DfE review
Admission bodies (CABs)	No change since 2022 valuation	Regular ongoing dialogue
Admission bodies (TABs)	No change since 2022 valuation	Regular ongoing dialogue
Designating employers	No change since 2022 valuation	Regular ongoing dialogue

Any change in covenant over the inter-valuation period may lead to a contribution rate review.

D3 Climate risk and TCFD reporting

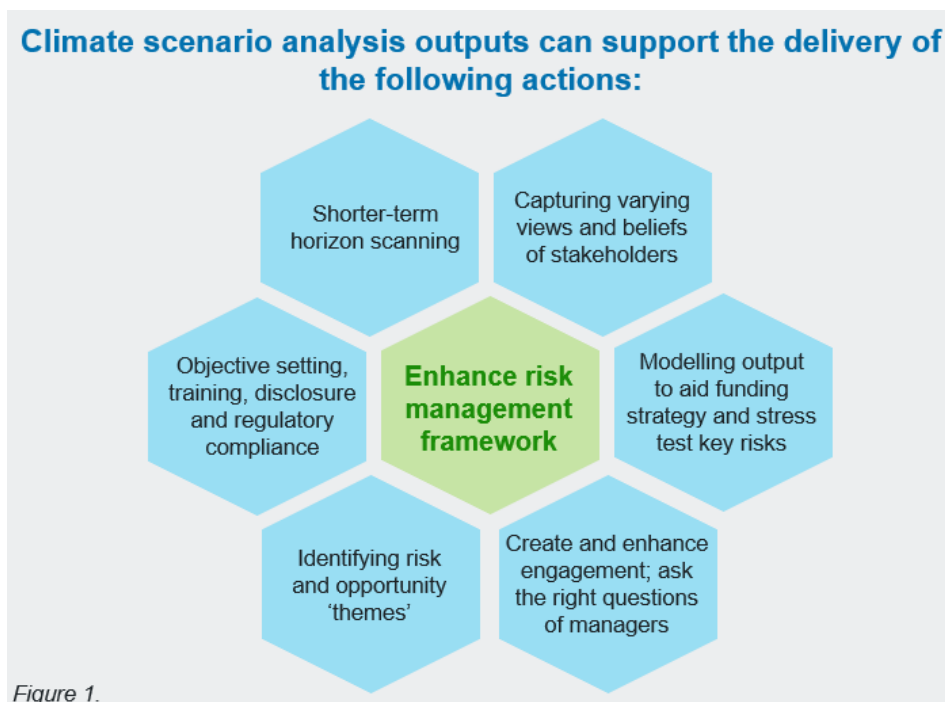
The Fund has considered climate-related risks when setting the funding strategy. The Fund has carried out climate scenario analysis incorporating both stress testing, and narrative-based scenario analysis for the local authority employers at the 2025 valuation. The narrative approach explores the complex and interrelated risks associated with climate change by defining a specific extreme, downside risk (in this instance a food shock) and constructing narratives around potential policy and market responses, noting these may be sub-optimal. This approach allows consideration to be given to the impact of sudden, severe downside risks in the short term, the interdependencies that arise and potential immediate actions. Coupling this approach with stress testing (to better understand the impact of possible climate scenarios) has allowed the Fund to assess a range of outcomes that may arise, and assess the resilience of the Fund under these scenarios.

The results show that:

1. When considering climate scenario stress tests, the Fund appears to be generally resilient to different climate scenarios, with generally modest impacts versus the base case modelled

2. The results of the downside, narrative analysis suggest that the Fund is likely to be resilient in the face of some severe downside risk events (in comparison to the base case), but not all.

Climate scenario analysis helps assess risks and tests the resilience of current and long-term strategies under various scenarios. This helps to identify vulnerabilities across both assets and liabilities. Identification of these vulnerabilities can inform risk management processes (see figure 1), helping the Fund ensure appropriate controls and mitigations are in place. Scenario analysis therefore supports informed decision making, and may be used in future to assist with disclosures prepared in line with Task Force on Climate-Related Financial Disclosures (TCFD) principles.



This climate analysis was not applied to the funding strategy modelling for smaller employers. However, given that the same underlying model is used for all employers and that the local authority employers make up the vast majority of the fund's assets and liabilities, applying the climate analysis to all employers was not deemed proportionate at this stage and would not be expected to result in any changes to the agreed contribution plans.

The Fund's Responsible Investment beliefs are included in its Investment Strategy Statement.

Appendix E – Actuarial assumptions

The Fund's actuary uses a set of assumptions to determine the strategy, and so assumptions are a fundamental part of the Funding Strategy Statement.

E1 What are actuarial assumptions?

Actuarial assumptions are required to value the fund's liabilities because:

- There is uncertainty regarding both the timing and amount of the future benefit payments (the actual cost can't be known until the final payment is made). Therefore to estimate the cost of benefits earned to date and in the future, assumptions need to be made about the timing and amount of these future benefit payments
- The assets allowed to an employer today are a known figure. However, the future investment return earned on those assets and future cashflows into the fund are uncertain. An assumption is needed about what those future investment returns will be

There are two types of actuarial assumptions that are needed to perform an actuarial valuation: **financial assumptions** determine the expected amount of future benefit payments and the expected investment return on the assets held to meet those benefits, whilst **demographic assumptions** relate primarily to the expected timing of future benefit payments (i.e. when they are made and for how long).

All actuarial assumptions are set as best estimates of future experience with the exception of the discount rate assumption which is deliberately prudent to meet the regulatory requirement for a 'prudent' valuation.

Any change in the assumptions will affect the value that is placed on future benefit payments ('liabilities'), but different assumptions don't affect the actual benefits the fund will pay in future.

E2 What funding bases are operated by the Fund?

A *funding basis* is the set of actuarial assumptions used to value an employer's (past and future service) liabilities. The fund operates two funding bases for funding valuations: the *ongoing participation basis* and the *low-risk exit basis*. All actuarial assumptions are the same for both funding bases with the exception of the discount rate – see further details below.

E3 What financial assumptions are used by the fund?

Discount rate

The discount rate assumption is the average annual rate of future investment return assumed to be earned on an employer's assets from a given valuation date. The fund uses a risk-based approach to setting the discount rate which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions') and the Fund's investment strategy.

The discount rate is determined by the *prudence level*. Specifically, the discount rate is calculated to be:

The average annual level of future investment return that can be achieved on the Fund's assets over a 20 year period with a x% likelihood.

The prudence level is the likelihood. The prudence levels used by the fund are as follows:

Funding basis	Prudence level
Ongoing participation	75%
Low-risk exit	85%

CPI inflation

The CPI inflation assumption is the average annual rate of future Consumer Price Index (CPI) inflation assumed to be observed from a given valuation date. This assumption is required because LGPS benefit increases (in deferment and in payment) and revaluation of CARE benefits are in line with CPI.

The fund uses a risk-based approach to setting the CPI inflation assumption which allows for prevailing market conditions on the valuation date (see 'Further detail on the calculation of financial assumptions'). The CPI inflation assumption is calculated to be:

The average annual level of future CPI inflation that will be observed over a 20 year period with a 50% likelihood

Salary growth

The salary growth assumption is linked to the CPI inflation assumption via a fixed margin. The salary increases assumption is 0.5% above the CPI inflation assumption plus a promotional salary scale.

E4 Further detail on the calculation of financial assumptions

The discount rate and CPI inflation assumptions are calculated using a risk-based method. To assess the likelihood associated with a given level of investment return or a given level of future inflation, the fund actuary uses Hymans Robertson's propriety economic scenario generator; the *Economic Scenario Service* (or *ESS*). The model uses statistical distributions to project a range of 5,000 different possible outcomes for the future behaviour of different asset classes and wider economic variables, such as inflation.

The table below shows the calibration of the model as at 31 March 2025 for some sample asset classes and economic variables. All returns are shown net of fees and are the annualised total returns over 5, 10 and 20 years. Yields and inflation refer to the simulated yields at that time horizon.

Table: Summary of assumptions underlying the ESS, 31 March 2025

Time period	Percentile	Annualised total returns												Inflation/Yields		
		Cash	Global Equities (hedged)	Global Equities (unhedged)	EM equities (unhedged)	UK Equity	UK corporate bonds (BBB-rated average)	UK corporate bonds (A-rated average)	UK corporate bonds (BB-rated average)	Property	Private Equity	Private Lending	Infrastructure equity	Inflation (CPI)	17-year real yield (CPI)	17-year yield
5 Years	16 th	3.5%	0.3%	-0.2%	-3.2%	0.1%	3.8%	4.0%	3.8%	0.2%	-2.5%	4.5%	1.1%	1.2%	1.5%	4.8%
	50 th	4.3%	8.7%	8.5%	8.5%	8.2%	5.5%	5.2%	6.0%	6.8%	10.0%	8.2%	8.1%	2.8%	2.4%	5.8%
	84 th	5.1%	17.0%	17.1%	20.9%	16.4%	6.6%	6.1%	7.4%	14.1%	22.8%	11.4%	15.5%	4.3%	3.3%	7.1%
10 Years	16 th	3.6%	2.8%	2.5%	0.2%	2.5%	4.9%	4.8%	4.9%	2.3%	1.2%	6.4%	3.1%	0.8%	0.8%	3.9%
	50 th	4.6%	8.9%	8.7%	8.8%	8.6%	6.1%	5.8%	6.5%	7.3%	10.2%	8.8%	8.4%	2.5%	2.1%	5.3%
	84 th	5.8%	14.9%	15.0%	17.5%	14.6%	7.1%	6.7%	7.8%	12.7%	19.6%	10.9%	13.8%	4.1%	3.3%	7.1%
20 Years	16 th	3.1%	4.3%	3.9%	2.2%	3.8%	4.8%	4.6%	5.1%	3.5%	3.4%	7.0%	4.2%	0.7%	-0.5%	1.6%
	50 th	4.5%	8.7%	8.6%	8.5%	8.4%	6.1%	5.8%	6.5%	7.3%	9.9%	8.8%	8.3%	2.3%	1.3%	3.6%
	84 th	6.3%	13.3%	13.4%	15.1%	12.9%	7.6%	7.2%	8.1%	11.3%	17.0%	10.7%	12.4%	3.9%	3.0%	6.2%
Volatility (1 yr)		0.3%	17.8%	18.4%	24.3%	16.3%	3.7%	3.2%	4.7%	15.2%	26.6%	9.3%	14.5%	1.4%	-	-

The ESS model is recalibrated monthly. The fund actuary uses the most recent calibration of the model (prior to the valuation date) to set financial assumptions for each funding valuation.

E5 What demographic assumptions were used?

The Fund uses advice from Club Vita to set demographic assumptions, as well as analysis and judgement based on the fund's experience.

Demographic assumptions vary by type of member, so each employer's own membership profile is reflected in their results.

Life expectancy

The longevity assumptions are a bespoke set of VitaCurves produced by detailed analysis and tailored to fit the fund's membership profile.

Allowance has been made for future improvements to mortality, in line with the 2024 version of the continuous mortality investigation (CMI) tables published by the actuarial profession. The starting point has been adjusted by +0.25% to reflect the difference between the population-wide data used in the CMI and LGPS membership. A long-term rate of mortality improvements of 1.5% p.a. applies.

Other demographic assumptions

Retirement in normal health	Members are assumed to retire at the earliest age possible with no pension reduction.
Promotional salary increases	Sample increases below
Death in service	Sample rates below
Withdrawals	Sample rates below
Retirement in ill health	Sample rates below
Family details	A varying proportion of members are assumed to have a dependant partner at retirement or on earlier death. For example, at age 65 this is assumed to be 55% for males and 54% for females. The dependant of a male member is assumed to be 3.5 years younger than him and the dependent of a female member is assumed to be 0.6 years older than her.
Commutation	50% of maximum tax-free cash
50:50 option	0% of existing members will opt to change schemes

Males

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	420.48	609.76	0	0	0	0
25	117	0.17	277.74	402.77	0	0	0	0
30	131	0.2	197.07	285.73	0	0	0	0
35	144	0.24	153.97	223.22	0.1	0.07	0.02	0.01
40	151	0.41	123.96	179.66	0.16	0.12	0.03	0.02
45	159	0.68	116.44	168.72	0.35	0.27	0.07	0.05
50	167	1.09	95.98	138.92	0.9	0.68	0.23	0.17
55	173	1.7	75.58	109.45	3.54	2.65	0.51	0.38
60	174	3.06	67.37	97.51	6.23	4.67	0.44	0.33
65	174	5.1	41.35	59.85	11.83	8.87	0	0

Females

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.1	422.91	411.29	0	0	0	0
25	117	0.1	284.56	276.71	0.1	0.07	0.02	0.01
30	131	0.14	238.54	231.92	0.13	0.1	0.03	0.02
35	144	0.24	205.88	200.09	0.26	0.19	0.05	0.04
40	151	0.38	171.35	166.48	0.39	0.29	0.08	0.06
45	159	0.62	159.9	155.33	0.52	0.39	0.1	0.08
50	167	0.9	134.81	130.81	0.97	0.73	0.24	0.18
55	173	1.19	100.59	97.71	3.59	2.69	0.52	0.39
60	174	1.52	81.07	78.65	5.71	4.28	0.54	0.4
65	174	1.95	38.64	37.47	10.26	7.69	0	0

Appendix F – Contribution review policy

The Fund may amend contribution rates between valuations for a 'significant change' to the liabilities or covenant of an employer. Such reviews may be instigated by the fund or at the request of a participating employer. Any review may lead to a change in the required contributions from the employer.

F1 Guidance and regulatory framework

[Regulation 64](#) of the Local Government Pension Scheme Regulations 2013 (as amended) sets out the way in which LGPS funds should determine employer contributions, including the following:

- Regulation 64 (4) – allows the Fund to review the contribution rate if it becomes likely that an employer will cease participation in the Fund, with a view to ensuring that the employer is fully funded at the expected exit date.
- Regulation 64A - sets out specific circumstances where the Fund may revise contributions between valuations (including where a review is requested by one or more employers).

This policy also reflects [statutory guidance](#) from the Department for Levelling Up, Housing and Communities on preparing and maintaining policies relating to the review of employer contributions. Interested parties may want to refer to an accompanying [guide](#) that has been produced by the Scheme Advisory Board.

F2 Statement of principles

This statement of principles covers review of contributions between valuations. Each case will be treated on its own merits, but in general:

- The Fund reserves the right to review contributions in line with the provisions set out in the LGPS Regulations.
- The decision to make a change to contribution rates rests with the Fund, subject to consultation with employers during the review period.
- Full justification for any change in contribution rates will be provided to affected employers.
- Advice will be taken from the Fund Actuary in respect of any review of contribution rates.
- Any revision to contribution rates will be reflected in the Rates & Adjustment certificate.

F3 Circumstances for review

The Fund would consider one or more of the following circumstances as a potential trigger for review:

- in the opinion of the Fund there are circumstances which make it likely that an employer (including an admission body) will become an exiting employer sooner than anticipated at the last valuation;
- an employer is approaching exit from the Fund within the next two years and before completion of the next triennial valuation;
- there are changes to the benefit structure set out in the LGPS Regulations which have not been allowed for at the last valuation;
- it appears likely to the Fund that the amount of the liabilities arising or likely to arise for an employer or employers has changed significantly since the last valuation;
- it appears likely to the Fund that there has been a significant change in the ability of an employer or

employers to meet their obligations (e.g. a material change in employer covenant, or provision of additional security);

- it appears to the Fund that the membership of the employer has changed materially such as bulk transfers, significant reductions to payroll or large-scale restructuring; or
- where an employer has failed to pay contributions or has not arranged appropriate security as required by the Fund.

F4 Employer requests

The Fund will also consider a request from any employer to review contributions where the employer has undertaken to meet the costs of that review and sets out the reasoning for the review (which would be expected to fall into one of the above categories, such as a belief that their covenant has changed materially, or they are going through a significant restructuring impacting their membership).

The Fund will require additional information to support a contribution review made at the employer's request. The specific requirements will be confirmed following any request and this is likely to include the following:

- a copy of the latest accounts;
- details of any additional security being offered (which may include insurance certificates);
- budget forecasts; and/or
- information relating to sources of funding.

The costs incurred by the Fund in carrying out a contribution review (at the employer's request) will be met by the employer. These will be confirmed upfront to the employer prior to the review taking place.

F5 Other employers

When undertaking any review of contributions, the Fund will also consider the impact of a change to contribution rates on other Fund employers. This will include the following factors:

- The existence of a guarantor.
- The amount of any other security held.
- The size of the employer's liabilities relative to the whole Fund.

The Fund will consult with other Fund employers as necessary.

F6 Effect of market volatility

Except in circumstances such as an employer nearing cessation, the Fund will not consider market volatility or changes to asset values as the basis for a change in contributions outside a formal triennial valuation.

F7 Documentation

Where revisions to contribution rates are necessary, the Fund will provide the employer with a note of the information used to determine these, including:

- Explanation of the key factors leading to the need for a review of the contribution rates, including, if appropriate, the updated funding position.
- A note of the new contribution rates and effective date of these.

- Date of next review.
- Details of any processes in place to monitor any change in the employer's circumstances (if appropriate), including information required by the Fund to carry out this monitoring.

The Rates & Adjustments certificate will be updated to reflect the revised contribution rates

Appendix G – Cessation policy

On cessation, the Administering Authority will instruct the fund actuary to carry out a cessation valuation to determine whether there is any surplus or deficit.

F1 – Where there is a surplus on exit

Where there is a surplus, the administering authority will determine the amount of exit credit to be paid in accordance with the Regulations.

The administering authority's entitlement to determine whether exit credits are payable shall apply to all employers ceasing their participation in the fund after 14 May 2018. This provision therefore is retrospectively effective to the same extent as provisions of the [Local Government Pension Scheme \(Amendment\) Regulations 2020](#).

The administering authority may determine the amount of exit credit payable to be zero, however, in making a determination, the Administering Authority will take into account the following factors.

- a) the extent to which there is an excess of assets in the fund relating to the employer over and above the liabilities specified.
- b) the proportion of the excess of assets which has arisen because of the value of the employer's contributions.
- c) any representations to the Administering Authority made by the exiting employer, guarantor, ceding Scheme Employer (usually the Letting Authority) or by a body which owns, funds or controls the exiting employer; or in some cases, the Secretary of State.
- d) any other relevant factors

F2 – Where there is a deficit on exit

Where there is a deficit, payment of this amount in full would normally be sought from the exiting employer. The Fund's normal policy is that this cessation debt is paid in full as a single lump sum.

Deferred spreading arrangement (DSA)

However, the fund will consider written requests from exiting employers to spread an exit payment over an agreed period, in the exceptional circumstance where payment of the debt in a single immediate lump sum could be shown by the employer to be materially detrimental to the employer's financial situation.

In this exceptional case, the fund's policy is:

- The agreed spread period is no more than three years, but the fund could use its discretion to extend this period in extreme circumstances.
- The fund may consider factors such as the size of the exit payment and the financial covenant of the exiting employer in determining an appropriate spreading period.
- The exiting employer may be asked to provide the administering authority with relevant financial information such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) etc. to help in this determination.

- Payments due under the DSA may be subject to an interest charge.
- The fund will only consider written requests within six months of the employer exiting the fund. The exiting employer would be required to provide the fund with detailed financial information to support its request.
- The Fund would take into account the amount of any security offered and seek actuarial, covenant and legal advice in all cases.
- The Fund proposes a legal document, setting out the terms of the exit payment agreement, would be prepared by the fund and signed by all relevant parties prior to the payment agreement commencing.
- The terms of the legal document should include reference to the spreading period, the annual payments due, interest rates applicable, other costs payable and the responsibilities of the exiting employer during the exit spreading period.
- Any breach of the agreed payment plan would require payment of the outstanding cessation amount immediately.

Deferred Debt Agreement (DDA)

The fund's preferred policy is for the spreading of payments, as detailed above, to be followed in the exceptional circumstances where an exiting employer is unable to pay the required cessation payment as a lump sum in full. However, in the event that spreading of payments will create a high risk of bankruptcy for the exiting employer, the fund may exercise its discretion to set up a deferred debt agreement as described in [Regulation 64 \(7A\)](#).

The employer must meet all requirements on Scheme employers and pay the secondary rate of contributions as determined by the Fund actuary until the termination of the DDA.

The Administering Authority may consider a DDA in the following circumstances:

- The employer requests the Fund consider a DDA.
- The employer is expected to have a deficit if a cessation valuation was carried out.
- The employer is expected to be a going concern.
- The covenant of the employer is considered sufficient by the administering authority.

The Administering Authority will normally require:

- A legal document to be prepared, setting out the terms of the DDA and signed by all relevant parties prior to the arrangement commencing.(including details of the time period of the DDA, the annual payments due, the frequency of review and the responsibilities of the employer during the period).
- Relevant financial information for the employer such as a copy of its latest accounts, sources of funding, budget forecasts, credit rating (if any) to support its covenant assessment.
- Security be put in place covering the employer's deficit on their cessation basis and the Fund will seek actuarial, covenant and legal advice in all cases.
- Regular monitoring of the contribution requirements and security requirements

- All costs of the arrangement are met by the employer, such as the cost of advice to the fund, ongoing monitoring or the arrangement and correspondence on any ongoing contribution and security requirements.

A DDA will normally terminate on the first date on which one of the following events occurs:

- The employer enrolls new active fund members.
- The period specified, or as varied, under the DDA elapses.
- The take-over, amalgamation, insolvency, winding up or liquidation of the employer.
- The administering authority serves a notice on the employer that the Administering Authority is reasonably satisfied that the employer's ability to meet the contributions payable under the DDA has weakened materially or is likely to weaken materially in the next 12 months.
- The Fund actuary assesses that the employer has paid sufficient secondary contributions to cover all (or almost all) of the exit payment due if the employer becomes an exiting employer on the calculation date (i.e. employer is now largely fully funded on their low risk basis).
- The Fund actuary assesses that the employer's value of liabilities has fallen below an agreed *de minimis* level and the employer becomes an exiting employer on the calculation date.
- The employer requests early termination of the agreement and settles the exit payment in full as calculated by the fund actuary on the calculation date (i.e. the employer pays their outstanding cessation debt on their cessation basis).

On the termination of a DDA, the employer will become an exiting employer.

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HILLINGDON

LONDON

INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP) SYSTEM

EMPLOYEES' GUIDE

Note: *This leaflet provides a straightforward guide to how the internal dispute resolution procedures operate in the Local Government Pension Scheme and is provided for general information only. It does not cover every aspect. It is not an interpretation of the scheme regulations. In the event of any unintentional differences, the scheme regulations will prevail. This booklet does not confer any contractual or statutory rights.*

ENQUIRIES

If you are not sure which benefits you are entitled to, or you have a problem with your benefits, please either phone the number on the letter your employer or administering authority sent you, or contact the pensions administrators direct at:

Hampshire Pension Services
The Castle
Winchester
Hampshire
SO23 8UB

Telephone: 01962 845588

E-mail: pensions@hants.gov.uk

They will try to deal with the problem as quickly and efficiently as possible. The administering authority is the authority that looks after the pension fund.

Many problems that members have are, in fact, resolved in this way. They may be caused by misunderstandings or wrong information, which can be explained or put right easily. An informal enquiry of this kind may save you a lot of time and trouble.

DECISIONS

From the day a person starts a job with an employer, to the day when benefits or dependent's benefits are paid, the employer and the Pension Scheme administering authority must make decisions under the Pension Scheme rules that affect you (or your dependents). When you (this includes dependents) are notified of a decision you should check, as far as you can, that it is based on the correct details and that you agree with the decision.

COMPLAINTS

If you are not satisfied with any decision affecting you, made in relation to the Scheme, you have the right to ask for it to be looked at again under the formal complaint procedure. You also have a right to use the procedure if a decision should have been made by your employer or administering authority, but it hasn't been. The complaint procedure's official name is the "internal dispute resolution procedure".

There are also a few other regulatory bodies, such as OPAS, which may be able to help you. They are described in the "Additional Help" section.

The formal complaint procedure has two stages. Many complaints are resolved at the first stage. Any complaint you make will be treated seriously and considered thoroughly and fairly.

You can ask someone to take your complaint forward on your behalf. This could be, for instance, a trade union official, welfare officer, your husband, wife or partner, or a friend.

No charge is made at any stage for investigating a complaint under the internal dispute resolution procedure. But expenses that you will have to meet are your own (and/or your representative's) time, stationery and postage.

Please remember that, before going to the trouble of making a formal complaint, your Pensions Section may welcome the opportunity to try to resolve the matter about which you are dissatisfied in an informal way. It may be worth checking again that they know you are concerned, and why.

There are two different Stage 1 appeal processes to follow depending on the nature of the complaint. The process adopted will depend on whether the complaint is against an action/decision made by Hampshire Pension Services or by the employer.

Appeal Against Administrator Decision

If a member is unhappy with an action or decision made by Hampshire Pension Services, they would follow the IDR process below, that is;

- The initial complaint is investigated and responded to by HPS.
- If the Member is unhappy, they appeal at Stage 1 of the IDR. This will be investigated and responded to by the Stage 1 appointed officer at Hillingdon Council.
- If they remain unhappy, the member can continue their appeal by going to Stage 2 of the IDR. This will be investigated and responded to by the Stage 2 appointed officer at Hillingdon Council.
- The member can then take their case to The Pensions Ombudsman if they remain unhappy after the Stage 2 response.

Appeal Against Employer Decision

If a member is making a complaint about an action/decision made by the employer, they would follow the IDR process below, that is;

- The initial appeal is made to the employer, and the employer must have an appointed Stage 1 IDR adjudicator who will investigate and respond.
- If the member remains unhappy, they can appeal at Stage 2, at which point the appointed Stage 2 officer at Hillingdon Council would investigate and respond.
- The member can take their case to The Pensions Ombudsman if they remain unhappy after the Stage 2 response.

First stage

If you need to make a formal complaint, you should make it:

- in writing or by using the application form enclosed, and
- normally within 6 months of the day when you were told of the decision you want to complain about.

Your complaint will be considered carefully by a person nominated by the body that took the decision against which you wish to complain. This guide calls them the "nominated person". That person is required to give you their decision in writing.

If the nominated person's decision is contrary to the decision, you complained about, the employer or administering authority who made that original decision will now have to deal with your case in accordance with the nominated person's decision.

If the decision you complained about concerned the exercise of a discretion by the employer or administering authority, and the nominated person decides that the employer or administering authority should reconsider how they exercised their discretion, they will be required to reconsider their original decision.

Second Stage

You can ask the pension scheme administering authority to take a fresh look at your

complaint in any of the following circumstances:

- you are not satisfied with the nominated person's first-stage decision,
- you have not received a decision or an interim letter from the nominated person, and it is 3 months since you lodged your complaint,
- it is one month after the date by which the nominated person told you (in an interim letter) that they would give you a decision, and you have still not received that decision.

This review would be undertaken by a person not involved in the first stage decision.

You will need to send the appropriate administering authority your complaint in writing. The time limits for making the complaint are set out in the table at the end of this leaflet. The administering authority will consider your complaint and give you their decision in writing.

If you are still unhappy following the administering authority's second stage decision, you can take your case to the Pensions Ombudsman provided you do so within 3 years from the date of the original decision (or lack of a decision) about which you are complaining.

Pensions Ombudsman

The Ombudsman investigates complaints and settles disputes about pension schemes. However, before contacting the Ombudsman, the Pensions Ombudsman's Office would normally expect you to have:

- been given first stage and second-stage internal dispute resolution procedure decisions by the Local Government Pension Scheme; and
-

The Pensions Ombudsman is completely independent and acts as an impartial adjudicator. His role and powers have been decided by Parliament.

There is no charge for using the Pensions Ombudsman's services.

The Ombudsman cannot investigate matters where legal proceedings have already started

but, subject to that, he can settle disputes about matters of fact or law as they affect occupational pension schemes.

He can also investigate and decide any complaint or dispute about the maladministration of a pension scheme. "Maladministration" is about the way that a decision is taken, rather than about the merits of the decision.

Examples of maladministration would be unreasonable delay, neglect, giving wrong information and discrimination.

The Ombudsman's decision is final and binding on all the parties, subject to any appeal made to the High Court on a point of law.

You must refer your complaint to the Ombudsman within 3 years of the event about which you are complaining, or within 3 years of when you first became aware of the problem.

The Ombudsman is at the following address:

The Pensions Ombudsman, 11 Belgrave Road, London, SW1V 1RB

Other ways to contact him are:

Tel: 020 7630 2200

Email: enquiries@pensions-ombudsman.org.uk

The website address is: <http://www.pensions-ombudsman.org.uk>

Time limits under the Internal Dispute Resolution Procedure Your situation	To complain to	Time Limit
You have received a decision on your benefits under the pension scheme from your employer/administering authority, and there seem to be good grounds for complaining.	The nominated person under the first stage of the procedure.	6 months from the date when you were notified of the decision
You have received a first-stage decision regarding your complaint from the nominated person, but you are not satisfied.	The relevant administering authority under the second stage of the procedure.	6 months from the date of the nominated person's decision
You made your complaint in writing to the nominated person with all the information they needed but, 3 months later, you have not received their decision on your complaint or any interim reply.	The relevant administering authority under the second stage of the procedure.	9 months from the date when you submitted your complaint.
You received an interim reply to your complaint to the nominated person, within 2 months of applying to them. Their reply promised you a decision by a specified date but, one month after the specified date, you still have not received their decision.	The relevant administering authority under the second stage of the procedure.	7 months from the date by which you were promised you would receive a decision
Your complaint is that your employer or administering authority have failed to make any decision about your benefits under the pension scheme	The nominated person under the first stage of the procedure	6 months from the date when the employer or administering authority should have made the decision.
Your complaint went to the administering authority under the second stage of the procedure. You received their decision, but you are still not satisfied.	The Pensions Ombudsman.	3 years from the date of the original decision about which you are complaining.
You have taken your complaint to the administering authority under the second stage of the procedure but, 2 months after your complaint was received by the authority, you have not received their decision on your	The Pensions Ombudsman.	3 years from the date of the original decision about which you are complaining.

complaint or any interim reply.		
You received an interim reply to your second-stage complaint to the administering authority, within 2 months of applying to them. Their reply promised you a decision by a certain date but, by that date, you still have not received their decision	The Pensions Ombudsman.	3 years from the date of the original decision about which you are complaining.

Application Form under the Internal Dispute Resolution Procedure

You can use this form:

- a) to apply to the nominated person at stage 1 of the internal dispute resolution procedure if you want them to investigate a complaint concerning your pension; and
- b) to apply to the administering authority if you want them to reconsider a determination made by the nominated person.

Please write clearly in ink, and use capital letters in boxes 1, 2 and 3.

1. Member's details:

If you are a member (the person who is or was in the Scheme), or a prospective member (a person who is eligible to be a member of the Scheme), please give your details in this box. You can then go straight to box 4.

If you are the member's dependent (for example, their husband, wife or child), please give the member's details in this section, and then go to box 2.

If you are representing the person with the complaint, please give the members' details in this section, and then go to box 2.

Full Name:

Address:

.....

.....Post Code:.....

NI Number:Date of Birth:.....

Employer:

2. Dependent's details:

If you are the member's dependent and the complaint is about a benefit for you, please give your details in this box and then go to box 4.

If the complaint is about a benefit for a dependent and you are the dependent's representative, please give the dependent's details in this box and then go to box 3.

Full Name:

Address:

.....

.....Post Code:.....

NI Number:Date of Birth:.....

Employer:

3. Representative's details:

If you are the member's or dependent's representative, please give your details in this box.

Full Name:

Address:

.....

The address response letters should be sent to:

.....

.....

4. Your complaint

Please give full details of your complaint in this box. Please try to explain exactly why you are unhappy, giving any dates or periods of Scheme membership that you think are relevant.

If there is not enough space, please go on to a separate sheet and attach it to this form. Remember to write your name and national insurance number at the top of any separate sheet if you are a member. Or, if you are not a member, put the member's name and national insurance number at the top of any separate sheet.

--

5. Your signature

I would like my complaint to be considered and a decision to be made about it. I am a:	
<ul style="list-style-type: none">• Scheme member/former member/prospective member *• Dependent of a former member *• Member's representative/dependent's representative *	
*delete as appropriate	
Signed:	Date:

6. Please enclose a copy of any notification of the decision you are complaining of which has been made by the employer or administering authority. Also enclose any other letter or notification that you think might be helpful.

PLEASE SEND THIS FORM TO:
Pensions Team
London Borough of Hillingdon
Civic Centre 3 East
High Street
Uxbridge
Middlesex
UB8 1UW

London Borough of Hillingdon Pension Fund

Pensions Administration Strategy

Date approved: 26 March 2024

Revised: 09 December 2025

Administration Strategy

Introduction and Background

This is the statement outlining the Pension Administration Strategy for the London Borough of Hillingdon Pension Fund ("the Fund") and has been developed following consultation with the Fund's third-party administrators, employers in the Fund, Local Pension Board members and other interested stakeholders.

The aims of the Pension Administration Strategy are to:

- ensure that the parties to which it relates are fully aware of their responsibilities under the Local Government Pension Scheme (LGPS), and
- outline the quality and performance standards expected of the Fund and its employers to ensure the delivery of a high-quality, timely and professional administration service.

London Borough of Hillingdon (the "Administering Authority") is responsible for the local administration of the Fund, which is part of the LGPS. Operationally, the administration of the Fund is undertaken through a formal delegation agreement by the Hampshire Pensions Services (HPS) team at Hampshire County Council (HCC). HPS and the Fund's officers work together to provide a seamless service to scheme employers and members.

This Pension Administration Strategy does not supersede any formal agreements between the Administering Authority and the administrators or between the Administering Authority and the employers. However, it is intended to complement such arrangements and provide greater clarity in relation to each party's role and responsibilities.

This Strategy applies to all existing employers in the Fund, and all new employers joining the Fund after the effective date of 9 December 2025. This Statement sets out the expected levels of administration performance of both the Administering Authority and the employers within the Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

Implementation

This Strategy outlines the level of service the Administering Authority aims to provide to scheme members and employers, as well as the role employers will need to play in providing that quality of service. It is recognised that the aims and objectives in this Strategy are ambitious in some cases and meeting these is dependent on the implementation of some changes in the existing ways of working. This Strategy is being implemented during a period which continues to present several challenges, not least:

- the need to carry out a major scheme reconciliation exercise because of the introduction of the new State Pension – GMP reconciliation project
- Changes to the scheme because of the legal ruling in the landmark McCloud judgement, which found the 2015 pension reforms affecting firefighters and judges to be discriminatory based on age.

- The unknown impact and implementation of the Local Government Pension Scheme Advisory Board (SAB) cost cap management process
- Implementation of pensions dashboard

This Strategy will be effective from 9 December 2025 and the performance indicators mentioned herein will demonstrate ongoing progress towards the Strategy's aims and objectives.

Regulatory Basis

The LGPS is a statutory scheme, established by an Act of Parliament. The Local Government Pension Scheme Regulations 2013 provide the conditions and regulatory guidance surrounding the production and implementation of Pensions Administration Strategies.

In carrying out their roles and responsibilities in relation to the administration of the LGPS, the Administering Authority and employers will, as a minimum, comply with overriding legislation, including:

- Local Government Pension Scheme Regulations
- Pensions Acts 2004 and 2011 and associated disclosure legislation
- Public Service Pensions Act 2013 and associated record keeping legislation
- Freedom of Information Act 2000
- Equality Act 2010
- Data Protection Act 2003
- Finance Act 2013 and
- Relevant Health and Safety legislation.
- The Pensions Dashboards Regulations 2022

As a result of the Public Service Pensions Act 2013, the Pensions Regulator now has responsibility for oversight of several elements of the governance and administration of Public Service pension schemes including the LGPS. The Regulator has the power to issue sanctions and fines in respect of failings of the Administering Authority, and also where employers in the Fund fail to provide correct or timely information to the Administering Authority. Should this happen, the Administering Authority would recharge any costs back to employers as set out later in this strategy.

More information relating to the requirements of the Local Government Pension Scheme Regulations is included in Appendix A. This statement has been developed with those provisions in mind and describes the Administering Authority's approach to meeting these requirements in the delivery of administration.

Aims and Objectives

The primary objectives of the London Borough of Hillingdon Pension Fund are:

- to be known as forward thinking, responsive, proactive, and professional; providing excellent customer focused, reputable and credible service to all customers.
- to have instilled a corporate culture of risk awareness, financial governance, and to provide the highest quality, distinctive services within the resource budget.
- to work effectively with partners, being solution focused with a 'can do' approach.

In addition, there are specific aims and objectives in relation to administration responsibilities as set out below.

Administration Aims and Objectives

The purpose of this Strategy is to set out the quality and performance standards expected of London Borough of Hillingdon in its role as Administering Authority and employer, as well as all other employers within the Fund.

The Administration Strategy has a number of specific objectives, as follows;

- Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- Maintain accurate records and ensure data is protected and has authorised use only.

Delivery of Administration

London Borough of Hillingdon Pension Fund has delegated responsibility for the management of the Pension Fund to the Pensions Committee, assisted by the Local Pensions Board. The Committee will monitor the implementation of this Strategy on a regular basis as outlined below.

Operationally, the administration of the Fund is undertaken by Hampshire Pensions Services (HPS) through a delegation agreement with Hampshire County Council (HCC), supported by a small 'in-house' capacity within London Borough of Hillingdon Pension Fund.

The London Borough of Hillingdon Pension Fund will look for opportunities to work collaboratively with other Administering Authorities to reduce the quality of information such as:

- working with other administering authorities through the Pensions Officer Group networks to produce communications, which can then be customised further where necessary to the needs of the London Borough of Hillingdon Pension Fund
- Utilising economies of scale through procurement of services with other HCC managed funds
- participating in joint training sessions with other administering authorities.

Performance Standards – Quality

Local Standards

In addition to the legislative and regulatory standards, the Administering Authority and employers ensure that all administration functions and tasks are carried out to agreed standards. In this respect the standards to be met are:

- compliance with all requirements set out in the employer admission agreement
- information to be provided in the required format and/or on the appropriate forms.
- information to be legible and accurate
- communications to be in a plain language style
- information provided or actions carried out to be checked for accuracy by an appropriately trained member of staff
- information provided or actions carried out to be authorised by an agreed signatory, and
- actions carried out, or information provided, within the timescales set out in this strategy statement.

Secure Data Transfer

The Administering Authority and employers follow London Borough of Hillingdon's data security guidelines when sending any personal data. The pension administration function uses a secure email system to send data when required to prevent any sensitive information from being accidentally sent to unauthorised recipients.

One of the key methods of data transfer relating to the Fund's administration is the submission of information from employers in relation to scheme members. In order to meet the requirements, set out in this document in a secure and efficient way (for both employers and the Administering Authority), employers are strongly encouraged to use the HPS 'Employer Hub'. Any submission of data outside of this method should use a secure means for example encryption to mitigate the risk of compromising data security.

Oversight of Compliance and Quality

Ensuring compliance is the responsibility of the Administering Authority and the employers in the Fund. The Administering Authority has a range of internal controls in place to assist with ensuring compliance and which are articulated in the Fund's risk register and risk management policy. However, there are ways in which the Administering Authority is subject to elements of scrutiny and/or oversight:

Audit

The Fund is subject to a regular annual audit which includes elements of processes and internal controls. The Administering Authority and the employers are expected to fully comply with any reasonable requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by London Borough of Hillingdon, in its role as Administering Authority, and where appropriate duly implemented (following discussions with employers where necessary).

Local Pension Board, the national Scheme Advisory Board and the Pensions Regulator

The Public Service Pensions Act 2013 introduced greater oversight of LGPS Funds. As a result, the Local Pension Board of the London Borough of Hillingdon Pension Fund was established from 1 April 2015. In addition, the Pensions Regulator's remit was extended to include the public sector, and a national Scheme Advisory Board was created. The Administering Authority and the employers are expected to fully comply with any guidance produced by the Scheme Advisory Board and the Pensions Regulator.

Performance Standards – Timeliness and Accuracy

Overriding legislation, including The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended), dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. Further, the LGPS itself sets out a number of requirements for the Administering Authority or employers to provide information to each other, to scheme members and to prospective scheme members, dependants, other pension arrangements or other regulatory bodies. In addition to the legal requirements, local performance standards have been agreed which cover all aspects of the administration of the London Borough of Hillingdon Pension Fund. In many cases these go beyond the overriding legislative requirements.

The locally agreed performance standards for the Fund are set out in Appendix B. These standards are not an exhaustive list of the Administering Authority's and employers' responsibilities. Employers' responsibilities are provided in more detail in the employers' admission agreement.

Although all the locally agreed performance standards will be monitored on an ongoing basis by the administering authority, the key standards which will be publicly reported on are extracted and shown in the table below. These elements are measured against:

1. Any legal timescale that should be met ("legal requirement")
2. The overall locally agreed target time ("fund target")
3. The locally agreed target time for the Administering Authority or administrator to complete that task ("LBHPPF element target").

Generally, the LBHPPF element target will be a sub-section of the overall process and hence will have a shorter target timescale than that being measured by the legal and

Fund targets. This is because the legal and fund targets will generally include periods of time when the Administering Authority is waiting for information to be provided by an employer or scheme member.

For the avoidance of doubt “accuracy” in this strategy is defined as when the administrators have received information, for example from an employer, with.

- no gaps in the required areas *and*
- with no information which is either contradictory, or which needs to be queried.

Process maps to explain the flow of information from Schools to the Administrator are in the final stages of development and will be included as Appendix C shortly.

Hillingdon Pension Fund Key Performance Indicators

Process	Legal Requirement	LBHPF Administration element target
To send a Notification of Joining the LGPS to a scheme member	2 months from date of joining, or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled ¹	Within 20 working days of receipt of all relevant information
To inform members who leave the scheme of their deferred benefit entitlement	As soon as practicable and no more than 2 months from date of initial notification (from employer or from scheme member) ²	Within 30 working days of receipt of all relevant information
Obtain transfer details for transfer in, and calculate and provide quotation to member	2 months from the date of request ¹	Within 20 working days of receipt of all relevant information
Provide details of transfer value for transfer out, on request	3 months from date of request (CETV estimate) ³ or within a reasonable period (cash transfer sum) ⁴	Within 20 working days of receipt of all relevant information
Notification of amount of retirement benefits and payment of tax-free cash sum	1 month from date of retirement if on or after Normal Pension Age ¹ 2 months from date of retirement if before Normal Pension Age ¹	Within 15 working days of receipt of all relevant information
Providing quotations on request for retirements	As soon as is practicable, but no more than 2 months from date of request unless there has already been a request in the last 12 months ¹	Individual request within 15 working days of receipt of all relevant information
Calculate and notify dependant(s) of amount of death benefits	As soon as possible but in any event no more than 2 months from date of becoming aware of death, or from date of request ¹	Within 15 working days of receipt of all relevant information

1 - The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, as amended

2 - The Occupational Pension Schemes (Preservation of Benefit) Regulations 1991

3 – Occupational Pension Schemes (Transfer Value) Regulations 1996

4 – Pension Schemes Act 1993

Employer Support and Performance Monitoring

This Strategy is focussed on good partnership working between the Administering Authority and the Fund's employers. The day-to-day relationship with employers will be supported by HPS and reported to Hillingdon through the 'Employer measurement and improvement' process. The strategic relationship with employers for example admissions, exits and triennial valuation will be managed by the Hillingdon Council.

HPS will support employers in carrying out their statutory role through ongoing communication, guidance and training including:

- six-monthly Employer focus group – covering specific topics and feedback and discussion around key issues/changes. Attended by representative employers from across the Fund.
- regular liaison meetings with key employers and other employers as required
- attendance at local Employer group meetings to provide updates on key Fund and Scheme issues/changes
- supporting and attendance at the Annual Employer Meeting (AEM)
- where required, specific workshops or meetings with groups of employers.

The HPS team will also proactively review Employer performance to ensure that data quality issues are addressed, that contributions are paid on a timely basis and that employers return member information (e.g. new starters, leavers) in a timely fashion. HPS will report to the Administering Authority on employer performance.

As part of this proactive approach HPS will:

- undertake the annual return process with all Scheme Employers
- address data concerns with Scheme Employers, resulting in reducing outstanding queries
- benchmark Scheme Employers annual returns based on timeliness, financial control and data quality. Scheme Employers receive a formal letter outlining this and the consequences of no improvement in future years
- request a data validation exercise be carried out by Scheme Employers who are highlighted as a 'significant' concern due to 'major data quality issues' with their previous annual return
- liaise with Finance Team in LBH in respect of any concerns they have about the timeliness of the payment of contributions by employers

Circumstances where the Administering Authority may levy costs associated with the Employers' poor performance

The Administering Authority will work closely with all employers to assist them in understanding all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, or in this Administration Strategy. The Administering Authority will also work with them to ensure that overall quality and timeliness is continually improved.

The Regulations provide that an Administering Authority may recover from an employer any additional costs associated with the administration of the scheme incurred because of the unsatisfactory level of performance of that employer. Where an Administering Authority wishes to recover any such additional costs, they must give written notice stating: -

- The reasons in their opinion that the employer's level of performance contributed to the additional cost
- The amount the Administering Authority has determined the employer should pay
- The basis on which this amount was calculated, and
- The provisions of the pension administration strategy relevant to the decision to give notice.

Commitment to the principles of this statement should mean that any non-compliance is addressed promptly, with no need to resort to levy costs. However, the following actions are possible:

- Where payment of contributions is late more than once in any 12-month period, the Fund will issue the employer with a written notice of unsatisfactory performance and may levy a charge of £150 for the late payment as well as charge interest on the late payment at a daily rate equal to the Bank of England's base rate plus 1%.
- As required of Scheme Administrators by the Pensions Act 2004, the Fund will report to the Pensions Regulator, failure of an employer to comply with requirements where they are persistent and material.
- Where the employer fails to comply with their scheme duties, including failure to pay contributions due, the Fund reserves the right to notify the member(s) involved and to notify all members employed by the employer in the event of serious or persistent failure.
- If additional and disproportionate resources are deployed by the Fund because of an employer's poor performance, the cost of the additional resources may be re-charged to the employer according to powers available under scheme regulations. Written notice will be given of the reasons for the re-charge, how the cost was calculated, and the part of this statement which, in the Fund's opinion, was contravened. The following table of charges applies to the annual return and employer performance benchmarking process.

Event	Charge levied
Failure to provide a complete annual return by 30 April	£150 per return, increasing by £150 for each further month this is late
Failure to provide full responses to queries raised through the annual return process within 10 working days	£50 per chaser communication
For Employers who are rated red for data quality as part of annual return benchmarking for 2 or more consecutive years a charge will be incurred on all queries raised	£25 per query
Additional work to correct records due to incorrect submission of annual return data	£35 per hour

- Where orders or instructions issued by The Pensions Regulator, the Pensions Ombudsman or other regulatory body require financial compensation or a fine to be paid by the Fund, or by any officer responsible for it, and it is due to the default, omission or otherwise negligent act of the employer, the sum concerned will be recharged to the employer.
- Where, as a result of the employer's failure to notify the Fund of the final retirement details in a timely manner, payment of any retirement lump sum is not made within 30 days from the date of the member's retirement, the Fund may issue the employer with a written notice of unsatisfactory performance and may charge the employer for the interest payment made.
- Where it is proven that the employer is not responsible for any fine or penalty imposed by The Pensions Regulator or any other statutory body as a result of non-compliance of this Service Level Agreement, any such charge will automatically default to the Fund.
- From time to time, the Fund will offer training and support to employers through 'Employer Days' and workshops. There is no charge made to an employer for attending this event, however the Fund reserves the right to charge a late cancellation fee of £100 + VAT, where at least one week's notice has not been given of non-attendance.

Measuring whether the Administration Objectives are met

The Administering Authority will monitor performance in carrying out its responsibilities in relation to the scheme and will regularly monitor performance by benchmarking against other administering authorities, using benchmarking clubs and other comparators where available. How well the Fund performs will be reported in the Fund's Annual Report based on the statistics available at that time.

In addition, the Administering Authority will monitor success against its administration objectives in the following ways:

Objectives	Measurement
Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders.	Key target service standards (highlighted in table above) achieved in 95% of cases*.
Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money.	Cost per member is not in upper quartile when benchmarked against all LGPS Funds using national data (either SF3 or SAB)
Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund.	Annual data checks (including ongoing reconciliations) resulting in few issues that are resolved within 2 months. Key target service standards (highlighted in table above) achieved in 95% of cases*. Issues included in formal improvement notices issued to employers resolved in accordance with plan. .
Ensure benefits are paid to, and income collected from, the right people at the right time in the right amount.	Mainly positive results in audit and other means of oversight/scrutiny. Key target service standards (highlighted in table above) achieved in 95% of cases*.
Maintain accurate records and ensure data is protected and has authorised use only.	Annual data checks (including ongoing reconciliations) resulting in few issues that are all resolved within 2 months No breaches of data security protocols Mainly positive results in audit and other means of oversight/scrutiny

*Employers are expected to meet their targets in 95% of cases.

An overview of performance against these objectives and in particular against target standards for turnaround times will be reported within the Fund's annual report and accounts and reported on regularly to the Pensions Committee and Pension Board.

Where performance is substantially below standard (whether by a large margin for a short period of time or a small margin for a longer period of time) the Administering Authority will formulate an improvement plan. This will be reported to the Fund's

Pensions Committee and Pension Board together with an ongoing update on achievement against the improvement plan.

Key Risks

The key risks to the delivery of this Strategy are outlined below. The London Borough of Hillingdon Officers will work with the Pensions Committee and the Local Pension Board in monitoring these and other key risks and formulate a response to them.

- Lack or reduction of skilled resources due to difficulty retaining and recruiting staff members and staff absence due to sickness
- Significant increase in the number of employing bodies causes strain on day-to-day delivery
- Significant external factors, such as national change, impacting on workload
- Incorrect calculation of members' benefits resulting in inaccurate costs (to employer), through for example, inadequate testing of systems
- Failure of employers to provide accurate and timely information resulting in incomplete and inaccurate records, which could lead to incorrect valuation results and incorrect benefits, which in turn could lead to complaints
- Failure to administer scheme in line with regulations and policies, including due to delays in enhancement to software or regulation guidance (e.g. transfers).
- Failure to maintain proper records leading to inadequate data, which could lead to increased complaints and errors
- Issues in production of annual benefits statements, e.g. wrong address and printing errors due to external supplier
- Unable to deliver a service to pension members due to system unavailability or failure
- Failure to maintain employer database leading to information not being sent to correct person
- Impact of COVID-19 on human resources and employer covenant.

Key Risk areas will be discussed as part of the quarterly liaison meetings with Hampshire Pensions Services

Approval and Review

This Strategy Statement was approved for consultation with stakeholders on 9 December 2025 by the London Borough of Hillingdon Pensions Committee. It will be reviewed following consultation with a view to the final strategy being agreed by Pension Committee on 26 March 2026, to become effective from that date.

It will be formally reviewed and updated at least every three years or sooner if the administration management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS Regulations or other relevant Regulations or Scheme Guidance which need to be considered.

In preparing this Strategy the Administering Authority has consulted with the relevant employers, the scheme member and employer representatives on the Local Pension Board and other persons considered appropriate.

This Strategy Statement will be included within the Fund's Annual Report and Accounts and available on the Administering Authority's website at: <http://www.hillingdon.gov.uk/pensions>.

Further Information

Any enquiries in relation to the day-to-day administration of the Fund or the principles or content of this Strategy should be sent to:

Tunde Adekoya – Finance Manager, Pensions & Governance
London Borough of Hillingdon
Civic Centre
High Street
Uxbridge
UB8 1UW

e-mail - badekoya@hillingsdon.gov.uk
Telephone - 01895 556350

Administration Legal Requirements within the LGPS

Regulations 72, 74 and 80 of Local Government Pension Scheme Regulations 2013 require the following:

Employer Responsibilities:

- To decide any rights or liabilities of any person under the LGPS (for example, what rate of contributions a person pays and whether or not a person is entitled to any benefit under the scheme) as soon as is reasonably practicable*
- To formally notify that person of the decision in relation to their rights or liabilities in writing as soon as is reasonably practicable (including a decision where a person is not entitled to a benefit and why not), including information about their internal dispute resolution procedure
- To inform the Administering Authority of all such decisions made
- To provide the Administering Authority with such information it requires so it can carry out its functions including, within three months of the end of each Scheme year**, the following information in relation to any person who has been an active member of the scheme in the previous year:
 - name and gender
 - date of birth and national insurance number
 - a unique reference number relating to each employment in which the employee has been an active member
 - in respect of each individual employment during that year:
 - the dates during which they were a member of the scheme
 - the normal pensionable pay received, and employee contributions paid
 - the pensionable pay received, and employee contributions paid whilst there was any temporary reduction in contributions
 - the normal employer contributions paid
 - any additional employee or employer contributions paid
 - any Additional Voluntary Contributions paid by the employee or employer
- To appoint a person to consider complaints under stage 1 of the internal dispute resolution procedure relating to employer decisions (or a lack of a decision) ***

**And at the latest within 1 month of the need for a decision*

***Note that, in practice, the Administering Authority will require this information by a specific date as outlined in the specific correspondence requesting information to meet statutory deadlines on benefit statements*

****Note that, when the complaint made by the employee is against the decision made by the employer then the London Borough of Hillingdon Pension Fund will refer the case to the employer to consider stage 1 IDRP complaints.*

Administering Authority Responsibilities:

- To decide the number of benefits that should be paid, including whether the person is entitled to have any previous service counting towards this for LGPS purposes, as soon as is reasonably practicable
- To formally notify that person of the decision in relation to the amount of their benefits in writing as soon as is reasonably practicable, including a statement showing how they are calculated and information about their internal dispute resolution procedure
- To appoint a person to consider complaints under stage 1 of the internal dispute resolution procedure relating to Administering Authority decisions (or a lack of a decision)
- To appoint a person to consider complaints under stage 2 of the internal dispute resolution procedure (which covers both employer and Administering Authority decisions or lack of decisions)
- To provide on request any information to an employer about a complaint under the internal dispute resolution procedure that may be required by an employer

Regulation 59(1) enables an LGPS Administering Authority to prepare a written statement ("the pension administration strategy") to assist in delivering a high-quality administration service to its scheme members and other interested parties, by setting out local standards which often go beyond the minimum requirements set out in overriding legislation as outlined above, and which the Administering Authority and employers should comply with. The statement can contain such of the matters mentioned below as they consider appropriate: -

- Procedures for liaison and communication with the relevant employers in their Fund.
- The establishment of levels of performance which the Administering Authority and the employers are expected to achieve in carrying out their functions under the LGPS by-
 - i. the setting of performance targets.
 - ii. the making of agreements about levels of performance and associated matters; or
 - iii. such other means as the Administering Authority consider appropriate.
- Procedures which aim to secure that the Administering Authority and the employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the Administering Authority and the employers to each other of information relating to those functions.
- The circumstances in which the Administering Authority may consider giving written notice to an employer on account of that employer's unsatisfactory performance in carrying out its functions under the LGPS Regulations when measured against the desired levels of performance.
- The publication by the Administering Authority of annual reports dealing with—
 - i. the extent to which the Administering Authority and the employers have achieved the desired levels of performance, and

- ii. such other matters arising from its pension administration strategy as it considers appropriate
- Such other matters as appear to the Administering Authority to be suitable for inclusion in that strategy.

Regulation 59(2)e allows an Administering Authority to recover additional costs from an employer where they are directly related to the poor performance of that employer. Where this situation arises, the Administering Authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

In addition, regulation 59(6) also requires that, where a pension administration strategy is produced, a copy is issued to each of their relevant employers as well as to the Secretary of State. It is a requirement that, in preparing or revising any pension administration strategy, that the Administering Authority must consult its relevant employers and such other persons as it considers appropriate.

Both the Administering Authority and employers must have regard to the current version of the pension administration strategy when carrying out their functions under the LGPS Regulations.

Detailed Performance Standards

New Scheme Members	
Administering Authority's Responsibility	
To accurately record and update member records on the pension administration system	Within 20 working days from receipt of all relevant information
To apply for any transfer value details from a previous fund or scheme	Within 15 working days from receiving all information
To send a Notification of Joining the LGPS to a scheme member	Within 20 working days from receiving all information
Employers' Responsibility	
Notify HPF of a permanent National Insurance number if one was not provided with the starter information	Within two months of the member's start date in the scheme.

Changes in circumstances	
Administering Authority's Responsibility	
To accurately record and update member records on the pension administration system	Within 15 working days from receiving all information
To send a Notification of Change (or equivalent) if legally required	Within 20 working days from receiving all information

Retirement Estimates (including ill-health)	
Administering Authority's Responsibility	
Providing quotations on request for retirements	Within 15 working days from receipt of all relevant information

Actual Retirements (including ill-health)	
Administering Authority's Responsibility	
To accurately record and update member records on the pension administration system	Within 15 working days from receipt of all relevant information
Notification of amount of retirement benefits and payment of tax free cash sum	Within 15 working days from receipt of all relevant information
Notification of amount of recalculated retirement benefits and payment of any balance tax free cash sum following updated information	Within 15 working days from receipt of all relevant information

Members leaving before retirement	
Administering Authority's Responsibility	
To accurately record and update member records on the pension administration system	Within 15 working days from receipt of all relevant information
To inform members who leave the scheme of their deferred benefit entitlement	Within 30 working days from receipt of all relevant information
Provide a refund of contributions were requested	Within 15 working days from receipt of all relevant information

Provide a statement of current value of deferred benefits on request	Within 15 working days from receipt of all relevant information
Employers Responsibility	
Respond to data query required for the Fund to calculate and provide value data for the Pensions Dashboard	Within 5 working days of receipt of the request

Death Benefits	
Administering Authority's Responsibility	
Write to next of kin or other contact requesting information following the death of a scheme member	Within 5 working days from notification
Calculate and notify dependant(s) of amount of death benefits	Within 15 working days from receipt of all relevant information
Decide who should be recipient(s) of death grant and pay death benefits appropriately as directed	Within 10 working days from receipt of all relevant information

Transfers	
Administering Authority's Responsibility	
Obtain transfer details for transfer in, and calculate and provide quotation to member	Within 15 working days from receipt of all relevant information
Request transfer value upon acceptance of transfer in	Within 10 working days
Notify scheme member of benefits purchased by transfer in on receipt of payment	Within 20 working days from receipt of all relevant information
Provide details of transfer value for transfer out, on request	Within 15 working days from receipt of all relevant information
Provide payment of transfer value to appropriate recipient.	Within 10 working days

Additional Benefits (APCs and AVCs)	
Employer's responsibility	Target Service Standard
Commence, cease or amend (as appropriate) deduction of APCs and AVCs	In month following election
Administering Authority's Responsibility	
To provide information on APCs / AVCs on request to members and employers.	Within 15 working days from request

Various Financial Obligations	
Administering Authority's Responsibility	
To allocate the received contributions to each employer's cost centre	Prior to closing month end
Issue invoice in relation to additional fund payments in relation to early payment of benefits	Within 10 working days of employer costs being confirmed

Inform the employers of any new contribution banding	At least 1 month prior to the new contribution bands being introduced
Notify calculation and new value of pension following annual pensions increase	No longer than 2 working days before payment of revised pension

Annual Returns, Valuation and Annual Benefit Statements	
Administering Authority's Responsibility	
Process employer year end contribution returns	By 31 July each year
Produce annual benefit statements for all active and deferred members.	In line with LGPS regulation timescales Currently by 31 August
Provide Pension Saving Statement to members who have exceeded their annual allowance (Legislative)	By 6 October each year
To provide P60 statements to pensioners (HMRC requirement)	By 31 May each year
Provide information to the Actuary (or GAD as appropriate) for both the triennial valuation and for accounting purposes.	As agreed between the Fund and the Actuary
Provide an electronic copy of the valuation report and associated certificate to each employer, and to answer any questions arising.	Within 10 working days from publication of report

General	
Administering Authority's Responsibility	
Arrange for the setting up of an admission agreement where required	As soon as possible following receipt of information and prior to the start of any contract
Publish (on-line) and keep up to date the Short Scheme Guide and Employers' Procedural Guide.	Updates made as soon as possible from notification of any legislation changes but preferably before effective date
Publish and keep up to date all forms that members, prospective members and employers are required to complete.	Updates made as soon as possible from notification of any legislation changes but preferably before effective date
Publish the Fund's annual report and accounts and any report from the auditor	In line with CIPFA Guidance

Provision of other responses to general enquiries from scheme members and employers	Within 10 working days to provide initial response
Put in place a Stage 1 Internal Dispute Resolution Procedure	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)
Put in place a Stage 2 Internal Dispute Resolution Procedure	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)
Connection to the Pensions Dashboard	By 31 October 2026 and thereafter ensure connection is maintained – via an Integrated Service Provider (ISP) - and data is made available and kept up to date in accordance with PDP standards.
Respond to partial match queries	Within 10 working days of member providing additional information
Respond to missing value data queries where value data is not provided on the dashboard	Within 10 working days of request

Pension Payments	
Administering Authority's Responsibility	Target Service Standard
Issue pension payments to designated bank accounts	To arrive on due date
Issue payslips to home addresses for those pensions where net pay has changed by £10 or more	Posted to arrive on the due date
Investigate returned payments and action appropriately	Within 10 working days from receipt of return
Respond to pensioner queries in writing	Within 10 working days from receipt of query
Implement a change to pension in payment	By next payroll period where change occurs more than 5 days prior to the payment date

The main duties of the employers as set out in the Regulations are set out in the table below, together with timescales for completion where appropriate.

Employer responsibility	Timescale
Decide who is eligible to become a member of the LGPS and the date from which membership of the LGPS starts).	Within 10 working days following the end of the month in which the

Employer responsibility	Timescale
Notify HPF of the new member details and provide employee with details of the pension scheme.	employee joined the LGPS.
Determine the rate of employee contributions to be deducted from the employee's pensionable pay and, where the employee holds more than one post, the rate that should be applied to each post. This should be reviewed at least annually or more often where employer policy states	For the first pay period in which the employee joins the LGPS
Move employees into the 50:50 section	From the next pay period after receiving the employee's request
Provide an amendment form to advise of change to/from 50:50 section	Within 10 working days following the change
Collect and pay to the HPF the deduction of the correct rate of pension contributions payable by the employee and the employer, including any additional employee contributions of any kind.	Payment over to HPF by 22 nd of the month following deduction
Complete monthly remittance form containing detail of the contribution's payment.	Send to Pension Services with payment of contributions every month
Collect and pay over AVC contributions to the specified AVC provider in accordance with statutory timescales Notify HPF of a member's election to pay, vary or cease AVCs.	Payment over to HPF by 22 nd of the month following deduction
Refund contributions through the payroll to any employee who opts out of the scheme with less than 3 months membership.	From the next pay period after receiving the employee's request to opt out
Notify HPF of opt out and refund through payroll by providing a copy of the opt out form	Within 10 working days following the end of the month in which the employee left the scheme

Employer responsibility	Timescale
Calculate assumed pensionable pay for any employees who met this requirement under the regulations.	As required
<p>Leavers (excluding retirements/casuals)</p> <p>When an employee's LGPS membership ends, determine the reason for leaving and entitlement to benefit and notify the HPF, supplying timely and accurate information to HPF so that benefits payable from the LGPS are calculated correctly.</p>	Within 10 working days following the end of the month in which the employee was last paid
<p>Leavers (casuals)</p> <p>When an employee's LGPS membership ends, determine the reason for leaving and entitlement to benefit and notify the HPF, supplying timely and accurate information to HPF so that benefits payable from the LGPS are calculated correctly.</p>	Within 10 working days following the end of the month the employer is aware they have left or were last paid
<p>Retirements</p> <p>When an employee's LGPS membership ends on the grounds of retirement, determine the reason for retirement and entitlement to benefit and notify the HPF, supplying timely and accurate information to HPF so that benefits payable from the LGPS are calculated correctly.</p>	Within 20 working days before an employee's retirement date
Use an independent registered medical practitioner qualified in occupational health medicine in determining requests for ill health retirement.	As required
Write, publish and maintain a policy on areas of the regulations in which employers can exercise their discretion.	<p>In accordance with regulations and then regular review.</p> <p>Notify HPF and members of any changes to those policies within one month of setting a policy and the changes taking effect.</p>
Appoint a person to consider applications from members regarding decisions, acts or omissions and to decide on those applications.	On entry to the HPF and review as required

Employer responsibility	Timescale
<p>Notify HPF of any outsourcing arrangements which impact on employees eligible to the LGPS</p> <p>Where an admission agreement is required, the Scheme employer should complete an 'Outsourcing data capture' form, transferring 'staff data capture' form and 'Undertaking of costs' form</p> <p>Ensure admission agreement is finalised</p> <p>Provide individual TUPE forms for transferring staff to HPF</p>	<p>As soon as possible but no later than 20 working days before change</p> <p>As soon as possible but no later than 20 working days before change</p> <p>No later than date of transfer</p> <p>Part A of the TUPE form completed within 10 working days following the end of the month in which the transfer took place</p>
<p>Notify HPF of a change of payroll provider by completing a 'Employer Change of payroll provider' form</p> <p>Submit individual 'Change of payroll provider' forms to HPF for all transferring employees</p> <p>Provide notification of new payroll numbers (if applicable) to HPF</p> <p>Complete a mid-year return if date of change is not 1 April</p>	<p>As soon as possible but no later than 20 working days before change</p> <p>Within 20 working days post transfer</p> <p>Within 20 working days post transfer</p> <p>Within 40 working days post transfer</p>
<p>Designate a named individual to act as the main contact for any aspect of administering the LGPS</p>	<p>Within 30 days of becoming a scheme employer or within one month of the change in officer role.</p>

Employer responsibility	Timescale
Complete and return an 'Employers contact form' detailing authorised signatories. Form available by emailing pensions@hillingdon.gov.uk	Within 30 days of becoming a scheme employer or within one month of the change in officer role.
Fully respond to all queries relating to data submitted to the Fund within 10 working days (or such shorter timescale as required for queries relating to annual returns which are received after the deadline)	Within 10 working days of receipt of the request.

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