

	<p align="center"><b>Pension Board</b> 3 September 2024</p>
	<p align="center"><b>Report from the Independent Chair of the Pension Board</b></p>
<p><b>Annual Report 2023/24</b></p>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>List of Appendices:</b>	None
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	David Ewart, Independent Chair of the Pension Board  Sawan Shah, Head of Finance ( <a href="mailto:sawan.shah@brent.gov.uk">sawan.shah@brent.gov.uk</a> )

## 1.0 Executive Summary

1.1 This is the Chair’s Annual Report to the Board for 2023/24. It provides an update on the work carried out by the Board during the year.

## 2.0 Recommendation(s)

2.1 That the Board notes the contents of the report.

## 3.0 Detail

### 3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme (LGPS) and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

### 3.2 Introduction

3.2.1 This is the annual report of the Independent Chair of the Pensions Board for the Municipal Year 2023/24.

- 3.2.2 The Pensions Board is established under the Public Service Pensions Act 2013, and the Local Government Pension Scheme Regulations 2013 (as amended). The Board is not a committee constituted under the Local Government Act. In effect the Board's role is to provide a scrutiny function to the work of the Council's Pension Fund Sub-Committee. It does not have decision making powers but its purpose is to assist the Sub-Committee and the scheme manager in carrying out its functions. Its remit therefore covers both pension's administration and investment.
- 3.2.3 The Board has seven members, three representing the Fund employers, two Councillors and one other employer's representative and three scheme members' representatives, including one pensioner's representative. As well as an independent Chair. The Board met three times during the Municipal Year, in all cases remotely on Zoom, which is permitted as the Board meets under different legislation to the other Council Committees.
- 3.2.4 I should like to begin by expressing my thanks to the members of the Board, and the Council officers who support the Board's work.
- 3.2.5 Before going any further, it is probably worth reflecting on the size of the Brent Pension Fund before proceeding, as at 31st March 2024 the Fund had assets of £1.26 billion, 22,366 members (of which, 6,545 were active members, 8,454 were deferred members, and 7,367 were pensioner and dependants), and 43 active employers participating in the Fund.

### **3.3 Summary**

- 3.3.1 The work of the Board falls in effect into two parts, firstly the review of the investment activity and secondly reviewing the performance of the pensions administration function. With some additional roles such as risk management and reviewing decisions on discretionary powers made by the Sub Committee.
- 3.3.2 The 2023/24 year has been a busy year with three very full agendas, but an encouraging year, with very positive reports coming from the Sub Committee and a slow but general improvement in most areas of performance of the pension administration function.

### **3.4 Overview of Investment Activities**

- 3.4.1 Although in many ways the most important function of the Board, this aspect of the Board's work has taken up a relatively small part as the Board's time as the Sub Committee oversees this area and there is general agreement on the action being taken. Both with regard to the move to the revised asset allocation and de-carbonisation.
- 3.4.2 Nevertheless, the Board has continued to receive the quarterly investment monitoring reports, the investment strategy, actuarial reports and general updates from the London CIV (the investment pool for London, used by the Fund) and are very mindful of our duty to effectively scrutinise the investment activity of the fund.

3.4.3 The Board has also continued to receive and monitor copies of reports on the Fund's journey to "Net Zero" in terms of the Fund's carbon footprint, and the collective engagement on wider environmental, social and governance (ESG) issues in terms of the Fund's investments.

### **3.5 Overview of the fund's administrative functions.**

3.5.1 The Board spent most of its time on reviewing the fund's administrative functions. The Board has no executive powers and all decisions about the fund's administration are taken by the General Purposes Committee or Cabinet.

3.5.2 The Board has taken the lead in scrutinising the performance of the Fund's pensions administration partner Local Pensions Partnership Administration (LPPA), which has generally been improving since they completed a major systems upgrade and is much improved compared with previous partners/contractors. However, a number of performance indicators remain below target, including some of most sensitive such as dealing with retirement from active membership, and death in service. The Board is continuing to monitor these and the general level of performance.

3.5.3 The Board also regularly reviews the level and progress of resolution of complaints.

3.5.4 Another area regularly reported on is the quality of data held, an important function and key to the quality of the Fund actuarial valuation.

3.5.5 A number of other areas have been considered, such as the production of annual benefits statements (ABSs) (a legal duty). The board was pleased to note that the vast majority (95%) of statements were delivered by the deadline. The main reason for an ABS not being produced in a small number of cases is where other employers, or more accurately their payroll provider, have failed to return the data required by the Fund or there was an outstanding query.

### **3.6 Risk Management**

3.6.1 The Board also takes the lead on risk management reviewing the Pension Fund risk register at every meeting. Although the level of risk is generally lower than that for the Council corporately there are a number of increasing risks around cyber security and unlawful action as well the long standing ones concerning funding levels (significantly reduced), meeting the Fund's statutory duties (particularly with regard ABS, due to late receipt of data from a couple of non-Council employers) and complying with the requirements of the revised Codes.

### **3.7 Training**

3.7.1 A major initiative during the year has been to improve the training and hence knowledge of Board members (along with the members of the Pension Fund Sub-committee). Therefore, the Fund introduced access to online e-learning, provided by the Fund's actuaries on top of the training offered to Board

members before every Sub-committee meeting. The level of take up by both Board and Sub-committee members has been variable therefore further focus is required in the 2024/25 year.

- 3.7.2 Additionally, at all meetings of the Board, a general LGPS update was included providing updates within the sector, the LGPC Bulletins provided by the Local Government Pension Committee, DLUHC/MHCLG correspondences and similar information.

### **3.8 Conclusion**

- 3.8.1 As stated above, 2023/24 has been a busy for the Board and generally encouraging year for the Brent Pension Fund, despite the increasing risks and pressures on the Fund.

- 3.8.2 The funding level has continued to improve. Investments returns were strong on an absolute basis however they have slightly under performed relative to the Fund's benchmark. The Fund has also continued progress against its net zero road map. The year has also been an encouraging one in terms of the level of service to the Fund's members, and quality of data held, although in both areas improvements are still required.

- 3.8.3 I should like to end by expressing my thanks to the members of the Board for their work, support and understanding, particularly with regard to the size of the agenda. The Council officers and those of the Fund's partners for their support and open provision of information, and particularly the pensions staff of the Finance & Resources Department, and Governance Officers for their diligent support during the year.

### **4.0 Stakeholder and ward member consultation and engagement**

- 4.1 Not applicable.

### **5.0 Financial Considerations**

- 5.1 This report is for noting, so there are no direct financial implications.

### **6.0 Legal Considerations**

- 6.1 Not applicable.

### **7.0 Equality, Diversity & Inclusion (EDI) Considerations**

- 7.1 Not applicable.

### **8.0 Climate Change and Environmental Considerations**

- 8.1 Not applicable.

### **9.0 Human Resources/Property Considerations (if appropriate)**

9.1 Not applicable.

## **10.0 Communication Considerations**

10.1 Not applicable.

**Report sign off:**

***David Ewart***

Independent Chair of the Pension Board