

<b>Title of Report</b>	Business Plan and Quarterly Governance Update
<b>For Consideration By</b>	Pensions Committee
<b>Meeting Date</b>	21 January 2026
<b>Classification</b>	Public
<b><u>Ward(s) Affected</u></b>	All
<b><u>Group Director</u></b>	Naeem Ahmed, Group Director, Finance & Corporate Resources

1. **Introduction**

- 1.1. This provides an update on Fund governance since the last report in September.
- 1.2. The provision of this information to the Committee is important in ensuring the Committee in complying with its Governance responsibilities under the Public Service Pensions Act 2013.

2. **Recommendations**

- 2.1. **The Pensions Committee is recommended to:**
- 2.2. **Note the changes to the Risk Register (Appendix 1A to 1C)**
- 2.3. **Approve the draft Administering Authority Privacy Statement (Appendix 2)**

3. **Related Decisions**

- 3.1. Pensions Committee 23 September 2025 - Quarterly Business Plan and Governance.

4. **Background**

- 4.1. This report is brought to the Pension Committee to provide an update on the steps being taken to adopt good practice and ensure compliance with regulatory requirements for the Hackney Pension.

## **Legal and regulatory changes**

- 4.2. LGPS “Fit for the Future” Consultation Summary Update
- 4.3. The Government published its response to the LGPS Fit for the future consultation on 29 May. Given the timescales for publishing these Committee papers a short summary is provided below, a detailed report on how this impacts both the Fund and Pensions Committee was presented during the July meeting.
- 4.4. The response fundamentally changes the management of the LGPS with a much enhanced role for the pools and a substantial diminution in the role of the administering authorities.
- 4.5. All the key recommendations the Government consulted on are to be implemented. The main proposals on pooling are summarised below:
  - All LGPS assets to be pooled by 31 March 2026 with limited exceptions,
  - Minimum standards for asset pooling. The Government reconfirmed the decision to move to 6 pools and expects the underlying Authorities of the two pools not proceeding to engage with the other six pools and join one,
  - Strategic asset allocation will remain at Fund level,
  - The implementation of Fund Investment Strategy will be fully delegated to the pools,
  - Funds will take their principal investment advice from the pool,

## **Consultations on draft regulations and guidance**

- 4.6. Since the publication of the responses to LGPS “Fit for the Future” consultation, on 20 November, the Government issued 2 draft legislations - [Pooling, Management and Investment of funds](#) and [LGPS Amendment](#) regulation for consultations to replace the existing 2016 LGPS regulations.
- 4.7. Closed consultation on draft three statutory guidance accompanying draft regulations mentioned above were also consulted on. The Fund submitted a response to both consultations. We understand that in addition to the response issued by the Scheme Advisory Board (SAB) to both consultations, the SAB will also be providing detailed comments directly to MHCLG.
- 4.8. Various officer groups such as Society of London Treasurers (SLT) and LONDON LGPS Investment Managers Group also issued group responses.
- 4.9. Although a closed consultation, the Board’s response was shared publicly for transparency with LGPS stakeholders. The response provides technical comments on each of the draft guidance documents, as well as an overall

view on the implementation challenges posed by multiple overlapping reforms.

### **Updates to the Risk Register (Appendices 1A to 1C)**

- 4.10. This section provides an update on the risks facing the Fund and the management actions necessary to address them. Risk Management is critical to minimise the impact and probability of events having a negative impact on the Pension Fund.
- 4.11. The Risk Register outlines each risk identified by the Pension Fund, accompanied by both inherent and residual risk scores. These scores are determined by Fund officers through a structured assessment process. Each score is calculated by multiplying the likelihood of the risk occurring by the potential impact on the Fund should the risk materialise. The inherent risk score reflects the level of risk in the absence of any mitigating actions, while the residual risk score represents the level of risk remaining after the implementation of mitigation measures.
- 4.12. The Risk Register is split into 3 sections - Administration and Communications, Funding & Investment and Administration & Communications.
- 4.13. The Administration and Communications Risk Register (Appendix 4A) was updated to include a section focusing on administration service post migration from Equiniti to LPPA. Risks PMR001 to PMR004.
- 4.14. The Governance Risk Register (Appendix 4B) has been updated to reflect the standard concerns over conflict of interest as the Pool takes over all assets, strategic asset allocation advice to the Fund, manager selection and manager monitoring and other governance related services being offered.
- 4.15. Risk G1 - Recruitment and Retention - Insufficient experienced staff both within the Fund and within the third party administrator was updated with additional Internal Controls.
- 4.16. Risk G11- Material breaches requiring reporting to the Pensions Regulator- the focus of this risk is around mitigation. Additional mitigations added.
- 4.17. The Funding and Investment Risk Register (Appendix 1 C) was updated as follows:
  - A new risk - Funding & Investment Risk 11 - has been added to acknowledge and monitor the risk that London CIV is unable to fully meet the Government's Fit for the Future obligations by 31 March 2026. There is a probability that while IMA's might all be signed by 31 March 2026, LCIV will take a phased approach to transition assets while they onboard outsourced 3rd party functions or develop inhouse capabilities.

- Funding & Investment Risk - 9 introduced in September 2025, was updated to include a link to TCFD report which includes results for scenario modelling results.
  - Funding & Investment Risk 2 - Risk that current employer contributions are insufficient to meet the cost of benefits target reduced from moderate possible to minor unlikely. The funding level of the Fund increased from 105% in 2022 to 138% in 2025. The actuary is proposing reducing employer contribution rates for the majority of employers with significant increases in funding levels.
  - Funding & Investment Risk 4 - External Factor/Regulatory Risk updated to include Fit for the Future. A number of additional actions identified: Fit for the Future update now a standing agenda item at Committee meeting, workshop arranged for Committee, external legal advice on IMA due diligence and training for committee to be identified to support changes in role.
- 4.18. The Funding & Investment Risk 7 - Prolonged high inflation erodes asset value causing cash flow issues and affects employer affordability has been updated with asset allocation changes which improve liquidity and provide hedging against inflation. The Committee agreed to increase asset allocation to Index Linked Gilts in November 2025 thereby serving as inflation hedge and improving liquidity.
- 4.19. The Funding & Investment Risk 6 - Cash Flow has been updated to reflect the change of additional controls such as Treasury Management Strategy, daily cash flow to be put in place as mitigations. The LPPA service went live on 24 October, this represents a significant change in banking activities for the Fund. Equiniti maintained and managed its own banking mandate for the Fund's benefit administration. LPPA has a different model, whereby the Fund manages the benefit administration, banking activities and cash flow.
- 4.20. Risk FI 8 - Funding experience - large surpluses emerge due to combination of Fund experience and employer contributions - updated to mitigations such as annual review of employers with low contribution rates and contribution stability mechanism for academies and contribution floors for Transferee Admission Bodies (TABs).
- 4.21. Funding and Investment Risk Register updates
- Risk 2 - Funding experience - current employer contributions are insufficient to meet the cost of benefits. The Committee considered this risk on a separate agenda relating to the Funding Strategy Statement, contribution review policy, cessation policy and small employers policy as part of the 2025 triennial valuation.
  - Risk 5 - Employer Covenant/Affordability risks and Risk 8 - Funding experience large surpluses emerge due to combination of Fund experience and employer contributions were reviewed in light of the ongoing 2025 triennial valuation, FSS and policies.

4.22. Governance Risk Register Update

- Risk 11 - Material breaches requiring reporting to the Pensions Regulator updated to reflect recent Annual Benefit Statement breaches and heightened internal controls

**Knowledge and Skills Policy Implementation**

4.23. The following training took place since the last report:

Asset Allocation workshop - 5 November 2025

4.24. Upcoming training and conference opportunities include:

- LGPS Governance Conference 2026 to be held in Cardiff on Thursday 29th and Friday 30th January.
- Fit for the Future Workshop - 25 February 2026 (inhouse)
- Pensions UK Trusteeship Part 1: The Theory 14 April 2026
- Pensions UK Trusteeship Part 2: The Practice 25 June 2026
- Pensions UK Trusteeship Part 3: The Expert 12 May 2026

**Pension Fund Policies and Statements**

4.25. One Pension Fund policy was reviewed this quarter with another 2 in progress. This revised policy primarily pertains to the Fund's Administration and Governance function.

**Administering Authority Privacy Statement**

4.26. The Fund's Privacy Administering statement was reviewed during the quarter. Administering Authorities, particularly those managing pension funds, operate under the UK Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 are required to prepare a Privacy Policy.

4.27. The policy covers how the Fund handles personal data for scheme members and employers, covering what the Fund collects, why, who the Fund shares the data with, data retention, the rights of the scheme member to access or object to the data held on them, providing a confirmation of compliance, updates on data sharing arrangements, data retention periods and contact details.

4.28. The Privacy Policy has been reviewed and checked against the Local Government Association (LGA) template for LGPS Fund's data retention policies. Amendments have been made to bring the policy in line with the LGA template policy issued December 2025.

**Conflict of Interest**

4.29. There were no reported conflicts of interest during the quarter.

5. **Comments of the Group Director Finance & Corporate Resources**

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

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

- 6.1. The Pension Committee has responsibility for the prudent and effective stewardship of the Pension Fund and a clear fiduciary duty in the performance of its functions, including the administration of the Fund.
- 6.2. The Committee has a duty to ensure that the Fund is delivering an efficient and effective administration service to the Fund's members, ensuring that pension benefits are correctly calculated and paid to its pensioners.
- 6.3. As such, the Pension Committee needs to consider options relating to the delivery of the service and to consider which procurement method would deliver the service most effectively.
- 6.4. There are no immediate legal implications arising from this report.

**Appendices**

Appendix (1A - 1C) - Risk Register  
Appendix 2 - Draft Privacy Policy

**Background documents**

None

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