



Pension Board

Tuesday 2 November 2021 at 6.00 pm

This will be held as an online virtual meeting

The link to be able to view the meeting live is available: [HERE](#)

Membership:

Members

David Ewart

Representing

Independent Chair

Councillor Members

Councillor Crane

Councillor Kabir

Brent Employer representative

Brent Employer representative

Co-opted Members

Bola George

Sunil Gandhi

Chris Bala

Robert Wheeler

Member representative (Unison)

Employer Member (Non-Brent Council)

Pension Scheme Members Representative

GMB Trade Union

For further information contact: Andrew Phillips, Governance Officer
Email: Andrew.Phillips@brent.gov.uk; 020 8937 4219

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www.brent.gov.uk/committees

The press and public are welcome to attend part of this attend this meeting as an on online virtual meeting. The link to attend and view proceedings is available: [HERE](#)

Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences** - Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

- (a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party or trade union).

- (b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;

a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

Agenda

Introductions, if appropriate.

Item	Page
1 Apologies for absence	
2 Declarations of interests	
Members are invited to declare at this stage of the meeting, any relevant personal or discloseable pecuniary interests in any matter to be considered at this meeting.	
3 Minutes of the previous meeting	1 - 10
To approve the minutes of the previous meeting held on 22 July 22 as a correct record.	
4 Matters arising (if any)	
Board Reports	
5 Pensions Administration Update	11 - 76
To update the Pension Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund.	
6 LGPS Update	77 - 144
To update the Pension Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment and any recent consultations issued which would have a significant impact on the Fund.	
7 Risk Register	145 - 160
To present the updated Risk Register for the Brent Pension Fund Pensions Administration Service.	
Reports Referred Sub-Committee	
8 London Borough of Brent Pension Fund- Q2 2021 Investment Monitoring Report	161 - 180

To receive the Brent Pension Fund Q2 2021 Investment Monitoring Report.

9 Brent Pension Fund- Annual Report and Accounts 2020/2021 181 - 240

To receive the draft Pension Fund Annual Report and Audited Annual Accounts for the year ended 31 March 2021.

10 Property Allocation Report 241 - 262

This report presents analysis and results of investment options for the Committee to consider and agree which fund to invest in. It provides an overview of the Fund's strategic allocation to property, an introduction to the UK property market, a summary of four potential property funds, and recommendations for investment and implementation.

11 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or her representative before the meeting in accordance with Standing Order 60.

12 Date of next meeting

The next scheduled meeting of the Pension Board is on Monday 24 March 2022 at 6pm.

13 Exclusion of Press and Public

The press and public will be excluded from the remainder of the meeting as the reports to be considered contain the following category of exempt information as specified in Paragraph 3, Schedule 12 A of the Local Government Act 1972, namely:

"Information relating to the financial or business affairs of any particular person (including the authority holding that information)"

14 Net Zero Transition Roadmap 263 - 284

This report presents a detailed framework setting out the practical steps to transition to net zero and to top-up the allocation to the Fund's existing low carbon global equity mandate.

15 Employer Risk and Admission Agreements 285 - 292

The purpose of this report is to update the Committee on employer risk to

the Brent Pension Fund and note the current position on admission agreements.

16 London CIV Update

293 - 380

To receive a report from the Director of Finance providing an update on recent developments regarding Brent Pension Fund investments held within the London CIV (LCIV).

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MINUTES OF THE PENSION BOARD

Held as an online meeting on Thursday 22 July 2021 at 6.00 pm

PRESENT (in remote attendance): Mr David Ewart (Chair), Councillor Kabir and Chris Bala (Pension Scheme Member representative), Robert Wheeler (Member representative- GMB) and Bola George (Member representative – Unison).

Also Present (in remote attendance): Councillor McLennan (Deputy Leader & Lead Member for Resources) & Councillor Choudhary (Chair – Brent Pension Fund Sub Committee)

1. Apologies for absence

Apologies for absence were received from Councillor Crane.

2. Declarations of interests

Councillor Kabir declared a personal interest in Agenda Item 12 (Brent Pension Fund Draft Accounts 2020-21) as a Trustee of the Compass Learning Partnership who were one of the employer organisations listed as active members of the Fund under Scheduled Bodies.

3. Minutes of the previous meeting - 23 March 2021

The minutes of the previous meeting held on 23rd March 2021 were agreed as an accurate record.

4. Matters arising

None.

5. Chair's Annual Report

This Chair presented his Annual Report to the Board for 2020/21, providing a summary of the work carried out by the Council's Pension Board during the 2020/21 municipal year.

The members of the Board and officers involved were thanked for their work and support. In addition to the reports and regular updates being provided it was also noted that the Board had continued to receive regular training and briefings on key elements on the Pension Administration Strategy and Fund which had also been important in guiding their operation over the year. Members felt it would also be useful to detail the training provided within future reports.

As no further issues were raised the Board **RESOLVED** to note and endorse the Annual Report.

6. Pensions Administration Update

Mr Saagar Raithatha (Brent Council - Senior Finance Analyst) introduced the report updating the Pension Board on various pension administration matters as part of its remit to oversee the administration of the Brent Pension Fund.

In considering the report, the Board noted:

- The Pension Administration performance update, as detailed within section 3 of the report.
- The Annual Benefit Statement (ABS) update, as detailed within section 4 of the report. As part of the update members were advised that the statement provided a breakdown of pension benefits for all eligible, active and deferred members, with a deadline for being issued of 31st August each year. Scheme employers were required to submit an end of year return in order to enable the ABS to be produced, with any delay in submission creating a risk to the ABS being issued within the deadline. Members were updated that following publication of the report, three employers were still to submit their end of year return with the Fund and LPP continuing to closely monitor the position and work with the employers to ensure submission of their returns within the necessary deadline. Of those outstanding one was awaiting clarification on minor data queries and it was expected that the other submissions would be submitted shortly, with officers maintaining engagement to ensure the final deadline was met. Members noted that the initial deadline for submission of the employer submissions had been 30 April 2021 and whilst noting the ongoing work to secure the final submissions, they were also concerned at the impact of these delays.
- The Local Pension Partnership Administration (LPP) business update, as detailed within section 5 of the report.

John Crowhurst (Operations Director, LPP) then provided the Board with a presentation outlining key business and performance updates within the LPP Quarterly & Annual Brent Pension Fund Administration Report. Key issues highlighted were as follows:

Referring firstly to the Quarterly Administration report, members were advised this covered the period from January 21- March 21. It was noted that performance overall had been good with the majority of SLAs being met. Whilst noting that performance in relation to the retirements SLA had fallen below target, the Board were assured that this did not materially affect any payments being made. Another area of performance identified related to the average waiting time to contact the helpdesk. The Board noted that this was related to the increase in calls about bereavements and retirements during the pandemic with access to that part of the helpdesk prioritised, which had an impact on performance in other areas. Members were advised of the service improvements which had been introduced in order to address this issue and the positive impact these would be expected to have in terms of restoring performance.

Members also noted and welcomed the Pension Regulator scorecard achieved in relation to the accuracy of common and conditional data relating to scheme records, which had shown a significant improvement from the previous quarter.

Moving on to the Service Improvement Plan, the Board's attention was drawn to the work scheduled to change how retirements were prioritised in order to improve the time to payment, including the work done to make that process more efficient through support and training. Other initiatives highlighted included the launch of member video guides and educational videos along with progress on the Guaranteed Minimum Pension reconciliation project designed to review and address any discrepancies between HMRC's and Brent's data.

In addition, the Board was also provided with an update on the change in software supplier for the LPP pension administration system, with the current system due to be replaced by Civica's Universal Pensions Management system. Members were advised of the measures being taken to ensure no disruption in the day to day performance of the system, which was expected to go live in September 2022, with the Board keen to ensure that the data transfer process was also managed securely and accurately in order to maintain integrity. It was noted that further updates would continue to be provided for the Board as the project progressed and in order to provide assurance on the transfer of the administrative systems and data.

Members were then invited to ask questions, with the issues raised summarised below:

- In response to a question regarding how staff on the helpdesk were coping in light of the additional bereavement calls, the Board were advised that it had been a busy and challenging period for the help desk. Measures taken to alleviate the pressure had included the recruitment of a number of newly trained staff into the business, which had been supported by a programme of staff engagement and wellbeing surveys and this had generated a positive response.
- In response to a query regarding data migration, the Board were advised of the measures in place to ensure that the quality of data was maintained and its migration was undertaken securely, with further assurance to be provided as part of the ongoing migration and data cleanse process.
- It was asked what advice was available to scheme members seeking further details on retirement and the links with the Council's HR department. In response the Board was advised of the support available through LPP in terms of the provision of retirement advice and guidance co-ordinated through their engagement officers.
- Details were also sought on the availability of any benchmarking data in relation to the Pension Regulator scores on the accuracy of common and conditional data. Whilst comparator scores were currently not published, the Board were advised of the most common challenges faced including deferred addresses and missing leaver forms.

As there were no further questions from Members, the Chair thanked John Crowhurst and officers for the update and it was **RESOLVED** that the report be noted

7. Revised Brent Pension Fund Pensions Administration Strategy

Ravinder Jassar (Deputy Director of Finance) introduced the report, presenting the revised Pensions Administration Strategy for the Brent Pension Fund.

In considering the report, the Board noted that the revised strategy was part of an ongoing review of all policies, procedures and guidance for the pension fund and set out the performance standards towards providing a high quality, effective and efficient pensions administration service. It aimed to ensure the fund and employers were fully aware of their responsibilities and acceptable levels of performance.

Subject to approval of the Strategy, the next stage would involve consultation with employers, including the use of an Employers Forum. The Chair invited the Board to send any comments they had about the strategy via email.

In terms of comments raised, the Board was advised that the revised wording in relation to the recovery of additional costs from employers incurred as a result of performance issues relating to their responsibilities reflected the position established by the Pension Regulator. It was, however, noted that charging would be only be used as a last resort, with the administering authority seeking to engage at the earliest opportunity with employers in order to identify and address performance concerns and in order to provide the necessary training and support. It was confirmed that the greater clarity in the Strategy around these charges was not a reflection of any increase in perceived levels of risk.

The Board noted that the last update of the Strategy was undertaken in 2018 and it was therefore now felt to be the appropriate time to undertake a further update in order to reflect relevant changes within the LGPS and the revisions which had been made, as detailed within section 4 of the report, as well as provide further clarification on employer responsibilities.

The Board welcomed the report and as no further issues were raised it was **RESOLVED:**

- (1) To note the revised Pension Fund Administration Strategy, as detailed within Appendix 1 of the report.
- (2) To approve consultation on the revised Strategy with employers in the Brent Pension Fund.

8. LGPS Update

Sawan Shah (Brent Council - Senior Finance Analyst) presented the LGPS report, updating the Board on recent developments within the LGPS regulatory environment and any recent consultations issued by the Ministry of Housing, Communities and Local Government (MHCLG) with a significant impact on the Fund.

In considering the report the Board noted:

- The update provided in relation to the Pension Regulator's consultation on the first phase of a new Code of Practice, which aimed to bring together the existing codes, including incorporation of the changes introduced as a result of the Occupational Pension Scheme Regulations 2018 and removal of codes

which were outdated and did not reflect current expectations as well as addressing areas of duplication or inconsistencies. A final version of the code was currently awaited prior to review for implementation within Brent.

- The update provided by the Scheme Advisory Board (SAB) in England and Wales on LGPS mortality data to the end of March 2021, which had reflected the impact of the COVID-19 pandemic both across age groups and regions.
- The publication of the outcome from the Pension Regulator Public Service Pension Scheme (PSPS) Governance & Administration Survey 2020-21, which members were advised had included new questions relating to the response on the COVID-19 pandemic, awareness and perceptions of the pensions dashboard and action being taken by Local Government Pension Schemes in relation to climate related risks and opportunities. The survey outcome had identified improvements in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time with the most significant risk identified as implementing the McCloud remedy. Full details of the survey had been included within Appendix 2 of the report.

Having introduced the report, questions were invited from Members, with the following issues raised:

- Further details were sought on the update provided in relation to the Government's new requirement regarding the provision of data on exit payments. The Board was advised that the Council had been requested to provide data on all redundancy payments, pension strain payments and other special payments made in consequence of an exit from 2014/15 – 2020/21. Whilst recognising the effort required to produce this data the Board were advised that the necessary information had been submitted by the Fund within the required deadline and the issue reflected within the Fund Risk Register

As no further issues were raised the Chair thanked officers for the update and the Board **RESOLVED** to note the LGPS update and recent developments identified.

9. Pension Fund Risk Register

Flora Osiyemi (Brent Council - Head of Finance) presented a report updating the Board on the Risk Register for the Brent Pension Fund Pensions Administration Service. The update highlighted the new risks and key changes to classifications of risks as set out in the appendices to the report, with the Board noting the following changes

- Exit Pay Reform – the Register had been updated to include the planned changes to the way redundancy benefits would be carried out for members aged 55 and over as a risk under Funding & Accounting.
- The other two key changes had related to the annual benefits statement (Item 6.2) to reflect the annual process in submission of end of year returns from employers and the Fund and Draft Annual Accounts (Item 9.5) to reflect the publishing of the Fund Draft Annual Accounts.

The Board was then invited to comment on the revised Risk Register, with the following issues raised:

- Following on from their consideration of the LGPS Update, Members noted that the risk identified in relation to transfer of the LPP Administration System to a new supplier had been captured as item 5.6 within the register.
- Members suggestion that future updates include the date of the previous review so it would be possible to identify any priority areas for consideration and focus.

As no further issues were raised the Chair thanked officers for the update and the Board **RESOLVED** to note the report and Risk Register, including the key changes set out within section 3.5 of the report.

10. **London Borough of Brent Pension Fund- Q1 2021 Investment Monitoring Report**

The Board received the Brent Pension Fund Q1 2021 Investment Monitoring Report. It was reported that the monitoring report had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021 who had noted the key issues as set out in the report.

Members welcomed the report and with no further issues raised it was **RESOLVED** to note the investment monitoring report for Quarter 1 (2021)

11. **London Borough of Brent Pension Fund- Funding Issues Update**

The Board received a report from Hymans Robertson providing an update on funding issues which had arisen in relation to the Brent Pension Fund since the formal valuation and key issues for the remainder of the Fund year 2021-22. It was reported that the update had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021 who had noted the key issues as set out in the report.

Members welcomed the report and with no further issues raised, it was **RESOLVED** to note the report and funding issues highlighted.

12. **Brent Pension Fund: Draft Annual Accounts 2020-21**

The Board received a report from the Director of Finance presenting the draft Pension Fund Annual Accounts for the year ended 31 March 2021 and the draft Investment Strategy Statement (ISS). It was reported that the draft accounts and Investment Strategy had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021

Having noted that the draft accounts were currently in the process of being audited clarification was also provided, in response to a query on the Funds positive cash flow position and investment strategy, regarding progress on investment in low carbon equities holdings and other significant capital commitments.

As no further issues were raised it was **RESOLVED** to note and endorse the draft annual accounts for the year end 31 March 2021 and draft Investment Strategy Statement.:

13. **Actuarial Services Procurement**

The Board received a report from the Director of Finance detailing the proposed procurement process to be adopted in relation to the contract for actuarial advice, when the current contract expired on 30 September 2021. It was noted that the procurement process had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021

Members welcomed the report and with no further issues raised, it was **RESOLVED** to note and endorse the recommendation granting delegated authority to the Director of Finance to appoint a provider for actuarial services to the Fund, following a procurement process to be carried out by officers.

14. **Local Authority Pension Fund Forum (LAPFF) Engagement Report**

The Board received a report from the Director of Finance providing an update on the engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. It was noted that the engagement report had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021 and with no further issues raised it was **RESOLVED** to note the :LAPFF engagement report.

15. **Any other urgent business**

The Board were provided with an update on the progress in seeking to fill the current membership vacancy for an employer (Non Brent Council) representative. Expressions of interest had been invited and a selection process was currently underway, the outcome of which would be reported to the Council's General Purposes Committee for a final appointment to be confirmed.

The Chair also advised members that that this would be Saagar Raithatha's (Senior Finance Analyst) final meeting of the Pension Board as he would be moving on to take up a new position. The Chair, on behalf of the Board, thanked Saagar for his support and wished him success in his new role.

16. **Date of next meeting**

NOTED that dates scheduled for future meetings of the Pension Board, which were as follows:

- Tuesday 2 November 2021 at 6pm (to be held as an online meeting)
- Monday 24 March 2022 at 6pm (to be held as an online meeting)

17. **Exclusion of Press and Public**

At this stage in proceedings the Board **RESOLVED** that the press and public be excluded from the remainder of the meeting as the reports and appendices to be considered contained the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Access to Information Act 1972, namely:

"Information relating to the financial or business affairs of any particular person (including the Authority holding that information)."

Having passed the above resolution the live webcast was ended at this stage of the meeting.

18. **Deferred Debt Arrangement**

The Board received a report advising of an organisation who had informed the Fund of their intention to stop future accrual into the Pension Fund. It was noted that the report had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021 who in considering the report had been advised of:

- The background to the financial position involving the organisation and their current membership of the Fund.
- The discussions which had been undertaken with the organisation on the available options in terms of a way forward and key issues that would need to be considered in determining the nature of any legal agreement between them and the Fund.
- The discussion and active involvement of the Fund Actuary (Hymans Robertson) regarding the position and proposed agreement to be entered into with the organisation.
- The assurance provided that the existing accrued benefits for members would be unaffected and, subject to approval of the agreement, those current active members of the organisation would cease contributing to the LGPS and stop accumulating further LGPS benefits.

In considering the report, the Board were keen to ensure that any issues in terms of ongoing risk to the Fund or involving other member organisations in similar positions were identified at as early a stage as possible. Further details were provided in relation to the action taken to address the organisations position in the Fund and arrangements were included within the proposed legal agreement to provide an acceptable form of security within a defined period of time, which would provide a positive way forward for both the Fund (in order to mitigate any risks) and to the organisation.

Having noted the advice provided the Board **RESOLVED** to note and endorse the decision made by the Brent Pension Fund Sub Committee to

- (1) note the content of the report and funding position identified in relation to the organisation identified within the report.
- (2) approve entry into a Deferred Debt Agreement (DDA) with the organisation identified within the report.
- (3) delegate authority to the Director of Finance to finalise the terms of the DDA agreement with the organisation identified within the report.

18. **London CIV Investment Update**

The Board received a report providing an update on LCIV performance since inception and each fund manager's performance for the funds provided by LCIV. The main areas covered within the presentation were in relation to pooled investment arrangements, investment performance, staffing and organisation


updates (including the appointment of a new Investment Manager & Senior Portfolio Manager - Equities), changes proposed to the LCIV MAC Fund and other LCIV fund launches within the pipeline. It was noted that the update report had been considered in detail by the Brent Pension Fund Sub Committee on 24 June 2021.

In considering the report the Board were keen to ensure regular engagement and monitoring continued in relation to performance of the LCIV and with no further issues raised it was **RESOLVED** to note the investment update provided by London CIV

The meeting closed at 7.27 pm

MR. D EWART
Independent Chair

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	Pension Board 02 November 2021
	Report from the Director of Finance
Pensions Administration Update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	1. Q1 2021-22 Performance Report 2. Breaches Policy 3. Project Pace Update
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Flora Osiyemi, Head of Finance Sawan Shah, Senior Finance Analyst

1.0 Purpose of the Report

- 1.1 This report updates the Pension Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund.

2.0 Recommendation(s)

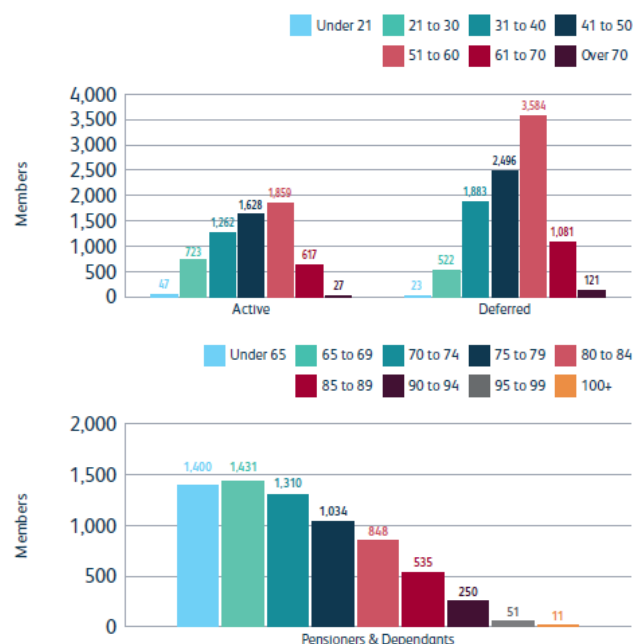
- 2.1 The board is recommended to note the overall report.

3.0 Pensions Administration Performance Report

- 3.1 This report reviews the performance of the LPP contract against agreed Service Level Agreements (SLA's) during April to June 2021.
- 3.2 The Pensions administration team hold monthly meetings with LPP to monitor the performance of the contract reviewing both the individual month and trends across months. Full details on the Q1 2021-22 performance report are set out in Appendix 1.

- 3.3 As of 30 June 2021, the Brent Pension Fund had 22,743 members, which was made up of:
- 6,163 active members
 - 6,870 pensioners (including dependants)
 - 9,710 deferred beneficiaries.
- 3.4 Figure 1 shows the current age demographic of the Brent Pension Fund members. This is broken down between active, deferred and pensioner members.

Figure 1:



- 3.5 This shows that the majority of the working age active members fall into the 31 to 60 age groups while, as would be expected, 51-60 is the banding with the highest number of deferred members. For pensioner and dependant members, the number of members in the under 65, 65 to 69 and 70 to 74 bands is broadly the same. Number of members declines progressively into the older bands.
- 3.6 The percentage of cases processed on time has remained high with a quarterly average of 97.97%. This is in line with the 98% target.
- 3.7 Figure 2, provides detail on the number of cases that have been processed grouped by category. At the start of April, cases brought forward totalled 1,364 and there were 1,228 outstanding cases at the end of June 2021. Categories that saw decreases in outstanding cases include deaths and retirements. On the other hand, refunds saw an increase in outstanding cases.

Figure 2:

	Brought Forward at 01/04/21	Completed	Received	Outstanding as of 30/06/21
New Starters	29	199	213	43
Transfer In	145	74	91	162
Transfer Out	80	98	105	87
Estimate - Individual	21	74	69	16
Deferred Benefits	127	167	205	165
Deaths	369	233	137	273
Retirements (Immediate)*	89	83	44	50
Retirements (Deferred)*	161	169	117	109
Refunds	34	97	132	69
Estimates - Employer	9	49	51	11
Correspondence	24	126	125	23
Aggregation	47	60	53	40
Other (see Definitions – page 3)	229	397	348	180
TOTALS	1,364	1,826	1,690	1,228

* In Q4 20/21, we trialled a new way of prioritising retirement cases. This resulted in the retirement process being split out into its two component parts 1) the options stage 2) the payment stage. The number of completed cases reported in this table may therefore vary to the number of retirements processed on page 11, which are reportable against the SLA. We have since re-designed the workflow so that the two component parts of the process can be handled under the one case type.

- 3.8 Helpdesk call performance measures the average wait time and calls answered. The Fund improved performance in its wait times through the quarter with performance of 15 minutes 5 seconds in April, 5 minutes 31 seconds in May and 1 minute 7 seconds in June. April and May were above the target time of 4 minutes, this was largely due to a significant increase in bereavement and retirement cases, resulting in higher volumes of calls and emails received. Performance returned to better than target in June. The fund will be working with LPP to understand further details behind the delayed timings. The average calls answered should be 90%. Over the last quarter, 86.6% of calls were answered in April, 94.4% in May and 99.3% in June.
- 3.9 Service improvements delivered included the launch of several self-service videos such as how to sign up to My Pension Online and how to use the pension payments calculator and the launch of an employer contact form to ensure queries are handled quicker and more efficiently.
- 3.10 Scheduled updates in the coming months include improvements to member surveys and the welcome programme for new starters.
- 3.11 Since the last Pension Board, 6 new complaint cases have been received. This included 2 new complaints in April, 3 new complaints in May and 1 new complaint in June. Out of the 6 cases, 3 related to delays, 2 related to general service and 1 related to regulatory issues. Brent and LPP are taking action to ensure that these cases are resolved swiftly. However the complex nature of some cases means that this is not always possible. In addition, following the completion of each case, a process is undertaken to ensure any lessons learned are reviewed and consequently, if necessary, processes and procedures will be updated.
- 3.12 The Pension Regulator (TPR) acknowledges that complete, accurate scheme records are a vital part of the administrative function. The Regulator defines two types of data held in scheme records:

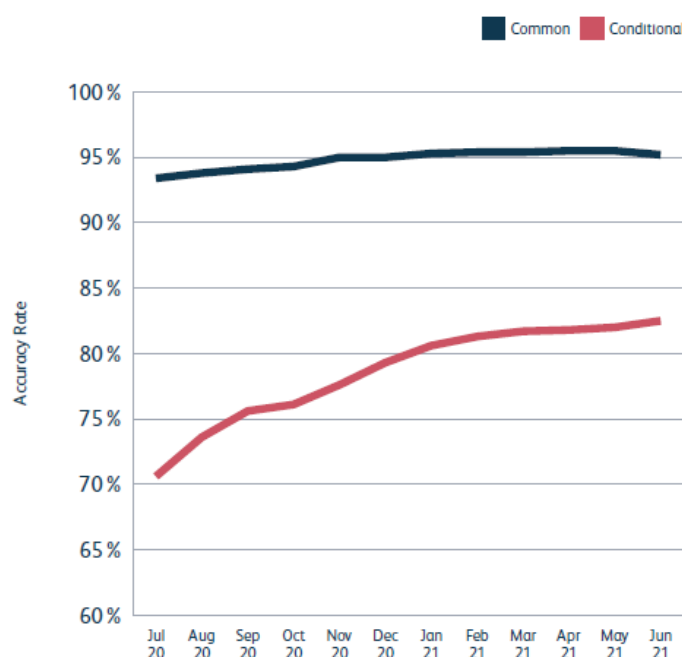
Common Data used to identify scheme members and would include names, addresses, national insurance number and date of birth.

Conditional Data essential to calculate benefit entitlements such as, member contributions, pensionable pay, service history.

It also encompasses data relating to events that occur during an individual's membership, for example transfers, purchase of additional pension and pension sharing orders. Both types are data that are equally important, but are defined separately for the purposes of measurement and relationship to obligations under the Data Protection Act.

Figures 3 below displays the TPR scores achieved in regards to the accuracy of common and conditional data. As at June 2021, Common data has a total accuracy rate of 95.1% compared with 95.4% in March while conditional data has a total accuracy rate of 82.5% compared with 81.7% in March.

Figure 3:



4.0 Annual Benefit Statements

- 4.1 It is a statutory responsibility for the scheme manager to issue an annual benefit statement (ABS) to all eligible active and deferred members by 31 August each year.
- 4.2 For active and deferred members, an ABS was issued online to all members identified on year end returns from employers by the deadline of 31 August 2021. Any members who have opted out of electronic communications will have received a printed copy of their ABS through the post.

- 4.3 The production of an ABS requires scheme employers to submit an end of year return. Similar to last year, the timeliness of year-end returns from employers was disappointing this year, with many employers missing the 30th April deadline. Fund officers and LPP worked with employers in the spring to ensure that all returns were submitted, escalating to senior management where necessary. All returns were eventually received.
- 4.4 There were a small number of records where queries from year end returns had not been resolved in time. For these members an ABS could not be produced as employers had not been forthcoming with the relevant information. These outstanding queries are being monitored by LPP and as soon as the queries are resolved an ABS will be issued.
- 4.5 The Pensions Administration Strategy allows the scheme manager to take actions against employers that do not comply with their statutory and legal obligations to the Pension Fund. These actions will be considered should employers not respond to LPP's requests for information in a timely manner.
- 4.6 As outlined below, the Fund is carrying out a focussed exercise with a dedicated resource to clear historical unprocessed leavers. Due to this issue, it has not been possible to issue an ABS to these members. The project will be resolving these records and an ABS will be made available to these members as soon as possible. This project is expected to be completed by 30th November 2021.
- 4.7 As part of The Pensions Regulators Code of Practice, employers and other individuals involved in running a pension scheme have a legal duty to report a breach of the law where it is likely to be of material significance to the regulator. In order to clarify the decision making process with regards to reporting breaches, a breaches policy for the Brent Pension Fund was produced and agreed by the Pension Board in July 2018. This is attached as Appendix 2 for reference. At this stage, it is not considered to be a material breach to report to TPR. The main considerations for this decision are set out below.
- In relation to active members, prompt action has been taken and a plan has been put in place to resolve the outstanding issues as soon as reasonably practical.
 - The scheme manager will work closely with LPP and employers to resolve the outstanding queries as soon as possible, treating the overall exercise as a high priority.
 - The Pensions Administration Strategy provides the scheme manager with the powers to take action against employers who do not comply with the standards set out in the strategy.

5.0 Data Cleanse Update

- 5.1 As reported at the previous Pensions Board meetings, the Fund has commissioned a separate project to review and resolve outstanding leaver queries.

- 5.2 The process for clearing the leavers will depend on the case. Options include: using data available through previous end of year returns, contacting the employer to resolve the query, reviewing archives for leaver information or contacting the member for payslip/P60 information.
- 5.3 1,385 missing leaver queries have been identified as within the scope of the project and the Fund has been receiving regular updates on progress against the project from LPPA. Phase 1 commenced on 12/10/2020 and was scheduled to be completed by 31/03/2021. At the end of phase 1, 695 cases had been resolved leaving 690 cases outstanding.
- 5.4 As the remaining cases continued to have a material impact on the Fund's TPR data scores and because these queries would impact the triennial valuation in 2022, the Fund commissioned phase 2 of the project to address the remaining cases. The project team includes an experienced member of the administration team who has relevant experience in handling complex cases. Phase 2 began on 01/06/2021 and is scheduled to be completed on 30/11/2021.
- 5.5 At the time of writing, the latest position shows, of the 1,385 cases within the scope of the project, 1,033 had been completed and 352 were outstanding.

6.0 GMP Project

- 6.1 From 6th April 2016, Contracting-Out Status for pension schemes in the UK ceased. This instigated a reconciliation exercise between HMRC and UK pension scheme administrators to ensure that contracted-out liabilities were recorded correctly across the records of both parties.
- 6.2 LPPA received HMRC's Final Data Cut in August 2020 and the Guaranteed Minimum Pensions (GMP) reconciliation project commenced in August 2021. This project will review the final data output from HMRC in relation to the GMP reconciliation exercise on behalf of the London Borough of Brent and carry out the appropriate corrective action on active, deferred and pensioner records.
- 6.3 The project has been split into 5 key work streams which will cover amendment of deferred, active and pensioner records where errors are found, correction of duplication of records and revision of pensioner benefits where necessary.
- 6.4 The total number of cases across all work streams in scope of the project is 1,448. At the time of writing, the latest position shows that 1,082 cases have been completed.

7.0 LPP Business Update

- 7.1 LPPA are planning to introduce a new pension administration system which is made by Civica and called Universal Pensions Management (UPM). The UPM system will replace 5 different systems including Altair, LPP's workflow management system (CMS), both YourFund employer portals and the My Pension Online member self-service portal. The overall project is called project PACE. It is expected that Go Live for the Brent Pension Fund will be in

September 2022. LPP are providing Brent officers with regular updates in monthly meetings to ensure successful transfer of administrative systems.

7.2 Updates for this quarter include:

- The member website and employer portal initial configuration is complete and both are currently undergoing testing.
- There are 5 data cuts to transfer current data from Altair into UPM. Data cut 1 is complete and signed off
- All operational teams are attending testing workshops to look at any changes required to the standard UPM processes.

A full update including risk log provided by LPPA is attached in Appendix 3.

7.3 John Crowhurst, the Commercial Director at LPPA will be in attendance at the Pension Board meeting to provide a verbal business update.

8.0 Financial Implications

8.1 As outlined in section 5 of the report, LPPA have been commissioned to undertake a separate project in order to process historical 'missing' leavers. Should the project run to end November 2021, the cost of the project will be in the region of £159k which will be funded from the Brent Pension Fund.

8.2 As outlined in section 6 of the report, LPPA have been commissioned to undertake a GMP reconciliation project in order to review and amend records accordingly where differences arise between HMRC and Brent data. The project is scheduled to run for 7 months starting in August 2021 with a cost of £62k which will be funded from the Brent Pension Fund.

9.0 Legal Implications

9.1 Not applicable.

10.0 Equality Implications

10.1 Not applicable.

11.0 Consultation with Ward Members and Stakeholders

11.1 Not applicable.

12.0 Human Resources

12.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

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LPP

Local Pensions Partnership
Administration



Brent Pension Fund

Quarterly Administration Report

1st April – 30th June 2021

lppapensions.co.uk

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Definitions

Page 6

Total Fund Membership

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

Current age demographic

The age profile of the Membership is split across three types of status:

Active Members – Members who are currently contributing toward their pension benefits.

Deferred Members – Members who hold a deferred benefit in the fund.

Pensioner Members – Pensioners and Dependants who are currently receiving a pension.

Page 10

Casework Performance Against SLA

Performance is measured once all information is made available to LPPA, to enable them to complete the process. All casework has a target timescale in which to complete the process, and performance is measured as the % of cases that have been completed within that timescale.

Page 11 & 12

Casework Performance Against SLA

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

- Benefit revisions
- Maternity/paternity cases
- Ill Health cases
- Scheme Opt-Out cases
- Cases raised to cover 'My Pension Online' registration queries
- P60 queries
- 50/50 scheme changes
- APC / AVC queries

Please note the number of cases brought forward, does not match the corresponding number of outstanding cases reported in the previous quarter (due to reasons including the deletion of cases during the current reporting period).

Page 14

Elapsed Times

Elapsed days represent the total number of working days between the case being set up, and when it was completed by LPPA.

Page 16

Retirements

Shows how quickly pension and lump sum payments are paid to Members – distinguishing between late/early notifications and Members with AVC's. Individual tables provide further detail.

Page 18-20

Helpdesk Performance

Average wait time measures the time taken from the caller being placed into the queue, to them speaking with a Helpdesk adviser. The percentage of calls answered does not include calls that are abandoned by the caller where the wait time is less than 2 minutes. The Annual Calls answered performance figures are not Client specific (as we are unable to measure abandoned calls by Client).

A 'resolved' call or email requires no further action, as the enquiry has been answered in full. Any that are 'unresolved' will require an action of either a case or chase case to be created, or documents that need to be added to an existing case.

As the needs of our business, Clients and Members change, we adapt our reporting to suit the current trends and ensure sight of common topics. For this reason it is necessary to update and add new topics in the reason for calls. To accommodate the multitude of reasons we have created a "Other" category which includes (but not limited to) 'Information Only', 'Website', 'Resend Documents'.

Page 22 & 23

Customer Satisfaction Scores

The Helpdesk satisfaction scores (telephone and retirement) are the percentage of people who completed the survey with a satisfied (green) or neutral (amber) response. The Retirement satisfaction score illustrates the total surveys taken, split by response of Dissatisfied or Satisfied.

Page 25

My Pension Online (MPO)

The number and % of Members who have signed up to "My Pension Online" (online Member portal), including a quarterly view and a comparison with the overall LPPA sign up rate (all Members).

Page 26

My Pension Online (MPO)

The number of Members that are registered for My Pension Online, split by Member status and age profile.

Page 31 & 32

Telephone Numbers

The number and % of telephone numbers held by Member status (this is important as LPPA use telephone contact details where possible to reduce elapsed times).

Existing e-mail addresses

The number and % of emails held by Member status (this is important as LPPA utilise email as the preferred method of written communication).

E-Communications Opt-outs

The number and % of Members who have chosen not to receive email communications.

Page 38 & 39

Common/Conditional Data Fails

The Pension Regulator requires Administrators to keep Member data up to date to ensure benefits are accurately paid. This is split by Common Data (details that are specific to the Member) and Conditional Data (data that is related to the pension). Individual Fails shows the total number of unique Members that have a single or multiple number of Common Data or Conditional Data fails. On both charts, the Accuracy Rate (%) then compares the number of Individual Fails to the total number of Scheme Members.

For more detail on the Data Items / Error types presented in these charts, please visit either the [TPR](#) or [PASA](#) (The Pension Administration Standards Association) websites.

Our Core Values

This administration report is produced in accordance with the Service Level Agreement (SLA) for the provision of pension administration services.

The report describes the performance of Local Pensions Partnership Administration (LPPA) against the standards set out in the SLA.

Within LPPA, our values play a fundamental role in guiding our behaviour as we grow our pensions services business and share the benefits with our Clients.



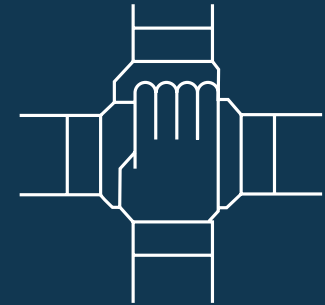
Annual Plan 2021/22

✓ COMPLETED 📅 DUE

Page 23

	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21
Annual Benefit Statement and Newsletter to Deferred Members		✓										
Pension Increases		✓										
Annual Benefit Statement and Newsletter to Active Members					📅							
Pension Saving Statements							📅					
HMRC Scheme Returns							📅					
IAS19 data			✓		📅				📅			📅

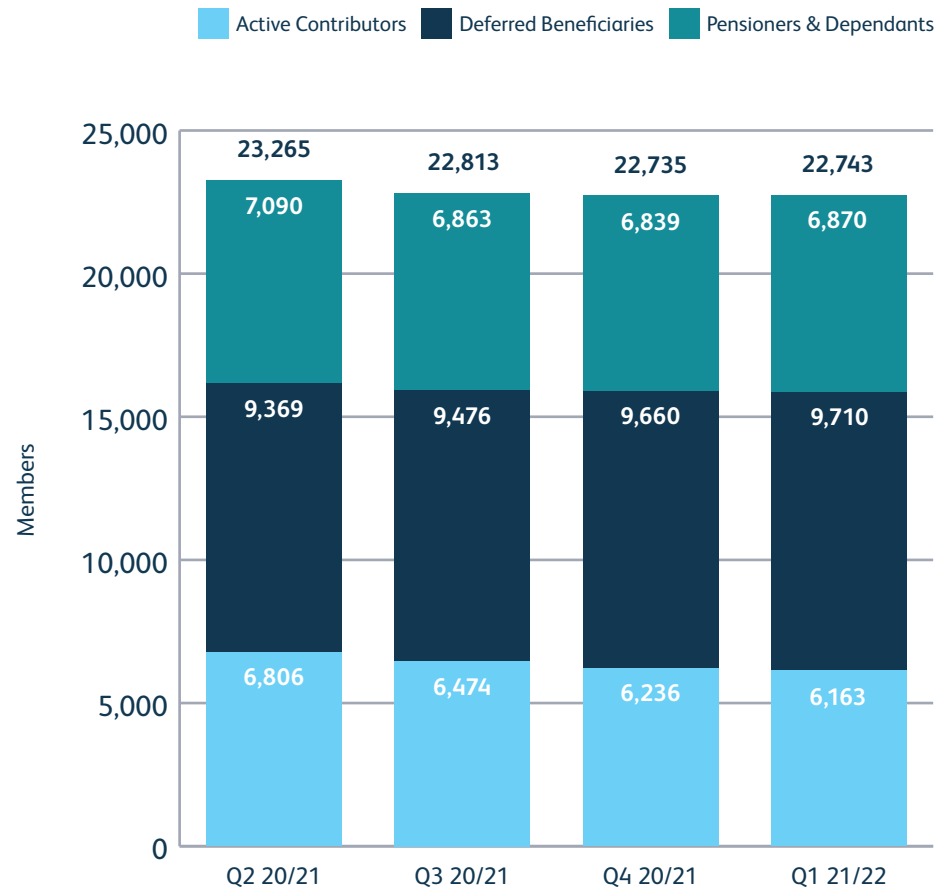
Fund Membership



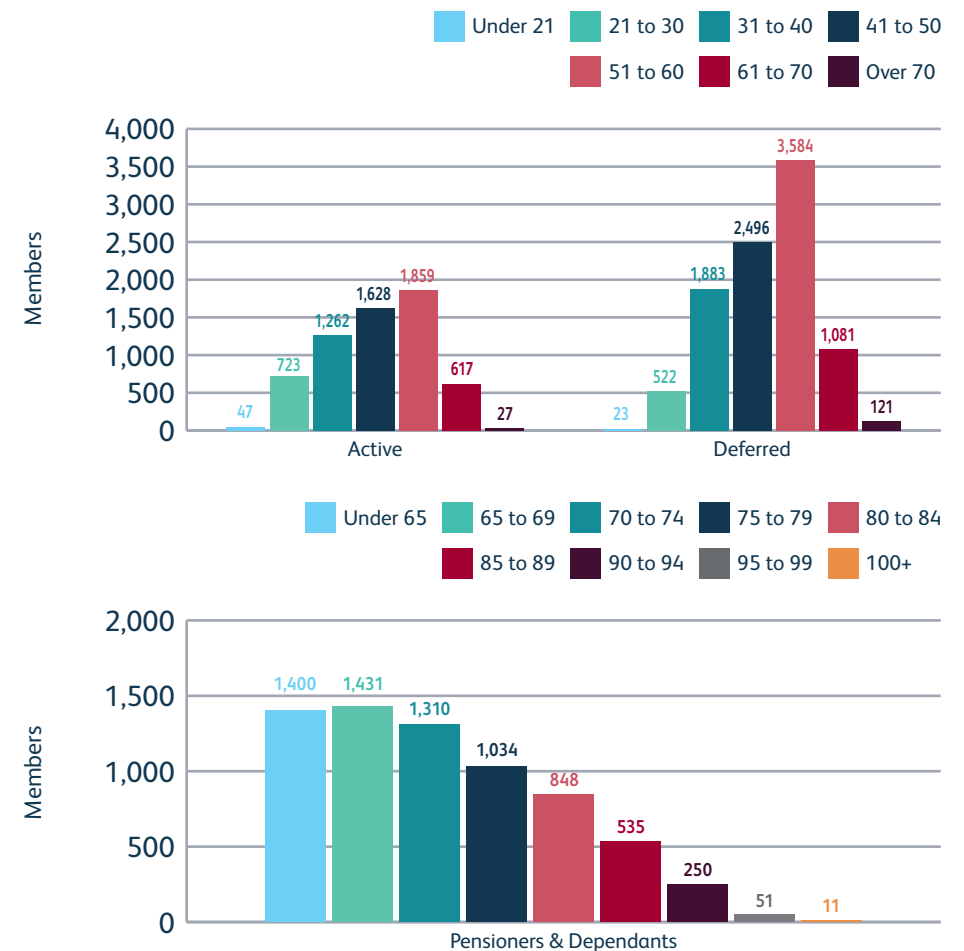
Working Together

Fund Membership

TOTAL FUND MEMBERSHIP



CURRENT AGE DEMOGRAPHIC



Fund Membership

LEAVERS

These leavers are currently included in the active membership figures in the previous page.

Total Current Leavers	Received*	Pending**
1,150	151	999

* Received from Employer and due to be worked by LPPA in line with SLA

** Awaiting information from Employer



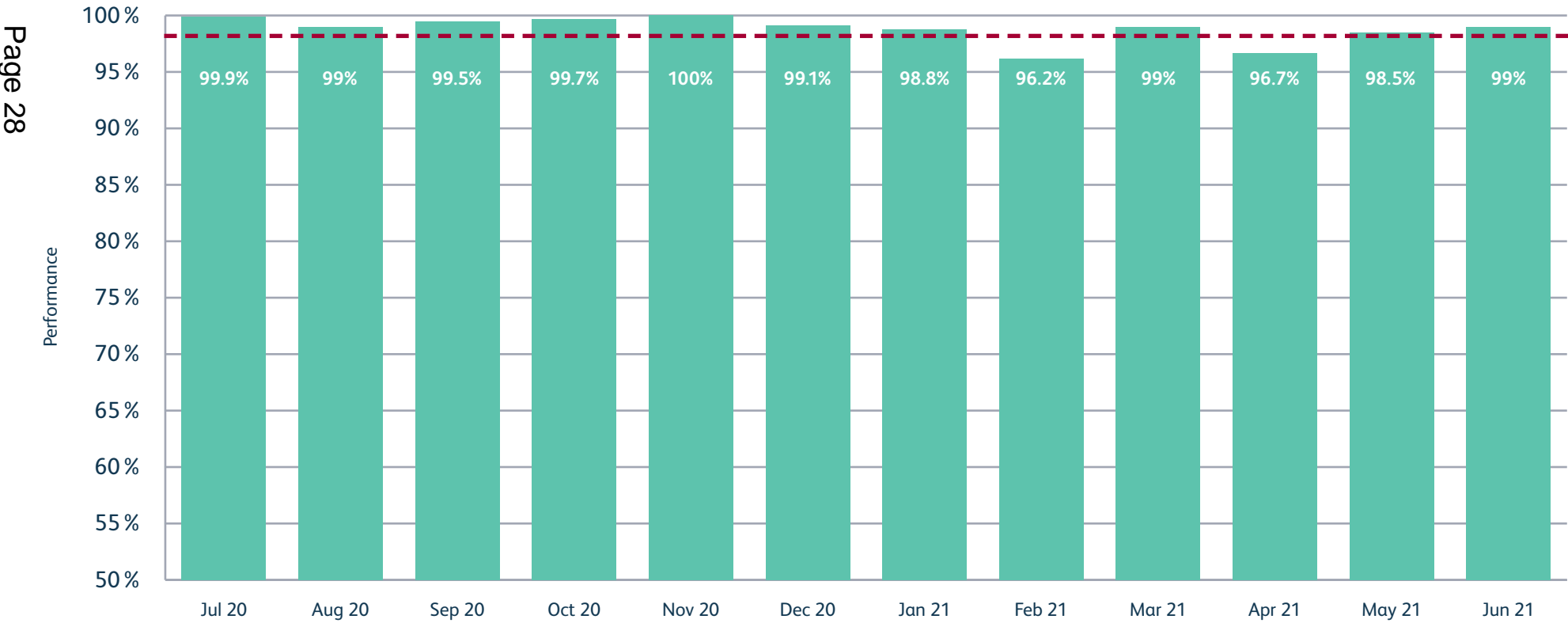
Committed to Excellence

Casework Performance Against SLA

Casework Performance Against SLA

PERFORMANCE – ALL CASES

--- Target (98%) The quarterly SLA performance was 97.97%

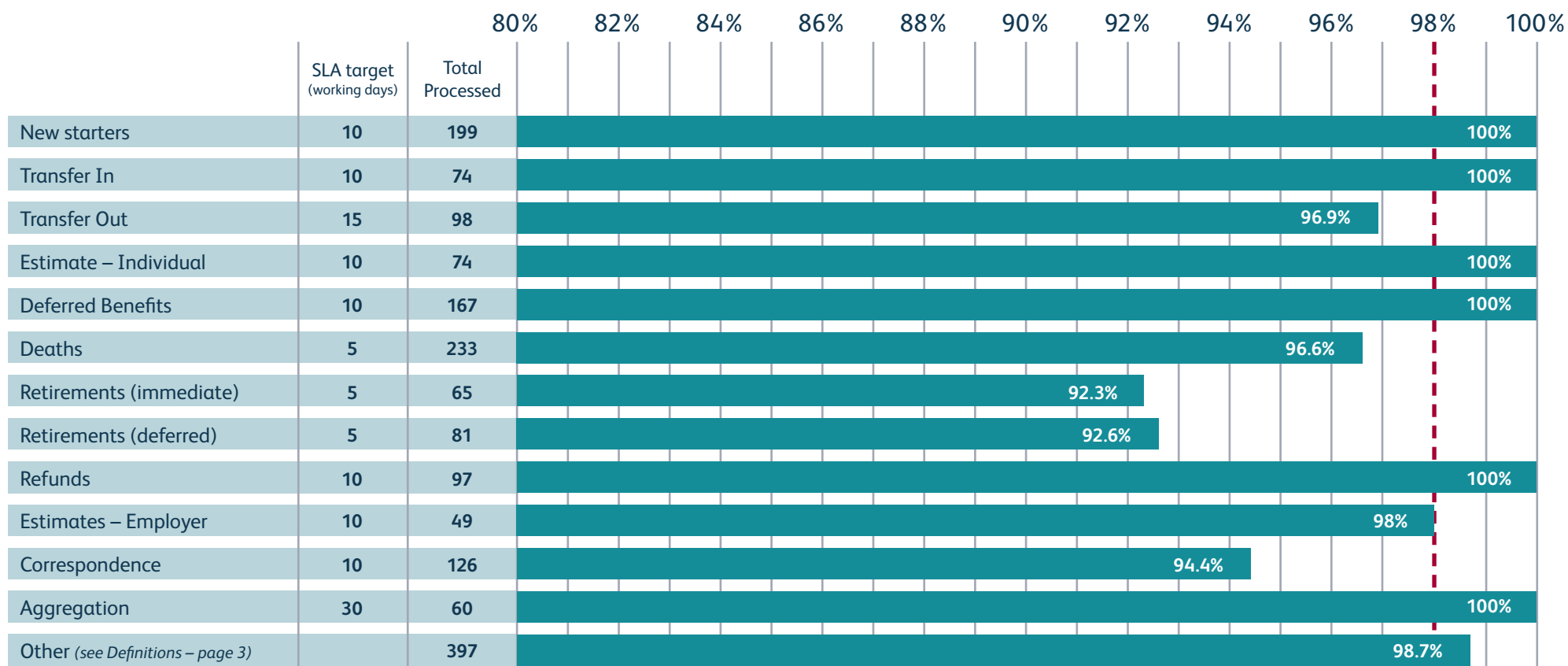


Casework Performance Against SLA

PERFORMANCE STANDARD

--- Target 98 %

Page 29



Casework Performance Against SLA

ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER

Page 30

	Brought Forward at 01/04/21	Completed	Received	Outstanding as of 30/06/21
New Starters	29	199	213	43
Transfer In	145	74	91	162
Transfer Out	80	98	105	87
Estimate - Individual	21	74	69	16
Deferred Benefits	127	167	205	165
Deaths	369	233	137	273
Retirements (Immediate)*	89	83	44	50
Retirements (Deferred)*	161	169	117	109
Refunds	34	97	132	69
Estimates - Employer	9	49	51	11
Correspondence	24	126	125	23
Aggregation	47	60	53	40
Other (see Definitions – page 3)	229	397	348	180
TOTALS	1,364	1,826	1,690	1,228

* In Q4 20/21, we trialled a new way of prioritising retirement cases. This resulted in the retirement process being split out into it's two component parts 1) the options stage 2) the payment stage. The number of completed cases reported in this table may therefore vary to the number of retirements processed on page 11, which are reportable against the SLA. We have since re-designed the workflow so that the two component parts of the process can be handled under the one case type.

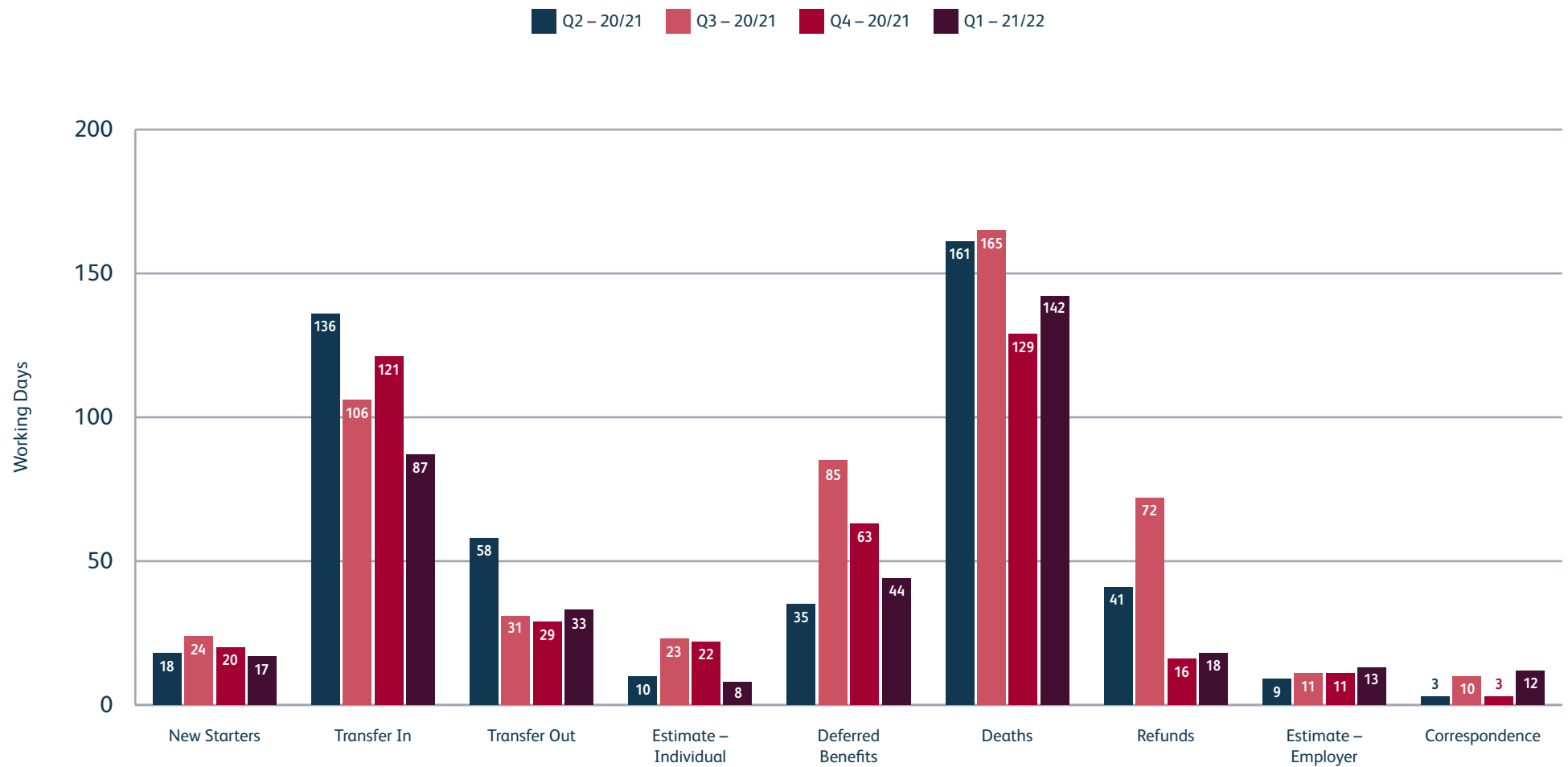


Doing The Right Thing

Elapsed Times

Elapsed Times

ELAPSED DAYS BY QUARTER





Committed to Excellence

Retirements

Retirements

Page 34

	Retirements (Deferred)*			Retirements (Immediate)*		
	Total cases	On Time	SLA	Total cases	On Time	SLA
July 20	42	42	100%	4	4	100%
August 20	38	38	100%	4	4	100%
September 20	38	38	100%	11	11	100%
October 20	92	92	100%	13	13	100%
November 20	150	150	100%	9	9	100%
December 20	59	56	94.9%	9	9	100%
January 21	52	52	100%	19	19	100%
February 21	30	23	76.7%	18	15	83.3%
March 21	27	27	100%	30	30	100%
April 21	40	36	90%	40	38	95%
May 21	17	16	94.1%	11	8	72.7%
June 21	24	23	95.8%	14	14	100%

* In Q4 20/21, we trialed a new way of prioritising retirement cases. This resulted in the retirement process being split out into it's two component parts 1) the options stage 2) the payment stage. The number of completed cases reported in this table may therefore vary to the number of retirements processed on page 11, which are reportable against the SLA. We have since re-designed the workflow so that the two component parts of the process can be handled under the one case type.

Helpdesk Performance

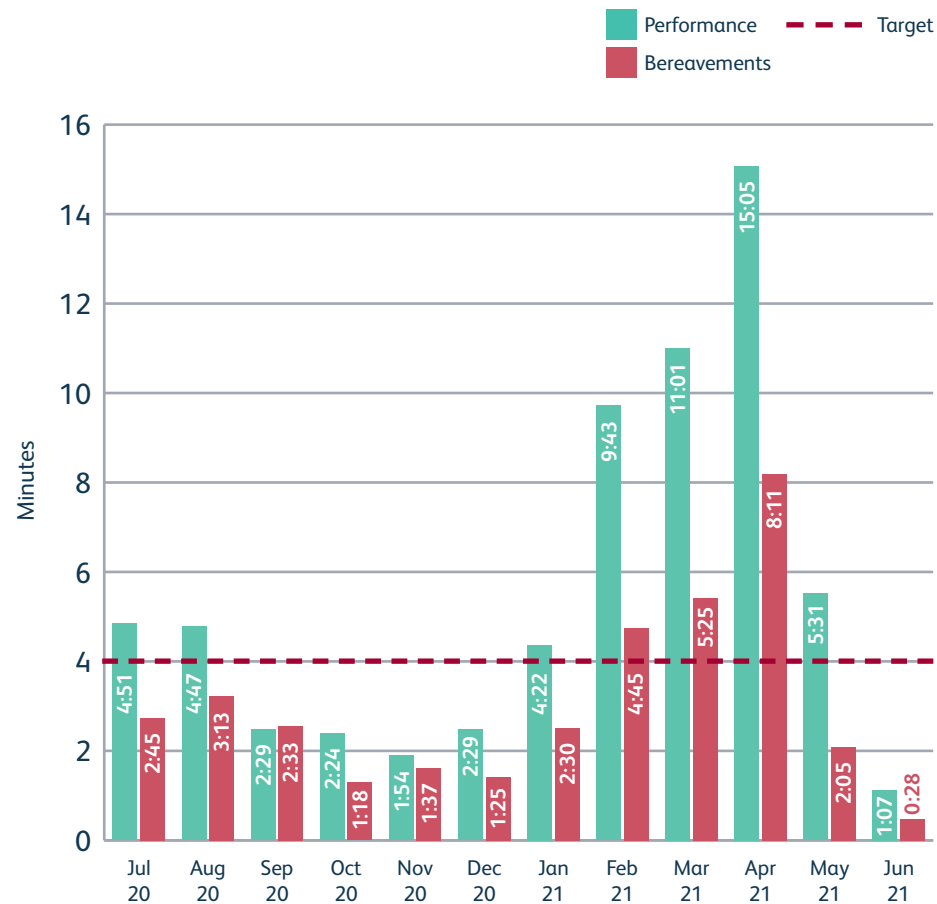
The Helpdesk deals with all online enquiries and calls from Members for all funds that LPPA provide administration services for.



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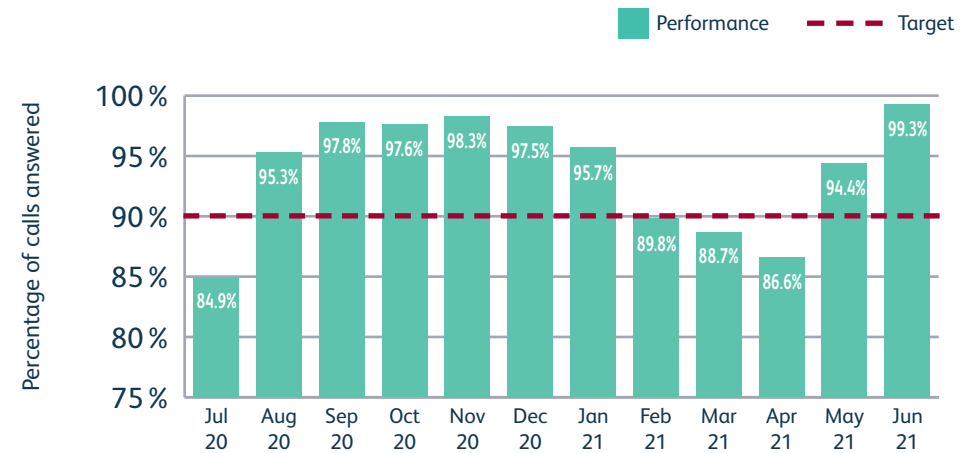
Helpdesk Performance - Calls

AVERAGE WAIT TIME

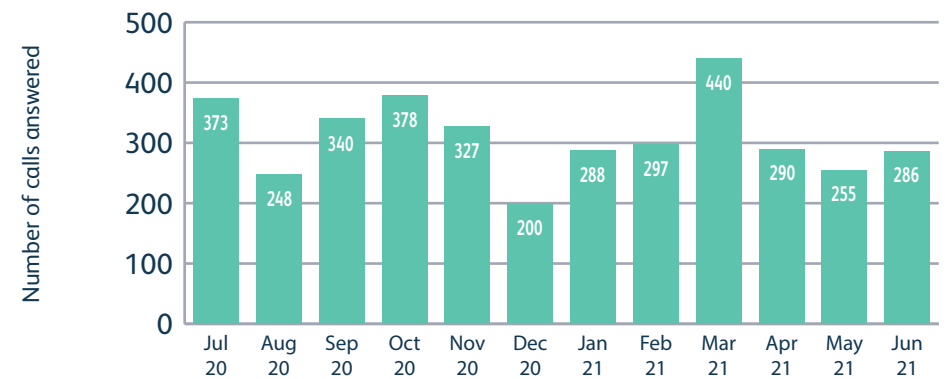


CALLS ANSWERED

(ALL LPPA)

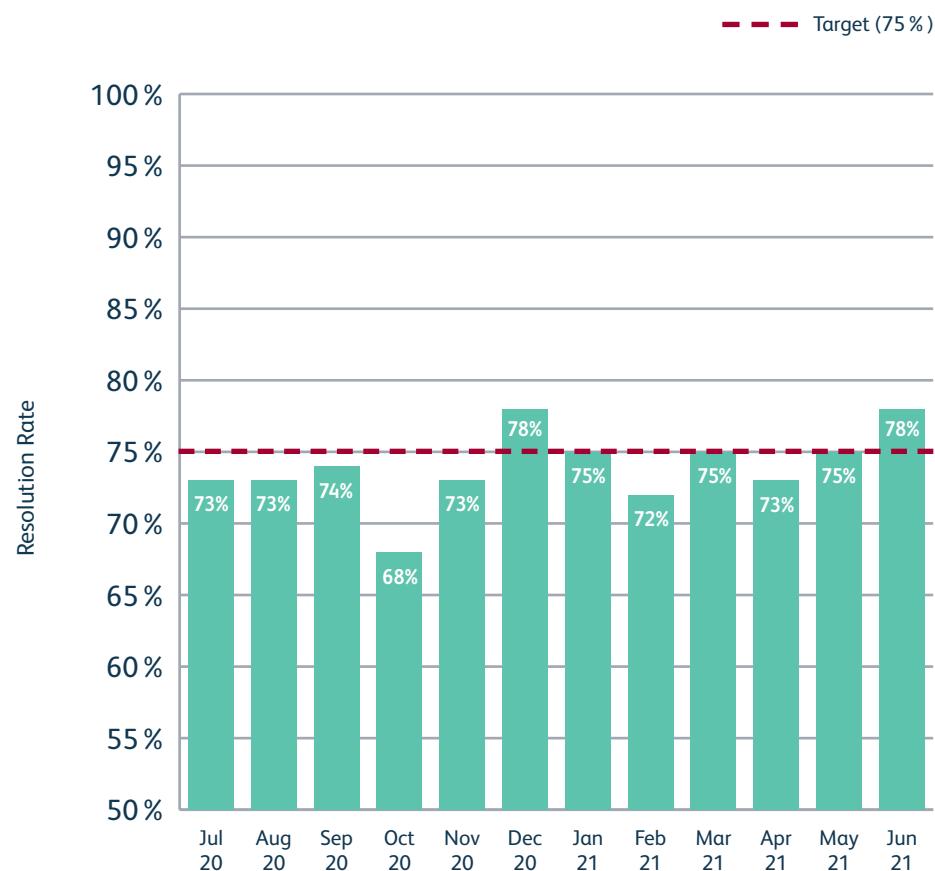


CALL VOLUMES



Helpdesk Performance - Calls

RESOLUTION RATE*



*Queries not resolved at first point of contact had a subsequent case setup. Our operations team then respond within agreed contractual time-scales.

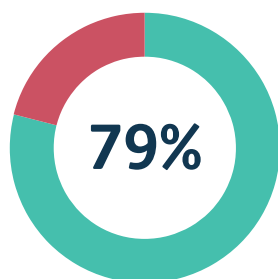
WHAT DO MEMBERS CALL ABOUT?

	APR 21	MAY 21	JUN 21
Annual Benefit Statement	3	4	3
Annual Allowance	0	1	0
Additional Voluntary Contributions / Additional Pension Contributions	8	1	2
Bereavement	45	26	27
Deferred	7	3	11
Divorce	0	2	0
Estimate	20	13	15
Life Certificates	1	0	0
McCloud	0	0	0
My Pension Online	27	24	28
P60	1	7	2
Payslip	33	28	31
Pension Increase	0	1	0
Refund	20	7	13
Retirement	86	71	77
Transfer	21	22	24
Update Details	13	12	11
Other	5	33	42
TOTALS	290	255	286

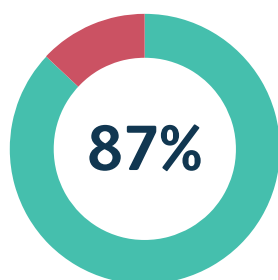
Helpdesk Performance - Web Enquiries

RESOLUTION RATE* (TARGET 75%)

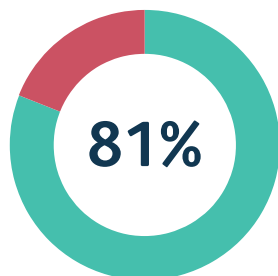
APRIL



MAY

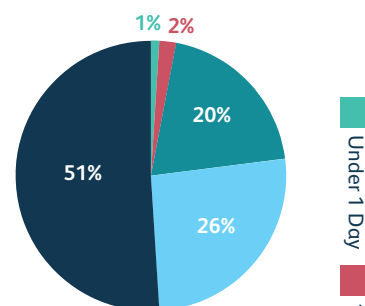


JUNE

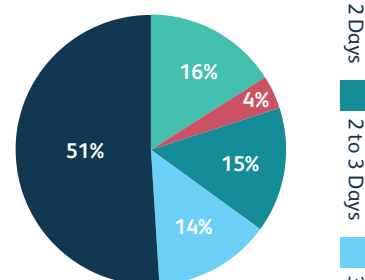


ENQUIRY HANDLING RATE

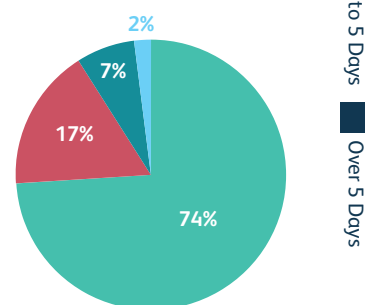
APRIL



MAY



JUNE



WHAT DO MEMBERS ENQUIRE ABOUT?

	APR 21	MAY 21	JUN 21
Annual Benefit Statement	7	3	0
Annual Allowance	0	0	0
Additional Voluntary Contributions / Additional Pension Contributions	5	3	2
Bereavement	20	7	10
Deferred	4	3	2
Divorce	1	1	0
Estimate	16	6	8
Life Certificates	0	2	0
McCloud	0	0	0
My Pension Online	20	31	27
P60	10	7	2
Payslip	14	0	9
Pension Increase	0	0	1
Refund	7	10	2
Retirement	37	23	23
Transfer	45	14	5
Update Details	25	11	18
TOTALS	211	121	109

*Queries not resolved at first point of contact had a subsequent case setup. Our operations team then respond within agreed contractual time-scales.



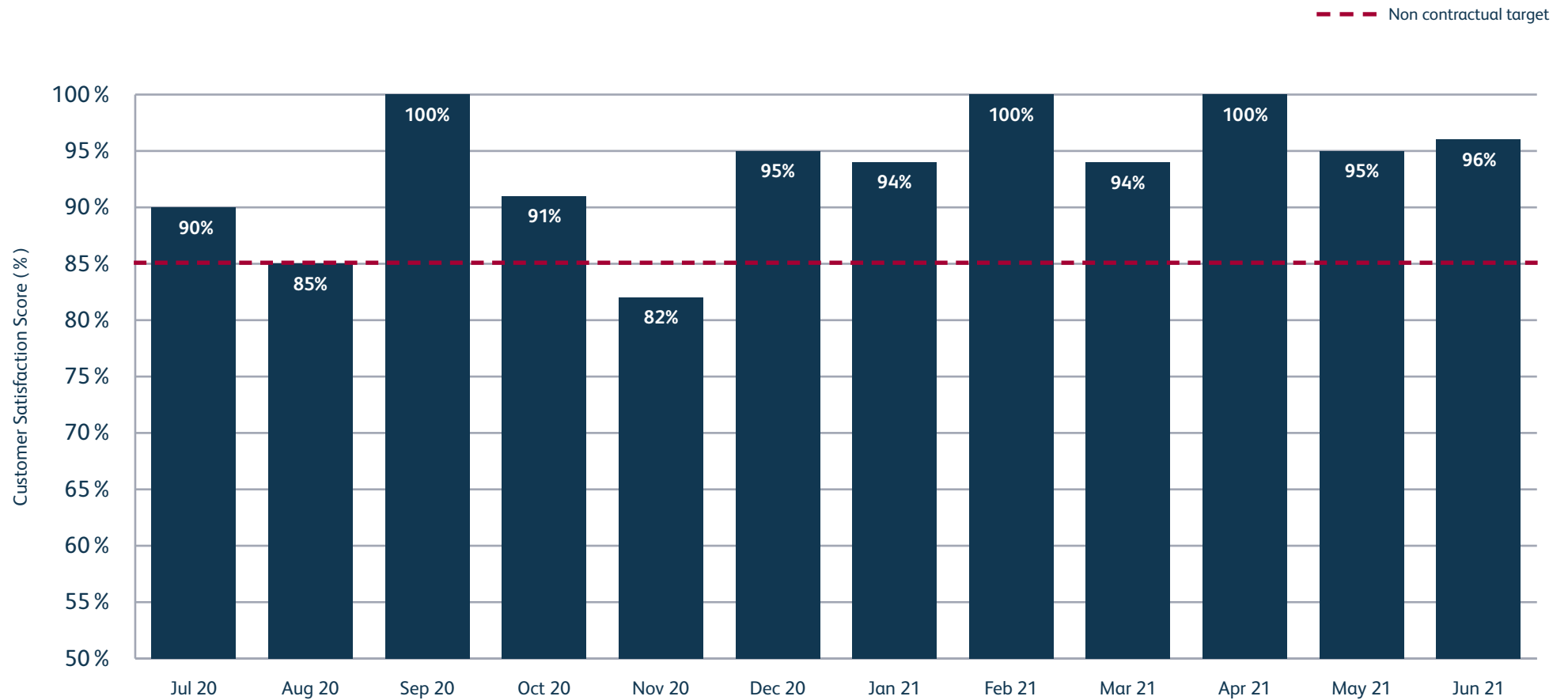
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Customer Satisfaction Scores

Customer Satisfaction Scores

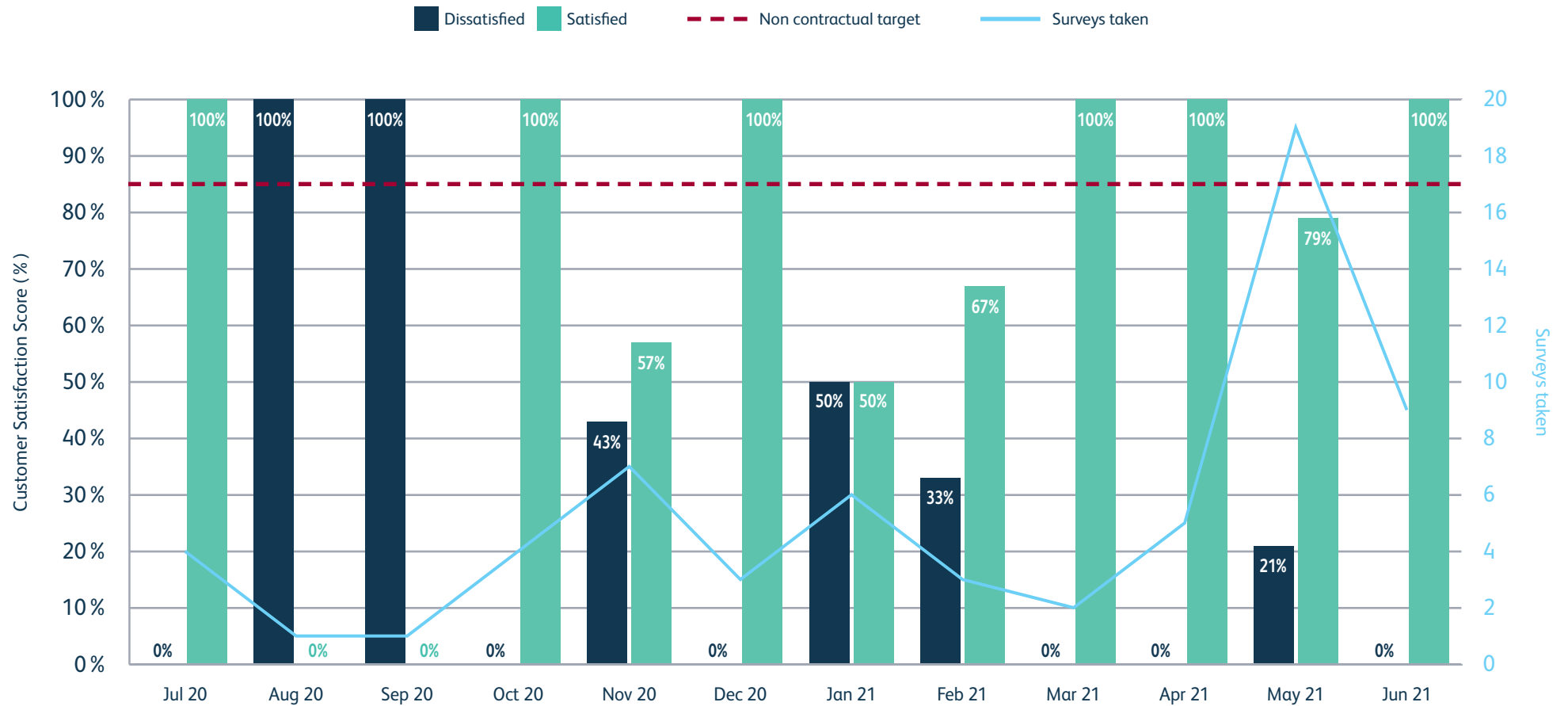
HELPDESK SATISFACTION (CALLS)

Page 40



Customer Satisfaction Scores

RETIREMENTS





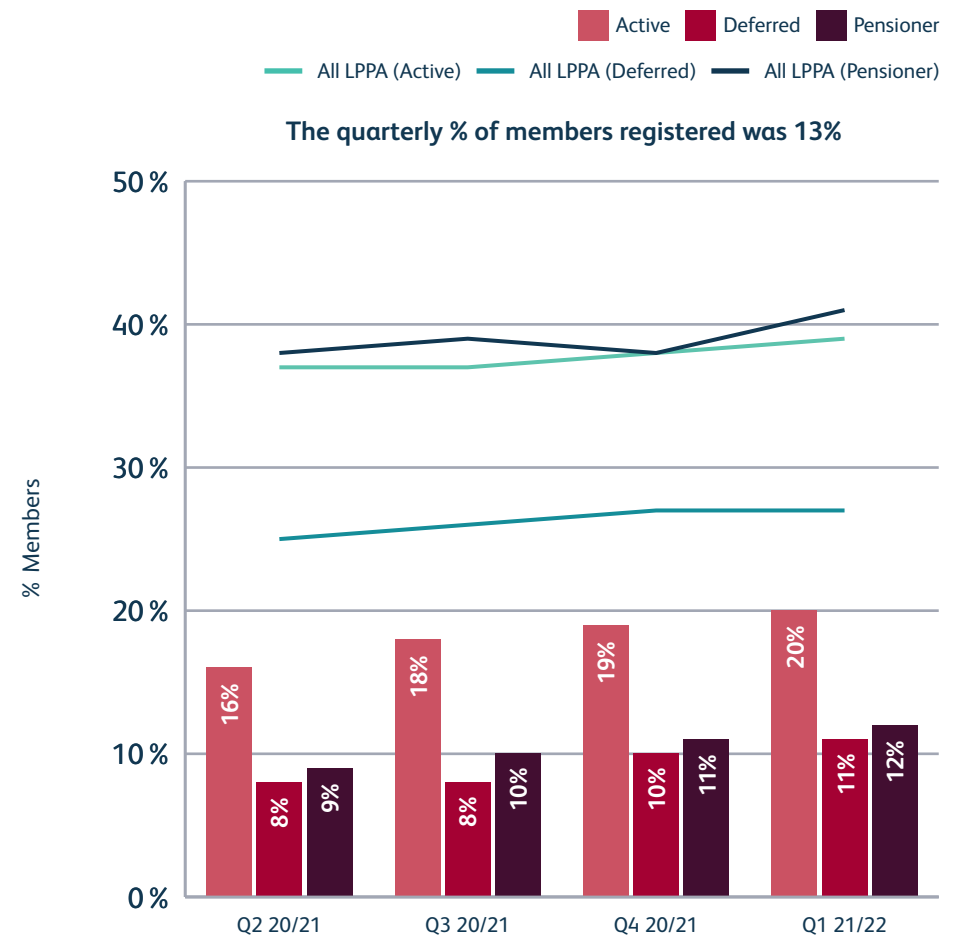
Forward Thinking

My Pension Online (MPO)

My Pension Online

MEMBERS REGISTERED

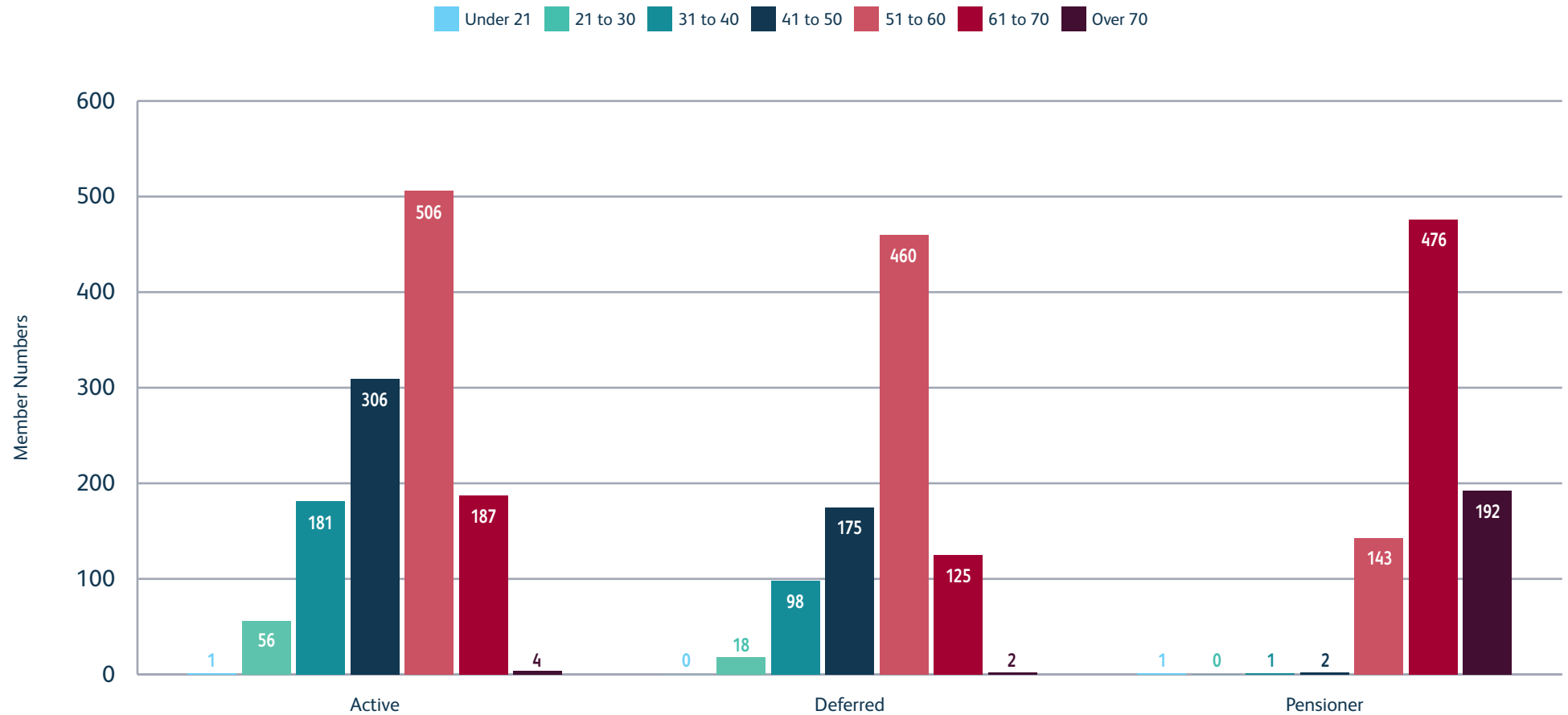
Page 43



My Pension Online

AGE DEMOGRAPHIC

Page 44



Service Improvements



Forward Thinking

Service Improvements

DELIVERED

Note: the following outlines improvements to our service that has benefited all Clients.

1. Removal of email into the AskPensions mailbox and launch of an improved 'Contact LPPA' webform, including multiple enquiry (drop-down) options and document uploads. This will enable LPPA to provide quicker and more accurate responses to queries (as the form includes mandatory information fields, and enables all ongoing enquiries to be tracked)
2. ABS notification activity started in Q1, with the deadline for completion of 31st August
3. Launch of several 'Member Experience' self-service videos including:
 - [Sign up to My Pension Online](#)
 - [Reset Your My Pension Online Password](#)
 - [How to Use the Pension Payments Calculator](#)
4. My Pension Online queries have been routed from the IVR to our improved website self-service resources (highlighted in previous point)
5. Pensions documents (descriptions) in My Pension Online have been simplified to improve Members understanding of what information they include
6. Launch of an Employer Contact Form, which also enables multiple document attachment, and options to ensure queries are handled quicker, more effectively, and more securely
7. Triage of Retirement forms on receipt (included as part of improvements to process and case type)
8. LPPA signed a Pension Scams pledge to help improve how we protect Members. The pledge is set up by The Pensions Regulator and aims to encourage administrators to protect pension scheme Members from scams (and follows LPPA joining the Pension Scams Industry Forum in November last year)
9. AVC statements loaded onto Members' My Pension Online records

Service Improvements

SCHEDULED

1. Improvements made to Member Surveys, to deliver better engagement and an increased number of responses (review will start with the Retirement survey)
2. Review Welcome programme (new starters) to consider improved Member experience, with the introduction of a Welcome survey
3. Launch of '[LPPA – Who We Are](#)' animated video that will feature on the website, and will also be used for the enhanced Welcome programme



Forward Thinking

Member Contact Data

Member Contact Data

EMAIL ADDRESSES

	Q2 – 20/21	Q3 – 20/21	Q4 – 20/21	Q1 – 21/22
Active Contributors	2,031 (29.84%)	3,092 (47.76%)	3,128 (50.16%)	3,220 (52.25%)
Deferred Beneficiaries	1,481 (18.72%)	1,643 (20.47%)	1,811 (22.12%)	1,872 (22.80%)
Pensioner and Dependants	1,054 (14.87%)	1,152 (16.79%)	1,266 (18.51%)	1,397 (20.33%)

TELEPHONE NUMBERS

	Q2 – 20/21	Q3 – 20/21	Q4 – 20/21	Q1 – 21/22
Active Contributors	320 (4.70%)	388 (5.99%)	547 (8.77%)	552 (8.96%)
Deferred Beneficiaries	324 (3.46%)	382 (4.03%)	529 (5.48%)	566 (5.83%)
Pensioner and Dependants	632 (8.91%)	691 (10.07%)	903 (13.20%)	1,032 (15.02%)

Member Contact Data

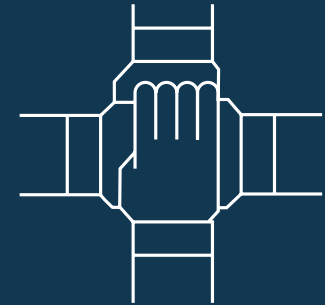
DEATH NOMINATION

	Q2 – 20/21	Q3 – 20/21	Q4 – 20/21	Q1 – 21/22
Active Contributors	579 (8.51%)	639 (9.87%)	711 (11.40%)	742 (12.04%)

E-COMMUNICATIONS OPT-OUT

	Q2 – 20/21	Q3 – 20/21	Q4 – 20/21	Q1 – 21/22
Active Contributors	13 (0.19%)	13 (0.20%)	11 (0.18%)	11 (0.18%)
Deferred Beneficiaries	27 (0.29%)	28 (0.30%)	28 (0.29%)	28 (0.29%)
Pensioner and Dependants	369 (5.20%)	361 (5.26%)	358 (5.23%)	358 (5.21%)

Engagement Activity



Working Together

Engagement Activity

ENGAGEMENT & COMMUNICATIONS OVERVIEW – ALL CLIENTS

- Updated Q4 Covid-19 impact reports issued to Clients, to provide a full year view of weekly bereavement notifications, compared to the previous year
- LPPA Helpdesk was shortlisted for two UK National Contact Centre awards, with nominations in both the Contact Centre of the Year category, as well as the Team Manager of the Year category (Rising Star)
- The LPPA Retirement campaign 'Life is for Living' was launched, which included:
 - Member research (to understand Member attitudes towards retirement)
 - Video animation to help Members understand the retirement process (and what they and their Employer needs to do to ensure everything runs smoothly)
 - Top 10 Tips for Retiring Members
- Retirement Essentials – a programme of online sessions for Members were launched, to help them navigate the retirement process (includes tips and useful support on things like how to complete the retirement form)
- Employer Retirement Notification workshops – these 1-1 Employer sessions have been launched to look at reasons for delays in Employer driven notifications (intention to retire), so that better support and communications can be implemented (ultimately so that Members can be paid their first pension payment on time)
- A pilot email campaign was issued to active Employers (of a single selected Client) to encourage contacts to confirm McCloud data submissions (from 2014, including changes to hours data and notification of service breaks) and general data confidence. This activity will be rolled out to all Employers of LG Clients in Q2
- The LPPA Practitioners Conference was delivered online to a total of c. 70 Employer contacts on the 23/24 June. Presentations included updates from Operation Team Managers, an Engagement and Communications 12 month review (and focus for the next 12 months) and also a demonstration of the new UPM administration IT platform from Civica
- The Communications team launched a set of new and improved Member Retirement letters (several variations) and forms, aimed at improving the language, and making the content more understandable for the Member
- A new 'next steps' email was created and sent to Members on notification that they are planning to retire – includes retirement video and retirement tips

Engagement Activity

ENGAGEMENT & COMMUNICATIONS OVERVIEW – CLIENT SPECIFIC

- Virtual visits were held with 6 Brent Employers
- 3 delegates from Brent Employers attended the two day Practitioners Conference event. Topics covered included a technical update, an introduction to the future pensions administration system and a chance to meet the operations managers
- The first retirement essentials workshop was held with key Employers in attendance across all funds with 7 representatives from Brent Employers.
- Leaver essentials training was held with 3 Brent Employers in attendance
- Scheme essentials sessions were delivered with 4 Members of Brent Pension Fund in attendance



Engagement Activity

EMPLOYERS

Date	Employer	Activity	Number in attendance
13 April 2021	The Village School	Virtual visit	2
22 April 2021	Brent Council	Leaver essentials training	1
22 April 2021	Capital City Academy	Leaver essentials training	1
22 April 2021	Making the Leap	Leaver essentials training	1
26 April 2021	Malorees Junior School	Virtual visit	1
04 May 2021	St Mary Magdalen's Catholic Junior School	Virtual visit	1
05 May 2021	Fawood Children's Centre	Virtual visit	2
13 May 2021	St Joseph's Infant and Junior Schools	Virtual visit	1
19 May 2021	JFS School	Virtual visit	2
23 June 2021	Phoenix Arch School (Brent)	Practitioner conference	1
23 June 2021	Capital City Academy	Practitioner Conference	1
24 June 2021	Kingsbury High School	Practitioner conference	1
24 June 2021	Oliver Goldsmith Primary school	Practitioner conference	1

MEMBERS

Date	Employer	Activity	Number in attendance
24 May 2021	L B Brent Members	Scheme essentials	4

EMAILS – EMPLOYERS

Date	Message / Campaign	Call to Action
APRIL	Keep Customer Contact up to date	Complete form
	Removal of askpensions mailbox	Notification
	End of Year reminder	Information
	Ill Health Webinar	Booking
MAY	End of year reminder	Information
	PACE: Introducing Project PACE	Information
	Employer Newsletter	Information
JUNE	Practitioners conference 2021	Booking
	Retirement Essentials Training	Booking
	Leaver Form Training	Booking
	Introducing Retirement Campaign	Information
	Employer contact form	Information
	PACE: Introducing Project PACE	Information
	Practitioners conference (reminder)	Information

EMAILS – MEMBERS

Date	Message / Campaign	Call to Action
JUNE	Life is for Living (retirement campaign)	Survey
	ABS Notifications (deferred)	Information



Doing The Right Thing

Data Quality

Data Quality (TPR scores)

QUARTERLY COMMON DATA

Data Item	Active	Deferred	Pensioner / Dependant
NI Number	4	97	29
Surname	0	0	0
Forename / Initials	0	16	8
Sex	0	0	0
Date of Birth	0	0	0
Date started pensionable service / Policy / Contributions	0	0	0
Expected retirement / maturity / target retirement date	0	0	0
Membership status	0	0	0
Last event status	0	0	0
Address	40	828	41
Postcode	42	884	56
Total fails	86	1,825	134
Individual fails	46	981	85
Total members	6,163	9,710	6,870
Accuracy rate	99.3%	89.9%	98.8%

Total accuracy rate

95.1%

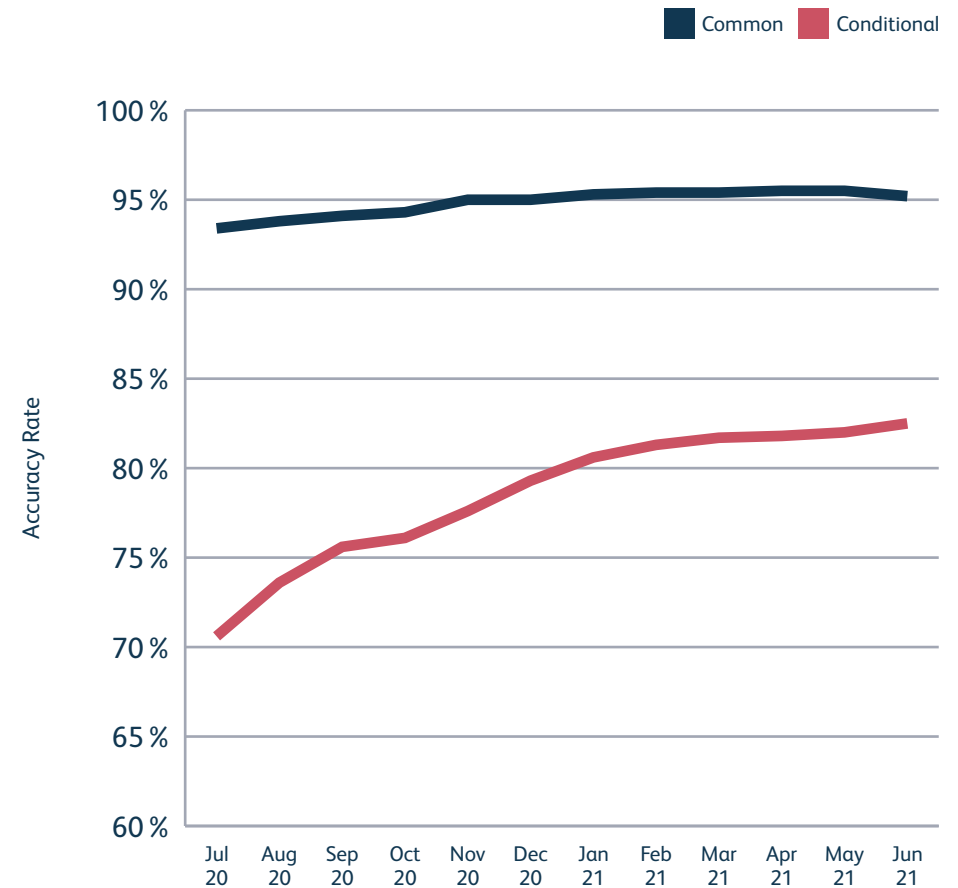
Data Quality (TPR scores)

QUARTERLY CONDITIONAL DATA

Data Item	Fails
Divorce records	0
Transfer In	4
AVC's / Additional Contributions	0
Deferred Benefits	0
Tranches (DB)	667
Gross Pension (Pensioners)	16
Tranches (Pensioners)	896
Gross Pension (Dependants)	21
Tranches (Dependants)	18
Date of leaving	0
Date Joined Scheme	0
Employer Details	0
Salary	668
Crystallisation	97
Annual Allowance	341
LTA Factors	0
Date Contracted Out	8
Pre-88 GMP	946
Post-88 GMP	1,418
Total fails	5,100
Individual fails	3,986
Total members	22,743

Total accuracy rate 82.5%

ANNUAL COMMON & CONDITIONAL ACCURACY RATE



LPP

Local Pensions Partnership
Administration



Brent

London Borough of Brent

Breaches Policy

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1. Breaches Policy

The London Borough of Brent Pension Fund ("the Fund") Breaches Policy sets out policy and procedures on identifying, managing, and reporting breaches of the law as covered in paragraphs 241 to 275 of The Pensions Regulator's Code of Practice no 14, Governance and administration of public service pension schemes.

This policy sets out the responsibility of elected members, officers of The London Borough of Brent ("the Council"), and the Brent Pension Board in identifying, managing and where necessary reporting breaches of the law as they apply to the management and administration of the Fund.

This policy does not cover the responsibility of other reporters in relation to their obligation to report breaches in accordance with the Code of Practice where they relate to the management and administration of the Fund.

Where a breach of the law is identified all parties will take the necessary steps to consider the breach and report it to the Regulator, rather than having the breach solely reported by any of the other reporters.

This policy will be reviewed and approved by the Council annually. The Council will monitor all breaches and will ensure that adequate resources are allocated to managing and administering this process.

The Council's Section 151 Officer is responsible for the management and execution of this breaches policy.

The Chair of the Pension Board will ensure that training on breaches of the law and this policy is conducted for all relevant officers and elected members.

2. Overview

The identification, management and reporting of breaches is a required by the Code of Practice.

In addition to identifying, rectifying and where necessary reporting a particular breach, such breaches will be used to review and improve processes in the areas where the breach occurred.

All staff involved in the administration and management of the Fund will take a proactive approach to the identification, management and reporting of all breaches that have occurred, or are likely to occur.

The Council, as the scheme manager for the Brent Pension Fund, will maintain a log of all breaches of the law (Breaches Log) as applicable to the management and administration of the Fund.

Where a breach has occurred it will be identified and logged as either an area of non-compliance under the LGPS Regulation, a breach under Pension Law as defined within section 13 of the 2004 Pension Act, or the Pension Regulator's Code of Practice 14.

Where a breach has occurred and has been identified by the Council, officers or members of the Pension Board, or our third party administrators, it will be recorded, assessed and where necessary reported as soon as reasonably practicable.

3. Responsibility Breach Reporting

Responsibility to report identified breaches of the law in relation to the Code of Practice falls on the following (known as “reporters”):

- Elected members and officers of the Council (the Scheme Manager);
- Members of the Pension Board;
- Scheme employers;
- Professional advisers including the Fund actuary, investment advisers, legal advisers;
- Third party providers (where so employed).

This policy applies only to elected members and officers of the Council, and members of the Pension Board. It is for the other reporters to ensure adequate procedures and policies are put in place in order to identify, assess and where necessary report breaches. Both the Council and the Pension Board will take all necessary steps to consider the breach and report to the Regulator, rather than having the breach solely reported by any of the other reporters.

4. Reporting Requirements

Breaches of the law which affect pension schemes will be considered for reporting to the Pensions Regulator.

The decision whether to report an identified breach depends on whether:

- there is reasonable cause to believe there has been a breach of the law
- and if so, is the breach likely to be of material significance to the Regulator.

All incidents of breaches identified are recorded in the Council’s Breaches Log. This log is reviewed on an on-going basis to determine if there are any occurrences that indicate any serious failings or fraudulent behaviour. Where such failings or fraudulent behaviour are identified immediate action will be taken to put in place a plan of action to rectify the matter and prevent such an occurrence in the future.

5. Breaches required to be reported

A breach will be notified to the Regulator as soon as is reasonably practicable once there is reasonable cause to believe that a breach has occurred and that it is of material significance to the Regulator. Where a breach is considered to be of material significance it will be reported to the Regulator no later than one month after becoming aware of the breach or likely breach.

Where it is considered that a breach is of such significance that the Regulator is required to intervene as a matter of urgency, the matter will be brought to the attention of the Regulator immediately. A formal report will then be submitted to the Regulator marked as urgent.

6. Assessing reasonable cause

The Council and the Pension Board must be satisfied that a breach has actually occurred rather than acting on a suspicion of such an event.

Robust checks will be made by officers and elected members when acting on any suspicion of a breach having occurred drawing on legal advice from Brent's legal services and specialist external legal advice if necessary, as well as other advisers such as internal or external audit, the Fund actuary or investment advisers.

7. Determining if a breach is materially significant

When determining the materiality of any breach or likely breach, Council officers and the Pensions Board will consider the following:

- cause, e.g. dishonesty, poor governance, incomplete or inaccurate information, acting or failing to act in contravention of the law;
- effect, does the nature of the breach lead to an increased likelihood of further material breaches;
- reaction – e.g. taking prompt and effective action to resolve a breach, notifying scheme members where appropriate; and
- wider implications – e.g. where a breach has occurred due to lack of knowledge or poor systems and processes making it more likely that other breaches will occur in the future.

The Council uses The Pensions Regulator's decision tree as a means of identifying whether any breach is to be considered as materially significant and will need to be reported to the Regulator.

Green breach situations are not of material significance and do not have to be reported but should be recorded.

- **Green** – not caused by dishonesty, poor governance or a deliberate contravention of the law and its effect is not significant and a plan is in place to rectify the situation. In such cases the breach will not be reported to the Regulator, but will be recorded in the Council's Breaches Log.

Amber breach situations are less clear cut; a reporter must take into account the context of the breach in order to decide whether it is of material significance and should be reported.

- **Amber** – does not fall easily into either green or red and requires further investigation in order to determine what action to take. Consideration of other recorded breaches may also be relevant in determining the most appropriate course of action. The Council will make a decision on whether to informally inform the Regulator of the breach or likely breach, formally reporting the breach if it is subsequently decided to categorise the breach as red.

Red breach situations are always of material significance to the Pensions Regulator and should be reported.

- **Red** - caused by dishonesty, poor governance or a deliberate contravention of the law and having a significant impact, even where a plan is in place to rectify the situation. The Council will report all such breaches to the Regulator.

Once a breach or likely breach has been identified the relevant officer, in consultation with the Section 151 Officer, will review the circumstances of the breach in order to understand why it has occurred, the consequences of the breach and agree the corrective measures required to prevent re-occurrence, including an action plan where necessary.

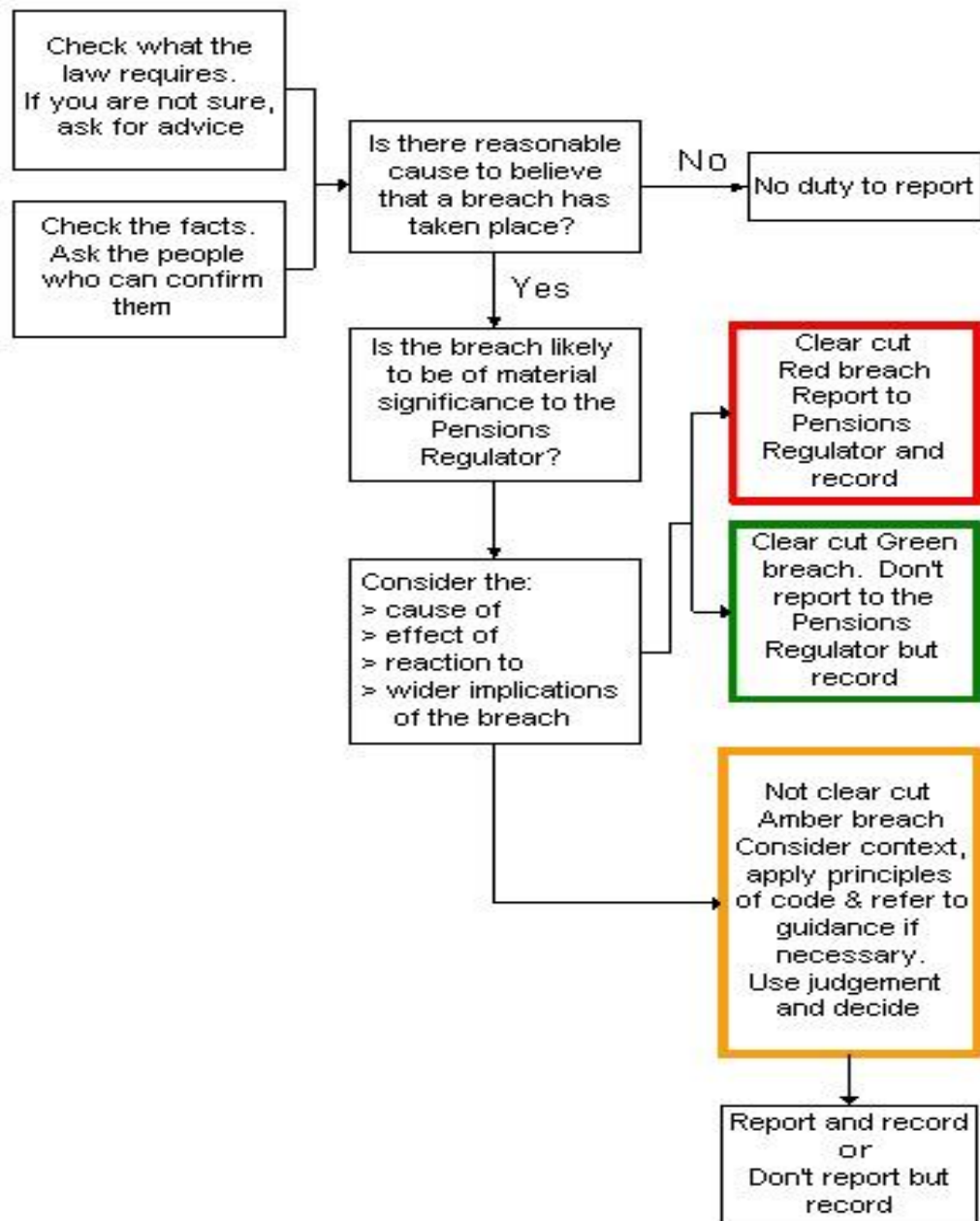
All breaches will be recorded in the Council's Breaches Log.

The Pensions Regulator Decision Tree

Deciding whether to report:

1. Reasonable cause to believe that a breach has taken place
 - No No duty to report
 - Yes Go to 2.
2. Is the breach likely to be of material significance, consider the:
 - Cause of
 - Effect of
 - Reaction to
 - Wider implications of the breach

The Pensions Regulator Decision Tree



8. Process for reporting breaches

All relevant officers and members of the Pension Board have a responsibility to:

- identify and assess the severity of any breach or likely breach
- report all breaches or likely breaches to the section 151 officer
- in conjunction with relevant colleagues agree a proposed course of action to rectify the breach and put in place measures to ensure the breach does not re-occur, and obtaining appropriate legal or other advice where necessary
- ensure that the appropriate corrective action has been taken to rectify the breach or likely breach and to prevent it from re-occurring
- co-operate with and assist in the reporting of breaches and likely breaches to the Pensions Board, and where necessary, the Regulator.

9. Responsible officer

The Section 151 Officer will be responsible for recording and reporting breaches and likely breaches as follows:

- record all identified breaches and likely breaches of which they are aware in the Councils Breaches Log
- investigate the circumstances of all reported breaches and likely breaches
- ensure where necessary that an action plan is put in place and acted on to correct the identified breach and ensure further breaches of a similar nature do not re-occur.

Report to the Pension Fund Sub Committee and Pension Board:

- all materially significant breaches or likely breaches that will require reporting to the Regulator as soon as practicable, but no later than one month after becoming aware of the breach or likely breach
- all other breaches at least quarterly as part of the Committee cycle

The Section 151 Officer will determine whether any breach or likely breach is materially significant having regard to the guidance set out in the Code of Practice and after consultation with parties they deem appropriate.

If appropriate, the matter will be referred to specialist advisors, such as Legal, the Fund actuary, audit or other advice before deciding if the breach is considered to be of material significance to the Regulator.

10. Maintaining breaches record

All breaches and likely breaches identified will be reported to the Section 151 Officer as soon as they are identified. All breaches will be recorded on the Council's breaches log, including the following information:

- date the breach or likely breach was identified
- name of the scheme
- name of the employer where appropriate
- any relevant dates
- a description of the breach its cause and effect including the reasons it is or is not believed to be of material significance

- whether the breach is considered to be red, amber or green
- a description of the actions taken to rectify the breach
- a brief descriptions of any longer term implications and actions required to prevent similar types of breaches recurring in the future.

The Section 151 Officer is responsible for ensuring the effective management and rectification of any breach identified, including submission of any report to the Regulator.

Any documentation supporting the breach will be retained.

11. Whistleblowing

The Council will ensure it adheres to the requirements of the Employment Rights Act 1996 in protecting an employee making a whistleblowing disclosure to the Regulator.

12. Training

The Section 151 officer will ensure that all relevant officers and members of the Pension Board receive appropriate training on this policy at the commencement of their employment or appointment to the local pension board as appropriate and on an ongoing basis.

End.

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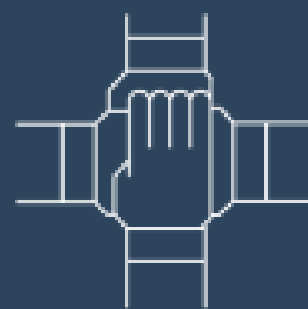
Local Pensions Partnership
Administration

Project Pace Update

London Borough of Brent

September 2021

By John Crowhurst, Commercial Director



**WORKING
TOGETHER**



**COMMITTED TO
EXCELLENCE**



**FORWARD
THINKING**

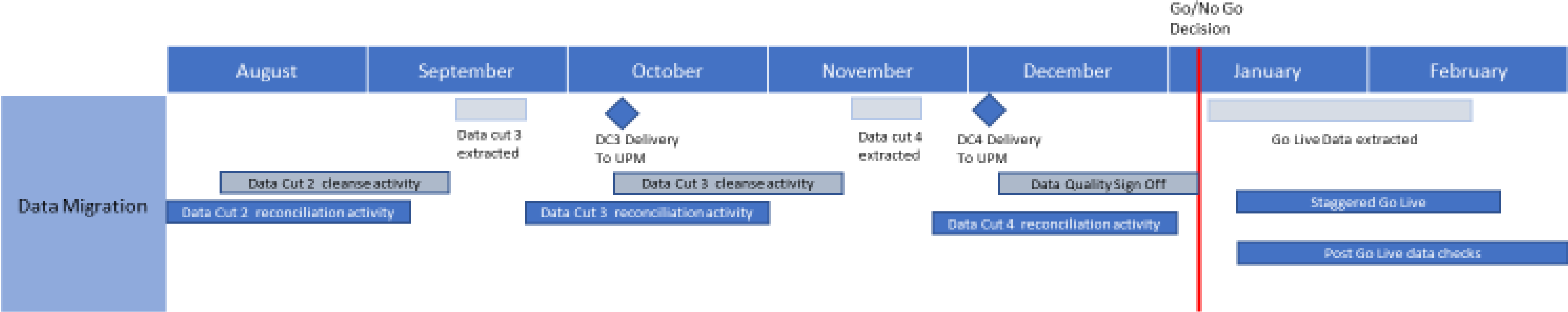


**DOING THE
RIGHT THING**

Project PACE – Current Status

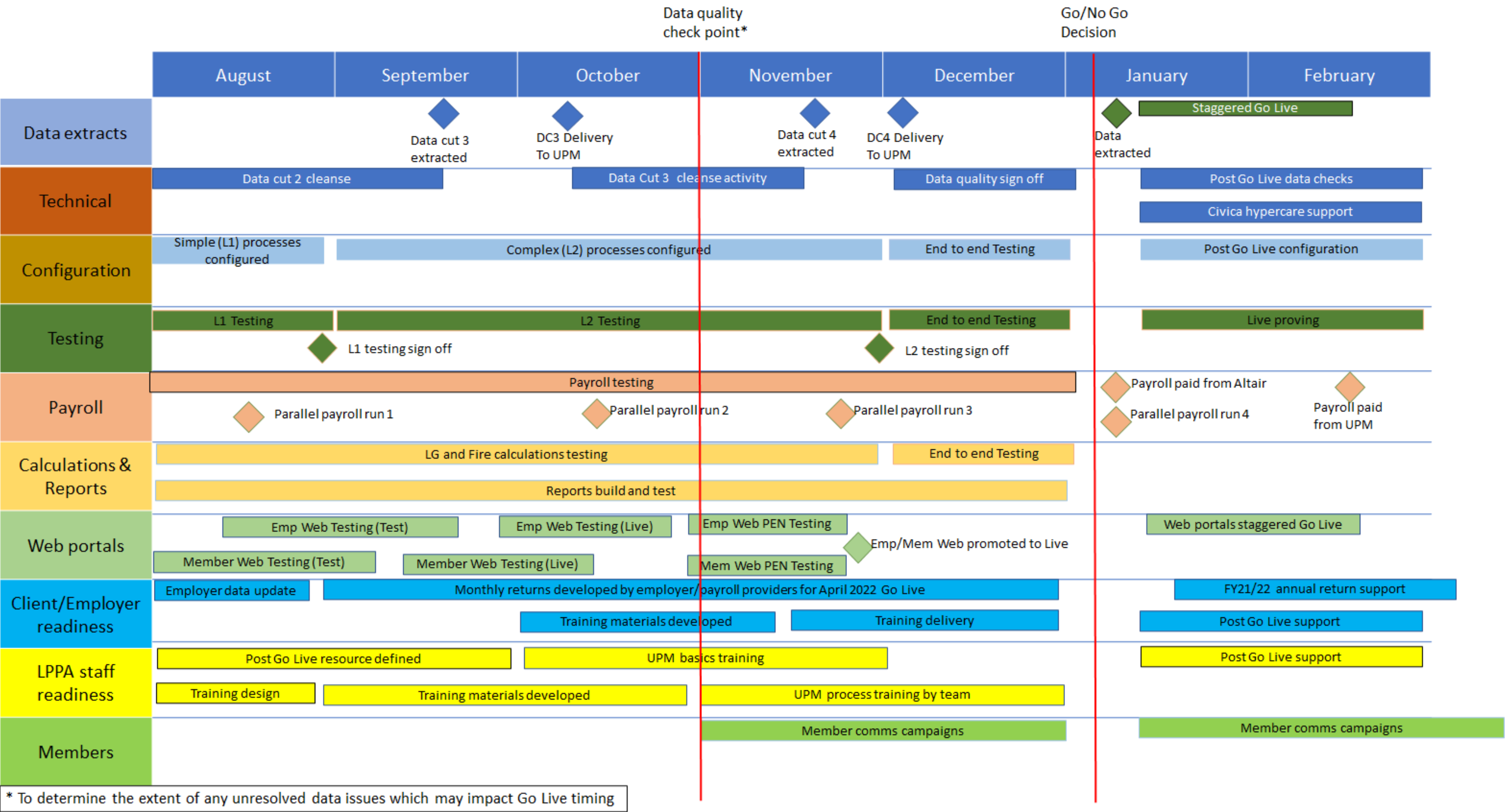
- Project Pace will replace LPPA's 5 core administration systems with one (Civica's UPM product).
- The migration for the phase 1 clients is progressing well and it has been agreed with Civica that the migration of client data and switch over to UPM will be split into three migration windows in order to mitigate the risk of a 'big bang' implementation. The first of these is phase 1 in January - February 2022
- The current plan is that LB Brent will go live in the second migration window in September - October 2022 and the project is currently on track.
- This status report provides an overview of where we currently are in the project. Although the timeline covers us up until the phase 1 go-live, it gives an indication as to the steps that will be taken when you are migrated over to UPM in 2022. In the coming months we will begin to share specific plans relating to the phase 2 go live.
- **Key activity delivered this period:**
 - 37 super users (PACE Pioneers) across all operational teams have been identified to attend testing workshops for workpackage 3 (complex processes) during September in order to drive out any configuration changes required to the standard UPM processes (advice from other funds who are already users of UPM is to keep changes to a minimum at the outset and only adapt the standard product once we are familiar with the system)
 - The member website and employer portal initial configuration is complete and both are currently undergoing testing. Additional functionality to allow members to retire online and track their case on the website will be released for testing at the beginning of September
 - There are 5 data cuts (transfer of the current data from Altair into UPM). Data cut 1 is complete and signed off and data cut 2 is on track to be signed off in September. The project team have introduced a data quality check point at the end of October after the analysis of data cut 3 is complete in order to assess the extent of data issues remaining. The outcome of this may impact Go Live timing and so this early sight and decision making allows for timely communications to take place with you should it be deemed preferable to delay Go Live in order to rectify any remaining issues. This step is in addition to the Go/No Go decision which is a standard project assurance quality gate taken prior to Go Live
 - There are also 4 parallel payroll runs to test the payroll processes before Go Live and the first test is underway and on track for completion at the beginning of October.

Data Migration - Overview



What	Detail	Who
Data Cut 3 Data Cut 4 Go Live Data	Cuts of data are taken from the Altair system for all clients migrating to UPM. The purpose of multiple data cuts is to identify any issues and rectify them ahead of the next data cut.	LPPA
Data Cut 2 Reconciliation Data Cut 3 Reconciliation Data Cut 4 Reconciliation	Once the data cut is taken activity starts to ensure what we extract from Altair is migrated across to UPM. This activity includes running reconciliation reports from Altair at the time of extract and reconciling these against reports from UPM once the data has been loaded. Any discrepancies are identified, discussed and resolved jointly with Civica. A report is produced at the end of each reconciliation period which is reviewed and signed off by the senior project team.	LPPA & Civica
DC3 Delivery to UPM DC4 Delivery to UPM	Once the extracts are loaded into UPM, Civica provide exception and reconciliation reports to LPPA. The exception reports detail any queries they have identified during the data loading process into UPM. The reconciliation reports are used to reconcile against the reconciliation reports taken from Altair to ensure we have lost no data during the extract and load activity.	Civica
Data Cut 2 Cleanse Activity Data Cut 3 Cleanse Activity	Once the exception reports have been analysed following the data being loaded into UPM after each extract, any discrepancies are discussed and resolved with Civica. The resolution of exceptions can be, to change the migration script or update the member(s) record etc.	LPPA & Civica
Data Quality Sign Off	As the data cleanse activity and reconciliation process progresses through the data cuts, the volume of exceptions will reduce as they are identified and rectified. Following Data Cut 4 LPPA will decide whether the data is of sufficient quality to go live, and this will be used to aid the Go/No Go decision.	LPPA

Plan on a page



The programme delivery is split into a number of streams of work. This high level plan demonstrates the key activities to be delivered Prior to Go Live.

Key Upcoming Activity

- We are due to sign off data cut 2
- We will conclude the first parallel pay run testing against the pensions payroll
- Data cut 3 data will be taken from Altair and mapped into UPM for further quality checks
- The file specification requirements for the monthly returns functionality will be shared with employers so that they can begin engagement with their payroll providers and communication and Engagement activity will therefore increase to support this.
- Testing and configuration will continue on both the member and employer web portals

Managing the risks associated with the project

The PACE project team has reviewed lessons learned from the last transformation and embedded pro-active risk management within the project governance. The risk register is reviewed weekly, and risks are a standing item at project team meetings, the Steering Group and joint programme Board with Civica. We are taking an extremely pro-active approach to risk management and mitigation of key risks.


Risk Description	Impact	Mitigating Action(s)
Data Migration: There is a risk that the data migration requires significant cleansing	This results in unplanned data cleanse activity to ensure that the accuracy and integrity of the data remains in tact	<ol style="list-style-type: none">1. Identify and fix data quality issues across the 5 data cuts before go-live2. Parallel run the TPR data quality reports in UPM and Altair to ensure data quality does not deteriorate3. Compare Universal data capture files between Altair and UPM to ensure data quality does not deteriorate4. Load Universal data capture files from UPM to actuarial portals for the actuary to check the integrity of data
Data Security: There is a risk that data being moved from Altair to Civica is lost/intercepted during the transfer process	This results in project delays, data breaches and/or data is used for fraudulent activity.	<ol style="list-style-type: none">1. Create a SFTP link between Civica and LPPA2. Adhere to LPPA IT Security rules3. Ensure receipt of data (record counts and hash totals) following each data load so any 'loss' is identified at the earliest opportunity
Making Pension Payments: There is a risk that payroll workflows are not configured correctly	This results in pension delays to pensioners or incorrect amounts being paid	<ol style="list-style-type: none">1. Project has 3 parallel pay runs scheduled before now and go-live. These are to be run and reconciled following each data cut

Risks continued...

Risk Description	Impact	Mitigating Action(s)
Lessons not learnt: There is a risk that the mistakes made during the last transformation project are repeated	This results in missed SLA, backlogs post go live and a deterioration in service	<ol style="list-style-type: none"> 1. The lessons learnt report from the previous transformation project has been revisited and considered in the planning of this project 2. The end users of the system i.e. the operational teams are heavily involved in the project and all aspects of testing 3. Employee communication and feedback mechanisms have been established
Key person dependency: There is a risk that key resources at LPPA and Civica project teams are unable to fulfil their duties through unforeseen circumstances or chose to leave the business	This will result in loss of expertise/knowledge of key skills required to deliver the key milestones of the project	<ol style="list-style-type: none"> 1. Minimise the use of just one individual in key roles i.e. make sure we have more than one team member who has sufficient knowledge of key areas 2. Minimise the use of fixed term contract resources 3. Proactively engage with people within the project team to ensure that there are no emerging issues
Employers resistant to change: There is a risk that employers are resistant to new ways of working	This will result in inefficient processes, potential delays in setting up new pensioners, breaches in disclosure rules	<ol style="list-style-type: none"> 1. Early engagement with employers to gain buy in to the benefits of the new operating system and new ways of working 2. Training plan designed and executed so that all employers are fully trained on the new portal 3. Engagement with other Funds who have already been through the process – gain insights into what worked well and lessons learnt 4. Work with the client to actively promote and endorse the new ways of working. Client fund to consider appropriate use of pensions administration strategy

Risks continued...

Risk Description	Impact	Mitigating Action(s)
Unexpected increase in work: There is a risk of unexpected increase in BAU activity	This results in competing priorities for resource between BAU and the project and puts at risk both delivery of SLA's and the project	<ol style="list-style-type: none"> 1. Proactive use of Management Information to early identify any unexpected spikes in work 2. Proactive resource planning and work prioritisation so that resources are fully utilised 3. Potential use of external temporary resources to cover spikes in work 4. Potential use of overtime to handle short term spikes in work
Drop in productivity post go live: There is a risk that the transition to UPM has a significant impact on the operational team daily output	This results in missed SLA, backlogs post go live and a deterioration in service	<ol style="list-style-type: none"> 1. Plan to create capacity pre go live by getting ahead 2. Agree with clients a short term relaxation of SLA performance levels for non-payment cases 3. Detailed scenario modelling on a potential dip in productivity to asses impact and determine resourcing requirements before we go live 4. Ensure post go live support/troubleshooting and training is proactive and easily accessible
Management Information: There is a risk that management information and reports are no longer available post go live or are significantly different	This results in LPPA being unable to report performance to stakeholders or the reports look so different that significant stakeholder engagement is required	<ol style="list-style-type: none"> 1. Identify and understand the difference between the MI suite now and in UPM 2. Any anticipated changes to reporting to be communicated before go live 3. Training and workshops to be delivered to LPPA MI team so that they fully understand the reporting suite and capabilities in UPM

	Pension Board 02 November 2021
	Report from the Director of Finance
LGPS Update	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Four Appendix 1 - Distribution of Death Grant Appendix 2 - LGPC Bulletin – July 2021 Appendix 3 - LGPC Bulletin – August 2021 Appendix 4 - LGPC Bulletin – September 2021
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Flora Osiyemi, Head of Finance Sawan Shah, Senior Finance Analyst Rubia Jalil, Finance Analyst

1.0 Purpose of the Report

- 1.1 The purpose of this report is to update the Pension Board on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment and any recent consultations issued which would have a significant impact on the Fund.

2.0 Recommendation(s)

- 2.1 The Pension Board is asked to note the recent developments in the LGPS.

3.0 Detail

TPR Automatic enrolment detailed guidance

- 3.1 In June 2021, the Pensions Regulator (TPR) updated its Automatic enrolment detailed guidance. The guidance has been updated to remove:

- Out of date content relating to an employer's staging date;
- The effect on the qualifying person exception as a result of the changes to the cross-border pension requirements following the UK's exit from the EU.

Death grant distribution legal opinion

- 3.2 The LGA have informed administering authorities about what information must be provided when paying a death grant. In their view, those receiving a death grant should be told:
- The total death grant and how it is calculated;
 - What proportion of the death grant has been awarded to them; and
 - Where a person who has made a claim against the death grant but has not been awarded any payment must be told of that decision.
- 3.3 Every person whose rights or liabilities are affected by a decision under regulation 72 (first instance decisions) must be notified of it in writing by the body which made it as soon as is reasonably practicable after the decision is made.
- 3.4 A notification of a decision that the person is not entitled to a benefit must contain the grounds for the decision.
- 3.5 A notification of a decision about the amount of a benefit must contain a statement showing how it is calculated.
- 3.6 Every notification must contain a conspicuous statement giving the address from which further information about the decision may be obtained.
- 3.7 Every notification must also:
- Specify the rights available under regulations 74 (applications for adjudication of disagreements) and 76 (references of adjudications to administering authority);
 - specify the time limits within which the rights under those regulations may be exercised; and
 - specify the job title and the address of the person appointed under regulation 74(1) to whom an application may be made.
- 3.8 Administering authorities to review and update their processes and standard correspondence to ensure that they provide the correct information to those receiving a share of a death grant, and those who have made a claim but do not receive a share of the death grant.

McCloud Case

- 3.9 At the August 2020 Pension Board meeting, Brent officers updated Board members on the McCloud case. In summary, the remedy extends the 'transitional protections' underpin (that was promised to active members in

2012 who were within 10 years of normal retirement age) to all other active members, regardless of age.

3.10 The LGPS Scheme Advisory Board have written to the government on 18th August 2021 regarding the McCloud remedy and the cost management process. In summary, the Board considered the inclusion of McCloud costs in the process and agreed the following recommendations:

- To use a spread period of 10 years for McCloud costs, this being the point at which 60% of qualifying members are expected to have left the scheme;
- Agree that, subject to final figures from GAD indicating a small shortfall in costs against the 19.5% target, a recommendation to change benefits would not be made under this process;
- This would be in part a recognition that having to backdate any changes to April 2019 would be an additional burden on already overstretched administration teams.

3.11 On a related matter it has come to the Board's attention that the Home Office has provided funding to Fire Authorities in respect of the costs of enhancements to pension administration systems necessary to deliver the McCloud remedy. The board have asked that a similar arrangement is made available to LGPS administering authorities.

Exit Payment Data

3.12 On 2 July 2021, MHCLG published local authority exit payments covering payments made by English authorities in 2019-20 and 2020-21. This is the first summary of the exit payment data submitted by councils.

3.13 The data shows the average exit payment made in 2020-21 across English local authorities was £26,000.

3.14 On 30 July 2021, the data was updated to incorporate data submitted by employers since the first estimates were published at the beginning of July 2021 and to cover payments made by English authorities from 2014-15 to 2018-19.

4.0 Financial Implications

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

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

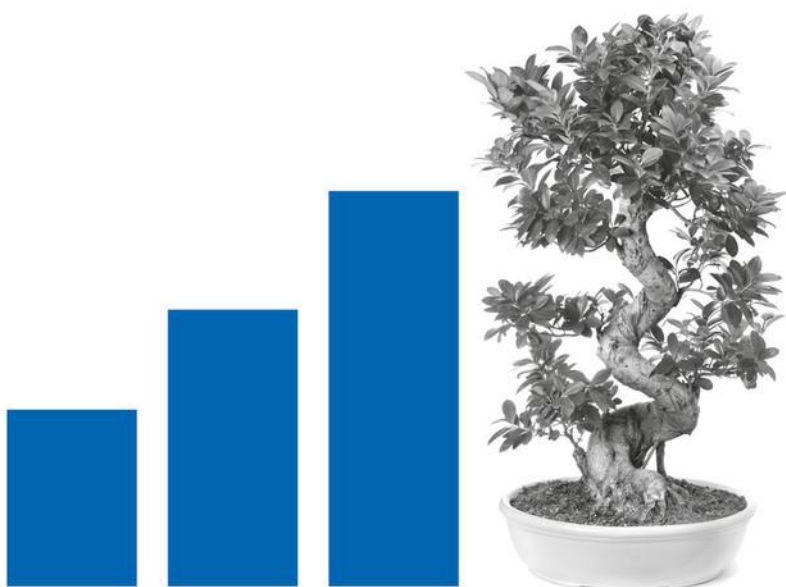
Report sign off:

Minesh Patel
Director of Finance

Local Government Association

Distribution of death grant – disclosure of information

September 2021



Distribution of death grant – disclosure of information

This advice note has been prepared solely for the Local Government Association, and unless expressly agreed in writing, we do not accept liability to any other person in respect of the advice provided.

1. Background

1.1 We have been instructed by the Local Government Association (the “**LGA**”) to advise on the extent to which administering authorities of the Local Government Pension Scheme (the “**LGPS**”) are able to disclose information relating to the distribution of a death grant payable under the LGPS Regulations 2013 (the “**LGPS Regulations**”).

1.2 The full copy of the instructions is provided at **Appendix 1**.

1.3 Broadly speaking there are two aspects to consider. The first is what an administering authority must disclose under the LGPS Regulations. The second is what is required by the Pensions Ombudsman. This is relevant because if a potential beneficiary were to challenge a death benefit award, the most likely route would be a complaint to the Pensions Ombudsman (assuming the matter couldn’t be resolved under the LGPS Internal Dispute Resolution Procedure).

2. LGPS RegulationsWho should be notified?

2.1 As has been noted in the instructions, the relevant legislation is at Regulation 72(3) and 73(1) of the LGPS Regulations 2013. This provides that where an administering authority has “*decide[d] any question concerning... the amount of any benefit... a person is or may become entitled to out of a pension fund*”, anyone whose “*rights or liabilities are affected by [the decision] must be notified of it in writing... as soon as is reasonably practicable after the decision has been made*”.

2.2 Clearly this means individuals who will be receiving an award are caught by the above wording and should be notified, but the position is less clear for individuals who will not be receiving an award. We take the view that an individual should only be notified of a decision not to award them benefits where the administering authority has (or should reasonably have) considered them as a potential beneficiary and where they could reasonably challenge the decision.

2.3 We would not envisage that the administering authority should be notifying everyone that is named on the response from the informant or next of kin (either via the standard form or other approach used by the administering authority) if that person is not someone who appears to the administering authority to be a relative or dependant of the member who would be a genuine potential beneficiary of the death grant under the LGPS Regulations. As such a person would not have ‘rights or liabilities’ under the Scheme, then they would fall outside of the requirements under Regulation 73 in terms of notification.

2.4 In other words, if some individuals are referred to in the response from the informant or next of kin who the administering authority instantly dismiss because they do not meet the criteria to be a genuine potential beneficiary, in our view the administering authority does not need to write to those individuals to notify them of this and/or provide details of how the death grant has been distributed.

2.5 It will, of course, be a decision for the administering authority as to whether such individuals are not potentially beneficiaries and the administering authority would need to record, for its own decision making and audit purposes, why it had decided that those individuals were not potential beneficiaries, but they would not need to write to them to inform them of that decision. However, if any of those individuals then subsequently raised a complaint, the administering authority would be able to communicate the reasons for their decision to that individual (based on the information in the administering authority’s decision making and audit trail).

2.6 It would not be reasonable to expect the administering authority to write to people who are not potential beneficiaries as this would create a significant administrative burden and could potentially lead to individuals making frivolous claims for a share of the death grant.

Distribution of death grant – disclosure of information

What does the notification need to contain?

- 2.7 Regulation 73 goes on to say “a notification of a decision about the amount of a benefit must contain a statement showing how it is calculated” (Regulation 73(3)) and “a notification of a decision that the person is not entitled to a benefit must contain the grounds for the decision” (Regulation 73(2)).
- 2.8 We do not believe that it would be an issue for the administering authority to disclose to a beneficiary the amount that they are to receive and the percentage split that this represents of the death grant (where it is being split between number of beneficiaries). As to whether the administering authority also then provides any detail of the other beneficiaries and the percentages that they received will be a decision for the administering authority.
- 2.9 There are a number of approaches the administering authority could take:
- 2.9.1 it could simply confirm that the remaining amount was split between [x] number of beneficiaries (and not provide any further detail about the percentage split or categories of beneficiary);
 - 2.9.2 it could confirm that the remaining amount was split between other beneficiaries and provide details of the percentage share splits (i.e. beneficiary B – 30%; beneficiary C – 30% but not provide the names and/or categories of beneficiary, just the percentage shares in relation to each);
 - 2.9.3 it could confirm the category of beneficiary and the percentage share split they received (i.e. former spouse – 20%; co-habiting partner – 20%; surviving children – 20%) but without naming the individuals specifically.
- 2.10 Alternatively, the administering authority could take the approach of initially just notifying a beneficiary of the amount and percentage relevant to them only. If the individual then comes back and requests further information as to the other beneficiaries, only then would the administering authority potentially disclose further information in connection with the other beneficiaries (potentially adopting one of the example approaches outlined above).
- 2.11 The administering authority does not need to specifically provide the names of the other beneficiaries as the notification letter will presumably provide an overview/explanation of the approach which the administering authority takes in determining how it exercises the discretion (and/or will refer to its relevant policy on the issue) and an individual who wants to question a decision can do so without necessarily knowing the names of the other beneficiaries.
- 2.12 If an administering authority has decided that a potential beneficiary is not entitled to the death grant or a share of the death grant (where one is being paid but split between a number of beneficiaries), Regulation 73(2) requires that the administering authority must provide reasons for that decision. Therefore, it seems to us that those reasons would be focused on why that potential beneficiary was not entitled (rather than providing further information as to who actually received any death grant paid and in what percentage).
- 2.13 If the potential beneficiary then came back and queried the position and specifically asked how the death grant had been paid, then the administering authority could decide whether it wanted to provide further information (which could be limited to the type of example approaches outlined above).
- 2.14 Given that the Pension Ombudsman’s approach is that where a person is notified of a decision, they should be provided with enough information to enable them to know whether there are grounds to challenge the decision and, in effect, whether the administering authority’s discretion has been exercised appropriately, the individual’s issue would be about why they had not been considered by the administering authority to be a beneficiary (rather than how the death grant was distributed). Therefore, the reasons provided to such an individual by the administering authority would be about why they were rejected as a beneficiary (rather than how the death grant was actually distributed).

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3. **Pensions Ombudsman Guidance**

- Administering authorities are not required to disclose all details relating to a decision. As confirmed above, the Pensions Ombudsman's approach is that where a person is notified of a decision they should be provided with enough information to enable them to know whether there are grounds to challenge the decision and, in effect, whether the administering authority's discretion has been exercised appropriately. Precisely how far administering authorities need to go to satisfy this threshold is a matter of judgment, but as a minimum it is likely to mean giving documented reasons which "*convey to the reader an understanding of the factors which have been given some weight*", and in some cases, which factors have been discounted (see PO-18953). Administering authorities should generally be as transparent as possible so as to minimise the risk of a challenge progressing, although care should be taken before disclosing confidential information or personal data.
- 3.2 What decision the administering authority has to make and communicate to individuals depends on the circumstances in relation to that individual and their part in the process. In our view:
- 3.2.1 if the individual is a genuine potential beneficiary but the administering authority decides not to award the death grant or a part of it to them, the decision to be communicated to them will be that the administering authority in exercising its discretion has not awarded a benefit to them and the reasons for that decision. The administering authority does not then need to go into detail as to who received the death grant;
- 3.2.2 alternatively, if the administering authority had decided to award a genuine potential beneficiary the death grant or a part of it, the administering authority needs to communicate that decision to that beneficiary (including the amount and, where it is being split, the percentage relevant to them). As highlighted above, it will then be for the administering authority to decide whether it offers further information about the other beneficiaries or not (and, if it does so, at what stage and the extent to which it does so).
- 3.3 The administering authority does not need to specifically provide the names of the other beneficiaries in those communications.
- 3.4 For the reasons above, it is important for administering authorities to keep detailed records of their decisions, including key facts, all reasons for the decisions and a record of the factors that were most influential. As a general rule we would suggest assuming any record of a decision will have to be disclosed in the event of challenge.

4. **Additional Points**

- 4.1 We note that on the final page of the instructions reference is made to informing individuals of an award out of courtesy (in circumstances where they have not made a claim) and in case they are in a position to highlight potential beneficiaries the administering authority has not been made aware of. Although in principle there is no issue with this (and in some circumstances it may be required by Regulation 73(2)), administering authorities are under a duty to make reasonable efforts to identify all potential beneficiaries before exercising their discretion. If there are individuals the administering authority believes could be in a position to highlight potential beneficiaries and provide information relevant to the exercise of the authority's discretion, we would expect those individuals to be contacted before an award is made.

5. **Next Steps**

- 5.1 If you have any questions about the information contained in this advice, please contact either Gary Delderfield (garydelderfield@eversheds-sutherland.com), Alec Bennet (alecbennet@eversheds-sutherland.com) or Oliver Hunt (oliverhunt@eversheds-sutherland.com).

Distribution of death grant – disclosure of information**Appendix – Instructions****Request for advice – death grants and information disclosure****Question**

Can an LGPS administering authority disclose to other interested parties who they intend to pay (or have paid) a death grant to and the amounts payable?

Background

An LGPS administering authority has a discretion to pay a death grant 'to or for the benefit of the member's nominee, personal representatives or any person appearing to the authority to have been a relative or dependent of the member'. This is set out in the regulations listed below:

England and Wales

LGPS Regulations 2013 - regulations 40(2), 43(2) and 46(2)
Benefit Regulations 2007 – regulations 23(3), 32(2) and 35(2)
LGPS Regulations 1997 – regulation 38(1)
LGPS Regulations 1995 – regulation E8

Scotland

LGPS (Scotland) Regulations 2018 - regulations 38(2), 41(2) and 44(2)
LGPS (Scotland) Regulations 2014 - regulations 38(2), 41(2) and 44(2)
Benefits Regulations 2008 - regulations 23(3), 32(3) and 35(2)
LGPS (Scotland) Regulations 1998 – regulation 37(1)
LGPS (Scotland) Regulations 1987 – regulation E11ZA

Process

When a member dies it is common practice for the administering authority to ask the informant or next of kin for information about living relatives and potential beneficiaries. The amount of information that is asked for varies across administering authorities, but essentially, they will be attempting to establish who the death grant should be paid to. They will also use the death grant expression of wish form to assist with making this decision if the member had completed one.

Once the administering authority has made a decision concerning how a death grant will be distributed, it must communicate that decision to interested parties as soon as is reasonably practicable.

The administering authority must tell a person who is receiving the death grant or a share of the death grant how the payment has been calculated. This is covered by regulation 73(3) of the LGPS Regulations 2013 and 68(3) of the LGPS (Scotland) Regulations 2018. In our view, this means that the individual must be told:

Distribution of death grant – disclosure of information

- how the total death grant has been calculated
- what share of the death grant has been awarded to the individual, and
- the amount of death grant that they will be paid.

The administering authority must also inform a person who has made an unsuccessful claim against a death grant of the decision not to award them a share of the payment. That notification must include the grounds for that decision. This is covered by regulation 73(2) of the LGPS Regulations 2013 and 68(2) of the LGPS (Scotland) Regulations 2018. There is no requirement to disclose the death grant amount or how it has been calculated to a person who has not been awarded a share of it.

The administering authority is also responsible for informing the personal representatives of the amount of a [relevant lump sum death benefit](#) so that they can assess if there is a liability for a lifetime allowance charge.

The right to appeal the decision

Having been informed of the decision concerning the death grant, the recipient of a share of the payment may wish to use the Internal Dispute Resolution Procedure (IDRP) to request a review of the decision. Similarly, a person who made an unsuccessful claim against the death grant or who is just an interested party may wish to appeal the decision.

An individual's decision to complain about the distribution of the death grant may be determined by:

- the amount of the death grant
- who has received the death grant
- what proportion of the death grant has been awarded to another recipient.

There are many possible scenarios where this information may affect whether a person complains about the distribution of a death grant.

1. A person who was not awarded a share of the death grant may not wish to appeal that decision if the total death grant is a small amount.
2. A person who has been awarded a 10% of a death grant may wish to appeal the decision if the remaining 90% has been awarded to a single individual. They may not wish to appeal if the death grant has been shared equally between ten recipients.
3. A person's decision to appeal may be based solely on who received the death grant. They may have no objection to the death grant being paid to or for the benefit of the children of the deceased, but may feel differently if payment was made to an estranged husband or new partner.

In certain circumstances, an administering authority may wish to disclose:

- who the death grant was / will be paid to
- the share of the death grant that has been awarded to an individual

Distribution of death grant – disclosure of information

to others who have been awarded a share of the death grant. They may also wish to provide this information to an individual who has made an unsuccessful claim against the death grant, in addition to telling them the total death grant amount.

There could also be circumstances where the administering authority will want to inform people who have not made a claim, where it would seem appropriate and courteous to inform them how the death grant will be distributed eg the parents of the member if they are still living. The parents could be in a position to highlight where a person who they think should have received a share has not, for example a child from a previous relationship that the administering authority has not been made aware of.

Those who receive this information will then be able to make an informed decision about whether to use the IDRP to complain about the distribution of the death grant. Is an administering authority able to disclose the information to certain individuals, as it deems appropriate, as set out in the paragraph above?

Privileged and confidential

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LGPC Bulletin 212 – July 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

Foreword

This bulletin contains important updates for administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

This bulletin contains important articles on:

- [Countdown Bulletin 55](#)
- [LGA guides](#)
- [MHCLG consultation on special severance payments](#)

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales

Actuarial guidance queries

We have published a revised log of ongoing queries relating to actuarial guidance. This log shows outstanding queries only. The old log, which includes queries that have been resolved, will be available for a limited period. You can find both logs on the [Actuarial guidance page](#) of www.lgpsregs.org.

MHCLG consultation on special severance payments

The Ministry of Housing Communities and Local Government (MHCLG) has published a consultation on New Best Value statutory guidance covering special severance payments for local authorities in England. You can find the draft statutory guidance and covering letter from MHCLG on the [Scheme consultations](#) page of www.lgpsregs.org.

We published [LGA's initial comments](#) on the [Scheme consultations](#) page of www.lgpsregs.org. Please send any feedback on these comments to query.lgps@local.gov.uk by 12pm on 4 August 2021. This will allow us to finalise our response before the consultation closes on 13 August 2021.

MHCLG welcomes responses from all interested parties. They are particularly keen to receive responses from the bodies listed in the Annex to the covering letter. This list includes public sector scheme employers.

Action for administering authorities

We would be grateful if administering authorities in England could share information about this consultation with the relevant Scheme employers, so they are able to feedback any comments on the LGA's initial response and/or respond to the consultation directly.

MHCLG publishes data on local authority exit payments in England

On 2 July 2021, MHCLG published [Local authority exit payments \(first estimates\)](#) covering payments made by English authorities in 2019-20 and 2020-21. This is the

first summary of the exit payment data submitted by councils. It will be followed by a further publication in the coming weeks. The data shows the average exit payment made in 2020-21 across English local authorities was £26,000.

The file is in OpenDocument format. You may need to convert it into Excel to see the data.

LGA guides updated

We have recently published new versions of the following guides:

- HR guide (v4.2)
- Payroll guide (v4.2).

You can find these guides on the [Employer guides and documents](https://www.lgpsregs.org/employer-guides-and-documents) page of www.lgpsregs.org.

Action for administering authorities

Please let your Scheme employers know about the latest versions of the HR and payroll guides.

LGPS Scotland

Actuarial guidance queries

We have published a revised log of ongoing queries relating to actuarial guidance. The log can be found on the [Actuarial guidance](https://www.scotlgpsregs.org/actuarial-guidance) page of www.scotlgpsregs.org. Currently there are no outstanding queries relating to Scottish actuarial guidance. Going forward we will keep a separate query log for Scotland which will be published on this page.

HMRC

Consultation response, policy paper and draft legislation on increasing NMPA published

On 20 July 2021, HM Treasury published [their response to the consultation on implementing the increase to the normal minimum pension age \(NMPA\)](#) See [bulletin 209](#) for more information.

On the same day, HMRC published [a policy paper and draft legislation](#). The draft legislation will be part of the next Finance Bill and will amend the Finance Act 2004. The legislation increases the NMPA from 55 to 57 on 6 April 2028 and provides for protected pension ages.

The changes will not affect members who:

- are retiring due to ill health
- have a protected pension age
- are members of the firefighters, police and armed forces public service schemes.

Though the Finance Act 2004 will provide for protected pension ages, it will be up to MHCLG and SPPA whether, in the Scheme's rules, to allow LGPS members to receive payment of benefits between 55 and 57. We have raised this issue with MHCLG and SPPA.

The response confirms two changes to the position set out in the original consultation:

- if a member qualifies for a protected pension age in a pension scheme and transfers those benefits (not under a bulk transfer) into a different scheme which also contains a protected pension age (including individual and bulk transfers), the member will retain their protected pension age in the receiving scheme. The retained protection will, however, not apply on other benefits the member has in the receiving scheme: the transferred-in benefits will need to be ringfenced. Bulk transfers were already covered in the original consultation.
- there will be a window to allow individuals to join pension schemes which offer a protected pension age lasting up to 5 April 2023.

Countdown Bulletin 55

On 26 July 2021, HMRC published [Countdown bulletin 55](#). It has updates on:

- the closure of Scheme Cessation and Scheme Reconciliation eRooms, which will start from 1 September 2021
- administering authorities have until 31 July 2021 to request their final data cut
- how to raise queries with HMRC.

Action for administering authorities

Check the data held in your eRooms and make copies of any information needed for ongoing administration.

If you have not already done so, request your final data cut before 1 August 2021.

Pension Scheme Pays reporting: information and notice deadlines

On 20 July 2021, [HM Revenue and Customs \(HMRC\) published a policy paper and draft regulations](#) proposing to extend the mandatory scheme pays deadline for members whose pension input amount is retrospectively changed.

The proposal has been made because of the McCloud remedy, where members annual allowance position for a previous tax year may be retrospectively changed. Though, HMRC confirms that the proposal will not be restricted to just these cases.

The proposal will extend the scheme pays deadline where:

- the administrator gives information to the member about a change to the pension input amount on or after 2 May in the year following that in which the relevant tax year ends, and before the end of the six-year period beginning with the end of the tax year, and
- as a result of the change, the member qualifies to elect for mandatory scheme pays.

In these cases, it is proposed that the member must give the scheme pays election the earlier of:

- within three months from being given the information about the change
- before the end of the six-year period beginning with the end of the relevant tax year.

In other cases, the deadline remains 31 July in the year following that in which the tax year ends.

Consequently, the draft regulations also propose amending the deadline by which the administrator must report and pay the charge to HMRC. It is proposed that administrators will need to report the charge on the Accounting for Tax return for the quarterly period following that in which the administrator receives the scheme pays election (though schemes will continue to be able to include the charge on a return for an earlier period). This proposal will apply to all scheme pays elections (not just those resulting from a retrospective change).

It is intended that the changes will commence on 6 April 2022 with retrospective effect to 6 April 2016.

HMT

Public Service Pensions and Judicial Offices Bill

On 19 July 2021, HM Treasury formally introduced to Parliament the [Public Service Pensions and Judicial Offices Bill](#).

The Bill makes provision to rectify the unlawful age discrimination identified by the McCloud judgment.

For the LGPS, Chapter 3 of Part 1 confirms which members will be in scope and what service is 'remediable'. Enabling legislation will allow for scheme regulations to be changed to implement the McCloud remedy.

The Bill is now awaiting its second reading in the House of Lords on 7 September 2021.

DWP

OPSC formed

The Department for Work and Pensions (DWP) has recently set up the Occupational Pensions Stewardship Council (OPSC), which aims to promote and facilitate high standards of stewardship of pension assets.

The Council aims to develop a stronger overall voice of trustees within the market, especially in relation to service providers. It also enables opportunities for schemes to collaborate on stewardship activities such as shareholder resolutions, climate change, corporate governance and other topics.

So far, twenty-eight pension schemes have signed up, including some LGPS administering authorities and pools.

For more information, visit [OPSC's page](#) on www.gov.uk.

Stronger nudge to pensions guidance consultation

On 9 July 2021, [DWP launched a consultation on draft regulations](#) that will require occupational pension schemes, in most situations, to nudge members aged 50 or above applying to access, or to transfer out for the purposes of accessing, their benefits.

The regulations will require pension schemes to explain the nature and purpose of Pension Wise guidance and facilitate the booking of a Pension Wise appointment as part of the application process. The regulations will also require the member to have confirmed that they have received the guidance or opted out of receiving it before the scheme can action the application.

It appears that the draft regulations will apply to LGPS members with AVCs.

The regulations will implement the duty set out in section 19 of [the Financial Guidance and Claims Act 2018](#).

The consultation applies to England, Wales and Scotland. It is anticipated that Northern Ireland will make corresponding regulations.

We will respond to the consultation before it closes on 3 September 2021. You can find the consultation document and links to the gov.uk webpage on the:

- [non-scheme consultations](#) page of www.lgpsregs.org
 - [non-scheme consultations](#) page of www.scotlgpsregs.org.
-

TPO

TPO's term of office extended

The DWP has confirmed that it has extended the term of Anthony Arter as The Pensions Ombudsman (TPO) for another year.

In a [letter to Work and Pensions Committee Chair Stephen Timms](#), Minister for Pensions and Financial Inclusion, Guy Opperman stated that Mr Arter's term will be extended for a period of 12 months from 1 August 2021. This is because, following interviews, no candidates have been identified as appointable.

TPR

Automatic enrolment detailed guidance

In June 2021, the Pensions Regulator (TPR) updated its [Automatic enrolment detailed guidance](#). The guidance has been updated to remove:

- out of date content relating to an employer's staging date
- the effect on the qualifying person exception as a result of the changes to the cross-border pension requirements following the UK's exit from the EU.

Climate-risk reporting guidance consultation

On 5 July 2021, TPR launched [a consultation on climate-risk reporting guidance](#).

The guidance is aimed at pension schemes who will be required to meet the new climate-risk reporting regulations (see [Bulletin 211](#)). The guidance describes what schemes need to do and report on to comply.

Though the regulations do not apply to the LGPS, the guidance says that:

“decision-makers at Local Government Pension Schemes, may wish to follow this guidance to improve the governance and resilience of their schemes in relation to climate change.”

The consultation closes on 31 August 2021.

Equality Diversity and Inclusion Strategy

On 23 July 2021, [TPR published a blog on its Equality Diversity and Inclusion Strategy](#). The strategy has been developed with the help of organisations from across the industry.

TPR wants the strategy to be ambitious, significant and inspire change. They want to:

- be a fairer, more diverse and more inclusive employer
- influence the reduction of pension inequality within their regulatory remit
- promote high standards of equality, diversity and inclusion among the regulated community.

Governance and Administration Survey 2020–21 results

TPR published [the results from the Public Service Pension Scheme Governance and Administration Survey 2020-21](#) on 1 July 2021.

The survey was conducted online between January and March 2021 and aims to track governance and administration practices among public service pension schemes. The 2020-21 survey also included new questions on response to the pandemic, pensions dashboards and, for LGPS respondents, action taken in relation to climate-related risks and opportunities.

The survey found little change since 2019 for the key processes that TPR monitors as indicators of performance. Two-thirds of LGPS administering authorities who responded to the survey had all six processes in place. The six key processes are:

- have a documented policy to manage board members’ conflicts of interest
- have access to the knowledge, understanding and skills needed to properly run the scheme
- have documented procedures for assessing and managing risk
- have processes to monitor records for accuracy and completeness
- have a process for resolving contribution payment issues
- have procedures to identify, assess and report breaches of the law.

The results also show improvements in risk management processes, cyber controls and the proportion of members receiving their annual benefit statement on time. Unsurprisingly, most schemes identified implementing the McCloud remedy as a significant risk. Governance has generally stood up well given the unique challenges the last year has presented.

Other news and updates

Actuarial, Benefits and Governance Consultancy Services Framework

On 1 July 2021, the National LGPS Frameworks launched the

[Actuarial, Benefits and Governance Consultancy Services Framework 2021](#).

The framework is available for use by all LGPS funds, employers and Pools (and other public sector schemes) until 30 June 2025.

There are 10 providers on the Framework split across five lots:

- lot 1 - actuarial services
- lot 2 - benefit consultancy
- lot 3 - governance consultancy
- lot 4 - funding risk advisory services
- lot 5 - consultancy services on support specialist projects.

If you would like more information or copies of the supporting documentation (including provider catalogues and guidance notes) or you have a query about this or any other framework, please email: NationalLGPSframeworks@norfolk.gov.uk.

Colleague bereavements

Nigel Dowey

It is with great sadness that we inform you of the passing of Nigel Dowey. Nigel passed away on 26 May 2021, just a few days after his 61st birthday. Nigel retired from his role as pensions administration manager at Derbyshire Pension Fund in July 2020. He was a valued member of the LGPS community for many years and will be greatly missed.

Brian Town

It is also with great sadness that we inform you of the passing of Brian Town. Brian passed away on 20 May 2021, aged 71. Brian joined the pensions team at the then Office of the Deputy Prime Minister, now MHCLG, in 1990 and was a valued and respected member of the team. He worked closely with the LGPS community until

his retirement. Brian's family have asked that any donations in Brian's memory be sent to either the British Heart Foundation or Macmillan.

GMP equalisation top up transfer payments

We are aware administering authorities are being asked to accept top up transfer payments because the sending scheme has implemented GMP equalisation. We do not yet know if it is possible to accept these payments.

We met with GAD and MHCLG to discuss this and agreed that it would be preferable for a consistent policy to be adopted across all public service pension schemes. MHCLG will now liaise with HM Treasury.

The Lloyds judgment does not set out how an incoming top up payment should be converted into scheme benefits. If the payments are to be accepted, administering authorities will need guidance on how the transfer in calculation would work, what it buys, what factors to use etc. Consideration will also need to be given to what happens in cases where the member has no benefits left in the LGPS because they died, trivially commuted or transferred to another scheme.

We will keep you updated.

LGA responds to dashboard staging Call for Input

On 5 July 2021, Jayne Wiberg emailed administering authorities to let them know that we have published our response to the [Pensions Dashboards Programme Staging Call for Input](#).

The Call for Input closed on 9 July 2021. You can read the draft response on:

- [the non-scheme consultations](#) page of www.lgpsregs.org
- [the non-scheme consultations](#) page of www.scotlgpsregs.org.

Local Government Pensions Committee

The Committee met virtually on 10 May 2021 and discussed:

- consolidation of academies
- exit payment data
- TPR's new code of practice
- McCloud
- cost cap
- good governance project
- responsible investment project
- climate risk and reporting

- planned regulatory changes in Scotland and Northern Ireland.

You can find draft minutes of the meeting on the [LGPC meeting page](#) of www.lgpsregs.org and the [LGPC meeting page](#) of www.scotlgpsregs.org.

PASA launches journey to full eAdministration guidance

On 21 July 2021, the Pension Administration Standards Association (PASA) announced the launch of '[The Journey to Full eAdministration Guidance: People and Technology Working Together](#)'.

The guidance sets out four key stages for pension schemes, including upgrading systems and automating calculations and reporting. Kim Gubler, Chair of PASA, said:

“To meet the mandatory requirement to submit electronic data to the pensions dashboards by 2023, schemes need to start investing and planning now. Our new guidance aims to effectively partner with every scheme as it moves through its own journey, helping to prioritise and assess where investment is required to improve service delivery and member end-user experience.”

PASA publishes Counter Fraud Guidance

On 1 July 2021, the Pension Administration Standards Association (PASA) published its [Counter Fraud Guidance](#).

The guidance provides pension schemes with information on the different types of pension fraud and what they need to do to counter them.

PLSA consultation on new RIQM

On 30 June 2021, the Pensions and Lifetime Savings Association (PLSA) opened a [consultation on a new Responsible Investment Quality Mark \(RIQM\)](#).

The intention is to recognise pension schemes that meet the highest standards for incorporating environmental, social and governance (ESG) factors across their operations.

The consultation closes on 3 September 2021.

SAB no longer collecting death data

The Scheme Advisory Board (SAB) for England and Wales has stopped collecting data from administering authorities, with effect from April 2021 onwards.

SAB collected pensioner death data from February 2020 to March 2021 to help understand the impact of COVID-19 on the LGPS. SAB has published a summary of the data on [their Covid-19 Mortality](#) page on [the Board's website](#).

Training

Fundamentals training programme

We are pleased to announce that our Fundamentals training programme will resume this year. The training will take place in three locations: London, Leeds and Cardiff. The London sessions will be hybrid, so delegates will have the choice of attending in person or virtually. The sessions in Leeds and Cardiff will be face to face only. Places are filling up fast, so use the links below to book your place now.

About

Fundamentals is a bespoke three-day training course aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trade union representatives, member and employer representatives, a variety of officers who attend or support committees and representatives of private sector organisations that provide services to administering authorities. The course delivers a scheme overview and covers current issues relating to administration, investment and governance in the LGPS.

Attending all three days will assist delegates in meeting the requirement for knowledge, skills and understanding that is either required in statute or encouraged by relevant guidance.

Each day has a different theme and will include sessions delivered by experts in their field. The events also provide delegates with valuable networking opportunities. Each day's programme will start at 10am, with registration and coffee from 9:30am, and close by 4pm with refreshments and lunch provided. For full details see the [Fundamentals training programme](#).

Cost and booking

The cost of each session is:

- £270 plus VAT for face to face training. The cost includes lunch, refreshments and all delegate materials
- £220 plus VAT for virtual attendance (London only). Please use the promotional code HYB for on-line attendance on the booking page to activate the reduced rate.

You will need to make bookings for virtual attendance separately from any face to face bookings in order to use the code.

We recommend early booking because places are limited. You can only book through the [LGA events page](#). We have provided links to each event below for your convenience.

12 October: Day 1 London	Etc Venues – use code HYB for online
21 October: Day 1 Leeds	Park Plaza Hotel
26 October: Day 1 Cardiff	Marriott Hotel
9 November: Day 2 London	Etc Venues – use code HYB for online
18 November: Day 2 Leeds	Park Plaza Hotel
23 November: Day 2 Cardiff	Marriott Hotel
2 December: Day 3 London	Etc Venues – use code HYB for on-line
8 December: Day 3 Leeds	Park Plaza Hotel
15 December: Day 3 Cardiff	Marriott Hotel

LGPS Governance Conference 2022

We are pleased to announce booking is open for the LGPS Governance Conference 2022.

The title of the conference is 'Climate forecast for the LGPS; (Mc)Cloudy or bright?'. [See our flyer for more details](#).

The conference is taking place on 20-21 January 2022 in Bournemouth. You can attend the conference in person or join us online.

The conference is aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trades union representatives, member and employer representatives, as well as a variety of officers who attend and support committees.

You can book and view the programme and current list of confirmed speakers using the links below:

- [attending in person](#)
- [attending virtually](#).

Wider landscape

New PLSA chair appointed

The Pensions and Lifetime Savings Association (PLSA) announced on 7 July 2021 that Emma Douglas will become its new Chair on 14 October 2021, succeeding the outgoing Chair, Richard Butcher.

See [the press release](#) for more information.

Useful links

[LGA Pensions page](#)

[LGPS member website \(England and Wales\)](#)

[LGPS member website \(Scotland 2015\)](#)

[LGPS Advisory Board website \(England and Wales\)](#)

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

[LGPS Regulations and Guidance website \(Scotland\)](#)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

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Further information

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Whilst every attempt is made to ensure the accuracy of the bulletin, it would be helpful if readers could bring to the attention of the Secretariat any perceived errors or omissions by emailing query.lgps@local.gov.uk.

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LGPC Bulletin 213 – August 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

Foreword

This bulletin contains important updates for administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

This bulletin contains important articles on:

- a new guide on protected pension age (LGPS Scotland)
- HMRC update on the Managing Pension Schemes service which is particularly important if you use a third party administrator
- revaluation of career average benefits transferred from a Club scheme

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales

LGA responds to special severance payment guidance consultation

The LGA has responded to the Ministry of Housing, Communities and Local Government (MHCLG) consultation on new Best Value statutory guidance covering special severance payments for local authorities in England. The consultation closed on 13 August 2021.

The LGA response includes:

- technical comments on the draft guidance
- requests for additions to the guidance to improve clarity on certain points, particularly relating to sickness absence, pension strain costs associated with redundancy and business efficiency exits
- questions about the meaning of the guidance
- concerns about the additional burden and data protection that may result from the proposed approval process for special severance payments.

You can find the LGA response and other consultation documents on the [Scheme consultations](https://www.lgpsregs.org/consultations) page of www.lgpsregs.org.

MHCLG publishes updated data on exit payments in England

MHCLG has published updated [Local authority exit payments data](#), covering exit payments made by English authorities from 2014/15 to 2020/21. The data for 2019/20 and 2020/21 has been updated to incorporate data submitted by employers since the first estimates were published at the beginning of July 2021.

GAD transactional data requirements

The Government Actuary's Department (GAD) has confirmed that it requires administering authorities in England and Wales to provide the transactional data set out in the [Pension fund transactions briefing note](#) issued in September 2016. HM Treasury is currently consulting on changes to the cost control mechanism. GAD expects the transactional data requirements to evolve once this consultation has closed and changes to the cost control mechanism have been decided.

The briefing note issued in September 2016 confirms that GAD will treat the pre-April 2014 Scheme, the post-March 2014 main section and the post-March 2014 50/50 section as if these were individual periods of pension scheme membership.

The briefing note covers the types of income and expenditure that will need to be split to achieve this.

LGPS Scotland

Protected pension age technical guide

On 2 August 2021, Steven Moseley emailed administering authorities to let them know that we have published version 1 of the Protected pension age technical guide.

The guide covers the protected pension age and how it applies to members who are entitled to payment of LGPS benefits before age 55.

You can find the guide on the [Administrator guides and documents](https://www.scotlgpsregs.org/Administrator-guides-and-documents) page of www.scotlgpsregs.org.

Action for administering authorities

Make your employers aware of the new guide, which they can find on the [Employer guides and documents](https://www.scotlgpsregs.org/Employer-guides-and-documents) page of www.scotlgpsregs.org.

New GAD factor spreadsheet

The Government Actuary's Department (GAD) has issued a new factor spreadsheet. Tables x-902 and x-903 have been removed from the revised spreadsheet. The factors in tables x-805 and x-806 were repeated in the tables that have been removed.

GAD has updated the factor list and version control tabs on the factor spreadsheet to reflect the removal of tables x-902 and x-903.

You can find links to the updated factor spreadsheet on the [Actuarial guidance](https://www.scotlgpsregs.org/Actuarial-guidance) page of www.scotlgpsregs.org.

SPPA clarifies ill health statutory guidance

On 23 August 2021, Kim Linge, from the Scottish Public Pensions Agency (SPPA), emailed administering authorities to clarify the requirement in section 1.2 of the ill health statutory guidance.

Section 1.2 says that the appointed person under stage one of the internal disputes resolution procedure who receives an ill health appeal, should automatically refer to an independent registered medical practitioner (IRMP) for a new report.

Following discussions with administering authorities, Kim confirmed SPPA agrees that “an automatic referral for a new report is not required at this stage”. The appointed person should review the medical information before “deciding whether further IRMP input is needed”. SPPA will update the guidance.

You can access the statutory guidance from the 2020 section of the [SPPA circulars and guidance](#) page of www.scotlgpsregs.org.

Action for administering authorities

Make your employers aware of the email from SPPA.

HMRC

Pension schemes newsletter 131

HM Revenue and Customs (HMRC) published [Pension schemes newsletter 131](#) on 30 July 2021. The newsletter contains articles on:

- amending an Accounting for Tax return using the Managing Pension Schemes service
- user research and testing of new features for the Managing Pension Schemes service
- the requirement to send pension savings statements by 6 October 2021 to members who exceeded the annual allowance in the 2020/21 year
- reminding members who exceeded the annual allowance in 2020/21 to declare it when they complete their Self-Assessment tax return. They only need to make a declaration if they do not have sufficient unused allowance to carry forward to cover the excess
- an update on reporting non-taxable death benefits in respect of charity lump sum death benefits.

Managing Pension Schemes service newsletter

HMRC published its latest [Managing Pension Schemes service newsletter](#) on 16 August 2021. The newsletter covers:

- If you have registered for the Managing Pension Schemes service and you need to submit an Event Report, email pensions.businessdelivery@hmrc.gov.uk and include ‘Event Report – Managing Pension Schemes’ in the subject line.

- The list of pension schemes that must migrate from the Pension Schemes online service to the Managing Pension Schemes service will be available from 19 October 2021.
- A reminder to include the charge reference provided for the quarter when you pay your Accounting for Tax (AFT) return charges. If you amend your AFT return, you will receive a new reference for any additional amount.
- HMRC is still looking for help testing the new migration features.
- A reminder to sign in to your Business Tax Account regularly as unused credentials will be deleted after three years.

If you have any questions about or feedback on the Managing Pension Schemes service, including migration, please contact migration.mps@hmrc.gov.uk.

Update on the Managing Pension Schemes service

HMRC has issued an email and step by step guide to each sub-scheme administrator asking them to enrol on the Managing Pension Schemes service using their scheme administrator ID.

If you are a pension scheme practitioner that is acting on behalf of a scheme administrator, you must not use the scheme administrator's log in. You must access the pension scheme(s) you act on behalf of using a practitioner ID that has been authorised by the scheme administrator.

If you are not registered as a practitioner on the Pension Schemes Online service, you will need to [Pre-register as a pension scheme practitioner](#). When you have completed the form, please send it to pensionschemes@hmrc.gov.uk.

Once a practitioner has been registered on the Pension Schemes Online service:

- a scheme administrator can [authorise that practitioner to act on their behalf](#)
- it can enrol on the Managing Pension Schemes Service in readiness for the migration of pension schemes and to be automatically authorised to the pension scheme once it migrates.

Third party and shared service administrators should not use the pension scheme administrator log in details to access the pension scheme and submit reports. These must only be used by the administering authority.

You can [Find out more about the pension scheme practitioner role](#) on GOV.uk. If you have any queries, please contact migration.mps@hmrc.gov.uk.

Action for administering authorities

You may need to take action if you use a third party or shared service administrator and you want that administrator to submit reports to HMRC on your behalf. The administrator must register as a pension scheme practitioner on the Pension Schemes Online service and you must authorise that practitioner to act on your behalf, if this has not already been done.

Pension schemes newsletter 132

On 27 August 2021, HMRC published [newsletter 132](#), which includes articles on:

- which members must be issued with annual allowance statements
- scheme administrators will be able to see a list on 19 October 2021 of the schemes they need to migrate to the Managing Pension Schemes Service
- in readiness for migration, the actions that you need to take if you hold multiple scheme administrator or practitioner IDs.

HMT

LGA responds to consultation on the discount rate methodology

The LGA has responded to HM Treasury's (HMT's) [Public service pensions: Consultation on the discount rate methodology](#). The LGA response confirms:

- The interests of Scheme employers are the long-term stability of employer contributions and a downward pressure on costs.
- The SCAPE discount rate is used to set actuarial factors in the LGPS and can have an indirect impact on employer contribution rates as a result of the LGPS cost control mechanism. The continued use of the SCAPE rate in the cost control mechanism does not truly reflect LGPS employer costs.
- The LGA preference to adopt the Social Time Preference Rate because it will produce a discount rate that is more affordable.
- Support for the proposal to align the timing of the discount rate reviews with the quadrennial public service pension scheme valuation cycle because this will contribute to improved stability.

You can find links to the consultation documents and the LGA response on the:

- [Non-scheme consultations](#) page of www.lgpsregs.org and
- [Non-scheme consultations](#) page of www.scotlgpsregs.org.

SAB responds to HMT consultation on the cost control mechanism

The Scheme Advisory Board (SAB) (England and Wales) has responded to [HMT's Public service pensions: cost control mechanism consultation](#). In the response SAB states that:

- the SAB operates a separate cost management process that already functions as an 'economic check'
- including only reformed scheme costs will be difficult to achieve in the LGPS because the underpin relates to the legacy scheme but will increase the reformed scheme benefits of some members
- widening the corridor to 3 per cent would mean that scheme changes would be more significant if there is a breach
- the SCAPE discount rate as an economic measure is not appropriate for the LGPS and that a measure that takes into account actual discount rates in operation would be more appropriate.

You can find links to the consultation and the SAB response on the:

- [Non-scheme consultations](#) page of www.lgpsregs.org and
- [Non-scheme consultations](#) page of www.scotlgpsregs.org.

DWP

Guidance on GMPs and new State Pension

On 12 August 2021, the Department for Work and Pensions (DWP) published a factsheet: [Guaranteed Minimum Pension \(GMP\) and the effect of the new State Pension](#). The factsheet is for individuals who have a GMP and reach their State Pension age after 5 April 2016.

TPO

Overpayment cases in the public sector

The Pensions Ombudsman (TPO) has recently made determinations on three complaints concerning overpayments made by public service pension schemes:

[PO-28155](#) – Civil Service Pension overpaid between 2013 and 2018 because a transfer in was counted twice. TPO found that the overpayment could be recovered in full because:

- the scheme made a claim for recovery within six years of the overpayment first being made and

- TPO found that none of the defences against recovery applied.

TPO did partially uphold the complaint and awarded £500 for distress and inconvenience. This was because it took the scheme around five years to notice and deal with the overpayment and then asked the member to repay the full overpayment within 28 days.

[PO-27694](#) – Teacher’s Pension in Scotland overpaid because the member exceeded the ‘salary of reference’ on re-employment. The teacher argued that the overpayment occurred because she had been provided with incorrect information by SPPA. TPO did not uphold the complaint and found that SPPA’s claim for repayment of the full overpayment was made within time and no defences against recovery applied. SPPA has offered £500 in recognition of distress and inconvenience related to delayed responses and delayed action to suspend the pension, which TPO found to be adequate.

[CAS-30002-K6Z8](#) – Teacher’s Pension overpaid between 2014 and 2018 because service in respect of which a refund had been paid was wrongly included in the calculation of the pension. Teachers’ Pensions offered £500 for distress and inconvenience. TPO upheld the complaint in part based on a change of position defence. TPO directed Teachers’ Pensions to reduce the overpayment it is seeking to recover and to pay £1,000 for the serious distress and inconvenience. Teachers’ Pensions will recover the amount by which the lump sum was overpaid, but not the pension.

TPR

Interim response to new code of practice consultation

The Pensions Regulator (TPR) has published an [interim response to the new code of practice consultation](#). Responses to the consultation included around 10,000 individual answers. TPR has issued the interim response to allow time to consider these responses and to incorporate code content arising from the Pension Schemes Act 2021 in the new code.

TPR does not have a firm publication date for the new code, but it is unlikely to become effective before summer 2022.

Scheme return

TPR is sending out scheme return notices to managers of public service pension schemes in September. TPR is encouraging scheme managers to double check their details by logging into the Exchange, before submitting their return. You can

find a link to the Exchange in the footer of the [Public service schemes](#) page of [TPR's website](#).

Completing the scheme return is a legal requirement. If you fail to complete and submit the return by the deadline, you could be fined. You can find more information about [Reporting duties](#) and how to complete the scheme return on [TPR's website](#).

Other news and updates

Revaluation of CARE benefits transferred from a Club scheme

The LGPS regulations and the Club memorandum require that an inner club career average pension transferred under a Club transfer continues to attract the revaluation rate that applied in the original scheme while the member remains active. We have recently received a query concerning the revaluation that applies to such benefits on 1 April following the date the member leaves the LGPS.

We have considered this question and recommend the approach set out below. We have already shared our recommendation with software suppliers.

Our recommendation

CARE pension transferred in and revalued up to 1 April before the date of leaving is adjusted by $A \times B \div 12$ on 1 April after the date of leaving. Where:

- A is the in-service revaluation rate that applies in the sending scheme and
- B is the number of complete months from 1 April to the date the member left active service. A period of 16 days or more counts as a complete month for this purpose.

Where CPI is negative, this will reduce the in-service revaluation that applies. For example, if the in-service revaluation rate is $CPI + 1.6\%$ where CPI is -0.1% , the in-service revaluation rate is 1.5% .

Pensions increase applies to the revalued CARE pension from the first Monday after 5 April as normal. If CPI is negative, 0% pensions increase will apply. Pensions increase only will apply each subsequent April.

Example

This example shows the revaluation that would apply in the year after leaving the LGPS to career average pension transferred in from the Teachers' Pension Scheme (TPS), based on our recommended approach.

- Value of career average pension transferred in from TPS on 1 April 2020: £1,000
- TPS in service revaluation is CPI + 1.6%, CPI is 0.5%
- Member left LGPS on 31 August 2020
- TPS in service revaluation rate on 1 April 2021 is 0.5% + 1.6% = 2.1%
- Part year revaluation = $£1,000 \times (2.1\% \times 5 \div 12) = £8.75$
- Value of transferred in CARE pension on 1 April 2021: £1,008.75.

The revalued pension would then increase in line with a part year pensions increase of 0.29% from 12 April 2021.

Legislative background

The LGPS Regulations 2013 and the LGPS (Scotland) Regulations 2018 confirm that an active member's pension account should be adjusted by the revaluation adjustment each 1 April. Revaluation adjustment is defined in Schedule 1 of the 2013 Regulations:

“revaluation adjustment” means-

- (a) In the case of a balance transferred under a Club transfer, the adjustment that would have applied to that balance if it had not been transferred; and
- (b) in any other case the percentage specified as the change in prices in the relevant Treasury Order made under section 9(2) of the Public Service Pensions Act 2013 which is to be applied to a sum in a pension account at the beginning of the next Scheme year;

The definition in Schedule 1 of the LGPS (Scotland) Regulations 2018 is almost identical.

Regulation 100(8) of the LGPS Regulations 2013 requires an administering authority to comply with the provisions in the [Club Memorandum](#) in relation to a Club transfer. Paragraph 2.1a tells us:

schemes that participate in the inner Club transfer arrangements must also undertake to uprate the inner Club transfer credit whilst the individual remains an active member of their scheme in a manner that mirrors the in-service uprating methodology of the old scheme.

Revaluation after leaving other public service pension schemes

A number of public service pension schemes set out in their regulations how in-service revaluation applies in the year after leaving active membership. Unlike the LGPS, there is no ‘tweak’. A proportion of the full year revaluation applies. That

proportion is based on the number of complete months from the start of the scheme year to the date of leaving. Months of 16 or more days count as full months for this purpose.

We have based our recommended approach on the revaluation that would have applied in the year after leaving if the member had remained in the sending scheme.

Action for administering authorities

Review your end of year processes to ensure that you can identify leavers who have career average pension transferred in from a Club scheme and award the correct adjustment. Contact query.lgps@local.gov.uk if you have any questions about this article.

AVCs and salary sacrifice

We understand that many administering authorities have been approached by employers who are considering introducing salary sacrifice shared cost AVC (SCAVC) arrangements. We have created guides that set out what we think administering authorities and employers need to be aware of in relation to salary sacrifice SCAVC arrangements. You can access the guides for each Scheme using the links below:

- [Salary sacrifice SCAVCs and the LGPS – England and Wales](#)
- [Salary sacrifice SCAVCs and the LGPS – Scotland](#).

National LGPS Frameworks News Bulletin

The [National LGPS Frameworks Summer News Bulletin](#) has been issued. The purpose of the bulletin is to keep LGPS funds and pools up to date with the latest news and developments related to existing and new frameworks.

The Bulletin contains updates on:

- The new [Actuarial, Benefits and Governance Services Framework](#): several funds have already registered their interest since this framework was launched on 1 July 2021. Services are spread across five Lots, with the option to choose one, all or a combination of the services offered.
- The [Global Custody Services Framework](#): Five specialist service providers who can deliver Global Custody services to support the LGPS were appointed to the Framework.
- Changes to the National LGPS Frameworks website to improve cyber-security and accessibility.

- The Investment Management Consultancy Services Framework: Founders and ideas needed for letting the replacement framework in October 2022. Please contact jo.quarterman@norfolk.gov.uk or leon.thorpe@norfolk.gov.uk if you would like to know more.
- The new Stewardship Advisory Services Framework: your thoughts and ideas on services and providers would be welcomed. Please contact jo.quarterman@norfolk.gov.uk or leon.thorpe@norfolk.gov.uk.

Non-Club transfer out technical guide updated

Jayne Wiberg contacted administering authorities on 30 July 2021 to let them know that we have updated the Non-Club transfer out technical guide. We have published a version including tracked changes so that you can see the updates we have made. You can find clean and tracked changes versions of the updated guide (version 1.3) on the:

- [Administrator guides and documents](#) page of www.lgpsregs.org and
- [Administrator guides and documents](#) page of www.scotlgpsregs.org.

Guidance on Public Service Pensions and Judicial Offices Bill

On 6 August 2021, the Home Office published [Guidance on the Public Service Pensions and Judicial Offices Bill](#). The guidance is aimed at members of the unfunded public service pension schemes, other than the Judicial schemes. The guidance:

- provides some background to the McCloud and Sargeant cases
- explains how the Bill will introduce changes to remove the discrimination that has been identified
- confirms that legacy schemes will be closed to future accrual from 1 April 2022
- sets out the next steps that will affect members after the Bill is introduced.

Government call for investment in long-term UK assets

On 4 August 2021, the [Prime Minister and Chancellor issued an open letter to UK institutional investors](#). The letter challenges UK institutional investors “to begin to invest more in long-term UK assets”. Ministers will make further announcements about this initiative later in the year.

Pensions dashboards update

Visit the [Pensions Dashboards Programme](#) website to keep up with latest developments. Some of the recent announcements and publications include:

- [seven major data providers signed up for initial testing phase](#)

- [Pensions dashboards blogs](#) covering early connection and how pensions dashboards fit into the wider MaPS vision of improving understanding and outcomes.

Diversity charter launched

The Asset Owner Diversity Working Group has launched a new Diversity charter which aims to improve diversity and inclusion. Guy Opperman, the Minister for Pensions and Financial Inclusion, agreed that asset managers should be more representative of the savers they represent and encouraged pension funds to sign up to the Charter.

You can find out more about the [Asset Owner Diversity Charter](#) from the [Diversity Project website](#).

Training

Fundamentals training programme

We are pleased to announce that our Fundamentals training programme will resume this year. The training will take place in three locations: London, Leeds and Cardiff. The London sessions will be hybrid, so delegates can choose to attend in person or virtually. The sessions in Leeds and Cardiff will be face to face only. Places are filling up fast, so use the links below to book your place now.

About

Fundamentals is a bespoke three-day training course aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trade union representatives, member and employer representatives, a variety of officers who attend or support committees and representatives of private sector organisations that provide services to administering authorities. The course delivers a scheme overview and covers current issues relating to administration, investment and governance in the LGPS.

Attending all three days will assist delegates in meeting the requirement for knowledge, skills and understanding that is either required in statute or encouraged by relevant guidance.

Each day has a different theme and will include sessions delivered by experts in their field. The events also provide delegates with valuable networking opportunities. Each day's programme will start at 10am, with registration and coffee from 9:30am, and close by 4pm with refreshments and lunch provided. For full details see the [Fundamentals training programme](#).

Cost and booking

The cost of each session is:

- £270 plus VAT for face to face training. The cost includes lunch, refreshments and all delegate materials
- £220 plus VAT for virtual attendance (London only). Please use the promotional code HYB for online attendance on the booking page to activate the reduced rate.

You will need to make bookings for virtual attendance separately from any face to face bookings in order to use the code.

We recommend early booking because places are limited. You can only book through the [LGA events page](#). We have provided links to each event below for your convenience.

12 October: Day 1 London	Etc Venues – use code HYB for online
21 October: Day 1 Leeds	Park Plaza Hotel
26 October: Day 1 Cardiff	Marriott Hotel
9 November: Day 2 London	Etc Venues – use code HYB for online
18 November: Day 2 Leeds	Park Plaza Hotel
23 November: Day 2 Cardiff	Marriott Hotel
2 December: Day 3 London	Etc Venues – use code HYB for online
8 December: Day 3 Leeds	Park Plaza Hotel
15 December: Day 3 Cardiff	Marriott Hotel.

LGPS Governance Conference 2022

We are pleased to announce booking is open for the LGPS Governance Conference 2022.

The title of the conference is 'Climate forecast for the LGPS; (Mc)Cloudy or bright?'. [See our flyer for more details](#).

The conference is taking place on 20-21 January 2022 in Bournemouth. You can attend the conference in person or join us online.

The conference is aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trades union representatives, member and employer representatives, as well as a variety of officers who attend and support committees.

You can book and view the programme and current list of confirmed speakers using the links below:

- [book to attend in person](#)
- [book to attend virtually](#).

Useful links

[LGA Pensions page](#)

[LGPS member website \(England and Wales\)](#)

[LGPS member website \(Scotland 2015\)](#)

[LGPS Advisory Board website \(England and Wales\)](#)

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

[LGPS Regulations and Guidance website \(Scotland\)](#)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section contact details

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you.

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Further information

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on the interpretation of any piece of legislation. No responsibility whatsoever will be assumed by the LGA for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained in this bulletin.

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LGPC Bulletin 214 – September 2021

Local Government Pensions Committee (LGPC)
Secretary, Lorraine Bennett

Foreword

This bulletin contains important updates for administering authorities, scheme employers and software suppliers. It also provides a general update for all LGPS stakeholders.

This bulletin contains important articles on:

- [New ill health certificates](#) (Scotland)
- [Retirement Planning Guide](#) (Scotland)
- [Death grant distribution legal opinion](#)
- [GDPR documents updated](#)

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

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LGPS England & Wales Scheme Advisory Board (SAB)

SAB meeting on 27 September 2021

The Board met on 27 September 2021.

At that meeting, the Board approved the re-appointment of Councillor John Fuller (South Norfolk Council) for a second five-year term. A letter will now be sent to the Department for Levelling Up, Housing and Communities (DLUHC), formerly the Ministry of Housing, Communities and Local Government (MHCLG) seeking the Secretary of State's formal approval.

You can access the papers for the meeting (including the minutes of the previous meetings held on 10 May 2021 and 1 July 2021) on the [Board meetings](https://www.lgpsboard.org/Board%20meetings) page of www.lgpsboard.org.

You can also access the papers for the last meetings of the Cost Management, Benefit Design and Administration Committee (13 September 2021) and the Investment and Engagement Committee (20 September 2021) on the [Committee Meetings](https://www.lgpsboard.org/Committee%20meetings) page of www.lgpsboard.org.

LGPS England & Wales

MHCLG becomes DLUHC

On 19 September 2021, the Government announced that the Ministry of Housing, Communities and Local Government (MHCLG) will become the Department for Levelling Up, Housing and Communities (DLUHC).

For more information, see [the press release](#).

Also, in the last reshuffle, Luke Hall MP (Thornbury and Yate) left Government. Luke Hall was the minister responsible for the LGPS in England and Wales. The Government is yet to confirm which minister will take over this responsibility.

LGPS Scotland Scheme Advisory Board (SAB)

Minutes for May and August 2021 meetings published

The Board has recently published the minutes for the meetings held on 19 May 2021 and 18 August 2021.

At the meetings, the Board discussed:

- the structure review project
- cessation issues
- cost control.

You can access the minutes on [the minutes](#) page of [the Board's website](#).

Response to cost control consultation

The Board has recently [responded to HM Treasury's cost control consultation](#).

We covered the consultation in [Bulletin 211](#).

LGPS Scotland

New ill health certificates

We emailed administering authorities on 16 September 2021 to let them know that we have published new template ill health certificates.

We have published the certificates in Word so that administering authorities can easily adapt them to suit their needs.

The new certificates aim to:

- reflect recent regulatory changes
- reflect feedback from the ill health certificates survey we ran in April 2021
- incorporate the statutory guide from SPPA:
[‘A Guide to Ill health Retirement and Early Payment of Deferred Benefits’](#).

We thank Brian Rodden, Carole Thomson, Gemma McWhinnie, Jacob Machin and Yvonne Archibald for their help in reviewing the certificates.

You can access the certificates on the [Administrator guides and documents](http://www.scotlgpsregs.org) page of www.scotlgpsregs.org.

Action for administering authorities

Adapt the certificates for your needs and begin to use them. You will also need to update your employers.

Retirement planning guide

We emailed administering authorities on 23 September 2021 to let them know that we have published a new guide for members planning their retirement.

The purpose of the guide is to help members approaching retirement understand their options, the process and the timescales involved.

We anticipate that administering authorities will want to include information specific to their processes. Therefore, we have published the guide in Word and included red text where they can include this.

You can access the guide on the [Administrator guides and documents](http://www.scotlgpsregs.org) page of www.scotlgpsregs.org.

Action for administering authorities

Adapt the guide for your needs.

DWP

LGA responds to ‘nudge’ consultation

The LGA responded to the DWP’s consultation ‘Stronger nudge to pensions guidance’ on 2 September 2021.

Between 9 July and 3 September 2021, the DWP consulted on draft regulations requiring occupational pension schemes to ‘nudge’ members in certain situations towards obtaining guidance from Pensions Wise (see [Bulletin 212](#)).

The LGA’s response raised concerns about:

- the practicality of requiring schemes to book Pension Wise appointments on behalf of members
- whether the DWP considered members who hold different types of benefits under a pension scheme when drafting the regulations.

You can see the response as well as links to the consultation on the:

- [Non-scheme consultations](#) page of www.lgpsregs.org
 - [Non-scheme consultations](#) page of www.scotlgpsregs.org.
-

HM Treasury

Treasury responds to Committee's report on public service pensions

On 2 September 2021, [HM Treasury responded to the report on public service pensions](#) from the House of Commons Committee of Public Accounts.

The Committee published the report on 11 June 2021 and made six conclusions alongside recommendations for each one (see [Bulletin 211](#)).

HM Treasury agrees with five of the recommendations and sets out how it will take these forward. It has already announced most of the actions (such as consulting on the SCAPE discount rate methodology). Additionally, HM Treasury will:

- commission other government departments for analysis of the latest participation data for each public service scheme
- work with departments to standardise data collection on participation rates, including whether it could be broken down by member characteristics
- ask departments to update it on measures they are taking to improve participation among specific groups
- write to the Committee with an update in six months on the work to implement the McCloud judgment and to resolve the issues with the cost control mechanism
- write to the Committee by the end of 2021 with an assessment of how it is meeting the objectives of the 2014 / 15 pension reforms.

HM Treasury disagreed with the Committee's conclusion that Treasury has done little to identify and manage the stark differences in average pensions between genders and other groups. It argues that such differences are a function of past differences in earnings rather than in differences in pension provision itself.

TPR

Blog reminding employers not to neglect automatic enrolment duties

Mel Charles, Director of Automatic Enrolment at the Pensions Regulator (TPR), published [a blog on automatic enrolment duties](#) on 26 August 2021. Mel reminds employers that, despite the effects from the pandemic, they must not neglect these duties.

Update on governance and administration survey

TPR has confirmed to us that it intends to conduct the next public service pension scheme governance and administration survey towards the end of 2022.

The last survey was conducted online between January and March 2021, the results were published on 1 July 2021 (see [Bulletin 212](#)).

Other news and updates

CWG minutes

The Communications Working Group (CWG) met on 7 September 2021. You can find the minutes on the CWG pages of www.lgpsregs.org and www.scotlgpsregs.org. Topics discussed include:

- COVID-19
- annual benefit statements 2021 experience
- new member website (expected to launch by the end of 2021)
- digital engagement guide
- transfers and aggregation
- McCloud remedy
- work plan.

Death grant distribution legal opinion

Lorraine Bennett emailed administering authorities on 28 September 2021 letting them know that we have received a legal opinion from Eversheds Sutherland on what information administering authorities can disclose when paying a death grant.

The advice expands on the information we provided in [Bulletin 210](#) about what information must be provided. Although the advice only mentions the English and Welsh LGPS regulations, it applies equally to Scotland.

You can view the advice on the –

- [Legal opinions](#) page of www.lgpsregs.org
- [Legal opinions](#) page of www.scotlgpsregs.org.

Action for administering authorities

Review the legal opinion and consider its impact on your processes and communications.

FRC publishes list of successful signatories to the UK Stewardship Code

The Financial Reporting Council (FRC) published [the list of successful signatories to the UK Stewardship Code](#) on 6 September 2021. The list includes some LGPS funds and investment pools.

The Code sets high standards of stewardship for those investing money on behalf of UK savers and pensioners.

GAD recommences some broad comparability work

In August 2021, The Government Actuary's Department (GAD) announced that it would recommence some broad comparability work on its [staff transfers: public service pension schemes](#) page on www.gov.uk, noting the following two important points:

“Initially GAD's broad comparability assessments will only involve the assessment of Career Average Revalued (CARE) benefits for those members eligible for remedy. For transfers prior to 1 April 2022, there may be further adjustments needed to address McCloud remedy. If so, GAD will notify Contracting Authorities as soon as possible.

Contracting Authorities need to ensure that when staff move to their new pension scheme with effect from the transfer date, they do not suffer a reduction in take-home pay, for example due to differences in scheme member contribution rates.”

GAD previously suspended this work in August 2020 in response to the McCloud judgment.

GDPR documents updated

Lorraine Bennett emailed administering authorities on 20 September 2021 letting them know that we have uploaded new versions of the following GDPR documents:

- Template full privacy notice (v4)
- Template summary privacy notice (v3)
- Template data retention policy (funds) (v2)
- Template data retention policy (employers) (v2)
- Memorandum of understanding (v2).

The changes have been made by Squire Patton Boggs, who produced the original documents. The documents have been updated to reflect Brexit, the Schrems II

decision on transfers of data outside the European Economic Area and guidance on data sharing agreements issued by the Information Commissioner's Office.

You can access the documents (including clean and tracked versions) on the –

- [Administrator guides and documents](#) page of www.lgpsregs.org
- [Administrator guides and documents](#) page of www.scotlgpsregs.org.

Action for administering authorities

Review the changes to each document and update your local versions accordingly. In relation to the privacy notices (full and summary), Squire Patton Boggs mentions that the updates that have been made to the templates do not necessitate an immediate reissue and instead could be included in an annual update of the privacy notice. However, the direction of travel is towards greater transparency. You should consider how you will bring the most up to date version of the privacy notice to members' attention.

Though the documents were originally produced for administering authorities in England and Wales, administering authorities in Scotland are welcome to adapt the documents for their use.

Government committed to auto-enrolment reforms in “mid-2020s”

The Minister for Pensions and Financial Inclusion, Guy Opperman, confirmed in an [answer to a Parliamentary written question](#) that the Government is still committed to implementing the recommendations from the 2017 Automatic Enrolment review in the mid-2020s. Though, the Minister noted:

“The 2017 Review report was clear that implementation will be subject to learning from previous workplace pension contribution increases, discussions with employers and others on the right approach, and finding ways to make these changes affordable. We will do this in light of the impact of the pandemic and our overall support for economic recovery, while continuing to support long-term saving, balancing the needs of savers, employers and taxpayers.”

We covered the 2017 review in [Bulletin 165](#).

PDP appoints Capgemini to supply central digital architecture

The Pensions Dashboards Programme (PDP) announced on 6 September 2021 that they have appointed Capgemini to supply the central digital architecture for pensions dashboards. Capgemini, who will work in partnership with Origo, will

deliver the pensions finder service, consent and authorisation service and governance register.

The PDP ran a five-month procurement process, which started with an invitation to tender in April this year (we covered this in [Bulletin 209](#)).

To find out more, see the press release from the PDP.

Public Service Pensions and Judicial Offices Bill receives Second Reading

The Bill received its [second reading in the House of Lords](#) on 7 September 2021 and will now move to the Committee Stage (first sitting on 11 October 2021).

James Younger, Viscount Younger of Leckie, confirmed at Second Reading that the Government:

- is aiming for the Bill to receive Royal Assent in early 2022
- will be depositing policy statements in the House Library in the coming weeks
- expects some technical amendments will be required during the Bill's passage through Parliament.

In response to several questions asked which the Viscount was not able to fully address at the time, the Viscount promised to write and provide answers. The Viscount did so in [a letter dated 16 September 2021](#).

The Bill was introduced to Parliament on 19 July 2021 (see [Bulletin 212](#)).

Training

Fundamentals training programme

We are pleased to announce that our Fundamentals training programme will resume this year. The training will take place in three locations: London, Leeds and Cardiff. The London sessions will be hybrid, so delegates can choose to attend in person or virtually. The sessions in Leeds and Cardiff will be face to face only. Places are filling up fast, so use the links below to book your place now.

About

Fundamentals is a bespoke three-day training course aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trade union representatives, member and employer representatives, a variety of officers who attend or support committees and representatives of private sector organisations that provide services to

administering authorities. The course delivers a scheme overview and covers current issues relating to administration, investment and governance in the LGPS.

Attending all three days will assist delegates in meeting the requirement for knowledge, skills and understanding that is either required in statute or encouraged by relevant guidance.

Each day has a different theme and will include sessions delivered by experts in their field. The events also provide delegates with valuable networking opportunities. Each day's programme will start at 10am, with registration and coffee from 9:30am, and close by 4pm with refreshments and lunch provided. For full details see the [Fundamentals training programme](#).

Cost and booking

The cost of each session is:

- £270 plus VAT for face to face training. The cost includes lunch, refreshments and all delegate materials
- £220 plus VAT for virtual attendance (London only). Please use the promotional code HYB for online attendance on the booking page to activate the reduced rate.

You will need to make bookings for virtual attendance separately from any face to face bookings in order to use the code.

We recommend early booking because places are limited. You can only book through the [LGA events page](#). We have provided links to each event below for your convenience.

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The conference is aimed at elected members and others who attend pension committees/panels and local pension boards. Past delegates include elected members, trades union representatives, member and employer representatives, as well as a variety of officers who attend and support committees.

You can book and view the programme and current list of confirmed speakers using the links below:

- [book to attend in person](#)
- [book to attend virtually.](#)

Training courses in 2022

We have now resumed face-to-face training alongside online training. We will publish next year's programme of courses in January.

Insight Residential Course

We are pleased to announce that booking is now open for the Insight Residential Course taking place from Monday 21 February to Thursday 24 February 2022 in Blackpool.

The course is suitable for pensions administration staff and HR/finance/payroll staff where the pension function plays a significant part in their day-to-day role.

Being a foundation course, the content is aimed at staff who are relatively new to pensions, as well as those who have some experience but want to better understand their own and others' responsibilities under the Scheme. The course material is detailed in sections - this is unavoidable due to the Scheme's design.

You can find out more and book a place on the [LGA's events page.](#)

Wider landscape

GMP fixed rate revaluation consultation

The Department for Work and Pensions launched a [consultation on the fixed rate revaluation of guaranteed minimum pensions \(GMPs\)](#).

The consultation proposes setting 3.25 per cent per year as the fixed rate of revaluation applied to GMPs for early leavers. The rate will apply to leavers between 6 April 2022 and 5 April 2027 of schemes who use the fixed rate.

The LGPS does not use the fixed rate when revaluing GMPs for early leavers.

Government suspends earnings part of ‘the triple lock’

The Government announced on 7 September 2021 that it will be suspending the earnings part of the triple lock for one year.

As a result, the Basic and new State Pension will increase in April 2022 by the higher of 2.5 per cent and inflation. This will also apply to those receiving Standard Minimum Guarantee in Pension Credit and widows’ and widowers’ benefits in Industrial Death Benefit.

The earnings part of the triple-lock was estimated to be above 8 per cent due to “unprecedented fluctuations to earnings caused by the COVID-19 pandemic”.

See [press release for more information](#).

Notifiable events consultation

On 8 September 2021, the Department for Work and Pensions (DWP) launched a [consultation on amendments to the notifiable event rules](#).

Under the notifiable event rules, schemes (and their employers) eligible for entry to the Pension Protection Fund are required to notify the Pensions Regulator of certain events.

Pension Awareness Week

It was Pension Awareness Week on 13 to 17 September, with Pension Awareness Day on 15 September.

During the week, the pension industry came together with the aim of promoting greater saver awareness. For example, Pension Geeks, which is an independent financial communication company, created the website www.pensionawarenessday.com, providing webinars, Q and As and one-to-one sessions.

PLSA publishes ‘an employer’s guide to talking about workplace pensions’

On 15 September 2021, to coincide with Pension Awareness Day, the Pensions and Lifetime Savings Association (PLSA) published [‘an employer’s guide to talking about workplace pensions’](#).

The guide provides background on what employers (and pension schemes) can and cannot say with the intention of helping them navigate the advice / guidance boundary.

Taskforce on Pension Scheme Voting Implementation report published

On 21 September 2021, the [Taskforce on Pension Scheme Voting Implementation published its report](#). The report makes recommendations on how to increase and improve the quality in the voting of equity shares by occupational pension schemes.

The Taskforce was set up in December 2020 by Guy Opperman, Minister for Pensions and Financial Inclusion.

TPR and FCA publish discussion paper on measuring value for money in DC schemes

On 16 September 2021, The Pensions Regulator (TPR) and the Financial Conduct Authority (FCA) published a joint discussion paper on developing a common framework for measuring value for money in defined contribution (DC) pension schemes.

The FCA and TPR are inviting comments on the paper by 10 December 2021 and will publish their response and next steps in 2022.

See [the press release for more information](#).

Legislation

Statutory Instruments

[The Occupational Pension Schemes \(Administration, Investment, Charges and Governance\) \(Amendment\) Regulations 2021 \[2021/1070\]](#)

[The Pensions Regulator \(Employer Resources Test\) Regulations 2021 \[2021/1047\]](#)

[The Pension Schemes Act 2021 \(Commencement No.3 and Transitional and Saving Provisions\) Regulations 2021 \[2021/950\]](#)

Useful links

[LGA Pensions page](#)

[LGPS member website \(England and Wales\)](#)

[LGPS member website \(Scotland 2015\)](#)

[LGPS Advisory Board website \(England and Wales\)](#)

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

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[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

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	Pension Board 2 nd November 2021
	Report from the Director of Finance
Brent Risk Register	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Two 1) Appendix 1 – Risk Register 2) Appendix 2 – Risk Strategy
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Flora Osiyemi, Head of Finance Sawan Shah, Senior Finance Analyst Rubia Jalil, Finance Analyst

1.0 Purpose of the Report

- 1.1 This report presents the updated Risk Register for the Brent Pension Fund Pensions Administration Service.

2.0 Recommendation(s)

- 2.1 The board is asked to note the overall report.

3.0 Background

- 3.1 Effective risk management is the foundation of sound corporate governance and for the LGPS the focus should be on all aspects of the scheme's operation, not just investment matters. Having a strategy and register in place is a way for the scheme manager to identify and manage scheme risks and it is considered good practice to have a strategy and register in place alongside established reporting mechanisms.
- 3.2 Using guidance from The Pensions Regulator and CIPFA, together with Brent's internal risk management resources, a process was undertaken in 2018 to produce

a risk management strategy that was unique to Brent's circumstances. This involved a workshop that identified all of the relevant risks, assessed those risks in terms of likelihood, understanding risk management and contingency planning, monitoring risks and documentation in a register.

- 3.3 It is recognised that risk management works well when the administering authority, the Pension Board and employers work together. All parties then understand each other's capacity and appetite for risk. Key elements of this strategy were discussed at a recent working party set up with the scheme manager, administrator and select employers for feedback and comment. The Risk Strategy is attached to this report in Appendix 2.
- 3.4 It has been agreed in previous Board meetings that the Risk Register would become a standing agenda item at these meetings, with new risks and any changes to classifications of risks being reported to the Board.
- 3.5 There have been minor changes made to the Risk Register at Appendix 1 to ensure accuracy. The board is asked to notify the scheme manager if it disagrees with these classifications and present any new risks that they would like to be considered.
- 3.6 The revised Risk Register is attached at Appendix 1 and it is proposed to present any changes or updates to this document to the Pension Board at every meeting.

4.0 Financial Implications

- 4.1 There are no specific financial implications associated with noting this report.

5.0 Legal Implications

- 5.1 None arising directly from this report

6.0 Equality Implications

- 6.1 None arising directly from this report

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable for this report.

8.0 Human Resources/Property Implications (if appropriate)

- 8.1 None arising directly from this report

Report sign off:

Minesh Patel
Director of Finance

The London Borough of Brent Pension Fund Risk Register 2021										
Index	A	B	C	D	E	F	G	H	I	J
1	Risk Area Disaster Recovery	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
1.1	Operational Disaster Recovery Plans Brent	Loss of or unable to access admin systems for: a) Pensions b) Payroll c) Pensioner payroll	1	10	10	Brent Council Business Continuity Procedures	Brent	Annual	2021	Brent Council disaster recovery plan in place
1.11		Pension Systems I.T.	1	10	10	Database of all: a) Advisors b) Suppliers c) Contracts	Brent	Annual	2021	Held as hard copy by Brent Council's Legal Department
1.2	Operational Disaster Recovery Plans LPP	Loss of or unable to access LPP admin systems for pensions	1	6	6	LPP Shared Service Agreement.	LPP	Annual	2021	From 1 October 2018 LPP disaster recovery plan in place as part of their Shared Service Agreement with Brent Council
1.21		LPP Pensions Admin System (Altair) used by Brent Council Employers, Maintained Schools and Academies	1	6	6	LPP Shared Service Agreement	LPP	Annual	2021	LPP have a recovery plan in place for their pension admin platform Altair (External provider Aquila/Haywood)
2	Risk Area Business Continuity Planning	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
2.1	Business Continuity	LPP Financial Standing	1	10	10	LPP Service Contract	Brent	Quarterly	Q3 2021/22	Brent Council discuss LPP budget at regular contract monitoring meetings.
3	Risk Area Risk Planning	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
3.1	Risk Planning And Monitoring	Not monitoring: a) Risk and the risk plan b) And amending it as required c) Or adding new areas of risk as they appear Will lead to the risk plan being: a) Inaccurate b) Known risks not being accounted for c) No plans to address these risks	1	10	10	Risk Plan	Brent	Quarterly	Q4 2021/22	The Risk Register is monitored and reviewed by the Scheme Manager and the Pensions Board. Areas of risk are when required: a) Updated b) Amended c) New risks added if identified
4	Risk Area Data Security	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
4.1	Data Security	External attack, loss of data, locked out of data, poor internal procedures can lead to an increased risk of attack from: a) outside b) or internal fraud	2	10	20	Brent Council Data Security Procedures	Brent	Annual	2021	Procedures on data security in place, systems kept up to date with latest security updates
4.12		Not backing up data regularly using secure backup systems	2	10	20	Data Back Up Procedures.	Brent	Annual	2021	Data is backed up on an incremental basis daily and fully backed up weekly, data kept in secure sites.
4.13		a) Clean desk policies not being adhered to: b) Cabinets left open or not locked c) Documents left out overnight d) Documents left on colleagues desk when they are away e) Computer not locked when operator leaves their desk	2	5	10	Brent Council Data Security Procedures	Brent	Annual	2021	Possibility of: a) Sensitive data being seen by unauthorised persons b) Data theft c) GDPR breached e) Brent Council's reputation put at risk
4.14		Taking laptops away from desk that are not password protected with encryption, using them on public transport Not storing laptops in secure location when not in use	1	5	5	Brent Council Data Security Procedures	Brent	Annual	2021	This can lead to: a) Large losses of sensitive data b) Unauthorised people seeing sensitive data while on public transport c) Breach of GDPR d) Breach of Council's policies and dismissal from service
4.2	General Data Protection Regulations	General Data Protection Regulations (GDPR) came into effect 25 May 2018, failure to comply with GDPR will lead to: a) Complaints b) Data breaches c) Possible fines d) Loss of reputation	1	10	10	Brent GDPR Policies	Brent	Annual	2021	Brent has GDPR policies in place and publishes GDPR privacy notices: a) Online b) Yammer c) In news letters d) In communications to its members, employers, academy's, maintained schools
4.21		Sending sensitive data by email ensuring it will be sent to the right recipient and encrypted, or using a secure transmission system	2	8	16	Brent GDPR Policies	Brent	Annual	2021	Sensitive data being sent to an unauthorised person or business leading to breach of GDPR
4.3	Cyber Security	Unlawful cyber access or attacks could be serious for a scheme and its members, and could in the end result in identity theft, loss of data or even loss of financial assets	3	10	30	Brent Council Data Security Procedures LPP Cyber Security Procedures	Brent	Annual	2021	Both Brent and LPP have significant cyber security policies and procedures in place to prevent and deter cyberattacks. The impact of a cyber attack could be significant, so it is important for these to be permanently up to date. Brent Officers periodically review the current cyber security strategy ensuring that extensive measures are in place and up to date in order to safeguard the integrity, confidentiality and availability (ICA) of information.
5	Risk Area Pension Administration	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
5.1	(Scheme Data) Scheme Data Provided to LPP by Capita for: Maintained Schools Academies Employers	Missing common and Scheme Specific data not provided by employers, maintained schools and academies leads to delay in progressing administration for members	5	10	50	LPP Data Check	Brent	Annual	2021	LPP run a test of the data each month. These scores are included in the Admin Update report taken to each Pension Board meeting.
5.2	Record Keeping Planning	Not updating the record keeping plan to take into account changes of circumstances thorough the year could lead to a failure to take corrective action leading to a drop in the quality of scheme data or delays in processing member benefits	5	10	50	TPR Data Scores, Data cleanse project	Brent	Monthly	Monthly	Brent record keeping plan have been created to deal with poor common data and scheme. Phase 1 of data cleanse project is now complete. Phase 2 of the data cleanse is focused around missing leavers. This is currently in progress with an estimated completion date of November 2021.

5.3	(Employer Data) Maintained Schools Academies Employers Supplied Data to Capita	Failure by Maintained Schools, Academies, Employers to provide data accurately and on time to the LPP results in poor scheme data held by the LPP	5	10	50	PAS 2021	Brent	Annual	2022	Employers to export data monthly to LPP system highlighting data problems by import validation, also reporting from the admin systems of missing files leads to early indication of employers having data problems. Training to be provided to employers by the LPP on using the systems and what LPP requires from employers. Revised PAS sets out what employer need to be doing.
5.4	Loss of Key Staff Members	Specialist nature of the work means there are relatively few staff members with knowledge of the Local Authority Pensions Regulations and Pensions Administration requirements. Significant knowledge gap left if specialist staff leave, likely to cause short-term disruption.	4	8	32	Training Plan	Brent	Annual	2021	Key Officers to ensure processes are documented and knowledge is being passed on to other members of the team, to ensure limited disruption in the event of an unexpected absence or leaving the position. Training events delivered by external parties are available and staff are encouraged to attend External Support is available to mitigate this risk, both from external advisors and LPP who manage the fund's administration
5.5	Impact of Coronavirus (COVID-19)	Increase in staff who are unwell leading to: a) Delays in administrative processing and increase in backlog cases b) Member benefits being delayed c) Increase in complaints d) Difficulties in meeting key deadlines such as year-end Delays in implementing the agreed investment strategy due to volatile financial markets.	10	7	70	Brent Council Business Continuity Procedures LPP Business Continuity Procedures Hymans Robertson Business Continuity Plan (as Fund Actuary and Investment Advisors)	Brent	Ongoing	Ongoing	Situation is being monitored on an ongoing basis. Staff to observe Government and NHS guidance which is being updated on a regular basis. Increased use of flexible and remote working technologies are now in place to enable staff to operate in an efficient and effective manner. The Pensions Administration and Finance team are able to work from home. The Fund will not experience any issues in payment of member benefits as a result of market movements. The Fund will continue to hold a well-diversified portfolio of investments and maintain a long-term perspective.
5.6	Transfer of LPP Administration System from Heywoods to Civica	Risk in transferring of LPP Admin systems from Heywoods to Civica: a) Delays in timely completion of transfer leading to delayed administrative processing b) Inaccurate transfer of scheme data from one system to the other leading to incorrect calculations of member benefits c) Members benefits being delayed d) Increase in complaints e) Places an unwarranted and costly drain on Brent resources of providing service to its members	4	7	28	Risk and Project Plan	LPP	Ongoing	Ongoing	LPPA are planning to introduce a new pension administration system which is made by Civica and called Universal Pensions Management (UPM). The UPM system will replace 5 different systems including Altair, LPP's workflow management system (CMS), both YourFund employer portals and the My Pension Online member self-service portal. Project PACE is being delivered by a dedicated team of project managers and ringfenced project roles to ensure no impact to the day to day performance of the business. It is expected that Go Live for the Brent Pension Fund will be in September 2022. The project will be spread over 4 phases, initially to deliver UPM to those clients whose Heywood contracts will terminate first. The transfer of this service from Heywood's to Civica while having many benefits will also involve risks that are to be monitored regularly by LPP through their Project Plan capturing key dates, task, milestones, risks and controls in place. LPP are to provide Brent officers with regular updates in weekly and monthly meetings to ensure succesful transfer of administrative systems.
6	Risk Area Plan Events	Risk Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
6.1	Pension Plan Events Planning	Plan events such as: a) Annual benefits statements b) Year end reporting to the TPR c) Accounting d) Pension increases e) Plan valuations	4	10	40	Plan Calendar	Brent	Annual	2021	Plan Calendar to identify events: a) What work is required b) What recourses will be used c) Completion and sign off
6.12		Pension projects such as: a) GMP reconciliation b) Changes in legislation that needs to be actioned c) GMP equalised for men and woman	5	10	50	Plan Calendar	Brent	Annual	2021	To allow longer term planning for items such as: a) GMP reconciliation b) New legislation coming in to effect c) Ensure Plan events are completed on time d) Prepare for GMP equalisation
6.2	Annual Benefits Statements 2020/21	Failure to have the necessary correct and accurate data will lead to: a) Statements not being sent b) Possible delay sending statements whilst this data is obtained and systems updated	6	10	60	LLP Shared Service Agreement and PAS	Brent	Annual	2022	It is a statutory responsibility for the scheme manager to issue an annual benefit statement (ABS) to all eligible active and deferred members by 31 August each year. Scheme employers are required to submit an end of year return in order to be able to produce an ABS. Following submission of the return, employers may be required to respond to queries to clarify any data on the return before an ABS can be produced. It is therefore important that end of year returns are received promptly. Delays in submission of returns can lead to a risk that the ABS are not issued by the deadline. Where returns have not been promptly received, Brent and LPP will work together directly with employers to ensure prompt and accurate submission of end of year returns.
6.21		Annual Benefits Statement dependant on: a) Common Data b) Scheme Specific data c) Data being improved from the RKP	5	10	50	LLP Shared Service Agreement	Brent	Annual	2022	Improvement to common and Scheme Specific data being carried out under RKP.
6.3	Deferred Member Benefit Statements 2020/21	Incorrect Statutes, no address, missing data to calculate leads to: a) Statements not being issued b) statement inaccurate c) Incorrect valuation and liabilities for the Plan.	5	10	50	LLP Shared Service Agreement	Brent	Annual	2022	Member data is being dealt with under the Record keeping Plan.
6.4	Year End Return	Failure to complete year end return and submit on time leads to fines	2	10	20	PAS 2021 & Plan Calendar	Brent	Annual	2022	All Plan calendar events to be recorded with plans to ensure they are carried out, better planning for end of year with pro active action to get employers to provide data on time in place. Training session provided to employers to assist completion.
6.5		Failure to process an admission agreement within the time frames set on in LGPS regulations can lead to transferring employers pension entitlements being delayed, legal issues stopping the agreement from being implemented and costs incurred that can not be recovered	5	10	50	Internal Controls	Brent	Quarterly	2021	Admission agreements are regularly reviewed by officers in finance and legal to resolve issues encountered in the admission agreement process and progress to completion.
6.52		Not having procedures and processes to processes and monitor agreements are on track and any reason for delayed identified and acted on could lead to delays in implementation of the agreement	5	10	50	Internal Controls	Brent	Quarterly	2021	Admission agreements are regularly reviewed by officers in finance and legal to resolve issues encountered in the admission agreement process and progress to completion.

6.53	Admission Agreements	Oversight of the legal team and ensuring that they are processing the legal agreements in the time set out in the procedures and requirements of admission agreements is a major factor on processing an admission agreement on time	5	10	50	Internal Controls	Brent	Quarterly	2021	Overseeing of the legal team on admission agreement by the Scheme Manager to ensure no delays and prompt processing of agreement becomes a priority
6.54		Failure to keep to rules and regulation on admission agreement will require this failure to be reported to the TPR	5	10	50	Internal Controls	Brent	Quarterly	2021	Breaches log to bring attention of failing and lessons learned in processing admission agreements
<u>7</u>	Risk Area Auto Enrolment	Risk Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
7.1	Auto Enrolment	Failure to process auto enrolment on time leads to: a) Member complaints b) Members unable to opt out or in c) Delayed administration d) Possible action by the regulator to improve or be fined	1	10	10	Auto Enrolment Procedures	Brent	Ongoing	Ongoing	Auto enrolment checked monthly for: a) Enrolment b) Opt outs c) Opt Ins d) Auto Enrol Renewal, as part of Brent procedures for pensions and payroll
<u>8</u>	Risk Area Regulatory	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
8.1	Anti Fraud Initiatives Mortality Existence	Benefits paid to people not entitled to benefits from the LGPS	2	5	10	2019 Anti Fraud Plan	Brent	Annual	2021	Administration processes check for fraud
8.2	Pension Board Training	Pension Board members not having the appropriate degree of knowledge and understanding to perform their duties. Pension Board member not having the right knowledge to make informed decisions and challenge Officers of the Council.	1	5	5	Pension Board Training Plan	Brent	Annual	2021	Regular training is provided via a training programme for Pension Board members All Pensions Board members to complete and pass the TPR public pensions course online
8.3	Pension Board Conflict Of Interest	Conflicts of interest must be declared in the Register of Interests Failure to declare an interest can lead to serious consequences and pose a risk to the Plan and possibly member	1	5	5	Conflict of Interest Register	Brent	Annual	2021	The register of interests and other relevant documents are circulated to the Pension Board for ongoing review and are published on the Brent Council's website
8.4	Governance	Failure to have good governance plans in place which are reviewed and monitored can lead to: a) Poor administration b) Increased administration costs c) Poor investment outcomes d) Increased levels of risk e) Not understanding what the risks are and having plans to manage the risk f) Statutory requirements not being met such as: g) Annual benefits statements not being produce and sent out h) Pension saving statements not being produce and sent out i) Year end returns being done late	1	3	3	Multi areas cover governance: a) Plan Rules b) Business Plan c) PAS 2018 d) Scheme Manager e) Pensions Board f) Pensions Sub Committee.	Brent	Ongoing	2021	Governance is monitored by: a) Scheme Manager b) Pensions Board c) Pensions Sub Committee d) Internal and External Controls
8.5	Failure to make provision for oversight of the administration of the Plan	Failure to ensure that overall oversight is in place and carried out can lead to: a) Breaches of the law b) Poor administration and record keeping c) Unauthorised payments d) Poor administration being allowed to continue e) Failure to meet deadline on time f) Possible fines g) Fraud to occur h) Loss of confidence and reputation for the Council	1	2	2	The Pension Board assists the Scheme Manager in the provision of oversight of how the Plan is administered	Brent	Ongoing	2021	The oversight of the plan is carried out by the Scheme manager with assistance from the Pension Board
8.6	Discretions	A decision to add pension or disregard a reduction on pension for early payment leads to increased costs to the employer	1	5	5	Chief Financial Officer	Brent	Annual	2021	Discretions under review on early retirement with actuarial reduction, Discretions are covered under LGPS Rule 30 (2&5) In preparing such a statement the Council must have regard to the extent to which the discretions are exercised to avoid a loss of confidence in the service provided
8.7	Data Protection Breaches	Breaches not recorded and failure to report a breach to the regulator can lead to fines and loss of reputation	3	6	18	Breaches Log	Brent	Monthly	Monthly	Breaches log to monitor all breaches and report of breached to the regulator
<u>9</u>	Risk Plan Funding & Accounting	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
9.1	The Fund's Assets Insufficient To Meet Long Term Liabilities	Pension Fund Assets not sufficient to pay: a) Pension benefits b) Transfers c) Death benefits d) Could lead to raising of pensions contributions e) Plan has to reduce benefits f) Reassessment of the funding strategy	2	10	20	Public Sector Payroll Controls	Brent	2020	Monthly	Contributions are checked on a monthly basis Overdue Contributions: Employers Academies Maintained Schools Are actively chased
9.11			1	10	10	The Funding Strategy Statement	Brent	Tri Annual	2022	A report on the 2019 Triennial Review (including the Funding Strategy Statement) was presented to the Pension Board at the March 2020 meeting.
9.12			1	10	10	Fund's Funding Level Assessment	Brent	Monthly	Monthly	The Fund receives regular performance reports on its investments from the custodian. The Fund actuary, Hymans Robertson, completes a valuation of liabilities every 3 years.
9.2	Impact of McCloud judgement on Long Term Liabilities	Court of Appeal ruling that transitional protections were unlawful on the grounds of age discrimination could increase employer contributions.	8	6	48	Triennial valuation/ Funding Strategy Statement	Brent	Quarterly	Ongoing	Following the close of the McCloud consultation, Brent Officers have now provided a response to MHCLG following discussions with the Fund's actuary, Hymans Robertson and the Fund's admin provider LPP. At this stage, it is likely that greater admin resource will be required and it is expected that there will be a cost to the Pension Scheme. Officers are now in discussions with LPP and Hymans to prepare for the impact as we await the government's formal response to the consultation and the subsequent change in regulations enacted in law.

9.3	Exit Pay Reforms	New legislation being introduced in the autumn which will alter the way redundancy benefits are carried out for members aged 55 and over.	2	6	12	Governance & Compliance	Brent	Quarterly	Ongoing	On 12 February 2021, The Chancellor of the Exchequer determined that the Restriction of Public Sector Exit Payments Regulations 2020 Regulations should be withdrawn. After extensive review of the application of the Cap, the Government has concluded that the Cap may have had unintended consequences. On 25 February 2021 the necessary legislation was laid in Parliament to revoke the Restriction of Public Sector Exit Payments Regulations 2020 (the Restriction of Public Sector Exit Payments (Revocation) Regulations 2021). The policy consultation that MHCLG launched in September 2020 on Reforming Local Government Exit Pay is now considered closed. There will be no further changes made to Local Government pensions or redundancy terms without a further, separate consultation. In light of this, Brent Officers will continue to monitor such updates, liaise with the Fund actuary and update the Pensions Board accordingly.
9.4	Pension Contributions not Paid by:	Effects the Plans abilities to: a) Pay out benefits b) Braking the law on pension contribution collections c) Unnecessary costs for chasing for contributions d) Continuing non payment for pension contributions will lead to: e) Breaches for the payment of pension contribution regulations f) Being reported for breaches as required by law g) Delay benefits beginning paid h) Can lead to delays in accounting for pension contributions	2	10	20	PAS	Brent	2021	Ongoing	Procedures in place to deal with pension contributions not being made or late
9.41	Maintained Schools Academies Employers		2	10	20	PAS	Brent	Annual	2021	Engaging with: a) Employers b) Academies c) Maintained Schools d) With working parties and employer forums e) LPP to provide more support in this area
9.42	a) On time b) Or not at all c) Refusal to pay		2	10	20	PAS	Brent	Annual	2021	Contributions are monitored on a monthly basis and late or non payers reported. 2018 Revised PAS to include fines for non compliers.
9.5	Pension Plan Accounting		Failure to comply with accounting regulations will lead to serious consequences: a) Possible fines b) Loss of reputation	2	10	20	Annual audit	Brent	Annual	2021
9.51		1		10	10	Triennial valuations	Brent	Tri Annual	2022	2019 Triannual completed. Next triannual valuation 2022
9.52		1		10	10	The Funding Strategy Statement	Brent	Tri Annual	2022	A report on the 2019 Triennial Review (including the Funding Strategy Statement) was presented to the Pension Board at the March 2020 meeting.
9.53		1		10	10	Fund's Funding Level Assessment	Brent	Monthly	Monthly	The Fund receives regular performance reports on its investments from the custodian. The Fund actuary, Hymans Robertson, completes a valuation of liabilities every 3 years.



Brent

London Borough of Brent Risk Strategy

Brent Risk Strategy July 2018

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1. Introduction

1.1 This is the Risk Strategy for the London Borough of Brent Fund ("the Fund"), which is part of the Local Government Pension Scheme ("LGPS") managed and administered by the London Borough of Brent ("the Administering Authority").

The Risk Strategy details the Fund's approach to managing risk including:

- the risk approach adopted for the management of the Fund, attitudes to risk, how risk is managed and implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund

2. Strategy objectives

2.1 In relation to understanding and monitoring risks, the Administering Authority aims to:

- integrate risk management into the procedures, internal controls, and the day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund including, the Pensions Board, maintained schools, academy's, employers and other partners
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice and TPR guidance of risk
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

2.2 To assist in achieving these objectives in the management of the Fund, the Administering Authority will aim to comply with:

- the CIPFA Managing Risk publication
- the Pensions Act 2004
- the Pensions Regulator code of practise 14 as related to risk
- the pensions Regulator Essential guide to the public service code as related to risk

3. Purpose of the strategy

3.1 The Administering Authority recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, the Administering Authority can:

- demonstrate best practice in governance
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities for improvement and a reduction in risk along with better outcomes for members
- minimise threats

3.2 The Administering Authority adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Fund at a strategic and operational level.

4. Effective date

4.1 This policy is to go before the Pension Board on 24 July 2018 for approval and will be in effect from that date.

5. Review

5.1 To be viewed quarterly by the Scheme Manager and the Pensions Board and updated as required, or if the risk management arrangements, or other matters included within it, merit reconsideration.

6. Scope

6.1 This Risk Strategy applies to all members of the Pension Board and the Pensions Fund SubCommittee, including scheme member and employer representatives. It also applies to officers involved in the management of the Fund including the Chief Finance Officer (Section 151 Officer), Head of Finance and the Head of Pensions.

6.2 Advisers and suppliers to the Fund are also expected to be aware of this Policy, and assist officers, Committee and Sub-Committee members and Board members as required in meeting the objectives of this Policy.

7. Risk Management Philosophy

7.1 The Administering Authority recognises that it is not possible to eliminate all risks. Accepting and actively managing risks is therefore a key part of the risk management strategy for the Fund.

7.2 In managing risk, the Administering Authority will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained
- adopt a system that will enable the Fund to anticipate and respond positively to change
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided
- make sure that any new areas of activity (new investment strategies, further joint-working, framework agreements etc.), are only undertaken if the risks they present are fully understood and taken into account in making decisions.

7.3 The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

8. CIPFA and the Pensions Regulator's Requirements

8.1 CIPFA Managing Risk Publication

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 relating to the requirement to have internal controls in public service pension schemes.

249B Requirement for internal controls: public service pension schemes

1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed: (a) in accordance with the scheme rules, and
(b) in accordance with the requirements of the law.

(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.

(3) In this section, "enactment" and "internal controls" have the same meanings as in section 249A." Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which he encourages scheme managers (i.e. administering authorities in the LGPS) to employ a risk based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator's code of practice guidance on internal controls requires scheme managers to carry out a risk assessment and produce a risk register which should be reviewed regularly.

The risk assessment should begin by:

- setting the objectives of the scheme
- determining the various functions and activities carried out in the running of the scheme, and
- identifying the main risks associated with those objectives, functions and activities.

The code of practice goes on to say that schemes should consider the likelihood of risks arising and the effect if they do arise when determining the order of priority for managing risks, and focus on those areas where the impact and likelihood of a risk materialising is high. Schemes should then consider what internal controls are appropriate to mitigate the main risks they have identified and how best to monitor them. The code of practice includes the following examples as issues which schemes should consider when designing internal controls to manage risks:

- how the control is to be implemented and the experience of the person(s) performing the control
- the level of reliance that can be placed on information technology solutions where processes are automated
- whether a control is capable of preventing future recurrence or merely detecting an event that has already happened
- the frequency and timeliness of a control process
- how the control will ensure that data are managed securely, and
- the process for flagging errors or control failures, and approval and authorisation controls.

The code states that risk assessment is a continual process and should take account of a changing environment and new and emerging risks. It further states that an effective risk assessment process will provide a mechanism to detect weaknesses at an early stage and that schemes should periodically review the adequacy of internal controls in:

- mitigating risks
- supporting longer-term strategic aims, for example relating to investments
- identifying success (or otherwise) in achieving agreed objectives, and
- providing a framework against which compliance with the scheme regulations and legislation can be monitored.

8.3 The Administering Authority adopts the principles contained in CIPFA's Managing Risk in the LGPS document and the Pension Regulator's code of practice in relation to the Fund. This Risk Strategy highlights how the Administering Authority strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.

9. Responsibility

9.1 The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the officers are responsible for ensuring the process outlined below is carried out, subject to the oversight of the Pension Board.

However, it is the responsibility of each individual covered by this Strategy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

10. The London Borough of Brent Pension Fund Risk Management Process

10.1 The Administering Authority's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections.

(1)	Risk Identification
(2)	Risk Analysis
(3)	Risk Control
(4)	Risk monitoring

10.2 Risk identification (1)

The risk identification process is both a proactive and reactive one. Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises overseen by the Scheme Manager, Pension Board, and Pension Sub Committee
- performance measurement against agreed objectives
- monitoring against the Fund's business plan to be available Q4 2018
- findings of internal and external audit and other adviser reports
- feedback from the Pension Board, maintained schools, academy's, employers and other stakeholders
- liaison with other organisations, regional, national associations, and professional groups

Once identified, risks will be documented in the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

10.3 Risk analysis (2)

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the effect if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in the table below.

Risk level Reasoning		Likelihood	Impact	Score	Risk Types	Risk Planning	Expected Outcomes
Risk Level	%	1 Least Likely 10 Most Likely	1 Least Likely 10 Most Likely	Likelihood Times Impact			
Low	1 to 20	1	10	10	Risk known	Planned for in advance	Countered by plans and procedures in place if needed
Green Low							
Low to Medium	20 to 50	2	10	20	Risk possible concerns	Monitored	Monitored and plans in action or more actions will be put in place if required
Yellow Low to Medium							
Medium to High	50 to 75	5	10	50	Risk manageable	Managed	Active and pro active longer term plans in place,
Orange Midium to High							

							subject to close monitoring and rapid action if required
High					Risk having a major impact	Planned actions in place	Action plans in place, monitored weekly, longer term before risk will reduce
	75 to 100	8	10	80			
		Red High					

When considering the risk rating, the Administering Authority will have regard to the existing controls in place and these will be summarised on the risk register.

10.4 Risk control (3)

The Head of Finance (Pensions) will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur.

Before any such action can be taken, Pension Board and Pension Sub Committee approval may be required where appropriate officer delegations are not in place.

The result of any change to the internal controls could result in any of the following:

- Risk elimination, for example, ceasing an activity or course of action that would give rise to the risk.
- Risk reduction, for example, choosing a course of action that has a lower probability of risk or putting in place procedures to manage risk when it arises.
- Risk transfer, for example, transferring the risk to another party either by insurance or through a contractual arrangement.

The Fund's risk register details all further action in relation to a risk and the owner for that action. Where necessary the Administering Authority will update the Fund's business plan (Due Q4 2018) in relation to any agreed action as a result of an identified risk.

10.5 Risk monitoring (4)

Risk monitoring is the final part of the risk management cycle and will be the responsibility of the Pensions Board. In monitoring risk management activity, the Pension Board will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- are there any lessons to be learned for the future assessment and management of risks.

11. Reporting and monitoring

11.1 Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be provided on a quarterly basis to the Pension Board.

The Pension Committee will be provided with updates on an ongoing basis in relation to any significant changes to risks (for example where a risk has changed by a score of 10 or more) or new major risks (for example, scored 25 or more).

As a matter of course, the Pension Fund Board will be provided with the same information as is provided to the Pension Committee (or Pension Sub-Committee as appropriate) and they will be able to provide comment and input to the management of risks.

In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Strategy on a quarterly basis taking into consideration any feedback from the Pensions Board and Pensions Sub Committee.

12. Key risks to the effective delivery

12.1 The key risks to the delivery of this Strategy are outlined below. The Pension Board will monitor these and other key risks and consider how to respond to them following updates and recommendations from officers:

- Risk management is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess or take appropriate action in relation to identified risks
- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately
- Risk plan is not monitored to ensure actions to reduce risk have been taken and new risks that

have been identified are not recorded, monitored and carried out, will lead to risk not being managed in line with Risk Policy

13. Risk Register Appendix A

The Risk Register Appendix A :

- 1 Risk Area Disaster Recovery
- 2 Risk Area Business Continuity Planning
- 3 Risk Area Risk Planning
- 4 Risk Area Data Security
- 5 Risk Area Pension Administration
- 6 Risk Area Plan Events
- 7 Risk Area ns
- 8 Risk Area TPA Transition
- 9 Risk Area Regulatory
- 10 Risk Plan Funding & Accounting

End

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London Borough of Brent Pension Fund

Q2 2021 Investment Monitoring Report

Kenneth Taylor, Investment Consultant
Kameel Kapitan, Associate Consultant

Executive Summary

Performance Summary

The assets combined to return 5.1% over this period, outperforming the aggregate target return by 0.8%.

In markets, global equities rose 7.1% in the first quarter in local currency terms as the COVID recovery continued. Emerging Market equities underperformed other regions over the quarter.

A fall in yields over the quarter saw positive returns from the UK government bond market. Speculative grade credit markets similarly trended lower over Q2 2021 amid improving credit fundamentals.

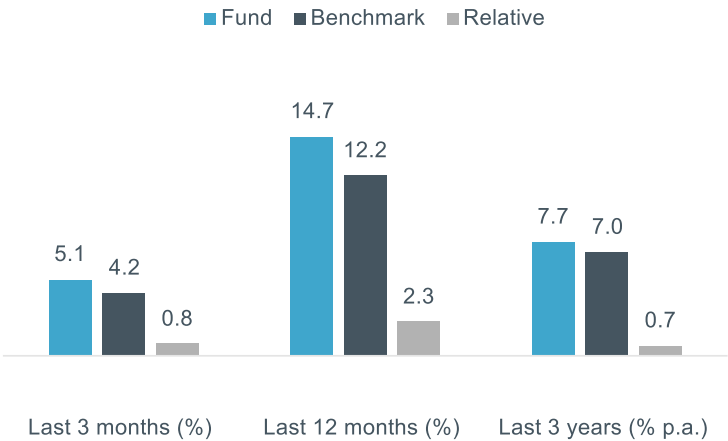
Key Actions

The on-boarding process for the investment in BlackRock Low Carbon Fund is expected to be completed in Q3 2021. This 3% investment will be funded from cash.

Key points to note

- The Fund has posted positive returns over the past 3 months, ending the quarter with a valuation of £1,076.2m up from £1,032.1m at the end of Q1 2021.
- The Fund’s Growth holdings were the main drivers of returns, with LGIM’s global equity mandate the primary contributor.
- Within the Fund’s Income holdings, the Baillie Gifford multi-asset fund produced strong performance over the quarter.
- The Fund is currently holding more cash than usual. The Fund’s upcoming investment in the BlackRock Low Carbon equity fund and capital calls for the private markets mandates will be funded from cash.

Fund performance vs benchmark/target



High Level Asset Allocation

As part of the investment strategy review carried out in Q2 2020, the Fund’s DGF mandates were re-categorised as ‘Diversifiers’ and included within the ‘Income’ bucket.

GrIP	Actual	Benchmark	Relative
Growth	58.2%	58.0%	0.2%
Income	25.4%	25.0%	0.4%
Protection	12.0%	15.0%	-3.0%
Cash	4.4%	2.0%	2.4%

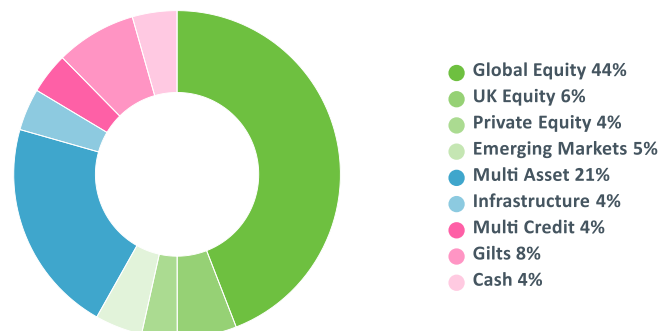
Whilst on the journey to its interim and long term targets for Property, Infrastructure and Private Debt, the current agreement is that the Fund will hold a higher allocation to DGF’s.

Asset Allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q1 2021	Q2 2021			
LGIM Global Equity	441.2	474.7	44.1%	43.0%	1.1%
LGIM UK Equity	59.9	63.3	5.9%	5.0%	0.9%
Capital Dynamics Private Equity	37.5	37.8	3.5%	5.0%	-1.5%
LCIV JP Morgan Emerging Markets	48.8	50.4	4.7%	5.0%	-0.3%
Total Growth	587.3	626.1	58.2%	58.0%	0.2%
LCIV Baillie Gifford Multi Asset	130.7	137.1	12.7%	10.0%	2.7%
LCIV Ruffer Multi Asset	90.8	91.4	8.5%	10.0%	-1.5%
Alinda Infrastructure	23.1	22.7	2.1%	0.0%	2.1%
Capital Dynamics Infrastructure	8.8	8.8	0.8%	0.0%	0.8%
Aviva Property	0.0	0.0	0.0%	0.0%	0.0%
LCIV Infrastructure	11.8	13.2	1.2%	5.0%	-3.8%
Total Income	265.2	273.2	25.4%	25.0%	0.4%
LCIV CQS MAC	42.8	43.6	4.1%	5.0%	-0.9%
BlackRock UK Gilts Over 15 yrs	83.0	85.7	8.0%	10.0%	-2.0%
Total Protection	125.8	129.3	12.0%	15.0%	-3.0%
Cash	53.8	47.6	4.4%	2.0%	2.4%
Total Scheme	1032.1	1076.2	100.0%	100.0%	

Figures may not add up due to rounding. The benchmark currently shown as the interim-target allocation as the first step in the journey towards the long-term target. As the Fund's allocations and commitments to private markets increase over time, we will move towards comparison against the long-term target.

Asset class exposures



Following the results of the Q1 2020 investment strategy review, the following target allocations were agreed:

Interim

Growth – 58%
Income/Diversifiers – 25%
Protection plus cash – 17%

Long-term

Growth – 50%
Income/Diversifiers – 35%
Protection – 15%

The Fund is broadly in line with the interim target allocations for growth and income assets, underweight protection assets and overweight cash.

Of the c£48m in cash held at the quarter end, c£30m is due to be invested in the BlackRock Low Carbon fund in Q3 2021.

The LCIV infrastructure fund is still in its infancy with an expected 3 year ramp up phase. We therefore expect the Fund commitment of £50m to continue to be drawn down until end 2022.

The Fund's commitment to the LCIV private debt fund (made in March of this year) is still to begin drawing down.

Manager performance

Total Fund return was positive during the quarter, on both an absolute and relative basis. Longer term performance is also comfortably ahead of target.

UK equities lagged global markets over the quarter, due to the UK's higher weighting to cyclical sectors such as financials, industrials and basic materials, which underperformed over the quarter, having outperformed significantly since the initial positive vaccine news in November last year.

Over the year emerging markets equities lead the way, and the JP Morgan Fund has posted impressive outperformance relative to its benchmark, despite underperforming over the quarter.

The Baillie Gifford multi-asset fund posted strong performance over the quarter, driven by listed equities, property and infrastructure allocations, which benefited from the ongoing economic recovery. Over 12 months, the returns achieved by Baillie Gifford and Ruffer are identical at 14.2% relative to the benchmark return of 2.1%.

The CQS mandate produced a return of 2% over the quarter, and is also showing strong performance over the year.

Gilt yields fell over the quarter, leading to an increase in the value of the gilts portfolio.

	Last 3 months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
Growth									
LGIM Global Equity	7.6	7.6	-0.0	25.4	25.4	-0.0	14.4	14.4	-0.0
LGIM UK Equity	5.6	5.6	0.0	21.4	21.4	-0.0	2.1	2.0	0.0
Capital Dynamics Private Equity	9.2	8.0	1.1	0.8	26.0	-20.0	8.4	12.8	-3.9
LCIV JP Morgan Emerging Markets	3.2	4.9	-1.6	30.6	26.0	3.6	-	-	-
Income									
LCIV Baillie Gifford Multi Asset	4.9	0.5	4.4	14.2	2.1	11.8	4.6	3.0	1.6
LCIV Ruffer Multi Asset	0.7	0.5	0.2	14.2	2.1	11.9	6.8	3.0	3.7
Alinda Infrastructure	-	-	-	-6.0	4.5	-10.1	-0.1	5.2	-5.0
Capital Dynamics Infrastructure	-	-	-	-12.5	4.5	-16.2	-4.5	5.2	-9.2
LCIV Infrastructure	-	-	-	-6.9	4.5	-10.9	-	-	-
Protection									
LCIV CQS MAC	2.0	0.5	1.4	13.3	2.1	11.0	-	-	-
BlackRock UK Gilts Over 15 yrs	3.2	3.2	0.0	-10.8	-10.9	0.1	-	-	-
Total	5.1	4.2	0.8	14.7	12.2	2.3	7.7	7.0	0.7

This table shows the new performance target measures, implemented for 2020. Please note the 3 year return is on the old benchmark basis.

Performance from Alinda and Capital Dynamics Infrastructure is based on information provided by Northern Trust. For such investments, there are more appropriate measures to assess performance. Furthermore, performance in respect of Alinda is skewed by the Alinda III fund which is relatively immature. More detail on relevant measures of assessment for infrastructure funds is provided in the individual manager pages. This is also the case for Private Equity as an asset class.

The table above also excludes the performance of the Fund's investment in the London CIV's infrastructure sub-fund. Given initial draw downs only occurred during Q1 2020, it still remains too early to report appropriate performance at this stage. As the Fund's commitments continue to be drawn under this mandate, and the size of investments increase, it will become more appropriate to report and consider return measures in percentage terms.

Manager ratings

Manager/Mandate Asset Class		Hymans Rating	RI Rating
LGIM	Global Equity	Preferred	Strong
LGIM	UK Equity	Preferred	Strong
LCIV JP Morgan	Emerging Markets	Suitable	Adequate
Capital Dynamics	Private Equity	Suitable	Not Rated
LCIV Baillie Gifford	Multi Asset	Preferred	Good
LCIV Ruffer	Multi Asset	Positive	Adequate
Alinda	Infrastructure	Not Rated	Not Rated
Capital Dynamics	Infrastructure	Not Rated	Not Rated
LCIV	Infrastructure	Not Rated	Not Rated
LCIV CQS	Multi Credit	Suitable	Not Rated
BlackRock	UK Gilts Over 15Yrs	Preferred	Not Rated

JP Morgan business update

In March 2021, JP Morgan announced that Philippe Quix, Chief Risk Officer for Asset Management, was retiring from the firm effective June 15, 2021. JP Morgan are actively searching for a successor, which will be announced in due course.

Otherwise no changes to the team, investment philosophy and process this quarter.

Ruffer business update

Ruffer announced that Aled Smith will join as Deputy CIO from 6 July 2021. He joins from J O Hambro Capital Management where he was an Investment Director.

As previously announced, Myles Marmion, CFO, retired at the end of April 2021 and has been replaced by Michael Gower, who joins from Vanguard where he was CFO for their European and International business. Michael will be a member of the Management Board and the Executive Committee.

As announced in Q1, Chris Bacon and Miranda Best will run the firm whilst Clemmie Vaughan, CEO is on maternity leave.

Baillie Gifford business update

Baillie Gifford announced that three new partners were appointed during the quarter: Dave Bujnowski, Catherine Flockhart and Colin Lennox. Partners, Charles Plowden, Investment Manager and Bill Pacula, Marketing Director retired in April 2021.

No changes to the team, investment philosophy and process this quarter.

LGIM Global Equity

The LGIM global equity mandate returned 7.6% over first quarter.

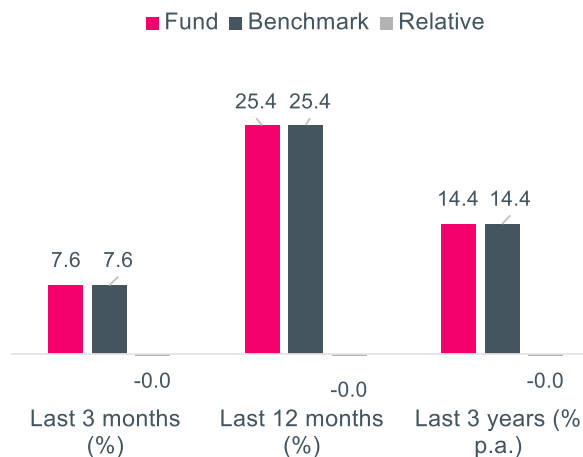
The fund is showing a strong return over 12 months following the sell-off in February and March of last year.

As a passively managed fund, it has matched its benchmark over all periods.

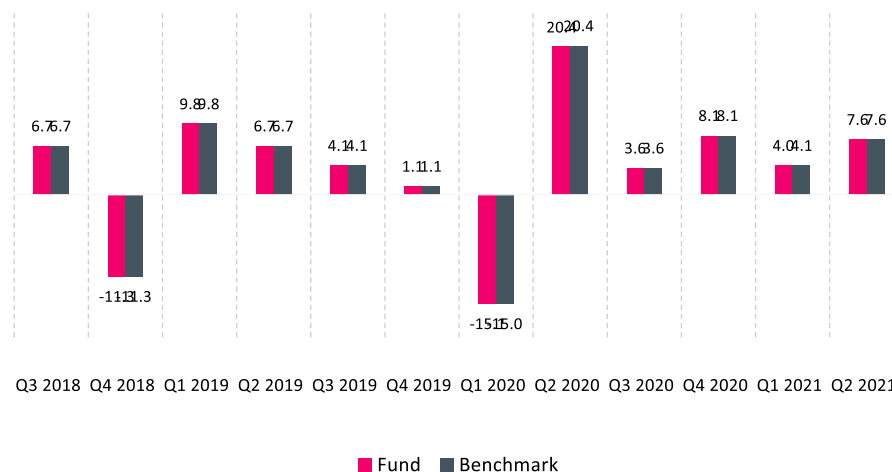
Cyclical, shorter-duration sectors, such as financials, industrials and basic materials, and styles, such as value and small-cap, underperformed over the quarter, having underperformed significantly since the initial positive vaccine news in November last year. Conversely, technology, with its longer-duration growth characteristics, outperformed during Q2.

We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Fund Performance vs benchmark



Historical Performance/Benchmark



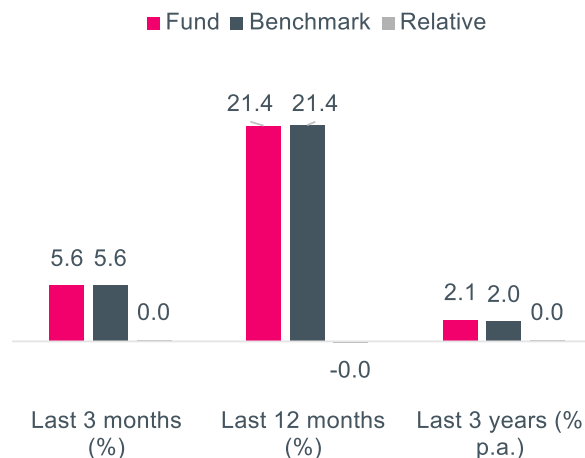
LGIM UK Equity

The LGIM UK equity mandate returned 5.6% over the first quarter. Performance over 12 months is strong, albeit not as strong as returns for global equities as a result of the higher weighting within the UK market to financials, industrials and materials.

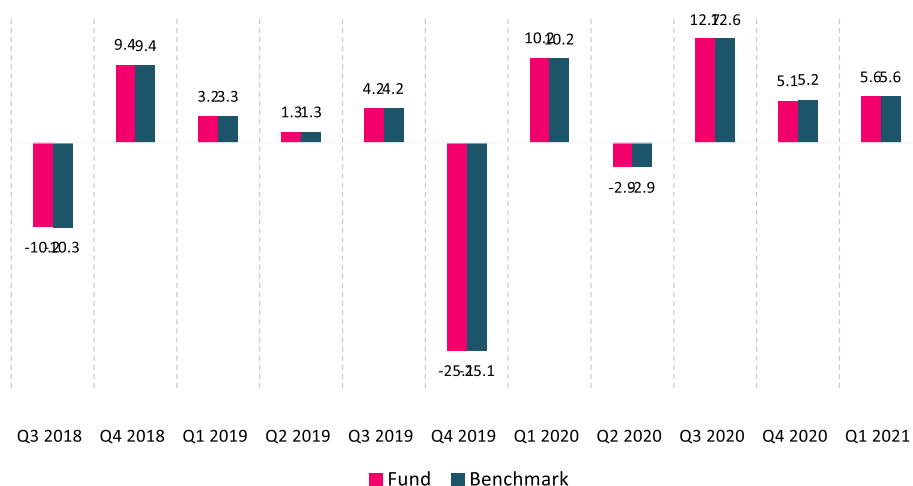
Over the quarter the fund has performed in line with its benchmark as we would expect for a passively managed portfolio.

We continue to rate LGIM's passive equity capabilities as 'Preferred'.

Fund Performance vs benchmark



Historical Performance/Benchmark



LCIV JP Morgan Emerging Markets

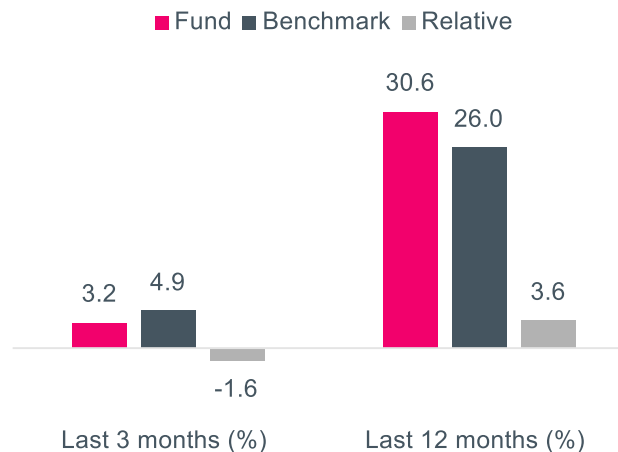
The JP Morgan Emerging Markets fund returned 3.2% over the quarter, underperforming the benchmark by 1.6%. Over 12 months the fund has returned 30.6%, outperforming the benchmark by 3.6%.

The fund underperformed in the quarter, with both sector allocation and stock selection detracting from performance. Financial stocks contributed most to the underperformance, owing to HDFC Bank facing victim to the Delta variant and Ping An Insurance facing pricing pressure due to poor capital allocation. India and China were the largest regional detractors, for these reasons.

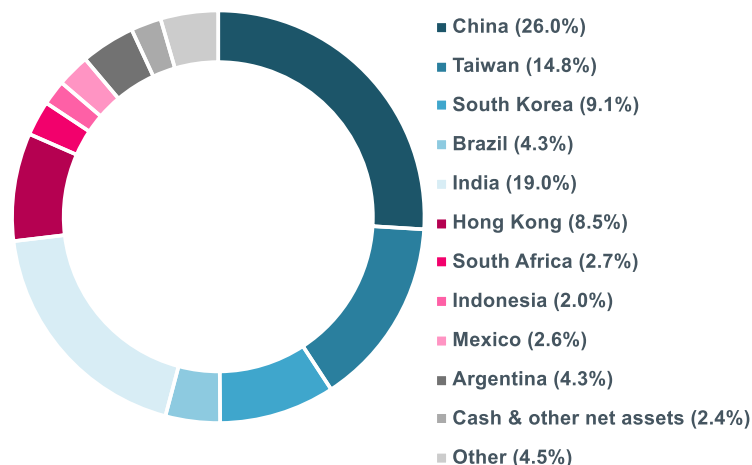
The manager believes three factors will impact emerging market equities in the short to medium term: Covid-19 concerns, cyclical sectors and the regulatory environment in China.

We continue to rate JP Morgan's Emerging Market equity fund as 'Suitable'.

Fund Performance versus benchmark



Fund Regional Allocation



Capital Dynamics Private Equity

The Capital Dynamics Private Equity fund is invested across a range of sub-funds.

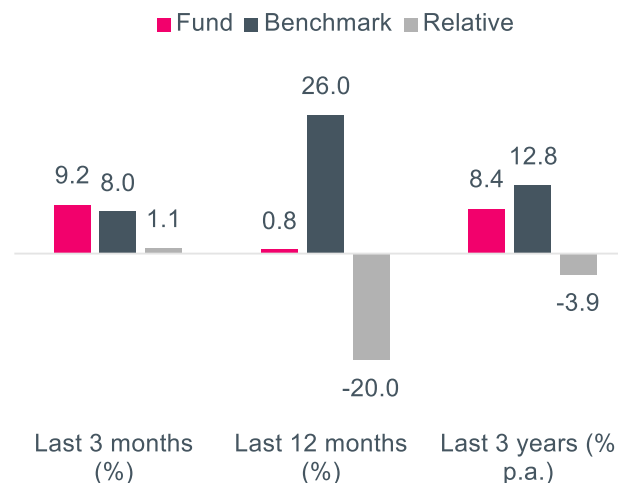
Based on information provided by Northern Trust, the fund returned 9.2% over the quarter ahead of its benchmark by 1.1%.

Over the more meaningful 3 year time period, the fund has returned 8.4% per annum although performance is behind the target return of MSCI All World 1.6% p.a.

In practice, there are two key metrics to assess performance for private equity investments; Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

The investment is at a mature stage meaning assessing the IRR (a percentage value) alongside the TVPI carries greater weight. As at 31 March 2021 the IRR was 13.0% with a TVPI of 1.66x.

Fund performance vs benchmark



Summary as at 31 March 2021

Total contributed: c.91.5%

IRR: 13.0%

TVPI: 1.66x

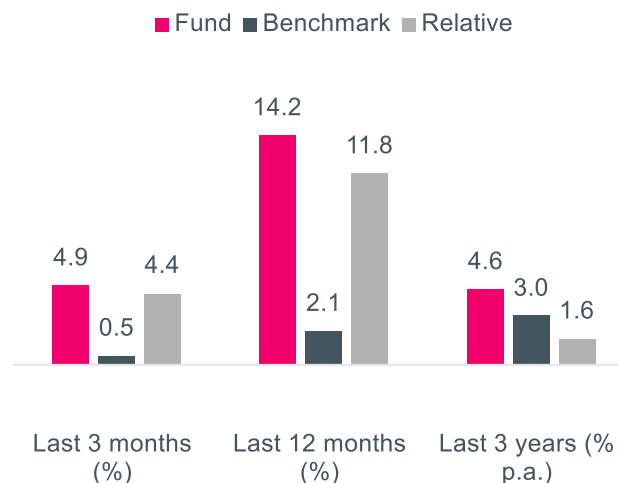
LCIV Baillie Gifford Multi-asset

Over Q1 2021, the fund outperformed its target of 0.5%, returning -4.9% net of fees. Performance over the preceding 12 months is also strong and significantly ahead of target.

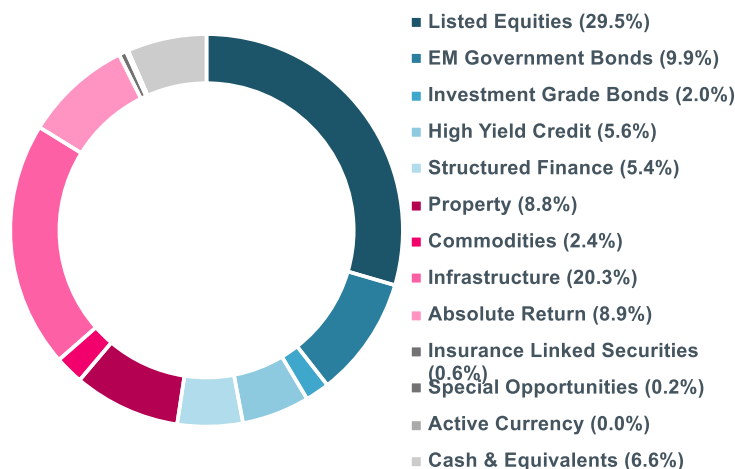
The portfolio performance was largely driven by listed equities, property and infrastructure allocations, which benefited from ongoing economic recovery and were further boosted by increased focus towards green infrastructure, following the infrastructure deal in the US. Positive returns were partially offset by falls in the absolute return asset class.

Baillie Gifford believes that outlook for the global economy remains positive, supported by the continued easing of restrictions in many developed economies, continuing effective vaccine deployment, and extraordinary fiscal and monetary policies.

Fund Performance versus benchmark



Fund Asset Allocation



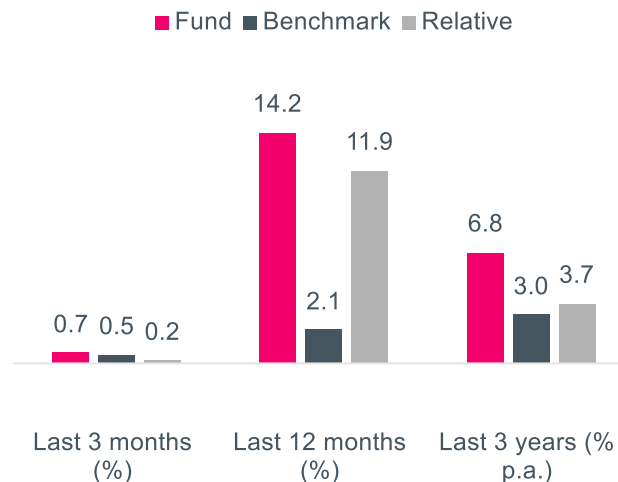
LCIV Ruffer Multi-asset

The Ruffer Multi-Asset fund returned 0.7% over the quarter, outperforming the benchmark by 0.5%. Longer term performance is strong on an absolute basis and on a relative basis.

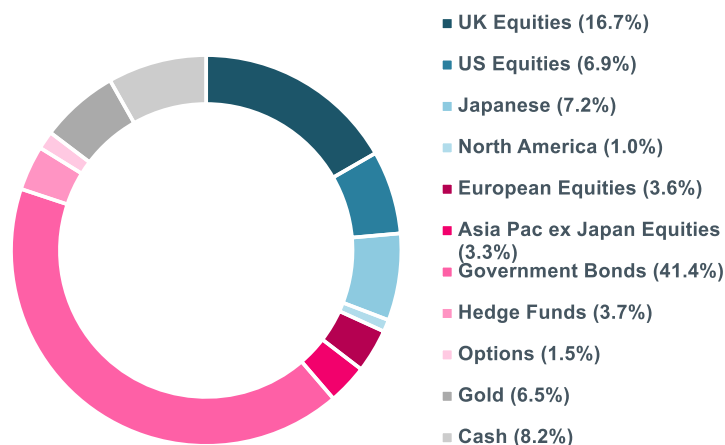
Performance was largely driven by equity exposure given the sharp rebound of economic activity as vaccine programmes continue to evolve. A further boost for the portfolio resulted from index-linked bonds, which contributed slightly less than 1% to the portfolio performance as bond yields fell back and bond prices rallied firstly as the market absorbed the sharp inflation rise in the first quarter, then as the Fed's acknowledgement of current inflation suggesting that everything was under control.

The portfolio position in Bitcoin was actively reduced through the quarter with the final sale taking place in April with bitcoin above \$50,000. The bitcoin position provided meaningful gains but Ruffer sees bitcoin as a "riskier" asset now and despite being interested in digital currencies over the longer term, they believe the portfolio can provide other layers of protections, such as interest rate options and credit default swaps to offset a negative contributor to the performance.

Fund Performance versus benchmark



Fund Asset Allocation



Alinda Infrastructure

Target: Absolute return of 8.0% p.a.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

At the beginning it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date.

The Alinda III Infrastructure fund is in the ramp-up stage, albeit nearing the end. The drawing down and deploying of capital has a tendency to skew and add volatility to the percentage return, in this case the combined percentage return. As the fund matures, we would expect this to normalise.

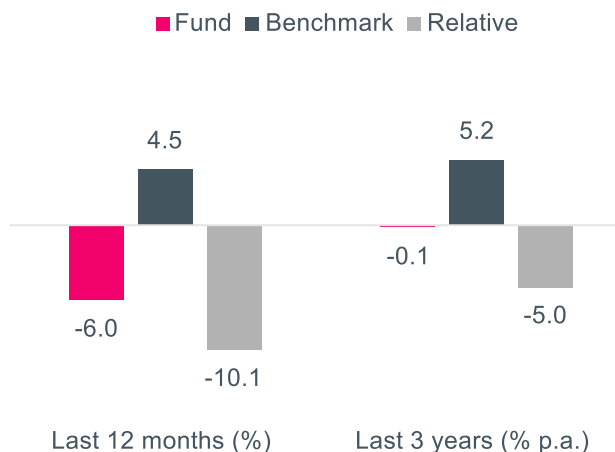
Remaining capital commitments as at 31 March 2021 are as follows:

Alinda II: \$3,458,896
Alinda III: \$7,861,913

The following net distributions (distributions less contributions) were made over Q1:

Alinda II: \$235,629
Alinda III: \$429,818

Fund performance vs benchmark



Summary as at 31 March 2021 (\$)

Alinda Fund II	
IRR (Gross)	5.5%
IRR (Net)	2.9%
Cash yield	6.9%
TVPI (Net)	1.2x

Alinda Fund III	
IRR (Gross)	20.6%
IRR (Net)	13.1%
Cash yield	10.1%
TVPI (Net)	1.3x

LCIV Infrastructure

Target: Absolute return of 8.0-10.0% p.a.

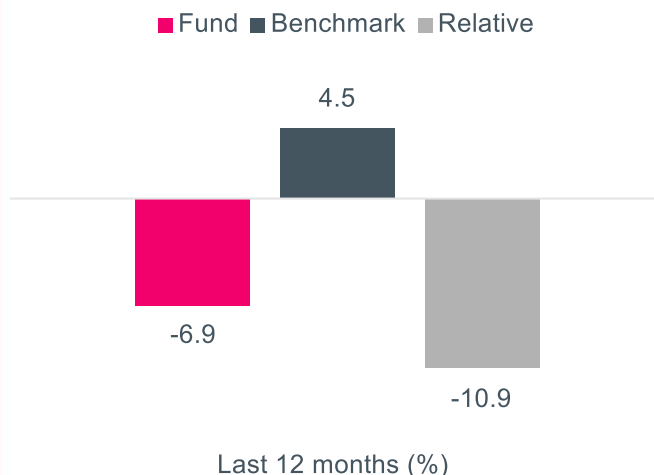
The LCIV Infrastructure fund is managed by Stepstone.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

At this stage of investment, it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date. We will be able to provide TVPI figures in future reports.

The LCIV Infrastructure fund is in the ramp-up stage, with a further £1.4m drawn down over Q2, bringing the NAV at 30 June 2021 to £13.2m.

Fund performance vs benchmark

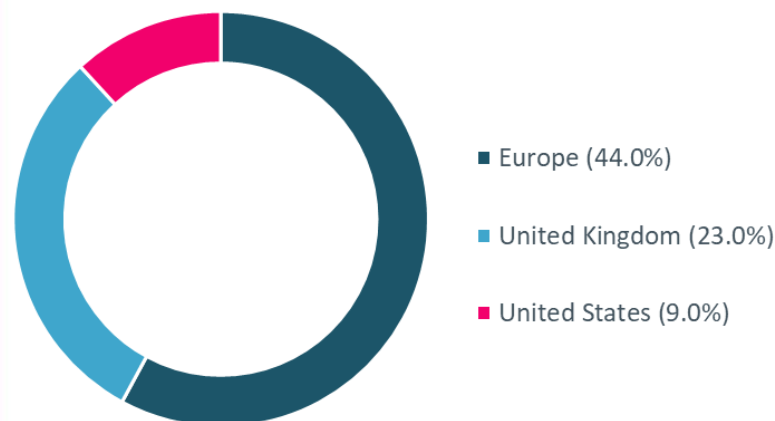


Fund Statistics as at 30 June 2021

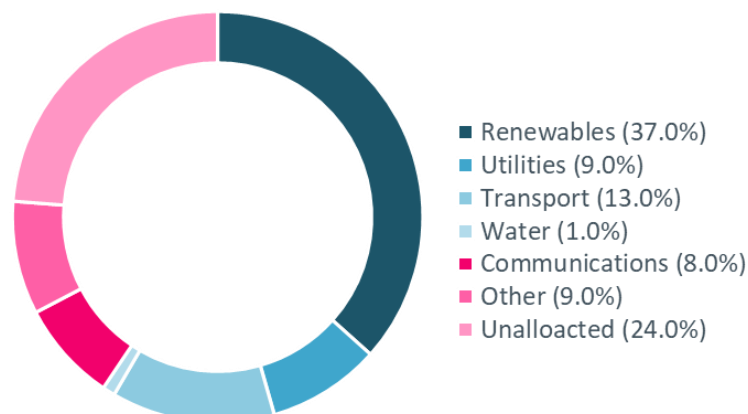
Capital committed	£50.0
Total contributed	£13.6
Distributions	£0
Value created	(£0.4)
Net asset value *	£13.2

*as provided by Northern Trust

Fund Geographical Allocation



Fund Sector Allocation



Capital Dynamics Infrastructure

Target: Absolute return of 8.0% p.a.

The Fund's holdings are currently solely held within the Capital Dynamics Clean Energy and Infrastructure fund.

The two key metrics to assess performance for infrastructure investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

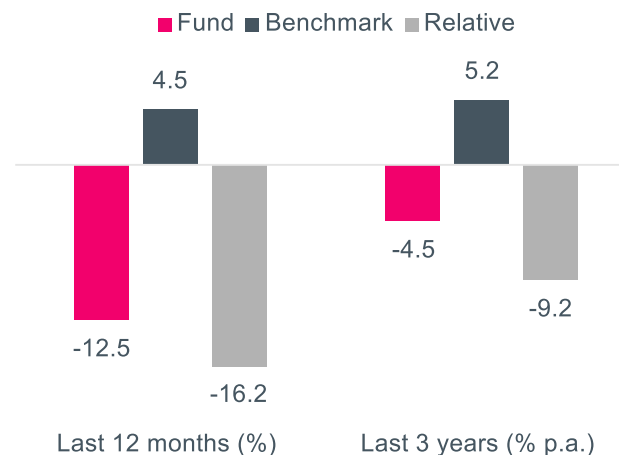
With the fund having deployed most of the capital commitment it is appropriate to assess performance on both measures.

Reporting on underlying commitments is as at 31 March 2021 due to the lag in reporting from the manager, which is typical for funds of this nature.

As can be seen by both the IRR and TVPI, performance has been lower than expected to date.

This level of performance is primarily driven by challenges experienced by one project in particular which represents a material proportion of the fund. This is a Texas wind power project, which the manager has previously acknowledged.

Fund performance vs benchmark



Summary as at 31 March 2021 (figures in \$m where applicable)

Capital committed \$15.0

Total contributed \$14.7

Distributions \$1.2

Value created (\$6.2)

Net asset value \$7.3

Net IRR since inception (7.5%)

Total value-to-paid-in-ratio (TVPI) 0.61x

LCIV CQS Multi Credit

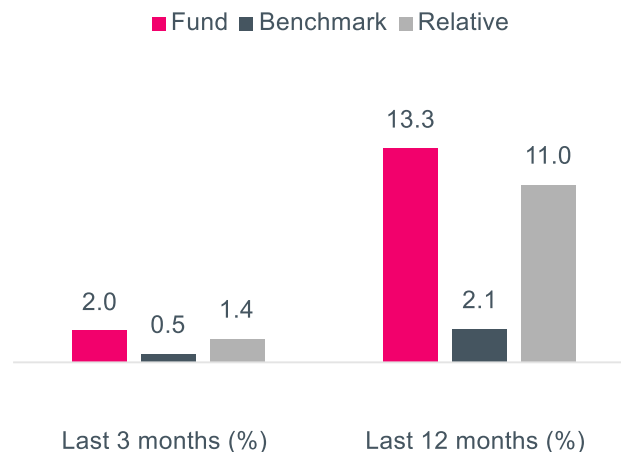
Over the second quarter of 2021 the LCIV's multi-asset credit strategy returned 2.0% against a benchmark of 0.5%. 12 month performance has been strong, with the fund returning 13.3%.

The second quarter was constructive for credit markets, with issuers' fundamentals supported by continued economic recovery and the steady progress of vaccination programmes.

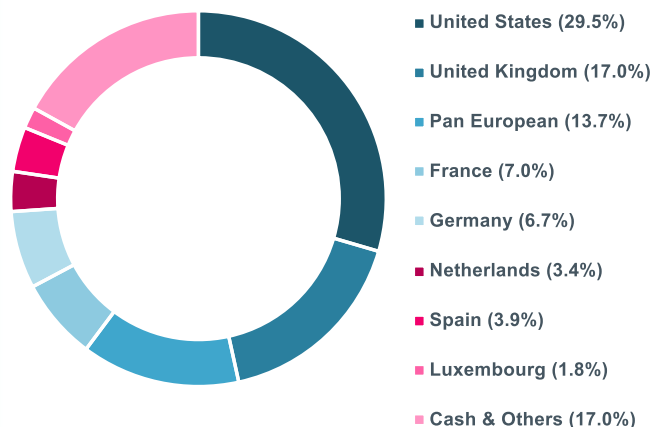
Senior secured loans contributed most to returns, with strong performance from US and European books. During the quarter high yield bonds, in particular US high yield, outperformed the investment grade market and despite a structurally lower allocation to US high yield, the investment manager's security selection contributed to performance significantly.

Asset backed securities continues to deliver low but steady returns whereas Financials continue to outperform through the retracement, in particular in Europe.

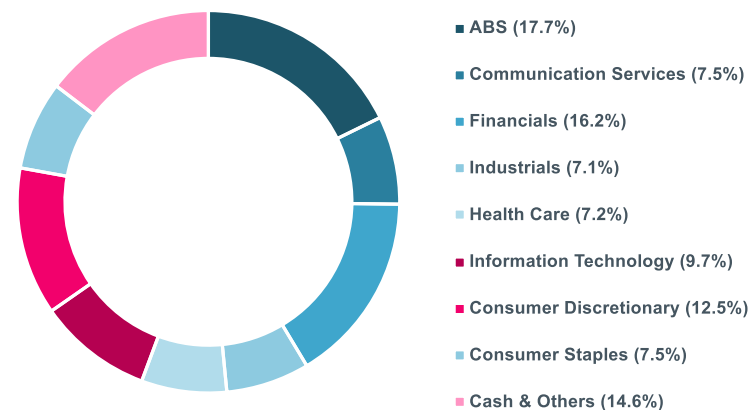
Fund performance vs benchmark



Country Weights



Sector Weights



BlackRock UK Gilts

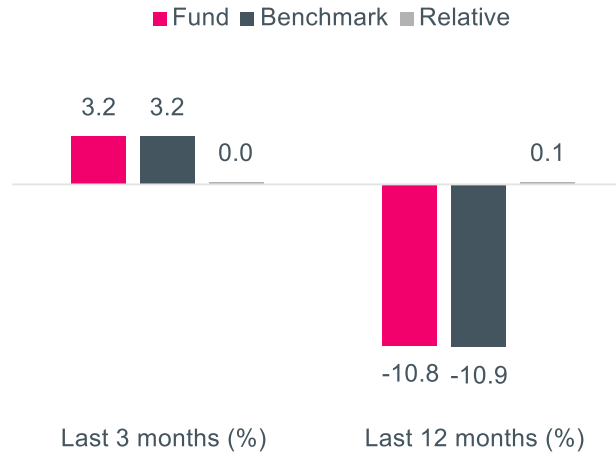
BlackRock were appointed in March 2019 to oversee the Fund's bond allocation.

It is a passively managed mandate aimed at matching the FTSE UK Gilts Over 15 Yrs index.

Over the quarter the fund returned 3.2% as gilt yields fell. The mandate has a long duration and is therefore more sensitive to changes in yields. This is reflected in the 12 month performance figure which captures some of the yield bounce back witnessed since the initial fall at the onset of the pandemic.

In periods of volatility, gilts offer downside protection due to their 'safe haven' status.

Fund performance vs benchmark



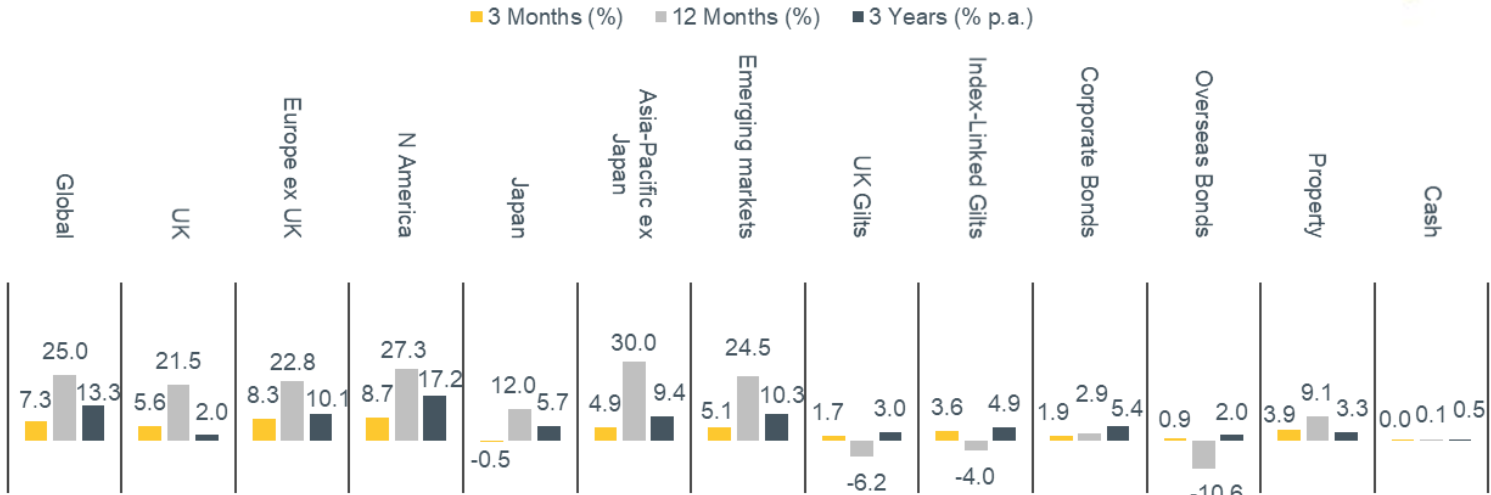
Amid accumulating evidence of the effectiveness of vaccines, the deployment of large US fiscal stimulus, and greater economic resilience to the latest waves of COVID-19, growth forecasts continued to see upwards revisions. A very sharp rebound in global GDP growth is expected to have been recorded in Q2 as restrictions eased in the major advanced economies. Leading indicators, such as PMI business surveys, have reached multi-year highs and suggest growth momentum remains strong.

Global equities have risen 7.1% (Local Currency) in Q2. Cyclical, shorter-duration sectors, such as financials, industrials and basic materials, and styles, such as value and small-cap, have underperformed, having outperformed significantly since the initial positive vaccine news in November last year. Conversely, technology, with its longer-duration growth characteristics, outperformed during Q2.

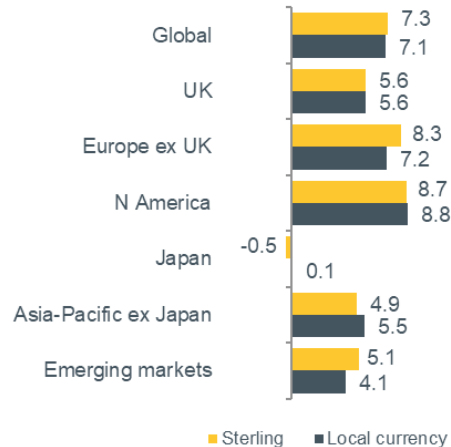
From a regional perspective, Japan has materially underperformed as a resurgence in new COVID-19 cases led to new restrictions. Outperformance by the technology sector helped North America to outperform.

Supply and demand imbalances, largely due to pandemic-induced shortages, and a weak base of comparison in 2020 suggest UK headline CPI will increase above May's 2.1% year-on-year rise. June's 5.0% year-on-year increase in US headline CPI exceeded expectations. However, most forecasters and central bankers expect the inflationary spike will prove temporary.

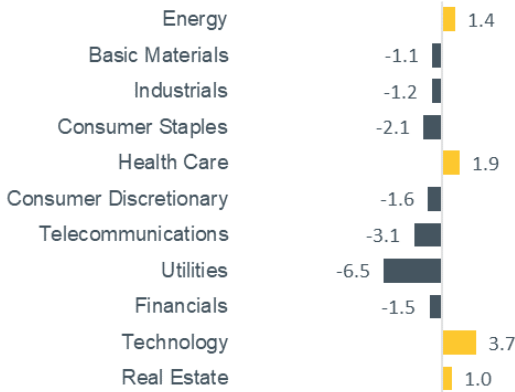
Historic returns for world markets ^[1]



Regional equity returns ^[2]



Global equity sector returns (%) ^[3]



Source: DataStream. ^[1] Returns shown in Sterling terms. Indices shown (from left to right) are: FTSE All World, FTSE All Share, FTSE AW Developed Europe ex-UK, FTSE North America, FTSE Japan, FTSE AW Developed Asia Pacific ex-Japan, FTSE Emerging, FTSE Fixed Gilts All Stocks, FTSE Index-Linked Gilts All Maturities, iBoxx Corporates All Investment Grade All Maturities, JP Morgan GBI Overseas Bonds, MSCI UK Monthly Property; UK Interbank 7 Day. ^[2] FTSE All World Indices. Commentary compares regional equity returns in local currency. ^[3] Returns shown in Sterling terms and relative to FTSE All World. FTSE indices migrated to a new ICB structure in Q1 2021.

On news that the Fed expects to increase its policy rate twice in 2023, short-term yields rose, and longer-term yields fell. Despite upside inflation surprises, US 10-year treasury yields fell 0.3% p.a. to 1.5% p.a. and UK yields fell 0.1% p.a. to 0.7% p.a. The gathering pace of vaccine roll out in the eurozone helped equivalent German yields rise 0.1% p.a.

UK 10-year Implied inflation, as measured by the difference between conventional and inflation-linked bonds of the same maturity, fell from 3.7% p.a. to 3.5% p.a. as nominal yields fell relative to real yields.

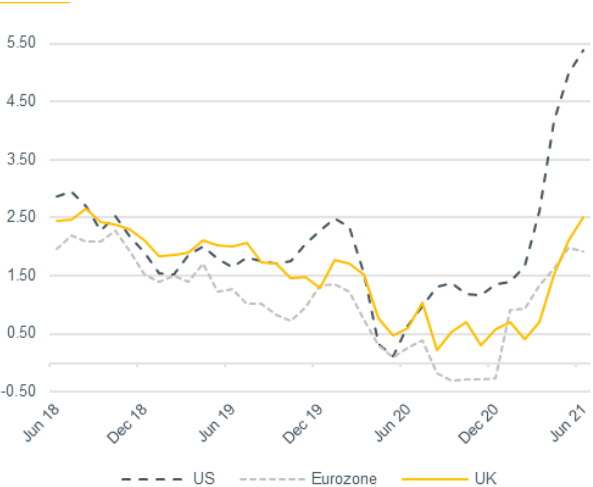
Despite rising 1.4% in June on the back of higher near-term rate expectations, the trade-weighted dollar has weakened 1.6% since the end of March, as the global economic recovery became broader based. Sterling has weakened marginally in trade-weighted terms, down 0.5% since the end of March.

Despite slipping 7% in the wake of the Fed meeting in June, gold prices were still up 3.6% over the quarter while oil prices rose strongly.

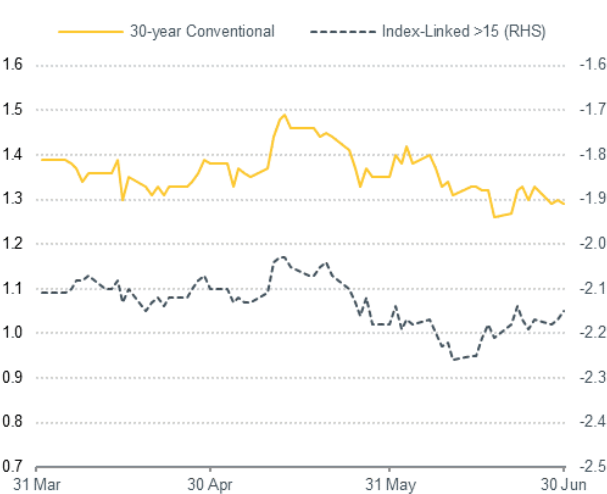
Global credit spreads continued to trend lower in-line with declining default rates and improving credit fundamentals.

Rolling 12-month UK Monthly Property Index metrics have improved as March 2020 values fell out of the comparison. The rolling 12-month total return on the index was 9.1% to end-June, with monthly returns positive since July 2020. Capital values, in aggregate, have risen 3.4% over the last 12 months, with values rising month-on-month since November 2020: Industrial capital values are responsible for the rise, having risen 17.9% over the last 12 months, while retail and office values have fallen, by 5.4% and 3.4%, respectively. The office sector has been experiencing the largest capital declines in recent months.

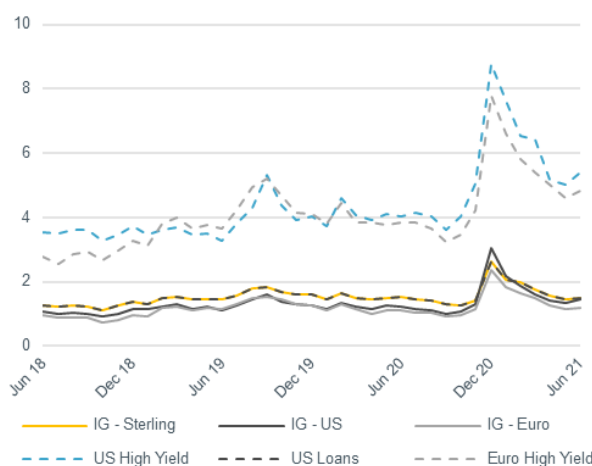
Annual CPI Inflation (% p.a.)



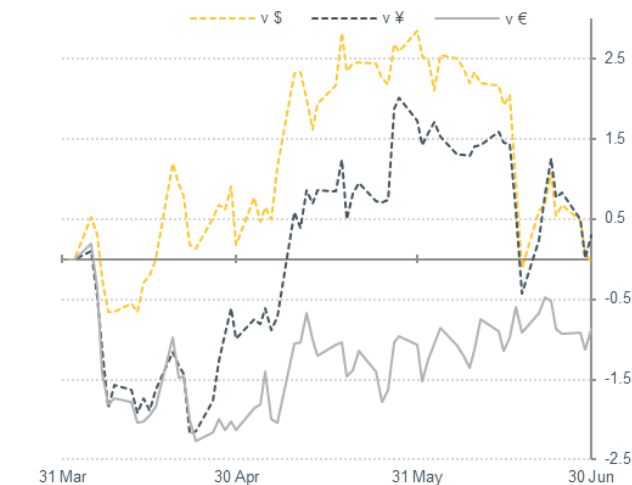
Gilt yields chart (% p.a.)



Investment and speculative grade credit spreads (% p.a.)



Sterling trend chart (% change)



Source: DataStream, Barings and ICE

Hymans Rating

Preferred	Our highest rated managers in each asset class. These should be the strategies we are willing to put forward for new searches.
Positive	We believe there is a strong chance that the strategy will achieve its objectives, but there is some element that holds us back from providing the product with the highest rating.
Suitable	We believe the strategy is suitable for pension scheme investors. We have done sufficient due diligence to assess its compliance with the requirements of pension scheme investors but do not have a strong view on the investment capability. The strategy would not be put forward for new searches based on investment merits alone.
Negative	The strategy is not suitable for continued or future investment and alternatives should be explored.
Not Rated	Insufficient knowledge or due diligence to be able to form an opinion.

Responsible Investment

Strong	Strong evidence of good RI practices across all criteria and practices are consistently applied.
Good	Reasonable evidence of good RI practices across all criteria and practices are consistently applied.
Adequate	Some evidence of good RI practices but practices may not be evident across all criteria or applied inconsistently.
Weak	Little to no evidence of good RI practices.
Not Rated	Insufficient knowledge to be able to form an opinion on.

Risk Warning

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investment in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

In some cases, we have commercial business arrangements/agreements with clients within the financial sector where we provide services. These services are entirely separate from any advice that we may provide in recommending products to our advisory clients. Our recommendations are provided as a result of clients' needs and based upon our independent research. Where there is a perceived or potential conflict, alternative recommendations can be made available.

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Geometric v Arithmetic Performance

Hymans Robertson are among the investment professionals who calculate relative performance geometrically as follows:


$$\frac{(1 + \text{Fund Performance})}{(1 + \text{Benchmark Performance})} - 1$$

Some industry practitioners use the simpler arithmetic method as follows:

$$\text{Fund Performance} - \text{Benchmark Performance}$$

The geometric return is a better measure of investment performance when compared to the arithmetic return, to account for potential volatility of returns.

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

	Pensions Fund Sub-Committee 05 October 2021 Pension Board 2 November 2021
	Report from the Director of Finance
Brent Pension Fund: Annual Report and Accounts 2020/21	

Wards Affected:	All
Key or Non-Key Decision:	n/a
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Three Appendix 1 Brent Pension Fund Accounts 2020/21 Appendix 2 Brent Pension Fund Audit Findings Appendix 3 Independent Auditors report on Brent Pension Fund Financial Statements
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance 020 8937 4043 Minesh.Patel@brent.gov.uk Ravinder Jassar, Deputy Director of Finance 020 8937 1487 Ravinder.Jassar@brent.gov.uk Flora Osiyemi, Head of Finance 020 8937 2998 Flora.Osiyemi@brent.gov.uk Sawan Shah, Senior Finance Analyst 020 8937 1955 Sawan.Shah@brent.gov.uk Rubia Jalil, Finance Analyst 020 8937 1855 Rubia.jalil@brent.gov.uk

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1.0 Purpose of the Report

- 1.1 This report provides an update on the Pension Fund Annual Accounts for the year ended 31 March 2021.

2.0 Recommendation(s)

- 2.1 The Committee is recommended to note:

- The current position on the Brent Pension Fund Accounts 2020/21; and
- Progress on the 2020/21 Annual Report.

3.0 Detail

Statement of Accounts

- 3.1 Attached in Appendix 1 are the latest version of the Pension Fund Annual Accounts for the year ended 31 March 2021.
- 3.2 At the time of writing, audit fieldwork is substantially complete, with only a handful of outstanding items. The auditors are now working on completing their closing procedures and final reviews with a view to sign off the audit shortly after the Audit and Standards Advisory Committee meeting on 22nd September. Based on the current position Grant Thornton intends to give unqualified opinions on the Pension Fund accounts and a clear value for money conclusion.
- 3.3 The accounts have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (the Code) governing the preparation of the 2020/21 financial statements for Local Government Pension Scheme funds. The accounts aim to give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2021. The audit of the accounts commenced in July, and needs to be completed by the 30th November.
- 3.4 The main items to note are as follows:
- During 2020/21, the value of the Pension Fund's investments has increased to £1,032m (2019/20 £835m). This is largely due to the bounce back in markets which has followed the steep falls seen at the start of the COVID-19 pandemic, as well as strong performance from the Fund's investment managers.
 - Total contributions received from employers and employees were £61m for the year, an increase on the previous year's £60m.

- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £42m, a decrease on the previous year's £48m.
- As in 2019/20, the Council is in a positive cash-flow position because its contributions exceed its outgoings to members.

Pension Fund Annual Report

3.5 Officers are currently in the process of preparing the Pension Fund annual report. This will be followed by a review of the annual report by Grant Thornton. Regulations require the annual report to be published on or before 1st December. The Fund will publish the report on completion of the audit process and before the required deadline.

4.0 Financial Implications

4.1 Not applicable.

5.0 Legal Implications

5.1 Not applicable.

6.0 Equality Implications

6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable.

8.0 Human Resources

8.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

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Brent Pension Fund Accounts

Pension Fund Accounts as at 31 March 2021

2019/20 £m		Notes	2020/21 £m
	Dealings with members, employers and others directly involved in the fund		
(60.0)	Contributions	7	(60.9)
(5.2)	Transfers in from other pension funds	8	(5.9)
(65.2)			(66.8)
47.9	Benefits	9	42.3
6.2	Payments to and on account of leavers	10	5.3
54.2			47.6
(11.1)	Net (additions)/withdrawals from dealings with members		(19.2)
3.8	Management expenses	11	4.2
(7.3)	Net (additions)/withdrawals including management expenses		(15.0)
	Returns on investments		
(1.2)	Investment income	12	(0.7)
0.0	Taxes on income	13	0.0
34.1	(Profits) and losses on disposal of investments and changes in the market value of investments	14	(176.1)
32.9	Net return on investments		(176.8)
25.6	Net (increase)/decrease in the net assets available for benefits during the year		(191.8)
(864.6)	Opening net assets of the scheme		(839.0)
(839.0)	Closing net assets of the scheme		(1,030.7)

Net Assets Statement

31 March 2020 £m		Notes	31 March 2021 £m
835.3	Investment assets	14	1,032.3
835.3			1,032.3
4.0	Current assets	20	1.5
0.0	Non-current assets	20	0.0
(0.4)	Current liabilities	21	(3.1)
839.0	Net assets of the fund available to fund benefits at the end of the reporting period		1,030.7

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2021 but excludes long-term liabilities to pay pensions and benefits in future years. The actuarial present value of promised retirement benefits is disclosed in Note 18.

Notes to the Brent Pension Fund accounts

1. Description of Fund

The Brent Pension Fund (the 'Fund') is part of the Local Government Pension Scheme, and is administered by Brent Council.

The following description of the Fund is a summary only.

a) General

The Fund is a contributory defined benefit pension scheme administered by Brent Council to provide pensions and other benefits for pensionable employees of Brent Council and a range of other scheduled and admitted bodies.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Brent Pension Fund include:

Scheduled bodies whose staff are automatically entitled to be members of the Fund. Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 41 employer organisations with active members within the Brent Pension Fund at 31 March 2021, listed below:

Scheduled bodies

London Borough of Brent
Alperton Community School
ARK Academy
ARK Elvin Academy
ARK Franklin Academy
Braintcroft Primary School
Capital City Academy
Claremont High School Academy
Compass Learning Partnership
Convent of Jesus & Mary Language College
Crest Academy
Furness Primary School
Gladstone Park Primary School
Kingsbury High School
Manor School
Michaela Community School
North West London Jewish Day School

Oakington Manor Primary School
 Our Lady of Grace RC Infants School
 Our Lady of Grace RC Juniors School
 Preston Manor High School
 Queens Park Community School
 St Andrews and St Francis School
 St Gregory's RC High School
 St Margaret Clitherow School
 Sudbury Primary School
 The Village School
 Wembley High Technology College
 Woodfield School Academy

Admitted bodies

Apleona HSG Ltd (previously Bilfinger originally Europa Facility Services Limited)
 Barnardos
 Caterlink
 Conway Aecom
 Edwards and Blake
 Local Employment Access Project (LEAP)
 National Autistic Society (NAS)
 Ricoh UK
 Sudbury Neighbourhood Centre
 Taylor Shaw
 Veolia
 Veolia (Ground Maintenance)

31 March 2020	Brent Pension Fund	31 March 2021
40	Number of employers with active members	41
Number of employees in scheme		
5,239	Brent Council	4,457
1,834	Other employers	1,928
7,073	Total	6,385
Number of pensioners		
6,320	Brent Council	6,157
666	Other employers	703
6,986	Total	6,860
Deferred pensioners		
6,975	Brent Council	7,025
935	Other employers	1,163
7,910	Total	8,188

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2021. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. During 2020/21, the most commonly applied employer contribution rate within the Brent Pension Fund was 35.0% of pensionable pay.

d) Benefits

Since April 2014, the scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate 1/49th. Accrued pension is updated annually in line with the Consumer Price index.

For a summary of the scheme before April 2014 and details of a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits, please refer to the LGPS website: www.lgpsmember.org

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2020/21 financial year and its position at year-end as at 31 March 2021. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 18 of these accounts.

3. Summary of significant accounting policies

Fund Account – revenue recognition

a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see section o below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Administration expenses

All administration expenses are accounted for on an accruals basis. All staff costs of the pensions' administration team are charged direct to the Fund. Management, accommodation and other overheads are apportioned to the Fund in accordance with Council policy.

g) Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

The cost of obtaining investment advice from external consultants is included in investment management charges.

Net Assets Statement

h) Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the Net Assets Statement have been determined as follows:

- i) Market-quoted investments
The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.
- ii) Fixed interest securities
Fixed interest securities are recorded at net market value based on their current yields.
- iii) Unquoted investments
The fair value of investments for which market quotations are not readily available is determined as follows:
 - Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.
 - Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.

- Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
 - Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
 - Investments in private equity/infrastructure funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity/infrastructure fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.
- iv) Limited partnerships
Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.
- v) Pooled investment vehicles
Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

i) Contingent Assets

Admitted body employers in the Brent Pension Fund hold bonds to guard against possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default. Contingent Assets are disclosed in Note 24.

j) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

k) Derivatives

The Fund does not use derivative financial instruments to manage its exposure to specific risks arising from its investment activities in its own name. Neither does it hold derivatives for speculative purposes.

l) Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

m) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 18).

o) Additional voluntary contributions

Brent Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2016/946) but are disclosed as a note only (Note 21).

4. Critical judgements in applying accounting policies

Unquoted private equity/infrastructure investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities and infrastructure investments are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities and infrastructure investments at 31 March 2021 was £81m (£84m at 31 March 2020).

Pension fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 18. This estimate is subject to significant variances based on changes to the underlying assumptions.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Net Assets Statement at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £185m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £10m, and a one-year increase in assumed life expectancy would increase the liability by around 3 to 5%.
Private equity/infrastructure	Private equity/infrastructure investments are valued at fair value in accordance with British Venture Capital Association guidelines. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity/infrastructure investments in the financial statements are £81m. There is a risk that this investment may be under- or overstated in the accounts.
Effect of Coronavirus pandemic on investment valuations	Due to the uncertainties in the financial markets caused by the current Coronavirus pandemic, there is an increased risk that the valuation of the Fund's level 3 investments may be affected and the valuations may be mis-stated. The Fund's private equity and infrastructure investments are usually valued in the accounts based on the 31st December valuations, with adjustments to roll forward cashflows to 31st March as appropriate and therefore do not fully take into account recent events relating to the Covid-19 pandemic.	There is a risk that this investment may be under- or overstated in the accounts. The Fund's investment advisors estimate this to be up +/- 27.1% of the reported value. Further detail is provided in note 16.

6. Events after the Reporting Date

There have been no events since 31 March 2021, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. Contributions receivable

By category

	2019/20	2020/21
	£m	£m
Employees' contributions	8.5	9.5
Employers' contributions:		
Normal contributions	45.6	47.4
Deficit recovery contributions	1.7	1.7
Augmentation contributions	4.3	2.3
Total employers' contributions	51.5	51.4
Total	60.0	60.9

By authority

	2019/20	2020/21
	£m	£m
Administering Authority	47.8	47.9
Scheduled bodies	10.3	11.6
Admitted bodies	1.8	1.5
Total	60.0	60.9

8. Transfers in from other pension funds

	2019/20	2020/21
	£m	£m
Individual transfers	5.2	5.9
Total	5.2	5.9

9. Benefits payable

By category

	2019/20	2020/21
	£m	£m
Pensions	38.6	37.5
Commutation and lump sum retirement benefits	8.5	4.1
Lump sum death benefits	0.8	0.7
Total	47.9	42.3

By authority

	2019/20	2020/21
	£m	£m
Administering Authority and Scheduled bodies	47.4	42.1
Admitted bodies	0.5	0.2
Total	47.9	42.3

10. Payments to and on account of leavers

	2019/20	2020/21
	£m	£m
Individual transfers	5.9	5.0
Refunds to members leaving service	0.3	0.3
Group transfers	0.0	0.0
Total	6.2	5.3

11. Management Expenses

	2019/20	2020/21
	£m	£m
Administration costs	1.1	1.8
Investment management expenses	2.4	2.2
Oversight and Governance costs	0.3	0.2
Other expenses	0.0	0.0
Total	3.8	4.2

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments. Audit fees were £32.8k (£25k 2019/20).

a) Investment management expenses

	2019/20	2020/21
	£m	£m
Management fees	2.3	2.1
Custody fees	0.0	0.1
One-off transaction costs	0.0	0.0
Total	2.3	2.2

	2020/21	Management fees	Custody fees	One-off transaction costs
Fund Manager	Total			
	£m	£m	£m	£m
Aviva	0.0	0.0	0.0	0.0
Alinda	0.3	0.3	0.0	0.0
Capital Dynamics	0.5	0.5	0.0	0.0
LGIM	0.0	0.0	0.0	0.0
LCIV MAC	0.2	0.2	0.0	0.0
LCIV Emerging Markets	0.2	0.2	0.0	0.0
LCIV Baillie Gifford DGF	0.5	0.5	0.0	0.0
LCIV Ruffer	0.4	0.4	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
Northern Trust (Fund Custodian)	0.1	0.0	0.1	0.0
Cash	0.0	0.0	0.0	0.0
Total	2.2	2.1	0.1	0.0

Fund Manager	2019/20 Total	Management fees	Custody fees	One-off transaction costs
	£m	£m	£m	£m
Aviva	0.0	0.0	0.0	0.0
Alinda	0.6	0.6	0.0	0.0
Capital Dynamics	0.6	0.6	0.0	0.0
LGIM	0.0	0.0	0.0	0.0
LCIV MAC	0.2	0.2	0.0	0.0
LCIV Emerging Markets	0.1	0.1	0.0	0.0
LCIV Baillie Gifford DGF	0.3	0.3	0.0	0.0
LCIV Ruffer	0.4	0.4	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
Northern Trust (Fund Custodian)	0.0	0.0	0.0	0.0
Cash	0.1	0.0	0.1	0.0
Total	2.3	2.2	0.1	0.0

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability (see Appendix A, paragraph AG13 of IAS 39). An incremental cost is one that would not have been incurred if the authority had not acquired, issued or disposed of the financial instrument.

12. Investment income

	2019/20	2020/21
	£m	£m
Dividend income private equities/infrastructure	0.5	0.4
Income from Pooled property investments	0.1	0.0
Income from private equities/infrastructure	0.3	0.2
Interest on cash deposits	0.3	0.1
Total	1.2	0.7

13. Investments

	Market value 31 March 2020	Market value 31 March 2021
	£m	£m
Investment assets		
Pooled investments	697.0	897.4
Pooled property investments	0.1	0.0
Private equity/infrastructure	84.3	81.1
Total investments	781.4	978.5

13a) Investments 20/21

	Market value 1 April 2020	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2021
	£m	£m	£m	£m	£m
Pooled investments	697.0	68.0	(57.3)	189.7	897.4
Pooled property investments	0.1	0.0	0.0	(0.2)	0.0
Private equity/infrastructure	84.3	19.2	(9.0)	(13.4)	81.1
	781.4	87.2	(66.3)	176.1	978.5
Other investment balances: Cash Deposit	53.9				53.8
Investment income due	0.0				0.0
Net investment assets	835.3				1,032.3

Investments 19/20

	Market value 1 April 2019	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2020
	£m	£m	£m	£m	£m
Pooled investments	737.7	0.0	(1.2)	(39.5)	697.0
Pooled property investments	0.2	0.0	(3.3)	3.2	0.1
Private equity/infrastructure	95.0	3.2	(16.1)	2.2	84.3
	832.9	3.2	(20.6)	(34.1)	781.4
Other investment balances: Cash Deposit	23.5				53.9
Investment income due	0.0				0.0
Net investment assets	856.4				835.3

13b) Analysis of investments by category

	31 March 2020 £m	31 March 2021 £m
Pooled funds - additional analysis		
UK		
Fixed income unit trust	30.6	42.8
Unit trusts	212.1	191.9
Diversified growth funds	160.9	221.5
Overseas		
Unit trusts	293.4	441.2
Total Pooled funds	697.0	897.4
Pooled property investments	0.1	0.0
Private equity/infrastructure	84.3	81.1
Total investments	781.4	978.5

13c) Investments analysed by fund manager

Market value					
31 March 2020			31 March 2021		
£m	%		£m	%	
387.5	49.6%	Legal & General	501.1	51.2%	
0.2	0.0%	London CIV	0.2	0.0%	
25.2	3.2%	JP Morgan	48.8	5.0%	
59.2	7.6%	Capital Dynamics	46.2	4.7%	
110.8	14.2%	LCIV - Baillie Gifford	130.7	13.4%	
50.1	6.4%	LCIV - Ruffer	90.8	9.3%	
30.6	3.9%	LCIV- MAC (CQS)	42.8	4.4%	
0.5	0.1%	LCIV - Infrastructure	11.8	1.2%	
0.1	0.0%	Aviva	0.0	0.0%	
24.6	3.1%	Alinda	23.1	2.4%	
92.6	11.9%	Blackrock	83.0	8.5%	
781.4	100.0		978.5	100.0	

The following investments represent over 5% of the net assets of the fund. All of these companies are registered in the United Kingdom.

Security	Market value 31 March 2020	% of total fund	Market value 31 March 2021	% of total fund
L&G - Global Equities	293.4	35.1%	441.2	42.7%
L&G - UK Equities	94.1	11.3%	59.9	5.8%
Blackrock - Over 15 year Gilts	92.6	11.1%	83	8.0%
LCIV - Baillie Gifford DGF	110.8	13.3%	130.7	12.7%
LCIV - Ruffer DGF	50.1	6.0%	90.8	8.8%
Cash	53.9	6.5%	53.8	5.2%

d) Stock lending

The London Borough of Brent Pension Fund does not operate a Stock Lending programme.

14a. Valuation of financial instruments carried at fair value

The basis of the valuation of each asset class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cash flows, and by any differences between audit and unaudited accounts

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with our independent investment advisor, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2021.

	Assessed valuation range (+/-)	Value at 31 March 2021	Value on increase	Value of decrease
		£m	£m	£m
Private equity/ Infrastructure	27.1%	81.1	103.0	59.2

14b. Fair value hierarchy

The valuation of financial instruments had been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and fund of hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Brent Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Transfers between levels will be recognised when there has been a change to observable mark data (improvement or reduction) or other change in valuation technique.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2021	Quoted market price Level 1	Using observable inputs Level 2	With significant unobservable inputs Level 3	Total
	£m	£m	£m	£m
Financial assets				
Financial assets at fair value through profit and loss	0.0	897.4	81.1	978.5
Loans and receivables	53.8	0.0	0.0	53.8
Total Financial assets	53.8	897.4	81.1	1,032.3
Financial liabilities				
Financial liabilities at amortised cost	(3.1)	0.0	0.0	(3.1)
Total Financial liabilities	(3.1)	0.0	0.0	(3.1)
Net Financial assets	50.7	897.4	81.1	1,029.2

Values at 31 March 2020	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets				
Financial assets at fair value through profit and loss	0.0	697.1	84.3	781.4
Loans and receivables	53.9	0.0	0.0	53.9
Total Financial assets	53.9	697.1	84.3	835.3
Financial liabilities				
Financial liabilities at amortised cost	(0.4)	0.0	0.0	(0.4)
Total Financial liabilities	(0.4)	0.0	0.0	(0.4)
Net Financial assets	53.5	697.1	84.3	834.9

14c. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year

14d. Reconciliation of Fair Value Measurements within Level 3

	£m
Value at 31 March 2020	84.3
Transfers into Level 3	0
Transfers out of Level 3	0
Purchases	19.2
Sales	(9.0)
Issues	0
Settlements	0
Unrealised gains/losses	0
Realised gains/losses	(13.4)
Value at 31 March 2021	81.1

15. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

31 March 2020			31 March 2021		
Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost
£m	£m	£m	£m	£m	£m
Financial assets					
697.0			897.4		
0.1			0.0		
84.3			81.1		
	53.9			53.8	
	4.0			1.5	
781.4	57.9	0.0	978.5	55.3	0.0
Financial liabilities					
		(0.4)			(3.1)
0	0	(0.4)	0	0	(3.1)
781.4	57.9	(0.4)	978.5	55.3	(3.1)

a) Net gains and losses on financial instruments

31 March 2020	31 March 2021
£m	£m
Financial assets	
(34.1)	176.1
(34.1)	176.1

b) Fair value of financial instruments and liabilities

The following table summarises the carrying values of the financial assets and financial liabilities by class of instrument compared with their fair values.

31 March 2020		31 March 2021	
Carrying Value	Fair Value	Carrying Value	Fair Value
£'000	£'000	£'000	£'000
Financial assets			
			Fair value through
781.4	781.4	978.5	profit and loss
57.9	57.9	55.3	Loans and receivables
839.3	839.3	1,033.8	Total financial assets
Financial liabilities			
			Financial liabilities at
(0.4)	(0.4)	(3.1)	amortised cost
(0.4)	(0.4)	(3.1)	Total financial liabilities

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

16. Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e., promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Sub-Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Pension Fund to ensure it is within limits specified in the Fund investment strategy.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the council has determined that the following movements in market price risk are reasonably possible for the 2020/21 reporting period. (Based on data as at 31 March 2021 using data provided by investment advisors scenario model). The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. Some of these sensitivities have risen significantly compared to last year. This reflects the prevailing volatility in the markets since the global outbreak of coronavirus. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Other price risk – sensitivity analysis

Asset Type	31/03/2021 Value (£m)	Potential market movements (+/-)
Bonds	125.8	7.3%
Equities	550.1	17.9%
Other Pooled investments	221.5	11.4%
Pooled Property investments	0	15.0%
Private Equity/Infrastructure	81.1	27.1%

Had the market price of the fund investments increased/decreased the change in the net assets available to pay benefits in the market price would have been as follows:

Asset Type	31/03/2021 Value	Potential value on increase	Potential value on decrease
Bonds	125.8	135.0	116.6
Equities	550.1	648.6	451.6
Other Pooled investments	221.5	246.8	196.2
Pooled Property investments	0.0	0.0	0.0
Private Equity/Infrastructure	81.1	103.0	59.2
Total	978.5	1,133.4	823.6

Interest rate risk exposure asset type

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2020 and 31 March 2021 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2020	31 March 2021
	£m	£m
Cash balances	53.9	53.8
UK Fixed income unit trust	30.6	42.8
Total	84.5	96.6

Asset type	Carrying amount as at 31 March 2021	+100BPS	(100)BPS
	£m	£m	£m
Cash balances	53.8	0.5	(0.5)
UK Fixed income unit trust	42.8	0.4	(0.4)
Total	96.6	1.0	(0.9)

Asset type	Carrying amount as at 31 March 2020	+100BPS	(100)BPS
	£m	£m	£m
Cash balances	53.9	0.5	(0.5)
UK Fixed income unit trust	30.6	0.3	(0.3)
Total	84.5	0.8	(0.8)

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The Fund's currency rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2021 and as at the previous period end:

Currency risk exposure – asset type	Asset value at 31 March 2020	Asset value at 31 March 2021
	£m	£m
Overseas unit trusts	293.4	441.2
Overseas pooled property investments	0.1	0.0
Overseas private equity/infrastructure	84.3	81.1
Total overseas assets	377.8	522.3

A 1% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Assets exposed to currency rate risk	Asset value as at 31 March 2021	+1%	(1)%
	£m	£m	£m
Overseas unit trusts	441.2	4.4	(4.4)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure	81.1	0.8	(0.8)
Total	522.3	5.2	(5.2)

Assets exposed to currency rate risk	Asset value as at 31 March 2020	+1%	(1)%
	£m	£m	£m
Overseas unit trusts	293.4	2.9	(2.9)
Overseas pooled property investments	0.1	0.0	(0.0)
Overseas private equity/infrastructure	84.3	0.8	(0.8)
Total	377.8	3.7	(3.7)

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Pension Fund's cash balance is held in an interest bearing instant access deposit account with NatWest plc, which is rated independently and meets Brent Council's credit criteria.

The Pension Fund believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2021 was £53.8m (31 March 2020: £54.0m). This was held with the following institutions:

	Rating	Balances as at 31 March 2020 £m	Balances as at 31 March 2021 £m
Bank deposit accounts			
NatWest	BBB+	0.8	0.9
Northern Trust		0.1	0.1
Money Market deposits	A+	53.1	52.8
Other short-term lending			
Local authorities		0.0	0.0
Total		54.0	53.8

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it has adequate cash resources to meet its pensioner payroll costs and investment commitments.

The Pension Fund has immediate access to its cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. At 31 March 2021 the value of illiquid assets was £81.1m, which represented 7.9% (31 March 2020: £84.4m, which represented 10.1%) of the total fund assets.

Periodic cash flow forecasts are prepared to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2021 are due within one year.

Liquidity Risk

	31-Mar-20	%	31-Mar-21	%
Pooled investments	697.0	83.4%	897.4	86.9%
Cash deposits	53.9	6.5%	53.8	5.2%
Investment income due	0.0	0.0%	0.0	0.0%
Total liquid investments	750.9	89.9%	951.2	92.1%
Pooled property investments	0.1	0.0%	0.0	0.0%
Private Equity/Infrastructure	84.3	10.1%	81.1	7.9%
Total illiquid investments	84.4	10.1%	81.1	7.9%
Total investments	835.3	100.0%	1,032.3	100%

d) Refinancing risk

The key risk is that the Pension Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. However, the Pension Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

17. Funding arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019. The next valuation will take place as at 31 March 2022.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e., that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the Scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 19 years from 1 April 2019 and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2019 actuarial valuation the Fund was assessed as 78% funded, which is a significant improvement to the 55% valuation at the 2016 valuation. This corresponded to a deficit of £248m (2016 valuation: £562m) at that time. As a result, a deficit recovery plan is in place which aims to achieve 100% funding over a period of 19 years from April 2019.

Contribution increases or decreases may be phased in over the three-year period beginning 31 March 2020 for both Scheme employers and admitted bodies. The most commonly applied employer contribution rate within the Brent Pension Fund is:

Year	Employers' contribution rate
2019/20	35.0%
2020/21	35.0%
2021/22	35.0%

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the funding strategy statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

The main actuarial assumptions used for the March 2019 actuarial valuation were as follows:

Discount rate	4.4% p.a.
Pay increases	2.6% p.a.
Pension increases	2.3% p.a.

Mortality assumptions

Future life expectancy based on the Actuary's fund-specific mortality review was:

Mortality assumption at age 65	Male	Female
Current pensioners	22.1 years	24.3 years

Commutation assumption

It is assumed that 50% of future retirements will elect to exchange pension for additional tax free cash up to HMRC limits for service to 1 April 2008 and 75% for service from 1 April 2008.

18. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the Fund's Actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 17). The Actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2021 was £1,917m (31 March 2020: £1,489m). This figure includes both vested and non-vested benefits, although the latter is assumed to have a negligible value. The Fund Accounts do not take account of liabilities to pay pensions and other benefits in the future.

The liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2019 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Financial assumptions

Inflation/pensions increase rate	2.85%
Salary increase rate	3.15%
Discount rate	2.00%

Longevity assumption

The average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.3 years	24.7 years
Future pensioners*	23.5 years	26.2 years

* Future pensioners are assumed to be currently aged 45

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Sensitivity Analysis

Sensitivity to the assumptions for the year ended 31 March 2021	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	9%	171
0.5% p.a. increase in the Salary Increase Rate	1%	10
0.5% p.a. decrease in the discount rate	10%	185

The principal demographic assumption is the longevity assumption. For sensitivity purposes, I estimate that a 1 year increase in life expectancy would approximately increase the liabilities by around 3-5%.

19. Assets

a) Current assets

	31 March 2020 £m	31 March 2021 £m
Debtors:		
- Contributions due – employees	0.7	0.2
- Contributions due – employers	2.9	0.7
- Sundry debtors	0.5	0.6
Total	4.0	1.5

Analysis of debtors

	31 March 2020 £m	31 March 2021 £m
Central government bodies	0.5	0.6
Other local authorities	3.5	0.9
Other entities and individuals	0.1	0.0
Total	4.1	1.5

Non- current assets comprises of contributions due from employers, repayable later than a year from the Balance Sheet date.

20. Current liabilities

	31 March 2020 £m	31 March 2021 £m
Group transfers	0.0	0.0
Sundry creditors	0.4	3.1
	0.4	3.1

Analysis of creditors

	31 March 2020	31 March 2021
	£m	£m
Central government bodies	0.0	0.0
Other entities and individuals	0.4	3.1
Total	0.4	3.1

21. Additional voluntary contributions

	Market value 31 March 2020	Market value 31 March 2021
	£m	£m
Clerical Medical	1.3	1.3
Equitable Life	0.2	0.2
Prudential	0.3	0.6
	1.8	2.1

The Pension Fund's former provider, Equitable Life, no longer accepts AVC contributions from Scheme members.

For information, Prudential has since replaced Clerical Medical as the Fund's AVC provider with effect from 1 April 2014.

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

22. Related party transactions

Brent Council

The Brent Pension Fund is administered by Brent Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £1.12m (2019/20: £0.997m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £37.3m to the Fund in 2020/21 (2019/20: £33.7m).

Governance

There are no members of the Pension Fund Sub-Committee who are either in receipt of pension benefits from or active members of the Brent Pension Fund. Each member of the Pension Fund Sub-Committee is required to declare their interests at each meeting.

Key management personnel

The key management personnel of the fund are the Chief Executive, the Director of Legal & HR, the Chief Finance Officer (s.151 officer) and the Head of Finance (Pensions). The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below:

	31st March 2020	31st March 2021
	£m	£m
Short Term Benefits	0.039	0.038
Post-Employment Benefits	0.011	0.012
Termination Benefits	0.000	0.000
Total Remunerations	0.050	0.050

23. Contingent liabilities

Outstanding capital commitments (investments) at 31 March 2021 totalled £58.4m (31 March 2020: £76.0m).

	31st March 2020	31st March 2021
	£m	£m
Capital Dynamics	13.9	12.6
Alinda Fund II	3.1	2.5
Alinda Fund III	9.5	5.7
London CIV Infrastructure Fund	49.5	37.6
Total	76.0	58.4

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.

24. Contingent Assets

Contingent assets

Two non-associated admitted body employers in the Brent Pension Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

	31st March 2020	31st March 2021
	£m	£m
Apleona HSG Limited (previously Bilfinger)	0.1	0.1
Conway Aecom	0.1	0.1
Total	0.2	0.2

25. Impairment Losses

The Fund had no impairment losses at 31 March 2021.

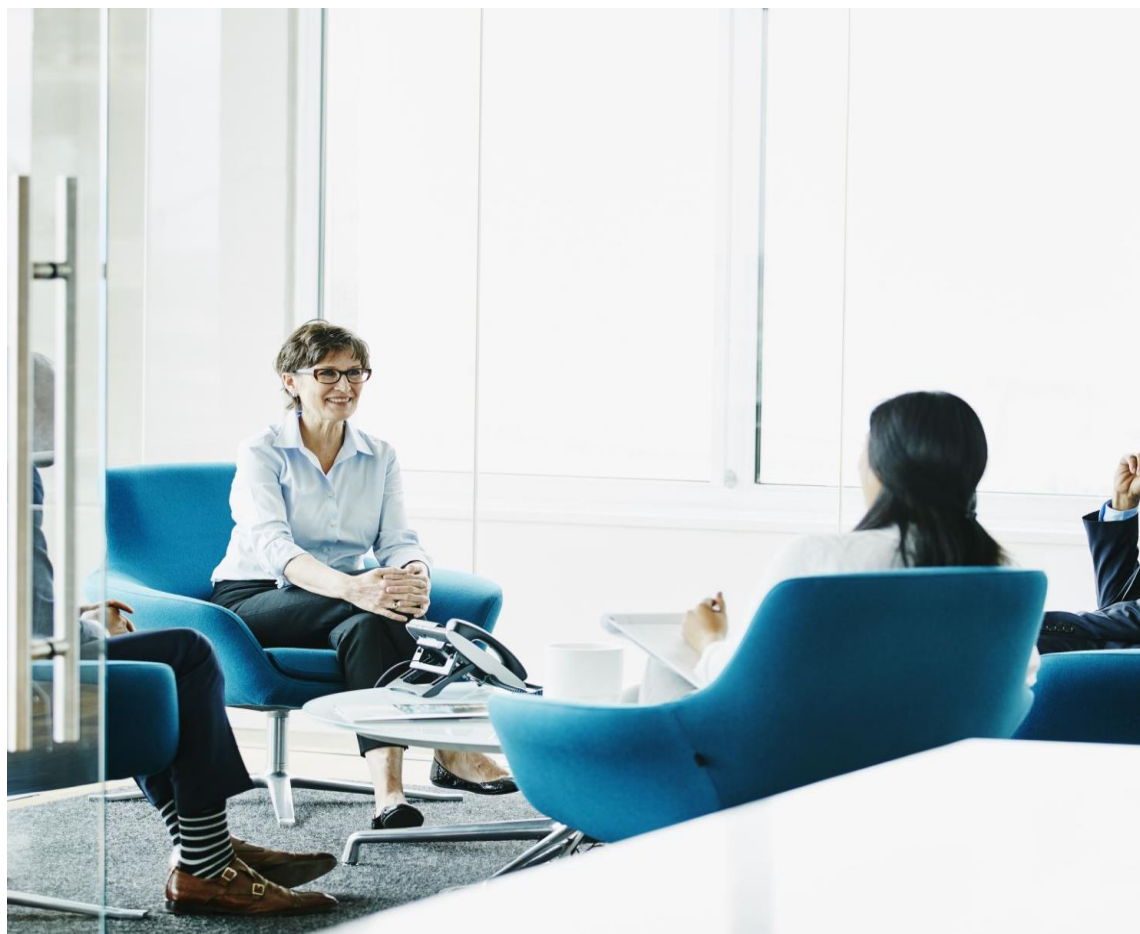
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Brent Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2021 for those charged with governance.

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Financial Statements	
<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:</p> <ul style="list-style-type: none">the Pension Fund's financial statements give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; andhave been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>Our audit work was completed on remotely during July-September. Our findings are summarised on pages 4 to 12. We have not identified any adjustments to the financial statements that have resulted in an adjustment to the Pension Fund's reported financial position.</p>	<p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion [Appendix C], subject to the following outstanding matters;</p> <ul style="list-style-type: none">response to the queries raised in relation to the contributions analytical review;final manager, and partner review of the audit file and resolution of any residual queries arising;receipt of management representation letter; andreview of the final set of financial statements. <p>We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.</p> <p>Our anticipated audit report opinion will be unmodified.</p>

2. Financial Statements

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Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit and Standards Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Standards Committee meeting on 22 September 2021, as detailed in Appendix C.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the performance materiality due to the actual net assets changing significantly from that at the planning stage resulting in a review of the appropriateness of the materiality figure.

We detail in the table below our determination of materiality for Brent Pension Fund.

Pension Fund Amount (£) Qualitative factors considered

Materiality for the financial statements	£10,300,000
Performance materiality	£6,180,000
Trivial matters	£515,000



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Fund faces external scrutiny of its spending and stewardship of funds and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk requiring special audit consideration.

We have:

- Evaluated the design effectiveness of management controls over journals;
- Analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- Identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; and
- Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.

Our audit work has not identified any issues in respect of management override of controls.



2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
<p>Valuation of Level 3 investments</p> <p>You revalue your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date.</p> <p>By their nature, level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA 315, significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2021.</p> <p>We therefore identified valuation of Level 3 investments as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> - Evaluated management's processes for valuing Level 3 investments; - Reviewed the nature and basis of estimated values and considered the assurance management has over the year-end valuations provided for these types of investments, against the requirements of the Code; - Independently requested year-end confirmations from investment managers and custodian; - Obtained audited financial statements for Capital Dynamics (Private Equity/infrastructure) and Alinda (Infrastructure) as at 31 December 2020 and we have reconciled any cash movements between the intervening period to 31 March 2021. Where the audited financial statements are not available, we have ensured that the impact of this is immaterial; - Compared the audited fund valuation for LCIV (Infrastructure) as at 31 March 2021 with the Fund Manager provided capital statements as of the same period; and - For all three funds, reviewed investment manager service auditor report on design effectiveness of internal controls. <p>Our audit work has not identified any issues in respect of the valuation of Level 3 investments.</p>

2. Financial Statements - Other

Other risks	Commentary
<p>Risk of recognition in Contributions</p> <p>Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.</p>	<p>We have:</p> <ul style="list-style-type: none">- Performed an analytical review to ensure that the contributions recognised in this financial year is in line with expectations. Where this deviates from the expected balance, we have obtained a satisfactory explanation from the Management and gained assurance over completeness.- Tested a sample of starters and leavers to the Pension Fund to gain assurance over the member data balances used in this testing.- Substantially tested a sample of employee and employer contributions for accuracy and occurrence. <p>Based upon our sample testing, our audit work has not identified any issues in respect of pension contributions received.</p>

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 3 Investments – £81.1m	<p>The Pension Fund has investments in the following:</p> <ul style="list-style-type: none"> - Capital Dynamics (Private Equity and Infrastructure) that in total are valued on the balance sheet as at 31 March 2021 at £46.2m; - Alinda (Infrastructure) that in total are valued on the balance sheet as at 31 March 2021 at £23.1m; and - LCIV (Infrastructure) that in total are valued on the balance sheet as at 31 March 2021 at £11.8m. <p>Management have reviewed the year end valuations provided by the Fund Managers including the audited financial statements dated 31 December 2020. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management have used the cash flows adjusted valuation provided by the custodian, Northern Trust.</p> <p>The value of the investment has decreased by £3.2m in 2020/21, largely due to change in market value during the year.</p>	<p>From the procedures undertaken:</p> <ul style="list-style-type: none"> - We have deepened our risk assessment procedures performed including understanding processes and controls around the valuation of Level 3 investments. - We are satisfied that the movements between 31 December 2020 and 31 March 2021 are reconciled to appropriate and known movements in the intervening period. - We are satisfied that the method, data and assumptions used by management to derive the accounting estimate is appropriate. - We are satisfied that the disclosure of the estimate in the Fund's financial statements is sufficient. - We have reviewed the accounting policies and valuation techniques stipulated within the financial statements and these are in line with expectations. <p>No issues have been identified through our assessment which require reporting to those charged with governance. We are therefore satisfied that the estimate of the valuation of Level 3 investments is materially fairly stated.</p>	Light Purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 2 Investments – £897.4m	<p>The Pension Fund have investments in Pooled investments and Pooled property investments, which in total are valued on the balance sheet as at 31 March 2021 at £897.4m.</p> <p>The underlying investments are traded on an open exchange/market although the pooled valuation of the investment is subjective.</p> <p>The Fund obtains valuations from the fund manager and custodian to ensure that valuations are materially fairly stated.</p>	<p>From the procedures undertaken:</p> <ul style="list-style-type: none"> - We have reviewed the estimation process for the Level 2 investments and are satisfied that these are in line with industry standards. - We have compared the valuations provided by the fund managers with the custodian and are satisfied that there are no significant differences in the valuations. - We have reviewed the accounting policies and valuation techniques stipulated within the financial statements and these are in line with expectations. <p>No issues have been identified through our assessment which require reporting to those charged with governance. We are therefore satisfied that the estimate of the valuation of Level 2 investments is materially fairly stated.</p>	Light Purple

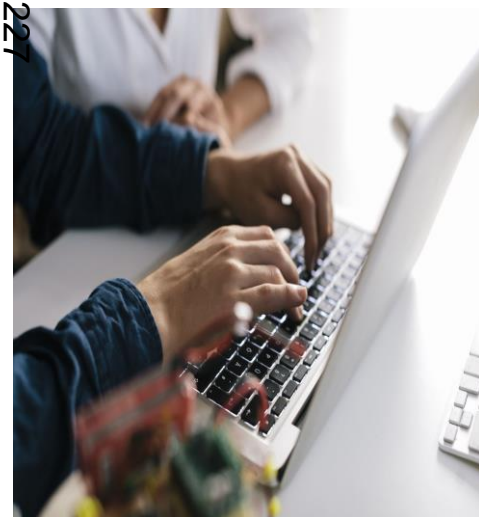
Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Standards Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Pension Fund to be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to your custodian, fund managers and banks. This permission was granted and the requests were sent.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.



2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Pension Fund and the environment in which it operates the Pension Fund's financial reporting framework the Pension Fund's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Disclosures	No inconsistencies have been identified/Inconsistencies have been identified but have been adequately rectified by management. We plan to issue an unmodified opinion in this respect – refer to appendix C.
Matters on which we report by exception	We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We propose to issue our 'consistency' opinion on the Pension Funds Annual Report as part of the December 2021 Audit and Standards Advisory Committee.



3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix B.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Appendices

A. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

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Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
Member Data	<p>The member data disclosed in Note 1 b) of the draft accounts was not correct. The Pension Fund had included frozen refunds in this note and as such, should remove this in the final version of the accounts.</p> <p>Management response</p> <p>Management have agreed to make the required amendments.</p>	✓
Other presentational and disclosure issues	<p>The audit team propose that the Pension Fund amend all other minor and presentational issues highlighted in the audit.</p> <p>Management response</p> <p>Management have agreed to make the required amendments.</p>	✓

B. Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non-audit services. We would also note that PSAA have made a distribution of £3k to support 20/21 fees.

Audit fees	Proposed fee	Expected Final fee
Pension Fund Audit	£33,000	£33,000
Total audit fees (excluding VAT)	£33,000	£33,000

Details of variations in final fees from the proposed fee per the audit plan

The fees reconcile to the financial statements.

C. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Pension Fund with an unmodified audit report

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Independent auditor’s report to the members of London Borough of Brent on the pension fund financial statements of Brent Pension Fund

Opinion

We have audited the financial statements of Brent Pension Fund (the ‘Pension Fund’) administered by London Borough of Brent (the ‘Authority’) for the year ended 31 March 2021 which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and of the amount and disposition at that date of the fund’s assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) (“the Code of Audit Practice”) approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund’s financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion.

Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Director of Finance’s conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Pension Fund’s financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Finance’s use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

The responsibilities of the Director of Finance with respect to going concern are described in the ‘Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements’ section of this report.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Pension Fund’s financial statements, our auditor’s report thereon, and our auditor’s report on the Authority’s financial statements. Our opinion on the Pension Fund’s financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Pension Fund’s financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund’s financial statements or our knowledge of the Pension Fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Pension Fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

C. Audit opinion

Opinion on other matter required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund’s financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund’s financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities [set out on page(s) x to x], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund’s financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund’s financial statements, the Director of Finance is responsible for assessing the Pension Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Pension Fund will no longer be provided.

The Audit and Standards Committee is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund’s financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Dossett, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
London

XX September 2021

Independent auditor's report to the members of London Borough of Brent on the pension fund financial statements of Brent Pension Fund

Opinion

We have audited the financial statements of Brent Pension Fund (the 'Pension Fund') administered by London Borough of Brent (the 'Authority') for the year ended 31 March 2021 which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2021 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

The responsibilities of the Director of Finance with respect to going concern are described in the 'Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements' section of this report.

Other information

The Director of Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts other than the Pension Fund's financial statements, our auditor's report thereon, and our auditor's report on the Authority's financial statements. Our opinion on the Pension Fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Pension Fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund's financial statements or our knowledge of the Pension Fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Pension Fund financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund's financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority, the Director of Finance and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities [set out on page(s) x to x], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, for being satisfied that they give a true and fair view, and for such internal

control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Director of Finance is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Pension Fund will no longer be provided.

The Audit and Standards Committee is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report


This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Dossett

Paul Dossett, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
London

29 September 2021

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	Pensions Fund Sub-Committee 5 th October 2021 Pension Board 2 November 2021
	Report from the Director of Finance
Property Allocation Recommendation	

Wards Affected:	ALL
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	PART EXEMPT - as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
No. of Appendices:	One: <ul style="list-style-type: none"> Property Allocation Report (Exempt from publication).
Background Papers:	<ul style="list-style-type: none"> N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Flora Osiyemi, Head of Finance Sawan Shah, Senior Finance Analyst Rubia Jalil, Finance Analyst

1.0 Purpose of the Report

- 1.1 This report presents analysis and results of investment options for the Committee to consider and agree which fund to invest in. It provides an overview of the Fund's strategic allocation to property, an introduction to the UK property market, a summary of four potential property funds, and recommendations for investment and implementation.

2.0 Recommendation(s)

The Committee is asked to:

- 2.1 To note the analysis set out in Appendix 1 undertaken by the Fund's investment advisors, Hymans Robertson in relation to an initial investment in a property fund(s).
- 2.2 To review the four property fund opportunities outlined in Hymans Robertson report and approve the proposed investment of 3% total (c. £30m) in:
 - Fidelity UK Real Estate Fund (1.5%)
 - UBS Triton Property Fund (1.5%).

3.0 Background

- 3.1 The Fund currently has a long-term target allocation to property of 10%. This has been in the Fund's strategic asset allocation since 2018 and is currently unfunded, with the assets being held in a combination of the Fund's equity and two Diversified Growth Funds (DGF) mandates until a suitable investment opportunity is identified.
- 3.2 According to our current investment beliefs London CIV is the Fund's preferred approach to implementation and the original intention for the property allocation was to invest in property funds made available by London CIV. To date, the London CIV pool has not made a property fund available to London Boroughs. It is understood that there are currently no plans to offer such a fund therefore officers have explored options outside London CIV.
- 3.3 The Fund's investment advisors, Hymans Robertson, believe a sensible approach to reaching the 10% allocation is to start with an initial 3% allocation (c.£30m in monetary terms), and then top-up the allocation in future years.
- 3.4 This allows the Fund to assess the performance of the portfolio periodically and allocate future funds to the best opportunities in the property market as they become available, including alternatives, notably residential property, and global property.

4.0 Strategic case for property and suggested initial allocation

- 4.1 UK commercial property has been a core asset for lots of UK pension funds for many years and it generally has been effective at reducing overall risk within portfolios.
- 4.2 There are a number of options available to UK pension schemes:
 - Investment in property, mainly whether to buy individual properties directly; or
 - Aggregate capital with other investors by buying units in a pooled fund.

- 4.3 Investing directly is only an option for larger investors. For the Brent Fund, the size of the assets to be allocated to property are insufficient to make direct investment.
- 4.4 Indirect property investment is the most practical option for the Fund. Pooling assets with other investors will allow the Fund the opportunity to consider investing in range of property sectors and geographies.
- 4.5 As a starting point, it is recommended that a substantial proportion of the strategic allocation is invested in 1 or 2 core UK commercial property strategies. Once these core allocations are in place, other areas of the property market such as a global property allocation or residential property allocation can be considered.
- 4.6 Pooled property funds can be open-ended (almost perpetual) or closed-ended with a fixed term (e.g. 7 years). 'Core' or lower risk property assets have limited exposure to what would be deemed riskier 'opportunistic' properties/strategies. There will usually be some form of value-add through refurbishments or change of use but speculative development is less common 'core' strategies. In the UK, the majority of balanced property funds are open-ended.
- 4.7 There is merit in splitting the core property allocation to reduce potential risks in the future. Investing in 2 complementary funds diversifies:
- Underlying property asset risk;
 - Tenant exposure; and
 - Manager risk, particularly when future change could result in significant cost.
- 4.8 Attached in Appendix 1, the Hymans Robertson have a detailed property allocation recommendation for the Fund. From their on-going research they have presented high level data, historic performance and current positioning for 4 preferred funds. Of these 4 Funds, it is recommended that the following two funds are the best options for the Fund:
- Fidelity UK Real Estate Fund; and
 - UBS Triton Property Fund.
- 4.9 The report also explains the reasons why the remaining two preferred funds have been excluded from the recommendation.
- 4.10 The Committee may prefer to appoint a single manager so as to limit the overall governance burden. However splitting the allocation between both recommended funds would be complimentary and further diversify risk.
- 4.11 The Fund's long term allocation to property is being held in a combination of the Fund's equity and two Diversified Growth mandates. It is envisaged that the Funds for this investment will be made available from these investments. The Director of Finance and the Fund's investments advisors will rebalance the

appropriate mandates to move towards the Fund's strategic asset allocation whilst also minimising transaction costs.

5.0 Financial Implications

- 5.1 Any transition of property assets tends to be costly due to stamp duty and other transaction fees. A secondary market is often available for many funds, which can reduce transaction costs at times but this relies on a two-way flow and may result in a significant price difference from Net Asset Value (NAV). Liquidity of balanced funds can sometimes be better than that of the direct market but at times of market stress, liquidity can quickly become an issue.
- 5.2 The Fund's investment advisors believe the two recommended funds – the Fidelity UK Real Estate Fund and the UBS Triton Property Fund – would be complementary and by splitting the allocation, the Fund would further diversify risk (property asset specific risk, tenant exposure and manager risk) in an asset class that can become difficult to change at times.
- 5.3 By investing in two funds it would provide the Fund with more options over the longer term for both topping up exposure and for drawing liquidity through time if needed. In monetary terms, this would represent an investment of £15m per fund.

6.0 Legal Implications

- 6.1 The Pension Fund Sub-Committee holds a key fiduciary responsibility to manage the Fund's investments in accordance with its investment strategy and in the best interests of the beneficiary members and the council tax payers, where the primary focus must be on generating an optimum risk adjusted return. It is vital that any investment decision must not negatively impact on this primary responsibility.
- 6.2 The administering authority has fiduciary duties both to scheme employers and scheme members and the investment strategy must be exercised for investment purposes, and not for any wider purposes. Thus, investment decisions must be spread across a wide variety of investments classes and achieve a balanced risk and return objective.
- 6.3 Subject to the above responsibilities and duties, the choice of investments and the sums invested are at the discretion of the Pension Fund Sub-Committee so long as that does not risk material financial detriment to the Fund.

7.0 Equality Implications

- 7.1 Not applicable.

8.0 Consultation with Ward Members and Stakeholders

- 8.1 Not applicable.

9.0 Human Resources

9.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

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of the Local Government Act 1972.

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