



## Pension Board

**Monday 25 July 2022 at 6.00 pm**

This will be held as an online virtual meeting

### Membership:

#### Members

David Ewart

#### Representing

Independent Chair

#### Councillor Members

Councillor Kabir

Councillor Akram

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

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit:

**[www.brent.gov.uk/committees](http://www.brent.gov.uk/committees)**

**The press and public are welcome to attend part of 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
<b>1 Apologies for absence</b>	
<b>2 Declarations of interests</b>	
Members are invited to declare at this stage of the meeting, any relevant personal or discloseable interests in any matter to be considered at this meeting.	
<b>3 Minutes of the previous meeting</b>	1 - 8
To approve the minutes of the previous meeting held on 24 March 2022 as a correct record.	
<b>4 Matters arising (if any)</b>	
<b>Board Reports</b>	
<b>5 Pensions Administration Update</b>	9 - 70
To update the Pension Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund.	
<b>6 Chair's Annual Report</b>	71 - 74
This is the Chair's Annual Report to the Board for 2021/22. It provides a summary of the work carried out by the Council's Pension Board during the 2021/22 municipal year.	
<b>7 Risk Register</b>	75 - 92
To present the updated Risk Register for the Brent Pension Fund Pensions Administration Service.	
<b>8 LGPS Update</b>	93 - 166
The purpose of this report is to update the committee 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.

**9 Terms of Reference and Conflicts of Interest policy** 167 - 184

This report presents a review of the Pension Board's terms of reference and conflicts of interest policy.

**Reports Referred Sub-Committee**

**10 Quarterly Monitoring Report - Q1 2022** 185 - 208

To receive the Brent Pension Fund Q1 2022 Investment Monitoring Report.

**11 Pension Fund Business Plan** 209 - 214

The purpose of this report is to outline the business plan for the Fund for the next 12-18 months prepared by the Fund's investment advisors, Hymans Robertson.

**12 Net Zero Transition Roadmap Update** 215 - 248

This report presents an update on progress against the Fund's net zero transition roadmap.

**13 Pension Fund year end accounts 2021/22** 249 - 304

This report presents the draft pension fund annual accounts for the year ended 31 March 2022.

**14 2022 Triennial Valuation** 305 - 308

The purpose of this report is to update the committee on the 2022 Pension Fund Valuation.

**15 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.

**16 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)”

**17 London CIV Update**

309 -  
448

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

**Date of the next meeting: 9 November 2022**

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## **MINUTES OF THE PENSION BOARD**

**Held as an online meeting on Thursday 24 March 2022 at 6.00 pm**

PRESENT (in remote attendance): Mr David Ewart (Chair), Councillor Kabir, Councillor Crane and Chris Bala (Pension Scheme Member representative), Robert Wheeler (Member representative- GMB), Sunil Gandhi (Employer Member- Non Brent Council).

Also Present (in remote attendance): Councillor McLennan (Deputy Leader & Lead Member for Resources)

**1. Apologies for absence**

None.

**2. Declarations of interests**

None.

**3. Minutes of the previous meeting – 02 November 2021**

The minutes of the previous meeting held on Thursday 2<sup>nd</sup> November 2021 were agreed as an accurate record.

**4. Matters arising**

None.

**5. Pensions Administration Update**

Sawan Shah (Brent Council - Senior Finance Analyst) introduced the report updating the Pension Board on various pensions 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 for the period October – December 2021, as detailed within Appendix 1 of the report.
- The percentage of cases processed on time had remained high with a quarterly average of 99.1%. This was above the 98% target.
- An update was then provided to the Board regarding Helpdesk call performance. The Fund had improved performance in its wait times through the quarter with performance of 3 minutes 59 seconds in October, 3 minutes 29 seconds in November and 3 minute 14 seconds in December. All three months were at or below the target time of 4 minutes.
- The number of complaints remained low, and the Fund's data scores improved over the period.
- In relation to the data cleanse project carried out by the Fund, Members were reminded that the Fund had previously commissioned a separate project to review and resolve outstanding leaver queries. Additionally, the

work commissioned regarding the Guaranteed Minimum Pensions (GMP) reconciliations projected was also highlighted, with the Board updated that both work streams were now coming to a close. The data cleanse project was concluded on 22 February 2022, with 88% of cases within its scope being completed. The remainder of cases would be completed as part of the year end process. At the closure of the GMP project on 03 February 2022, all 1,448 cases had been reviewed and actioned with remedial action taken where required.

- The Board then received an update on the re-enrolment process. Members were notified that every three years every employer had a duty to assess and reenrol staff who had left workplace pension schemes. The intention of this process was to ensure staff were aware that when they opted out of the scheme, they were potentially losing out on benefits in retirement, as well as ensuring automatic enrolment onto the scheme. A full breakdown of the statistics on reenrolment was provided in section 7.5 of the report.
- The Board were provided with an update on the LGPS bulletins issued since the last Pension Board meeting, which had been included as appendices to the report. The Board's attention was drawn to a Government white paper, which had suggested that there was an intention for 5% of LGPS assets to be invested in local projects. Further detail was being sought as to what this would mean in practice.
- Members noted that the minimum pension age would increase from 55 to 57, effective from 2028.

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 October – December 21, which had been published with the agenda pack. The Board noted the detailed performance updates provided in relation to the Leavers and Data Cleanse projects. In addition, it was updated that the total number of ongoing cases in the workflow systems had reduced significantly during the quarter, from 1110 to 150 cases. Historical cases were aiming to be addressed in preparation for the migration over to the new Pensions Administration system.

Moving on to help desk performance, it was noted that the satisfaction scores from people interacting with the help desk were generally above the 85% target. There had also been a steady increase in the number of Members who had registered for the My Pension Online service, an increase from 3240 to 3383. Moving on to discuss the data scores, it was highlighted that the common data score stood at 95.6%, compared to January 2020 when it was 94%. The majority of data errors were due to deferred members, with whom contact had been lost. Work was ongoing to attempt to trace these members and ensure they were registered with My Pension Online. Moving on to the conditional data score, it was highlighted that this currently stood at 85.2%. This was compared to a figure of 59% in January 2020, showing significant improvement. There were opportunities to improve this score, which would be built upon at the beginning of the next financial year. This work would involve housekeeping, and potentially further work on data cleanse projects.

John Crowhurst then provided the Board with an update regarding Project PACE. Members were reminded this related to the introduction of a new pension administration system known as Universal Pensions Management (UPM) which would replace the current core five systems through which the various aspect of the Fund were currently administered.

John Crowhurst updated that since the last update, the system had gone live. This included 3 LGPS Funds, comprising of 58,000 members. Alongside other launches, there were around 300,000 members on the new system, which amounted to around half of the membership that services were provided to. Over 100 operational staff had been trained in using the new system, including staff processing casework, payroll experts and help desk advisors. This number would increase as part of the phase 2 go live process, of which Brent were a part. From a member perspective, it was updated there was a new member portal called pension point, which had 12,000 members enrolled and actively using since the system had gone live. It was noted that whilst some features of the new system were available from day one, functionality would gradually be increased as the system was rolled out further.

Focusing on the Brent launch of the new system, it was clarified that there were checks and balances in place to ensure the launch was successful. This included things such as successful data migration, and ensuring that data integrity was maintained. There were also ongoing tests to ensure that the system performance was stable and that multiple users were able to access the site simultaneously.

In terms of lessons learned from the go live process, it was updated that the processing of images from member records had taken longer than anticipated. Since then, the images had been uploaded prior to the go live date. The second lesson was highlighted as ensuring that users could log in a few days prior to the go live date to ensure that they had full access from day one.

Finally, John Crowhurst addressed the fact that help desk wait times had increased. Since the go live date, members had been waiting for up to 15 minutes to speak to staff. As a result, further staff had been deployed to work on the help desk, as well as a dedicated line for queries regarding the new member portal. As a result, wait times had reduced to 10 minutes, and the wait times would continue to be monitored.

Members were then invited to ask questions on the update provided, which are summarised below:

- It was noted that Brent Officers were continuously monitoring the progress of Project PACE, and were pleased with the progress currently made by LPP.
- It was asked how secure the new system was from cyber-attacks, and it was clarified that penetration tests had been carried out on the security of the system prior to going live, and that there had been no concerns raised as part of this.
- The go live date for phase 2 clients (including Brent), would be communicated with Officers in due course.

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 with a further update on progress with Project PACE to be provided for the next meeting.

## 6. Risk Register

Rubia Jalil (Brent Council - Finance Analyst) presented a report updating the Board on the Risk Register for the Brent Pension Fund Pensions Administration Service.

In considering the report, the Board noted:

- There had been two key risks added to the Risk Register, related to data migration from Altair into Civica UPM undertaken by LPP and a second risk to capture the impact of the exposure of the Brent Pension Fund to Russian, Ukrainian and Belarusian assets. The risk in relation to data migration had been categorised as low to medium, whilst the exposure to Russian, Ukrainian and Belarusian assets. This was detailed in sections 3.5 and 3.6 of the report.
- The Board were also updated that the risk of Covid-19 had been decreased from medium-high to low-medium, due to fewer variants being reported in recent months.

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

- It was asked whether the issue of cyber security was covered in the risk register, and it was clarified that this was the case.

The Board welcomed the report and as no further issues were raised it was **RESOLVED** to note the report including the key changes set out in section 3.5.

## 7. London Borough of Brent Pension Fund – Q3 2021 Investment Monitoring Report

The Board received the Brent Pension Fund Q3 2021 Investment Monitoring Report. It was reported that the monitoring report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2021 who had noted the key issues as set out in the report.

In considering the report, the Board noted the following:

- The Fund had added £80m to its portfolio over this period, representing a combined return against assets of 6% (ahead of the benchmark return of 5.1%).
- The main driver of returns were the Fund's growth holdings with LGIM's global equity mandate the primary contributor in monetary terms and the Global and Private Equity Funds also performing well. Within the Fund's

Income holdings the Baillie Gifford multi-asset fund had also produced strong performance.

- Emerging market equities were noted as delivering a lower rate of return, as well as the Capital Dynamics Infrastructure Fund and Alinda Infrastructure Fund, although it was noted these had not had a significant bearing on the Fund overall, totalling 0.5% of the Fund's assets.

Members were then provided with a summary of the climate risk analysis and carbon intensity by Fund Managers. Key issues highlighted were as follows:

- As a starting point the Fund was reporting in line with information produced by its Pool, the London CIV. The Fund would, however, seek to evolve its climate risk monitoring process by monitoring against further metrics. Key metrics were currently focussed around weighted average carbon intensity and Fossil Fuel exposure with the information covered capturing approx. 88% of the Fund's assets, as at 31 December 21. Members were assured this provided an accurate and reliable level of data.
- Having noted the relative carbon intensity for each Fund as a % of assets members were advised that despite representing only 15% of Fund assets the Baillie Gifford Diversified Growth fund was responsible for 29% of the Fund's total carbon intensity. Whilst the LGIM Global Equity Fund represented the highest % of carbon intensity (42%) it was also recognised that this represented 53% of the Fund's assets. Focussing on these areas, members were advised of the specific investment profile relating to the Diversified Growth Fund, which had impacted on their carbon intensity rating including investment in the German energy company RWE. It was noted that as part of the London CIV, progress would continue to be monitored in terms of the carbon intensity of that fund.
- In terms of fossil fuel exposure, it was updated that the Fund had a 6.2% exposure to fossil fuels, in comparison to the global average of 7.3%, meaning that the Brent Fund was lower than the global average, though the Fund was still looking to decrease this level further.

Members were then updated on the impact that the conflict in Ukraine could have on the Fund. The Fund had reviewed its exposure to assets in Russia, Belarus and Ukraine, and it was noted that the Fund only had small exposure to those regions, both in the number of holdings, as well as monetary value. It was acknowledged that values of the Fund's assets had dipped since the publication of the report, though the early signs were positive for March and the year-end position. Members were reminded that the Fund held a well-diversified portfolio, which was vital in mitigating against unexpected global events.

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

## 8. Net Zero Transition Roadmap Update

The Board received the report providing an update on progress against the Fund's net zero transition roadmap, as detailed within the progress update included as Appendix 1 to the report. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022, who had noted the current position and progress made in the Roadmap. It was noted that as part of this agenda item, the Sub-Committee had agreed in principle the climate metrics for the Fund going forward, as well as next steps on the roadmap, which included increased reporting on carbon exposure.

Members welcomed the report and with no further issues raised it was **RESOLVED** to note the update provided.

#### 9. **Actuarial Assumptions (Summary)**

The Board received a report which provided an update on the 2022 valuation process, in particular on the key financial and demographic assumptions that had driven the overall funding level and employer contribution rates. The Board noted the inclusion of a more detail paper included for consideration as an exempt item.

The Board noted that both the Sub-Committee and the Pension Board had received training on this subject prior to the Committee meeting in February, and that Officers had reviewed these assumptions in detail with the actuary.

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

#### 10. **Pension Fund Annual Report 2020-21**

The Board received report which set out the final version of the Pension Fund Annual Report for the year ended 31 March 2021, following the conclusion of the external audit.. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022.

Members welcomed the report and with no further issues raised, it was **RESOLVED** to note and approve the contents of the Brent Pension Fund Annual Report 2020/21. The Board also thanked Officers for their work in being one of the first local authority pension funds audited by Grant Thornton to have their annual report review completed.

#### 11. **Procurement of Actuarial, Custodian and Investment Management Consultancy Services**

The Board received a report which summarised the outcome of the Actuarial Services tender and sought authority to procure a contract for Custodian Services and Investment Management Services. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022



Members welcomed the report and with no further issues raised, it was **RESOLVED** to note the report and to note the re-appointment of Hymans Robertson LLP as actuary for the Brent Pension Fund.

12. **LAPFF Engagement Report**

The Board received a report providing an update on engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022.

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

13. **Any other urgent business**

None.

14. **Date of Next Meeting**

NOTED that dates scheduled for future meetings of the Pension Board would be agreed by Full Council as part of the 2022/23 calendar year of meetings.

15. **Exclusion of Press and Public**

At this stage in proceedings the Board **RESOLVED** that the press and public will 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.*

16. **London CIV Update**

The Board received a report, which provided the latest update on recent developments regarding the Brent Pension Fund Investments held within the London CIV (LCIV). It was reported that the report had been considered in detail by the Brent Pension Fund Sub Committee on 21 February 2022, who had noted the current position and progress made in the Roadmap. The update included the LCIV Investment review for the period ending 31 December 21 (as detailed in Appendix 1 of the report) which provided an investment summary with valuation and performance data for Brent's ACS holdings along with a market and LCIV activities update. Also included (as detailed in Appendix 2 of the report) was the LCIV quarterly investment review which included Brent's investments in the LCIV

Infrastructure fund along with valuation and performance data for the underlying portfolio investments and an update on pipeline investments.


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

17. **Actuarial Assumptions (Full Report)**

The Board noted that this item had been addressed in the public section of the meeting.

The meeting closed at 7.30 pm

MR. D EWART  
Independent Chair

	<b>Pension Board</b> 25 July 2022
	<b>Report from the Director of Finance</b>
<b>Pensions Administration Update</b>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	1. Q4 2021-22 Performance Report 2. LPPA Spring Newsletter 2022 – Retirees 3. LPPA Project PACE Update
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <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.

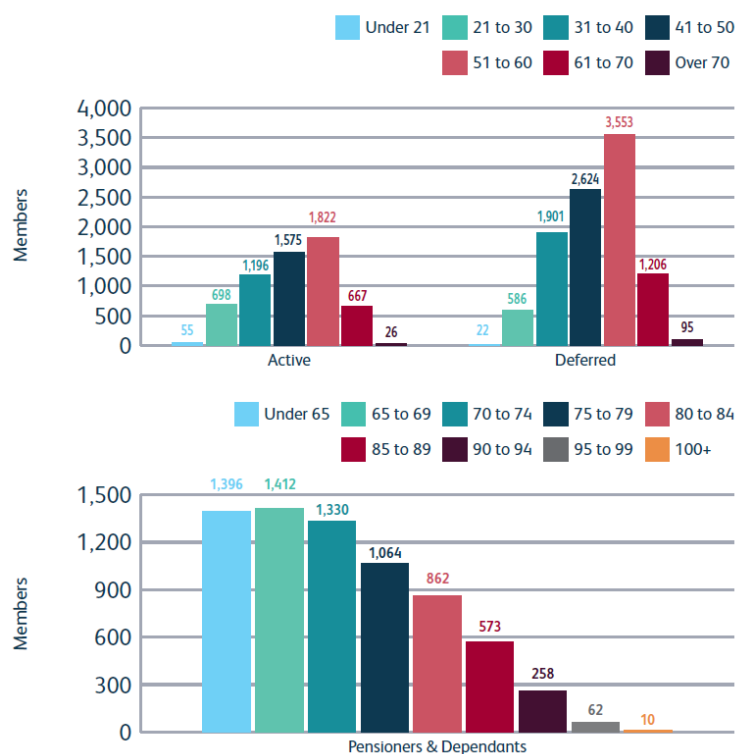
## 3.0 Pensions Administration Performance Report

- 3.1 This report reviews the performance of the LPP contract against agreed Service Level Agreements (SLA's) during January to March 2022.
- 3.2 The Pensions administration team hold monthly meetings with LPP to monitor the performance of the contract looking at both the individual month and trends across months. Full details on the Q4 2021-22 performance are set out in Appendix 1.

- 3.3 As of 31 March 2022, the Brent Pension Fund had 22,993 members, which was made up of:
- 6,039 active members
  - 6,967 pensioners (including dependants)
  - 9,987 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 The quarterly average percentage of cases processed on time was 95.9%, which is below the contractual SLA target of 98% however relaxed SLAs have been agreed with the Fund during the Universal Pensions Management (UPM) migration period: 90% for payment cases; 70% for other case types.
- 3.6 Figure 2 provides detail on the number of cases that have been processed grouped by category. At the start of the period in January 2022, cases brought forward totalled 948 and 1,210 cases were outstanding at the end of March 2022.

Figure 2:

	Brought Forward at 01/01/22	Completed	Received	Outstanding as of 31/03/22
New Starters	40	500	488	28
Transfer In	155	76	68	147
Transfer Out	119	99	116	136
Estimate - Individual	11	69	72	14
Deferred Benefits	156	247	303	212
Deaths	128	124	144	148
Retirements (Immediate)	44	50	45	39
Retirements (Deferred)	99	145	160	114
Refunds	31	199	293	125
Estimates - Employer	33	71	55	17
Correspondence	19	96	98	21
Aggregation	29	45	106	90
Other (see Definitions – page 3)	84	443	478	119
<b>TOTALS</b>	<b>948</b>	<b>2,164</b>	<b>2,426</b>	<b>1,210</b>

- 3.7 Helpdesk call performance measures the average wait time and calls answered. The Fund had a significant increase in its wait times with performance of 9 minutes 14 seconds in January, 16 minutes 6 seconds in February and 14 minutes 23 seconds in March, all of which were above the target time of 4 minutes. The wait times across all three months is largely due to an increase in volumes of inbound calls, mostly relating to Project PACE, Pensions Increase, P60s, Pension Point launch, and delays responding to web enquiries.
- 3.8 The Helpdesk is also experiencing increased call handling time for all Universal Pensions Management (UPM) calls as call handlers are not familiar with the new system. As a result, LPPA continue to train additional Helpdesk advisors, and have recently appointed a Helpdesk training resource to deliver the required training in a more focused way. This will speed up the time from recruitment to deployment on the phones and handling of mailboxes.
- 3.9 The fund will be working with LPPA to understand further details behind the delayed timings with a view to restoring performance over the next quarter. The average calls answered should be 90%. Over the last quarter, 90.1% of calls were answered in January, 85.6% in February and 86.6% in March.
- 3.10 Employer engagement activity delivered for the quarter included the successful rollout of Project PACE (Phase 1) to 5 LGPS clients and 4 Fire and Rescue Services clients, and regular weekly updates on a variety of topics continue to be added to the LPPA website.
- 3.11 Scheduled updates in the coming months include Annual Benefit Statements (ABS) scheduled for delivery in line with statutory deadlines (by the end August), and planning for the delivery of Phase 2 of project PACE in the second half of 2022.

3.12 Since the last Pension Board, 8 new complaint cases have been received. This included no new complaints in January, 3 new complaints in February and 5 new complaints in March. Out of the 8 cases, 2 related to delays and 6 related to general service. 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.

3.13 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:

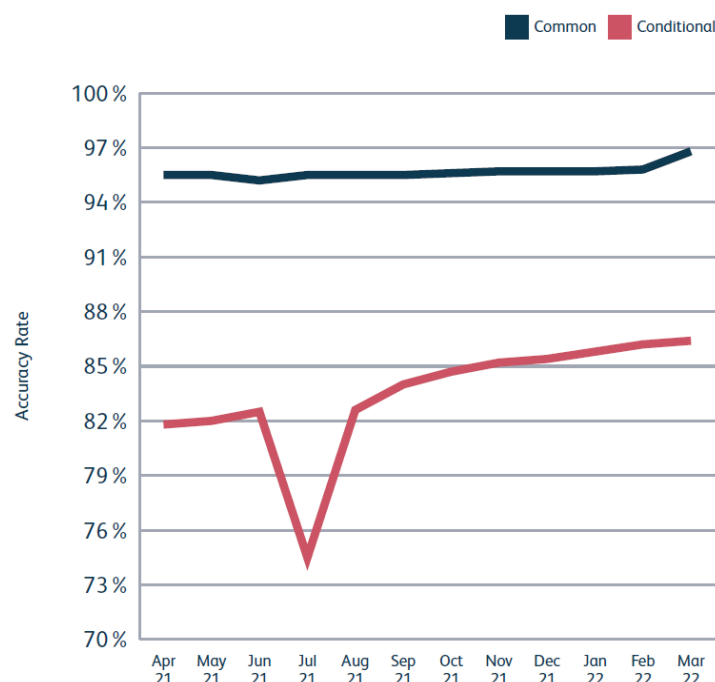
**Common Data** used to identify scheme members and would include names, addresses, national insurance number and date of birth.

**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 31 March 2022, Common data has a total accuracy rate of 96.7% while conditional data has a total accuracy rate of 86.4%, an improvement from the previous quarter.

Figure 3:



- 3.14 The Spring Newsletter for Retirees 2022 has been published, and is attached to this report as Appendix 2. The edition provides updates on PensionPoint, pension increases, and tips and ideas relating to retirement.

#### **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 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. Therefore, delays in submission of returns can lead to a risk that the ABS are not issued by the deadline.
- 4.3 At the time of dispatch of this report, 12 employers, which represent 11% of members in the Fund, had not submitted their end of year return. The Fund and LPP are closely monitoring submission of returns and working together with employers to ensure the returns are received promptly. Fund officers are now in the process of escalating to senior management of employers (CEO/CFO, Headteachers and Governors/trustees) where returns are still outstanding.
- 4.4 The Pensions Administration Strategy allows the scheme manager to take action 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 requests for information in a timely manner.

#### **5.0 LPP Business Update**

- 5.1 LPPA are continuing the introduction of 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 confirmed that go live for the Brent Pension Fund will be 11<sup>th</sup> November 2022. LPP are providing Brent officers with regular updates in monthly meetings to ensure successful transfer of administrative systems.
- 5.2 Updates for this quarter include:
- LPPA successfully completed Phase 1 of the migration to UPM with 9 clients. Plan for Phase 2 migrations has now been agreed – this will move all remaining clients to UPM between October - December 2022
  - Successful implementation includes 40,000 members having now registered successfully to the new member portal, PensionPoint and over 10,000 forms have been submitted by employers through the UPM employer portal.

- There has been a significant increase in the numbers of calls coming into the helpdesk and consequently, there have been an increase in wait times. Additionally, UPM calls have increased the call handling time as call handlers were not familiar with UPM.

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

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

## **6.0 Financial Implications**

6.1 Not applicable.

## **7.0 Legal Implications**

7.1 Not applicable.

## **8.0 Equality Implications**

8.1 Not applicable.

## **9.0 Consultation with Ward Members and Stakeholders**

9.1 Not applicable.

## **10.0 Human Resources**

10.1 Not applicable.

### **Report sign off:**

**Minesh Patel**  
Director of Finance



# LPP

Local Pensions Partnership  
Administration



Brent Pension Fund

## Quarterly Administration Report

1st January – 31st March 2022

[lppapensions.co.uk](http://lppapensions.co.uk)

# Contents

Definitions	3
Our Core Values	4
Annual Plan 2021/22	5
Fund Membership	6
Casework Performance Against SLA	9
Elapsed Times	13
Retirements	15
Helpdesk Performance	17
Customer Satisfaction Scores	22
Member Online Portal	25
Member Contact Data	28
Employer Engagement & Communication Activity	31
Data Quality	36



# Definitions

Page 7

## **Total Fund Membership**

Total Fund Membership is the number of Member records held on the LPPA pensions administration system that are contributing to, awaiting 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

Page 15

## **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 18-21

## **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 23 & 24

## **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 26

## **Member Online Portal**

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

Page 27

## **Member Online Portal**

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

Page 29 & 30

## **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 37 & 38

## **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.

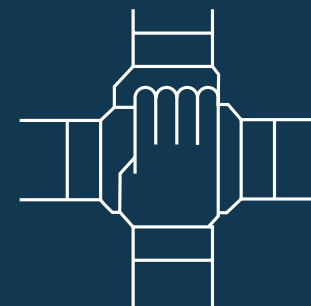


# Annual Plan 2021/22

✓ COMPLETED  DUE

Page 19

	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
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			✓		✓				✓			✓



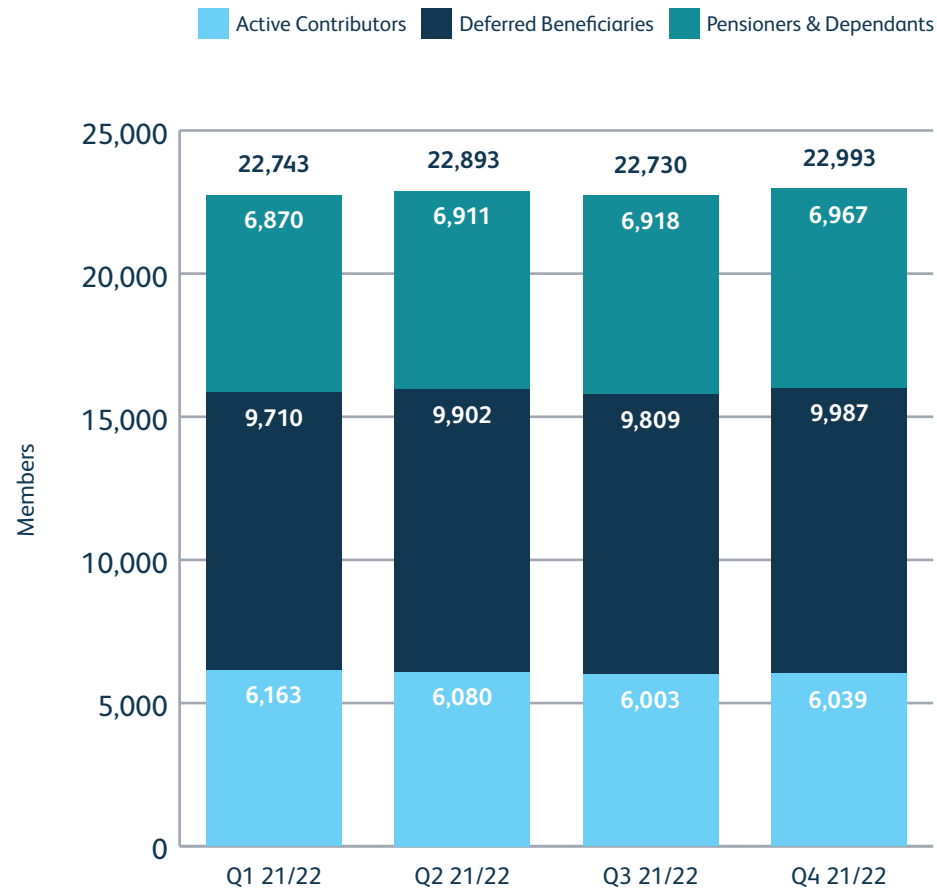
Working Together

# Fund Membership

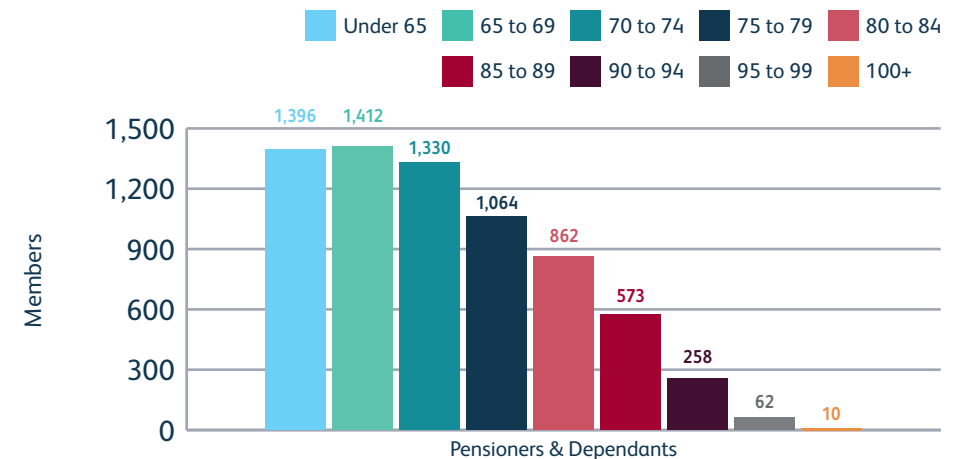
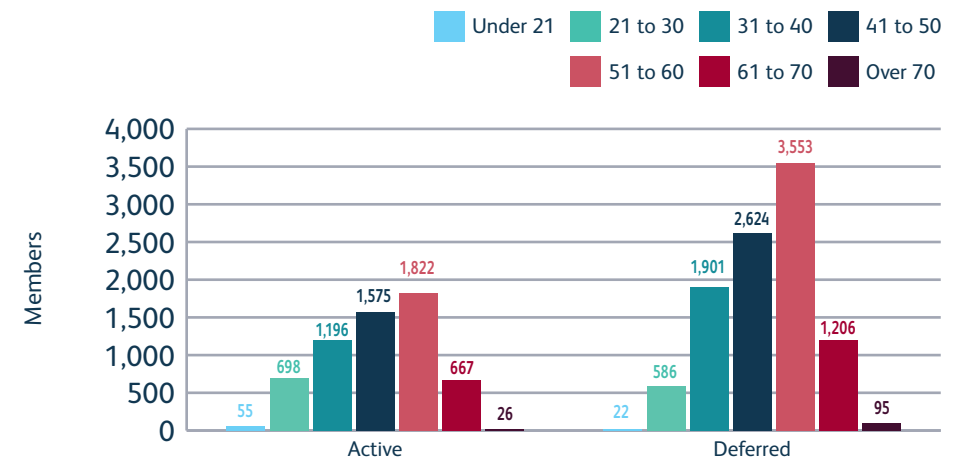
# Fund Membership

## TOTAL FUND MEMBERSHIP

Page 21



## 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**
210	1	209

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

\*\* Awaiting information from Employer





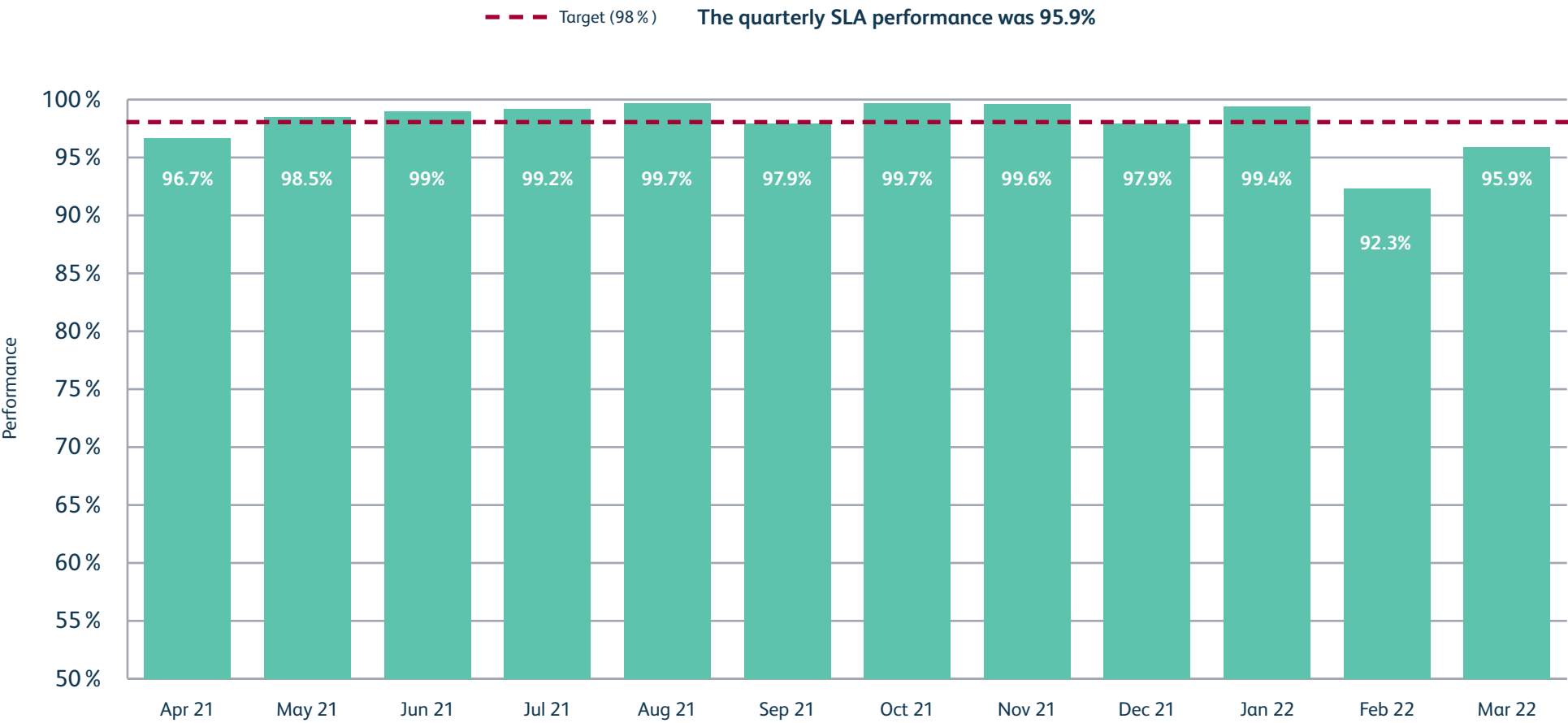
Committed to Excellence

# Casework Performance Against SLA

# Casework Performance Against SLA

## PERFORMANCE – ALL CASES

Page 24

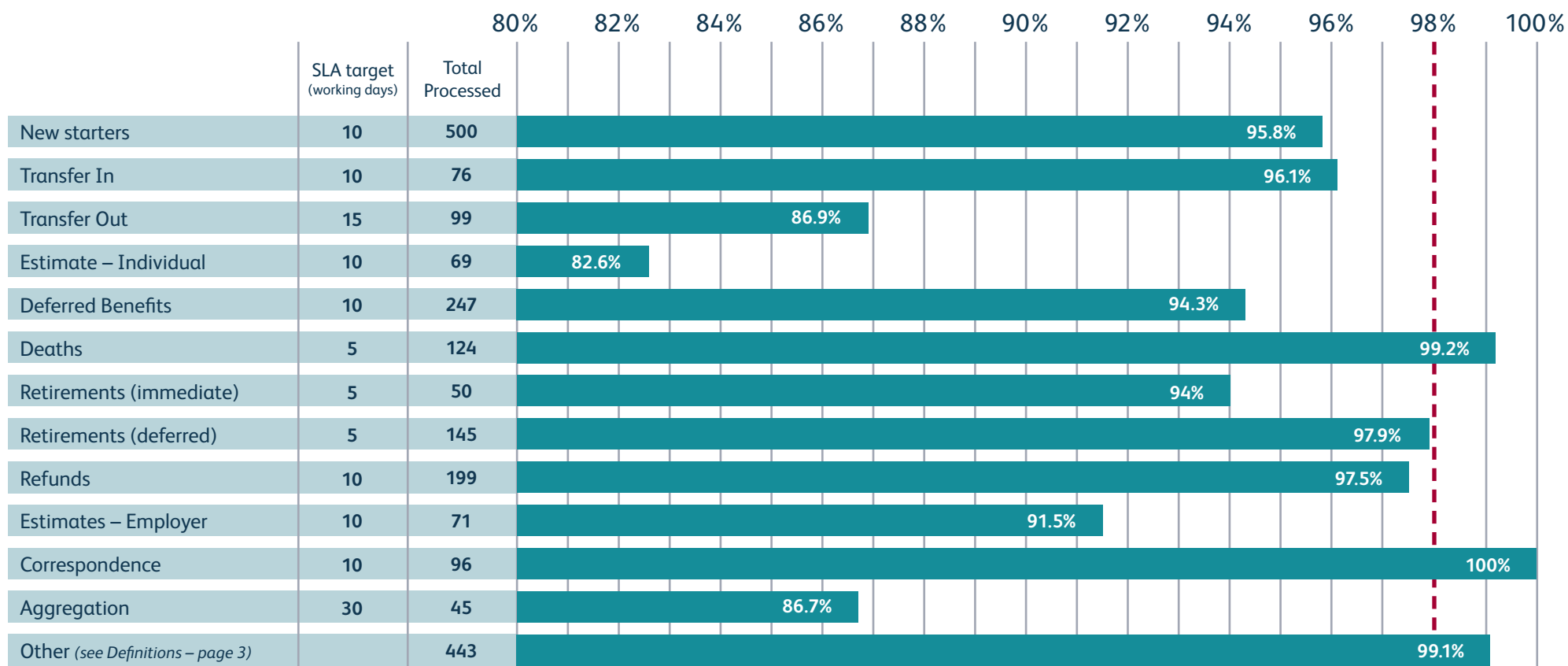


# Casework Performance Against SLA

## PERFORMANCE STANDARD

--- Target 98 %

Page 25



# Casework Performance Against SLA

## ONGOING CASEWORK AT THE END OF THE REPORTING QUARTER

Page 26

	Brought Forward at 01/01/22	Completed	Received	Outstanding as of 31/03/22
New Starters	40	500	488	28
Transfer In	155	76	68	147
Transfer Out	119	99	116	136
Estimate - Individual	11	69	72	14
Deferred Benefits	156	247	303	212
Deaths	128	124	144	148
Retirements (Immediate)	44	50	45	39
Retirements (Deferred)	99	145	160	114
Refunds	31	199	293	125
Estimates - Employer	33	71	55	17
Correspondence	19	96	98	21
Aggregation	29	45	106	90
Other <i>(see Definitions – page 3)</i>	84	443	478	119
<b>TOTALS</b>	<b>948</b>	<b>2,164</b>	<b>2,426</b>	<b>1,210</b>



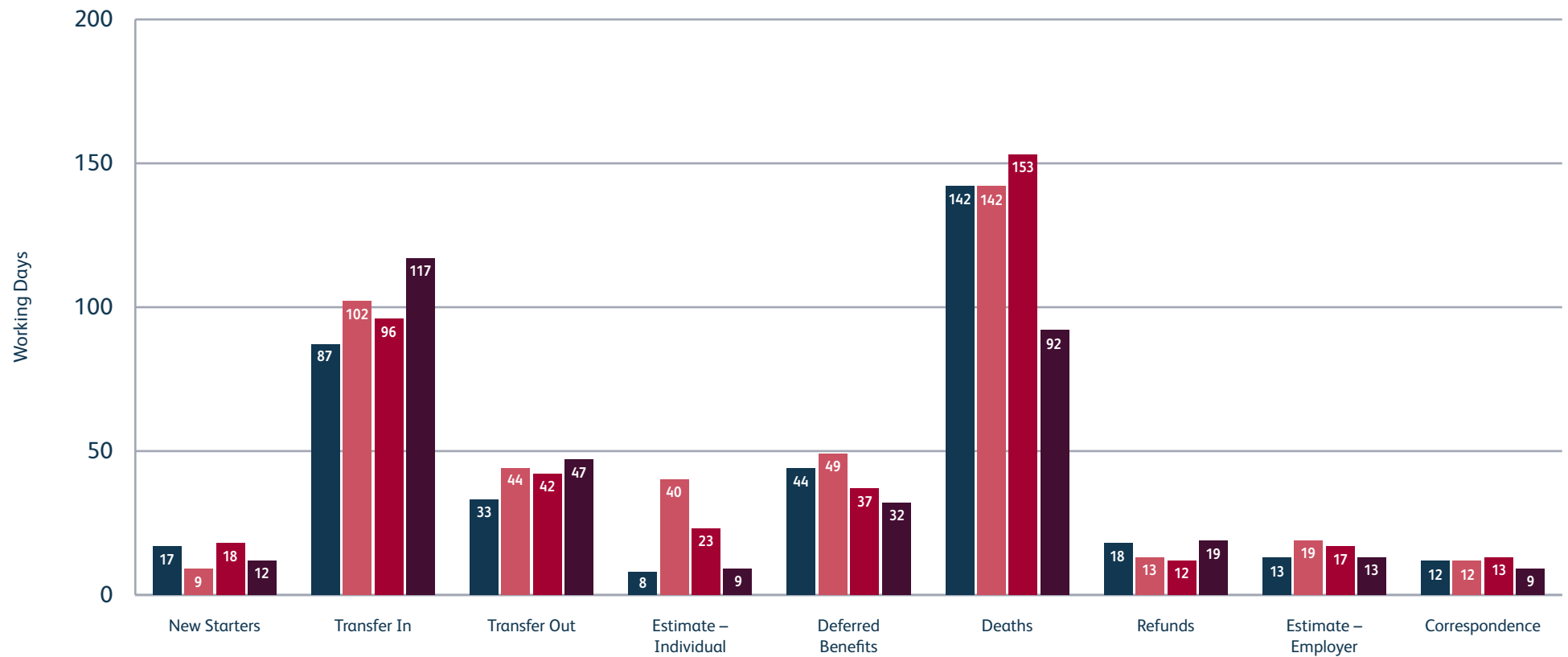
Doing The Right Thing

# Elapsed Times

# Elapsed Times

## ELAPSED DAYS BY QUARTER

Q1 – 21/22   Q2 – 21/22   Q3 – 21/22   Q4 – 21/22





Committed to Excellence

# Retirements

# Retirements

Page 30

	Retirements (Deferred)*			Retirements (Immediate)*		
	Total cases	On Time	SLA	Total cases	On Time	SLA
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%
July 21	27	27	100%	12	12	100%
August 21	36	36	100%	12	12	100%
September 21	31	31	100%	17	17	100%
October 21	33	33	100%	9	9	100%
November 21	48	48	100%	15	15	100%
December 21	25	25	100%	11	11	100%
January 22	45	45	100%	20	20	100%
February 22	41	38	92.7%	9	7	77.8%
March 22	59	59	100%	21	20	95.2%

\* 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

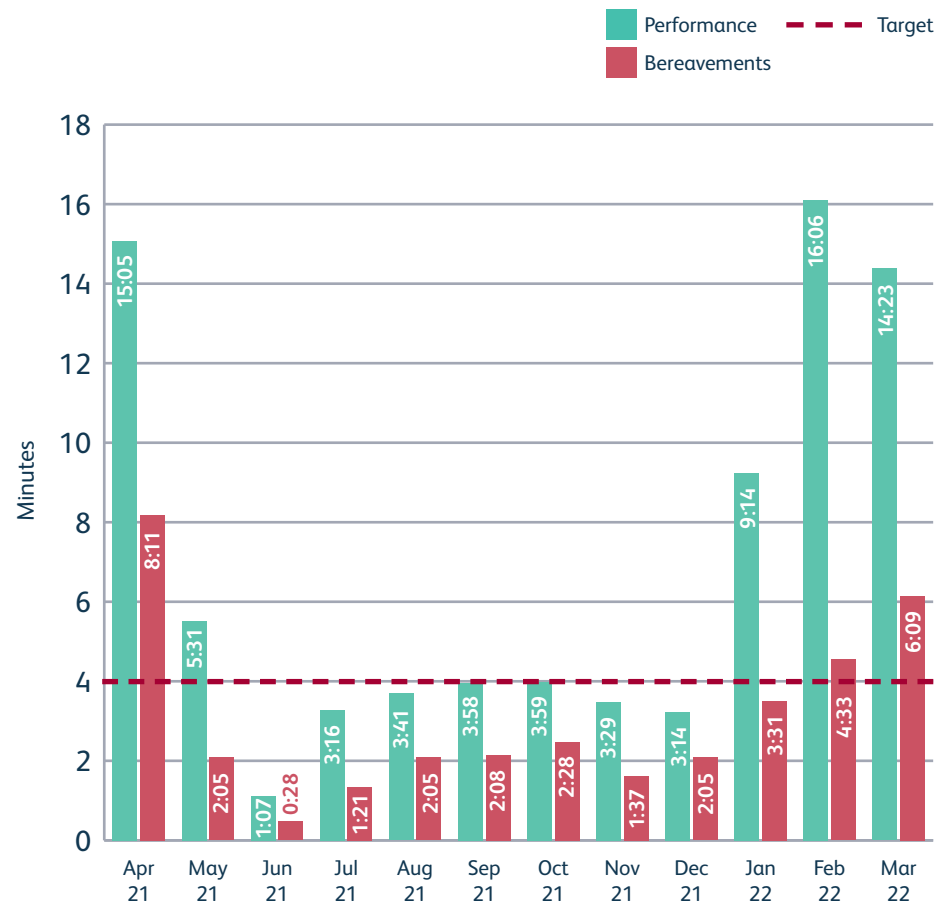
The Helpdesk deals with all online enquiries and calls from Members for all funds that LPPA provide administration services for.



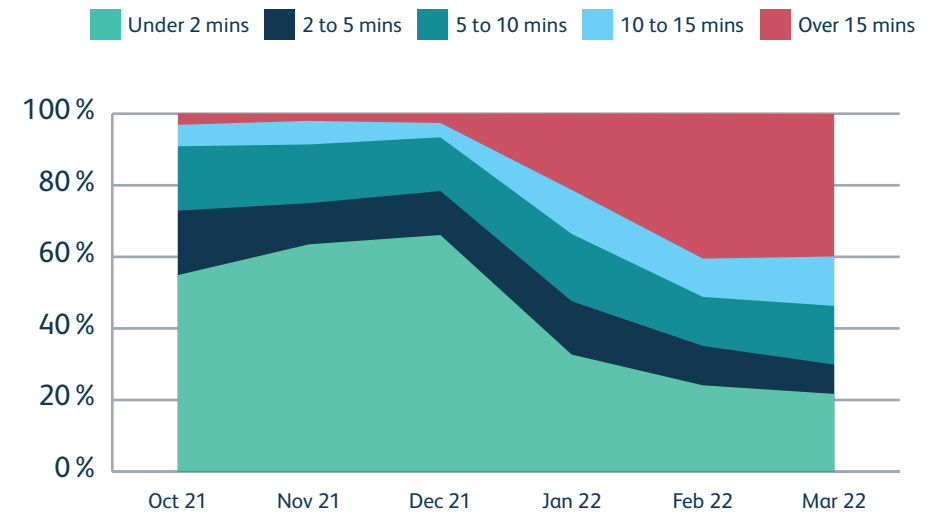
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# Helpdesk Performance - Calls

## AVERAGE WAIT TIME



## WAIT TIME RANGE

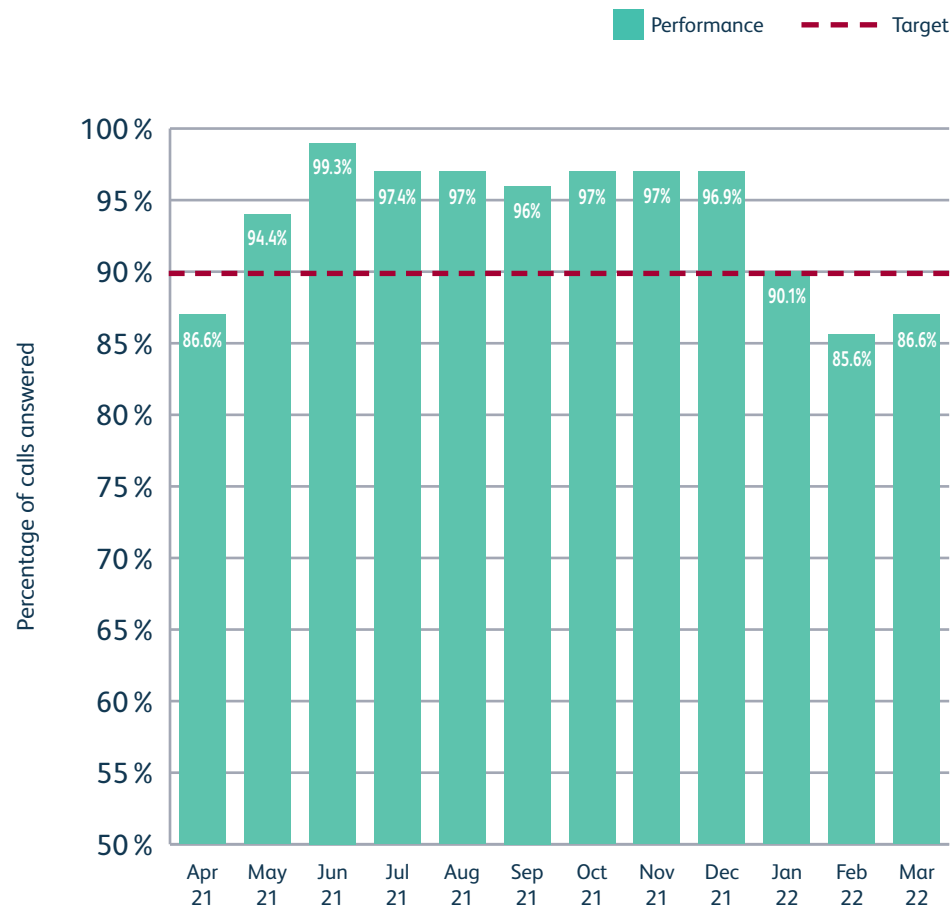


	Under 2 Mins	2 to 5 Mins	5 to 10 Mins	10 to 15 Mins	Over 15 Mins
Oct 21	54.9 %	18 %	18 %	6 %	3.2 %
Nov 21	63.5 %	11.5 %	16.4 %	6.6 %	2 %
Dec 21	66.1 %	12.3 %	15 %	4 %	2.6 %
Jan 22	32.7 %	14.9 %	18.8 %	12.3 %	21.4 %
Feb 22	24.1 %	11 %	13.7 %	10.7 %	40.5 %
Mar 22	21.7 %	8.2 %	16.4 %	13.8 %	39.8 %

# Helpdesk Performance - Calls

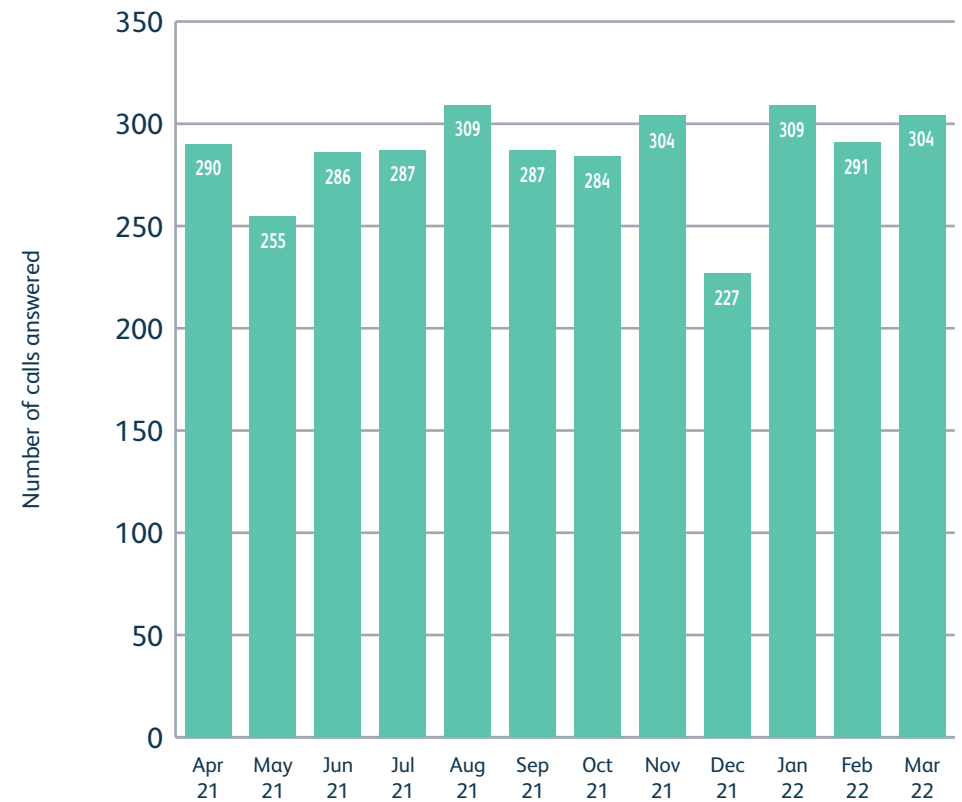
## CALLS ANSWERED (%)

(ALL LPPA)



## CALLS ANSWERED (VOLUMES)

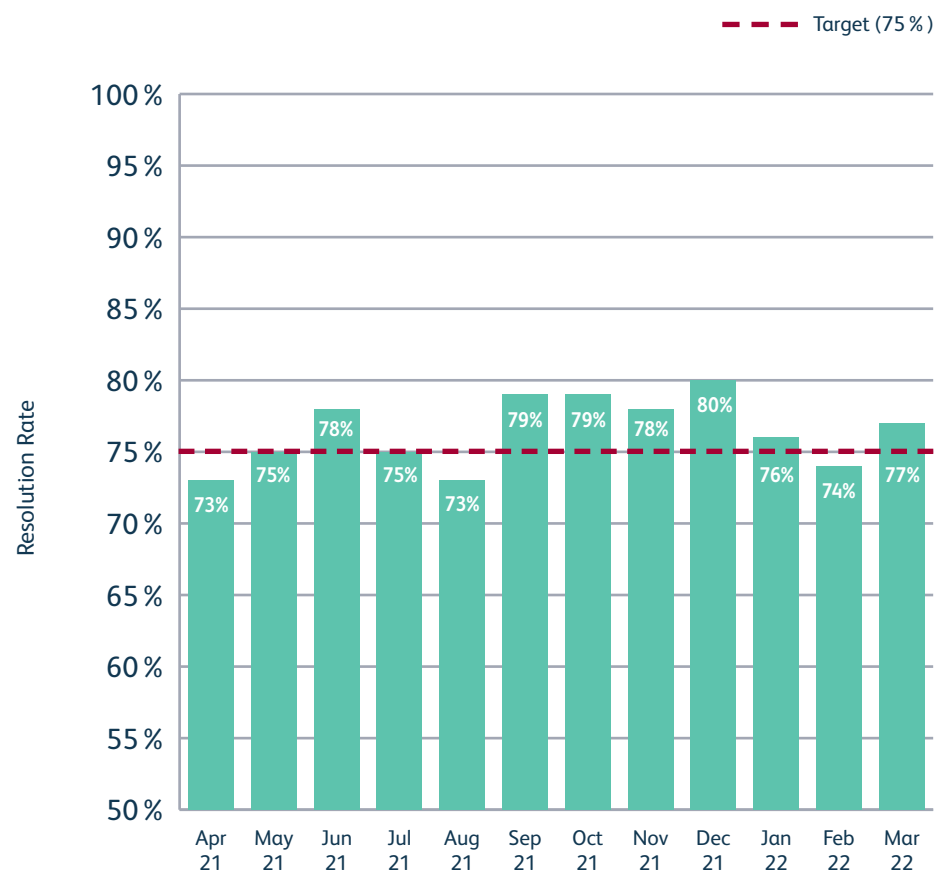
(CLIENT / FUND SPECIFIC)



# Helpdesk Performance - Calls

## RESOLUTION RATE\*

(CLIENT / FUND SPECIFIC)



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

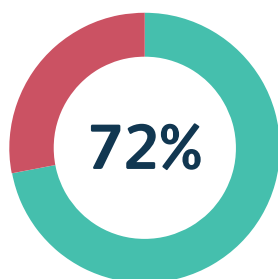
## WHAT DO MEMBERS CALL ABOUT?

	JAN 22	FEB 22	MAR 22
Annual Benefit Statement	2	4	7
Annual Allowance	2	0	0
Additional Voluntary Contributions / Additional Pension Contributions	2	3	3
Bereavement	34	34	38
Deferred	4	5	6
Divorce	2	2	2
Estimate	17	22	12
Life Certificates	3	0	1
McCloud	0	0	0
Member Online Portal	32	24	35
P60	6	1	2
Payslip	45	27	28
Pension Increase	0	1	1
Refund	14	27	15
Retirement	83	84	98
Transfer	20	20	29
Update Details	19	9	12
Other	24	28	15
<b>TOTALS</b>	<b>309</b>	<b>291</b>	<b>304</b>

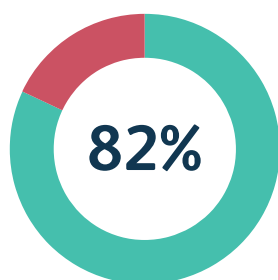
# Helpdesk Performance - Web Enquiries

## RESOLUTION RATE\* (TARGET 75%)

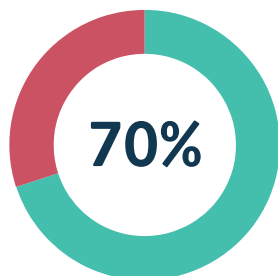
JANUARY



FEBRUARY

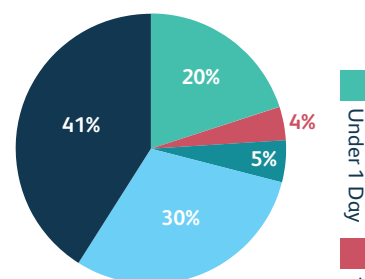


MARCH

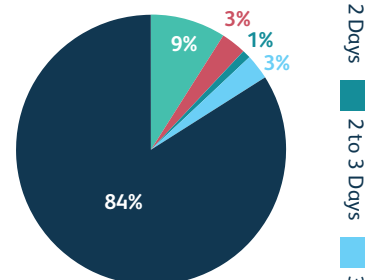


## ENQUIRY HANDLING RATE

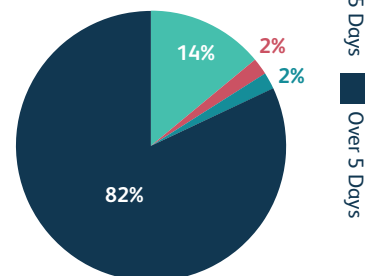
JANUARY



FEBRUARY



MARCH



## WHAT DO MEMBERS ENQUIRE ABOUT?

	JAN 22	FEB 22	MAR 22
Annual Benefit Statement	3	0	3
Annual Allowance	1	1	0
Additional Voluntary Contributions / Additional Pension Contributions	4	1	4
Bereavement	6	2	5
Deferred	3	0	2
Divorce	0	0	1
Estimate	6	9	6
Life Certificates	0	0	3
McCloud	0	0	0
Member Online Portal	23	20	8
P60	0	1	2
Payslip	7	11	0
Pension Increase	0	0	0
Refund	5	0	3
Retirement	33	28	18
Transfer	6	2	16
Update Details	14	6	14
Other	–	–	19
<b>TOTALS</b>	<b>111</b>	<b>81</b>	<b>104</b>

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

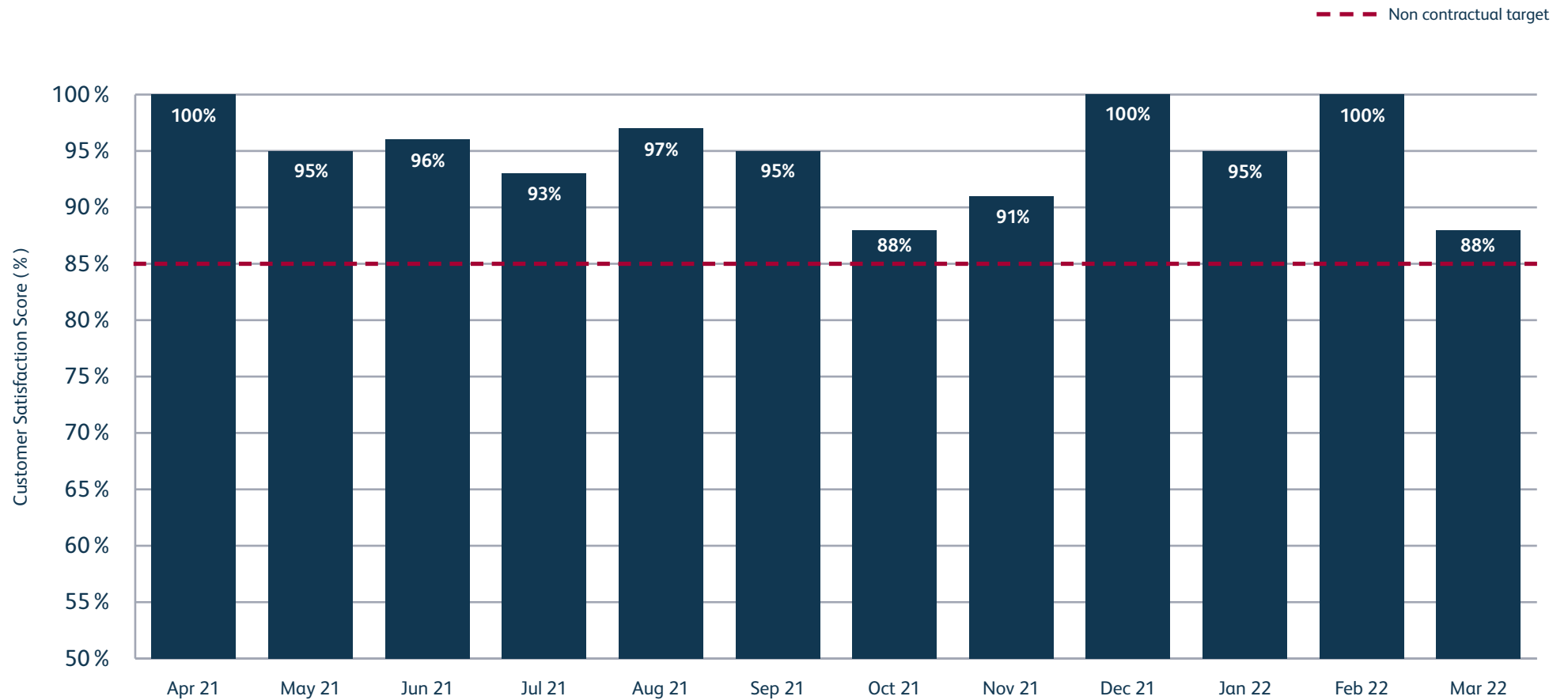
# Customer Satisfaction Scores



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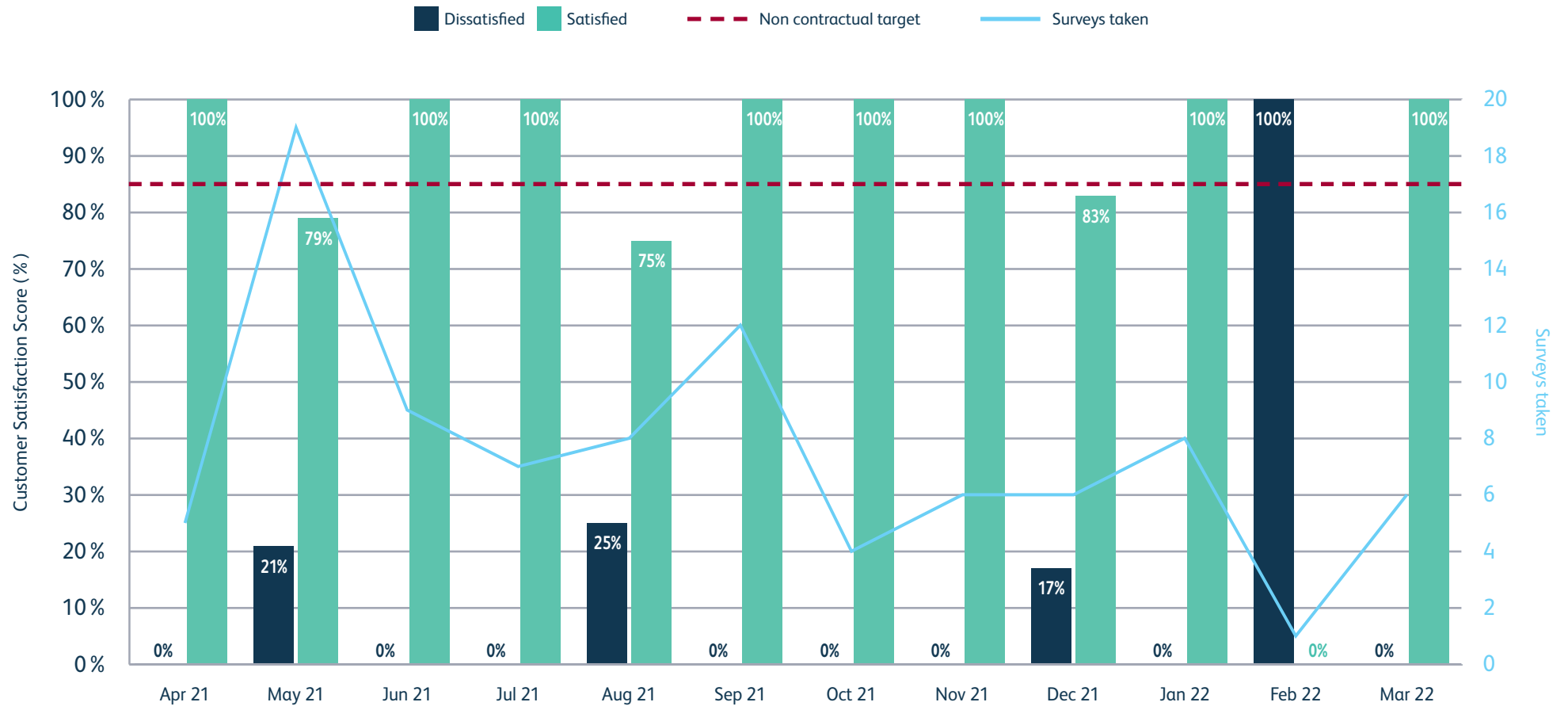
# Customer Satisfaction Scores

## HELPDESK SATISFACTION (CALLS)



# Customer Satisfaction Scores

## RETIREMENTS







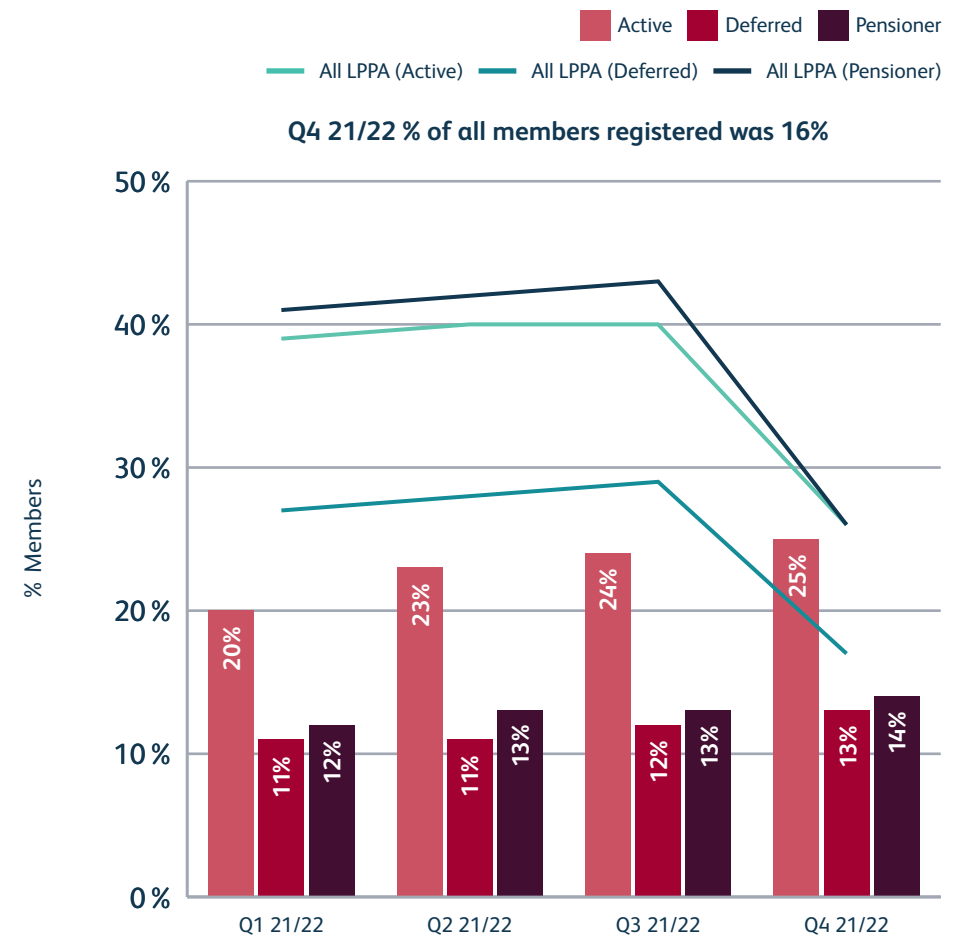
Forward Thinking

# Member Online Portal

# Member Online Portal

## MEMBERS REGISTERED

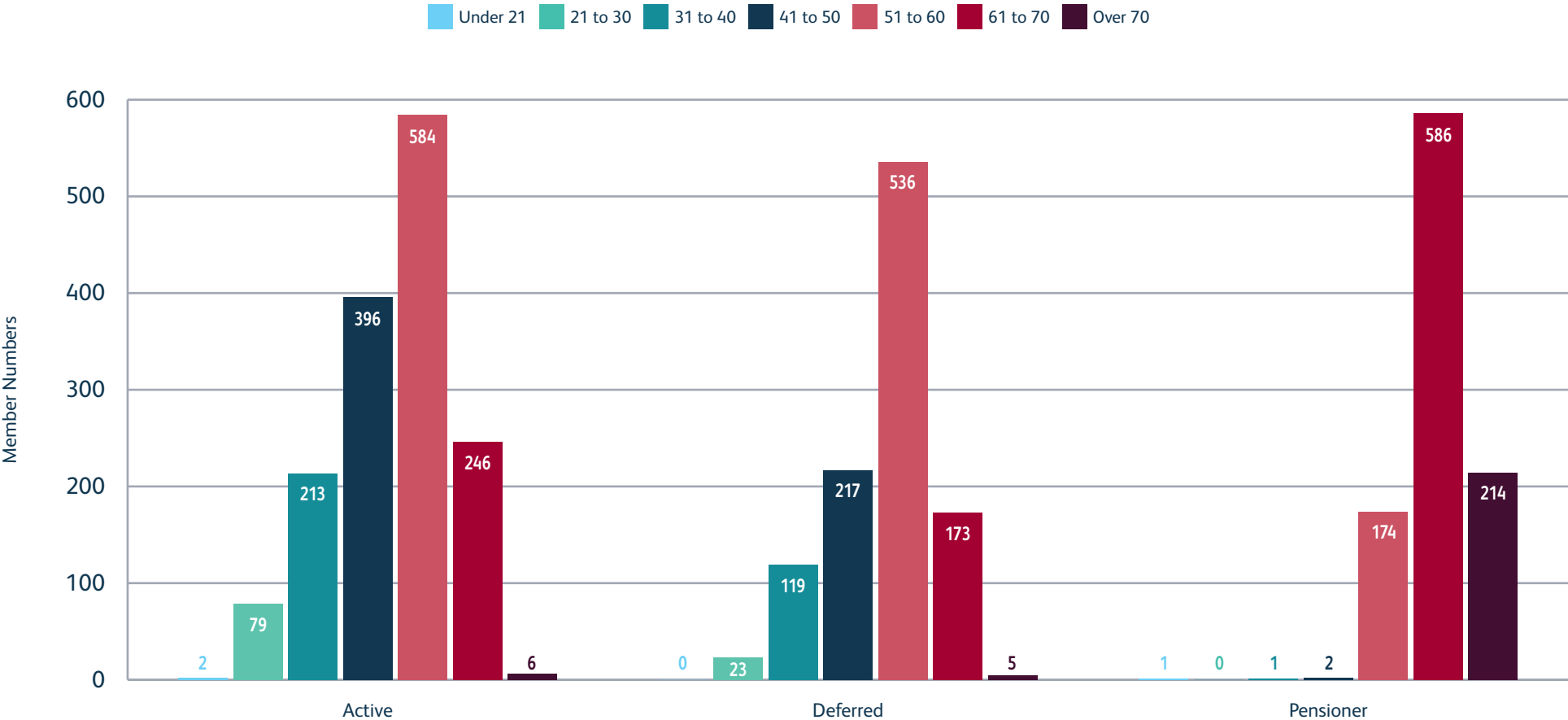
Page 40



# Member Online Portal

## AGE DEMOGRAPHIC

Page 41





Forward Thinking

# Member Contact Data

# Member Contact Data

## EMAIL ADDRESSES

	Q1 - 21/22	Q2 - 21/22	Q3 - 21/22	Q4 - 21/22
Active Contributors	3,220 (52.25%)	3,434 (56.48%)	3,477 (57.92%)	3,679 (60.92%)
Deferred Beneficiaries	1,872 (22.80%)	1,986 (23.91%)	2,092 (24.93%)	2,187 (25.83%)
Pensioner and Dependants	1,397 (20.33%)	1,498 (21.68%)	1,565 (22.62%)	1,689 (24.24%)

## TELEPHONE NUMBERS

	Q1 - 21/22	Q2 - 21/22	Q3 - 21/22	Q4 - 21/22
Active Contributors	552 (8.96%)	617 (10.15%)	671 (11.18%)	702 (11.62%)
Deferred Beneficiaries	566 (5.83%)	643 (6.49%)	730 (7.44%)	794 (7.95%)
Pensioner and Dependants	1,032 (15.02%)	1,143 (16.54%)	1,239 (17.91%)	1,359 (19.51%)

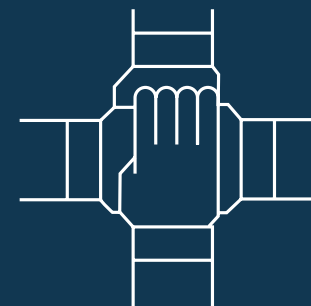
# Member Contact Data

## DEATH NOMINATION

	Q1 - 21/22	Q2 - 21/22	Q3 - 21/22	Q4 - 21/22
Active Contributors	742 (12.04%)	918 (15.10%)	946 (15.76%)	976 (16.16%)

## E-COMMUNICATIONS OPT-OUT

	Q1 - 21/22	Q2 - 21/22	Q3 - 21/22	Q4 - 21/22
Active Contributors	11 (0.18%)	12 (0.20%)	11 (0.18%)	11 (0.18%)
Deferred Beneficiaries	28 (0.29%)	28 (0.28%)	28 (0.29%)	27 (0.27%)
Pensioner and Dependants	358 (5.21%)	357 (5.17%)	354 (5.12%)	351 (5.04%)



Working Together

# Employer Engagement & Communication Activity

# Employer Engagement & Communication Activity

## DELIVERED – ALL CLIENTS

1. A significant focus for the Engagement and Communications team in the period Jan to March 22, has been to support the successful rollout of Project PACE (Phase 1) to 5 LGPS clients and 4 Fire and Rescue Services clients. This has involved a considerable number of training sessions with employers, covering topics including all pension processes that are submitted through the new UPM employer portal.
2. We have also undertaken onboarding of a new LGPS client (London Borough of Hammersmith and Fulham) in January, which included communication and engagement activity to their employers and members.
3. As part of the UPM administration system implementation, a new member online portal (PensionPoint) was launched to members of Phase 1 funds. This will ultimately replace the current My Pension Online portal, once all clients have moved to the UPM platform.
4. The team has continued to deliver 'business as usual' support sessions with employers, and online workshops to members including Scheme Essentials and Retirement Essential sessions.
5. Member communications and employer training and support plans have been developed for 2022/23 (all employer training is now bookable via the LPPA website).
6. Regular updates continue to be added to the [news page](#) of the LPPA website (weekly articles on a variety of topics - this page is used to keep both members and employers informed and up to date with current events).
7. LPPA has launched its own LinkedIn account (previously shared with LPPI) and seen a steady increase in posts and followers in 2022.
8. LPPA's YouTube channel has been instrumental in the launch of PensionPoint (with around 3,000 views of the new registration videos in just 2 months).



# Employer Engagement & Communication Activity

## SCHEDULED – ALL CLIENTS

1. P60's will be uploaded to members online accounts before the end of May, and email notifications will be issued across the period April to May (paper copies will be mailed to members who have requested them).
2. The LPPA online Spring Newsletter for retired members will be issued around the same time as P60's.
3. ABS notification activity will be planned in Q1, with communications scheduled for delivery in line with statutory deadlines (by the end August).
4. Planning will take place, in advance of the LPPA Practitioners conference scheduled for later in June.
5. A major focus for the team will be on planning for the delivery of Phase 2 of project PACE in the second half of 2022.
6. Further video guides will be created and added to the LPPA [YouTube](#) channel, including '[How to use the PensionPoint retirement calculators](#)' (videos have been instrumental in the launch of PensionPoint, the new online member portal, with around 3,000 views of the new registration videos in the previous 2 months).

# Employer Engagement & Communication Activity

## ENGAGEMENT COMMUNICATIONS – CLIENT SPECIFIC

- Due to PACE training and implementation, online employer visits in Q4 were by request. In Q1 visits will focus on employers based on current performance (against key administration metrics) and employer size. We will continue to use recorded training material, accessible on our website, to support all Fund employers



# Employer Engagement & Communication Activity

## EMAILS – EMPLOYERS

Date	Message / Campaign	Call to Action
JANUARY	PensonPulse	Information
FEBRUARY	Reminder to submit your end of year data	Notification
MARCH	PensonPulse	Information
	Important: submit your data returns data	Notification

## EMAILS – MEMBERS

Date	Message / Campaign	Call to Action
MARCH	Member panel update	Survey



Doing The Right Thing

# Data Quality

# Data Quality (TPR scores)

## QUARTERLY COMMON DATA

Data Item	Active	Deferred	Pensioner / Dependant
NI Number	4	73	28
Surname	0	0	0
Forename / Initials	0	6	6
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	20	527	35
Postcode	21	573	49
Total fails	45	1,179	118
Individual fails	25	646	77
Total members	6,039	9,987	6,967
Accuracy rate	99.6%	93.5%	98.9%

Total accuracy rate

96.7%

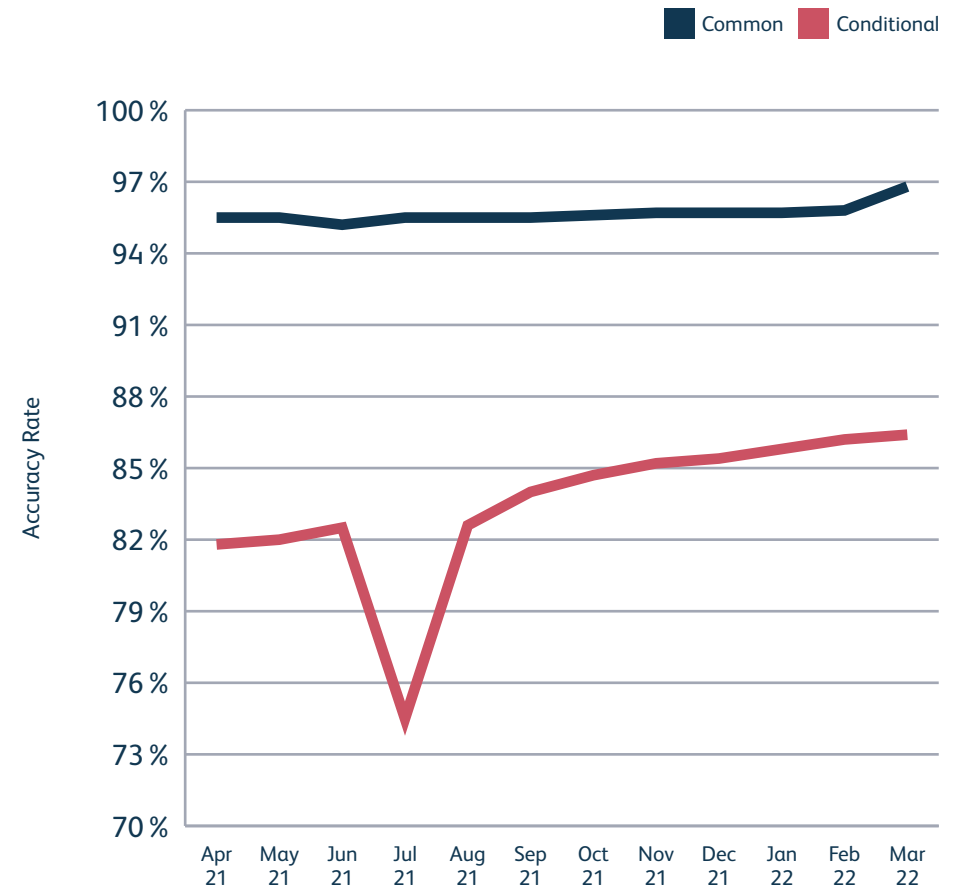
# Data Quality (TPR scores)

## QUARTERLY CONDITIONAL DATA

Data Item	Fails
Divorce records	0
Transfer In	4
AVC's / Additional Contributions	0
Deferred Benefits	0
Tranches (DB)	643
Gross Pension (Pensioners)	17
Tranches (Pensioners)	858
Gross Pension (Dependants)	20
Tranches (Dependants)	18
Date of leaving	16
Date Joined Scheme	0
Employer Details	0
Salary	379
Crystallisation	99
Annual Allowance	211
LTA Factors	0
Date Contracted Out	17
Pre-88 GMP	547
Post-88 GMP	959
<b>Total fails</b>	<b>3,788</b>
<b>Individual fails</b>	<b>3,119</b>
<b>Total members</b>	<b>22,993</b>

**Total accuracy rate 86.4%**

## ANNUAL COMMON & CONDITIONAL ACCURACY RATE



# LPP

Local Pensions Partnership  
Administration

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# LPP

Local Pensions Partnership  
Administration

# Spring Newsletter 2022

Contents

Welcome to our Spring 2022 newsletter	3
2022 P60s – coming soon	4
Pension pay dates	5
PensionPoint	6
Is your pension ready for a spring clean?	7
Your latest pension increases	8
My journey to retirement	10
Are you thinking of moving abroad?	12
Age discrimination update	14
Life is for Living update	15
Taking care of your health and wellbeing	16
Ill health and your pension	18
Tax and your pension	19
Ask the Expert!	20
Have you nominated your beneficiary?	21
Putting members first	21
We're on YouTube!	21

*We've all seen our fair share of changes over the last 12 months, many of which have been out of our control. But at LPPA, we try to focus on those areas where we can make a positive difference.*



Welcome to our  
Spring 2022 newsletter

We've all seen our fair share of changes over the last 12 months, many of which have been out of our control. But at LPPA, we try to focus on those areas where we can make a positive difference – such as bringing you more effective ways to manage your pension.

Some of you may have already had an email about PensionPoint – our new online portal, where you can view your pension details in just a few clicks. Others will be getting an email from us later in the year. Don't worry, when it's time to register, we'll make sure you have everything you need to get started.

This is just one of the changes we're introducing to make your life easier. And to help us get it right, we've created a Member Panel, made up of members from across all the schemes we administer. We get feedback throughout the year and talk about ways LPPA can make improvements on how we communicate with our members.

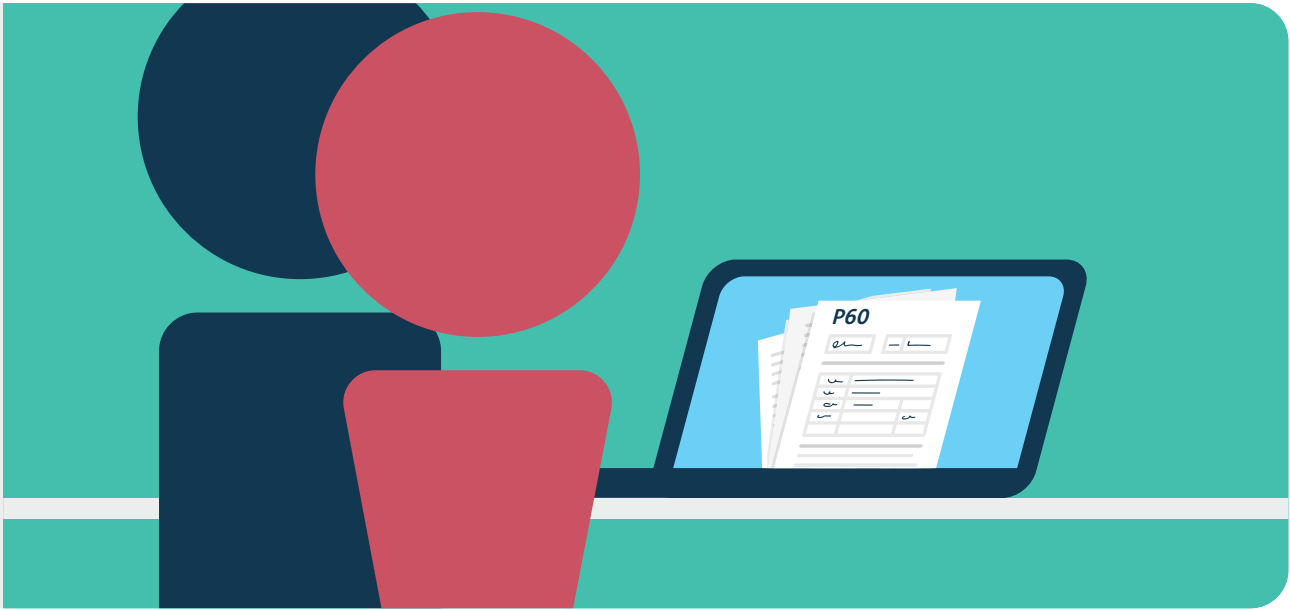
In this Spring 2022 newsletter, we've tried to cover off all the latest news and developments, but we also wanted to share some tips, ideas and inspiration on how to make the most out of your retirement.

I hope you enjoy the content and please take a moment to pass on your feedback, we'd love to hear your thoughts.

Best wishes

**Jo Darbyshire**  
Managing Director, LPPA

## 2022 P60s – coming soon



With the new financial year starting on 6 April 2022, we’re pleased to confirm that your electronic P60 will be available to view on your secure online account by 31 May 2022.

If you have been asked to submit a self-assessment tax return, all you need is an electronic P60. Although, if you have opted out of our electronic communications, you will receive your P60 by post (no later than 31 May 2022).

### How to access your P60

When it’s ready, your P60 will be available to view and download from the documents section. If you haven’t registered yet, just follow these three simple steps:

1. Visit the [Access my online account page](#) on the LPPA website.
2. Select **Register** from the first drop-down box and your pension scheme from the second.
3. Follow the on-screen instructions to activate your account.

### For PensionPoint access

Members of Bedfordshire Fire, Bexley, Hammersmith & Fulham, Hertfordshire, Hertfordshire Fire, Kent Fire, London Fire, LPFA – [click here](#)

If you’re struggling to get started, you might find our [2-minute video useful](#)

### For My Pension Online access

Members of Cumbria, Cumbria Fire, Lancashire, Lancashire Fire, Lancashire Police, Merseyside Fire – [click here](#)

If you’re a member of Ealing, Brent, Havering or Newham pension scheme, please speak to your payroll provider to get a copy of your P60.

## Pension pay dates



If you want to plan your pension pay dates, here are those all-important dates for your diary for the next 12 months:

Bedfordshire	Bexley	Lancashire police	All other schemes
Thurs 28 Apr 2022	Weds 27 Apr 2022	Fri 29 Apr 2022	Fri 29 Apr 2022
Thurs 26 May 2022	Fri 27 May 2022	Weds 1 May 2022	Tues 31 May 2022
Thurs 30 Jun 2022	Mon 27 Jun 2022	Thurs 30 Jun 2022	Thurs 30 Jun 2022
Thurs 28 Jul 2022	Weds 27 Jul 2022	Fri 29 Jul 2022	Fri 29 Jul 2022
Thurs 25 Aug 2022	Fri 26 Aug 2022	Thurs 1 Sept 2022	Weds 31 Aug 2022
Thurs 29 Sept 2022	Tues 27 Sept 2022	Fri 30 Sept 2022	Fri 30 Sept 2022
Thurs 27 Oct 2022	Thurs 27 Oct 2022	Tues 1 Nov 2022	Mon 31 Oct 2022
Thurs 24 Nov 2022	Fri 25 Nov 2022	Thurs 1 Dec 2022	Weds 30 Nov 2022
Thurs 22 Dec 2022*	Tues 20 Dec 2022*	Fri 30 Dec 2022*	Fri 30 Dec 2022*
Thurs 26 Jan 2023	Fri 20 Jan 2023	Weds 1 Feb 2023	Tues 31 Jan 2023
Thurs 23 Feb 2023	Mon 27 Feb 2023	Weds 1 Mar 2023	Tues 28 Feb 2023
Thurs 30 Mar 2023	Mon 27 Mar 2023	Fri 31 Mar 2023	Fri 31 Mar 2023

Please be aware that if you have your pension paid into an overseas bank account, these dates may be delayed by up to two working days.

\* December pay dates may vary depending on your scheme. Please check with your employer.



If you haven't already heard, **PensionPoint** is our new online pension portal, designed to make your life easier when it comes viewing, updating and managing your pension details.

Depending on your scheme, you may be already up and running on **PensionPoint**. If not, you can expect an email from us later in the year explaining how to get started and what to expect.

The benefits of **PensionPoint**

- ✓ An online account that puts you in control of your pension.
- ✓ Real time access to all your relevant pension information.
- ✓ A pension summary page with notifications of any important updates.
- ✓ A personal information page, where you can update your details in just a few clicks.
- ✓ New added features to help you manage your pension, with more enhancements being introduced as the year goes on.



Will this change affect my pension benefits?

No, you'll be happy to hear that your pension benefits will not be affected, and you'll continue to receive copies of your P60 and payslips online within **PensionPoint** (see our P60 article in this newsletter, which explains how this will work).

What happens next?

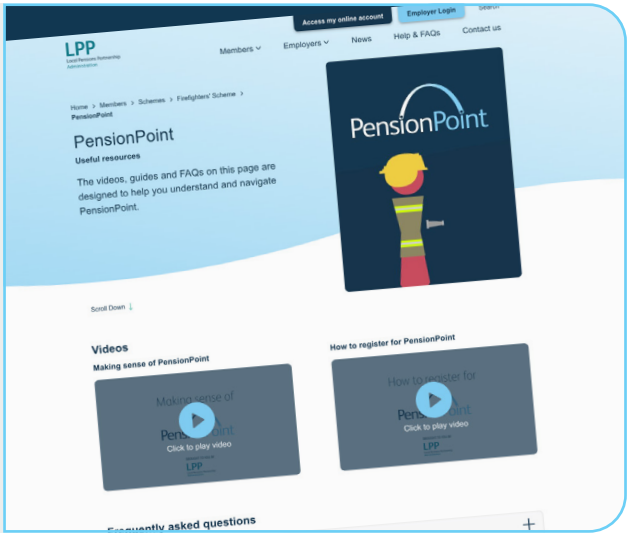
Depending on your scheme, you'll be given access to **PensionPoint** at different times over the next 12 months. As soon as we know your launch date, we'll drop you an email to let you know how to register, log in and navigate the site.

For now, there is nothing further to do.

Where can I get more information?

If you have any questions on **PensionPoint**, we've put together a dedicated resource page with tips, information and videos on how to get started.

Visit our **PensionPoint resource page** [🔗](#)



Is your pension ready for a spring clean?



In order for us to help you get the most out of your pension, it's important that you keep us updated with any changes in your personal circumstances.

If you move house, get married or update your personal details, be sure to let us know. This will ensure you get your pension payments on time, along with any other information that may help you through retirement.

Your pension checklist

Let us know if:

- You are moving house or changing your address
- Have changed your landline or mobile number
- Have a new email address
- Are moving abroad or returning to the UK
- Have changed your bank account
- Have recently married or formed a civil partnership
- It's also important to let us know about those life events that are a little more sensitive – such as divorce or bereavements. We have teams in place to support you through the process and they can help you make all the necessary adjustments to your pension.

Most of these details can be updated online – just head over to your online account by visiting [lppapensions.co.uk](http://lppapensions.co.uk) [🔗](#)

# Your latest pension increases



## Pensions Increase 2022

The government has approved the rate of increase for **all** public service pensions.

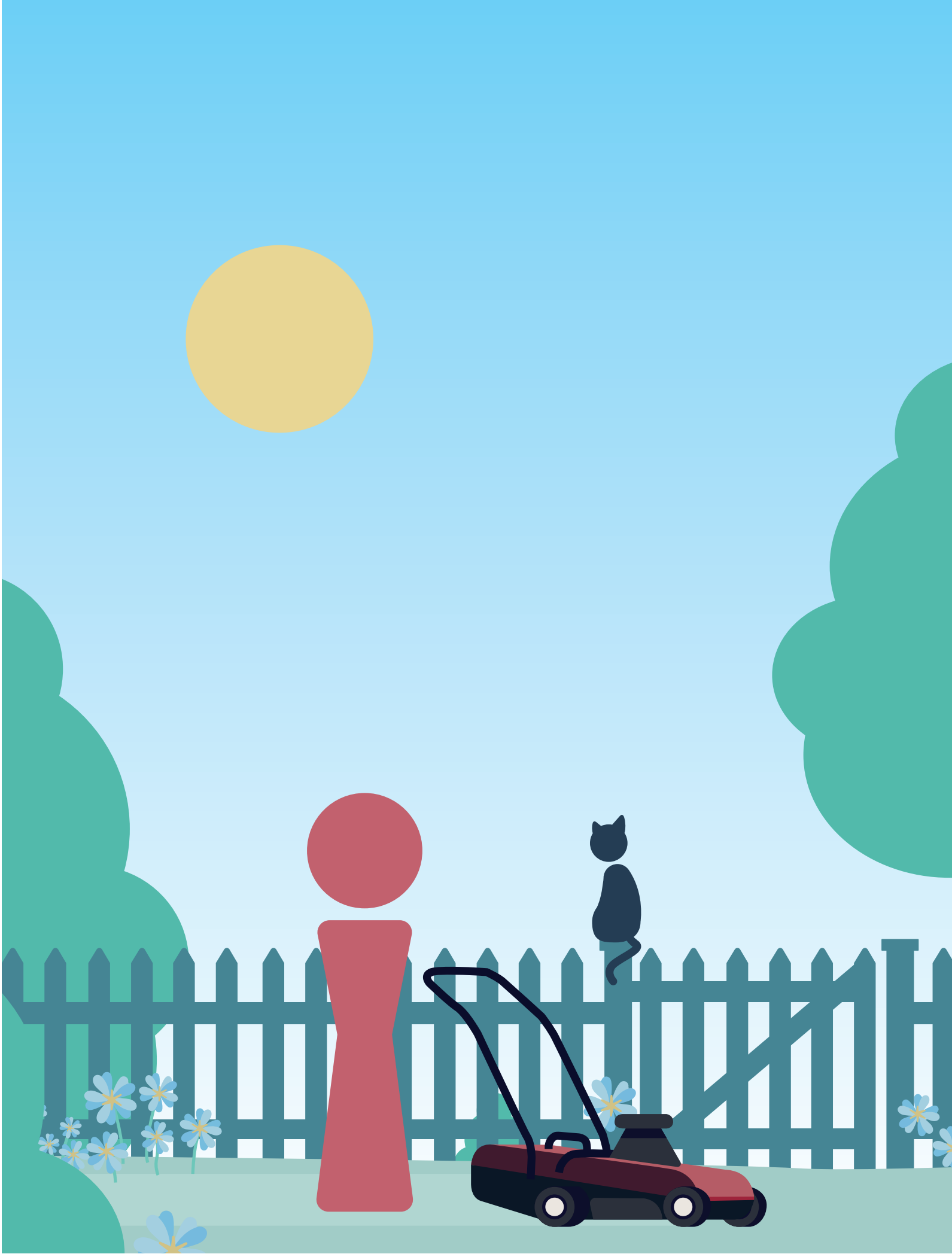
This increase was effective from 11 April 2022 and is for all those in receipt of their pension before 6 April 2021 (except those under 55 who retired on grounds other than ill health).

The increase is set in line with the Consumer Price Index in September 2021, which is **3.1%**.

For pensions that began on or after 6 April 2021, the amount is pro-rated depending on the date your pension started. The increases are as follows:

6 April 2021 – 26 April 2021	3.10 %
27 April 2021 -26 May 2021	2.84 %
27 May 2021 – 26 June 2021	2.58 %
27 June 2021 – 26 July 2021	2.33 %
27 July 2021 – 26 August 2021	2.07 %
27 August 2021 – 26 September 2021	1.81 %
27 September 2021 – 26 October 2021	1.55 %
27 October 2021 – 26 November 2021	1.29 %
27 November 2021 – 26 December 2021	1.03 %
27 December 2021 – 26 January 2022	0.78 %
27 January 2022 – 26 February 2022	0.52 %
27 February 2022 – 26 March 2022	0.26 %

Please be aware, we do not have the power to pay any additional increases to the figures shown.





# My journey to retirement



Retirement can mean different things to different people, from making the most of your freedom and being able to relax, to discovering new opportunities.

And as you can see from our interview, retirement comes in different shapes and sizes!

Here's an interview with one of our members who chose to become a Ski Instructor after retiring from the police - thanks to some lifestyle changes and sensible retirement planning.

## How long did you serve as a Police Officer?

I served as a Police officer with Lancashire Constabulary for 24 years.

## What were the highlights in your career?

As all officers will know, every day in the Police service offers a different challenge and there is rarely anything like a predictable day. During my career I worked on some serious cases I was also fortunate to have worked with many highly motivated colleagues who were dedicated to the job and the camaraderie I formed with my peers was a major highlight in my service.

## What did you find challenging over the years?

There were many challenging days during my police career. When you're investigating serious crime and murders, you go through a whole gamut of emotions. I would say the biggest challenge was not always having the adequate resources to manage the investigations.

## Did you review your pension regularly?

Prior to joining the Police, I served in the Army. I wanted to ensure that I maximised my accrued pension, so immediately transferred it into the Police scheme. This procedure took some time, however the pension office kept me informed of the process and it all went through smoothly. I ensured that I regularly reviewed my pension throughout my career.

## When did you start planning your retirement?

One of the most common questions within the Police service is, "How long have you got left to do?" For some, your retirement date is set in stone, however, in my case I was planning to start a career in Snowsports so the ideal time to retire was just prior to the winter skiing season.

## Is there anything you would have done differently when planning your pension?

No

## When you decided to retire how did you find the process?

I found the whole process very simple. Having notified the pension office of my retirement date, I was kept updated with all the relevant information and every detail was carried out as I would have expected.

## What made you decide to become a Ski Instructor?

Skiing has always been my passion. Initially as a holiday skier and then during my time in the army I participated in Alpine racing - representing my regiment in races across the Alps. After my racing days were over, I qualified as an instructor and Mountain leader, so I was really motivated to pursue a career in this area, once I had left the Police.

## How do find your work-life balance now compared to your time as a Police officer?

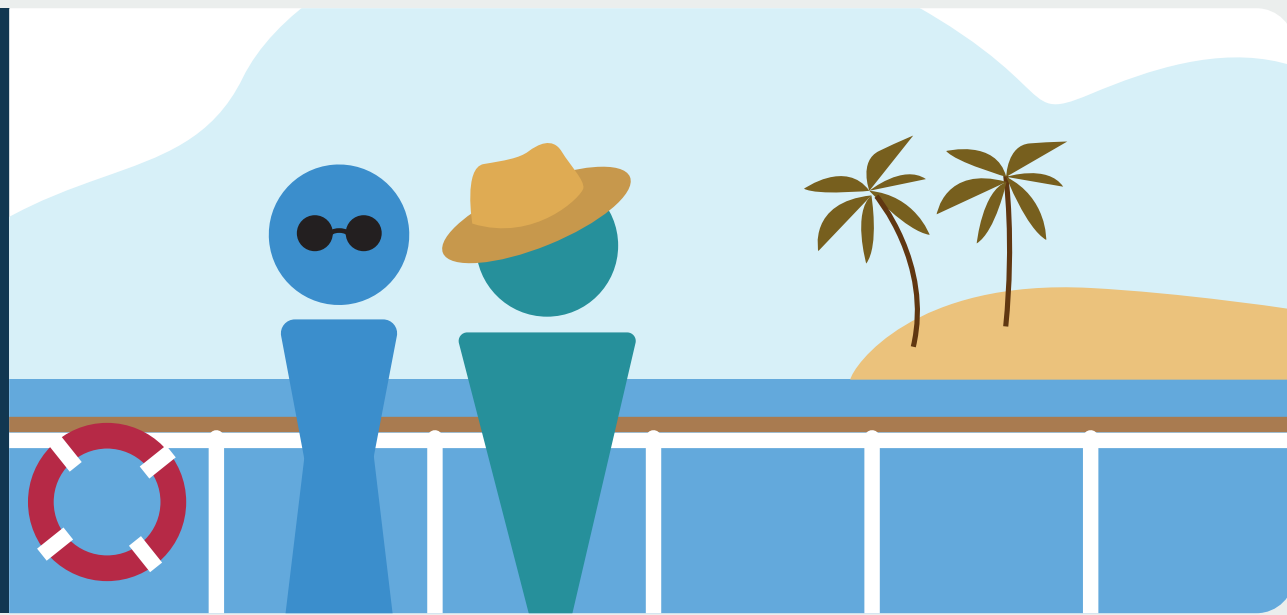
There's a huge difference! I am still very busy working, but I know I can plan events, as I'm not going to get that call in the middle of the night to turn in or have to travel at a moment's notice.

## What advice would you give to others who are planning to take on a new career or hobby once they have retired?

If you are planning to start your own business or begin a new career, I would say do your research and assess your personal circumstances. Take advice on investments and don't just go with your gut feelings. Most of all do something that you enjoy.



# Are you thinking of moving abroad?



## Did you know?

12 % of people over 55 in the UK, plan to move abroad to retire

People often spend time thinking about their future and planning their retirement. Some see it as a chance to take up a new hobby or alternative career, while others see it as the perfect opportunity to move abroad, reset the clock and experience a new culture!

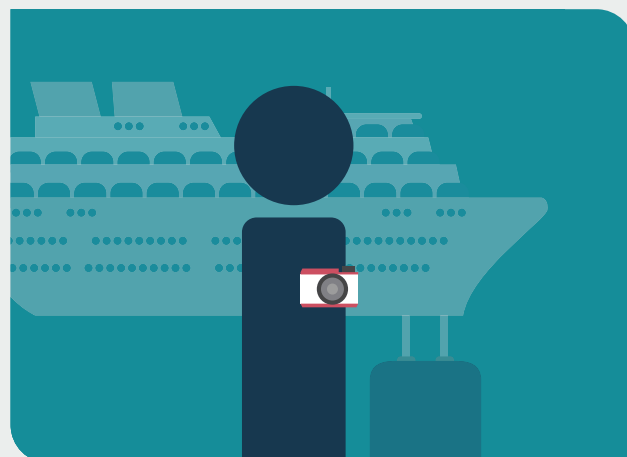
## Taking the leap

Moving to another country can be a big decision, particularly if it's something you haven't done before. So, it's a good idea to do some research and look at the pros and cons of living abroad.

Here are some things to consider:

- **Rent or buy** – think about what works best for you financially.
- **Full-time or part-time** – Will you fly south for the winter and come home in summer?
- **Sell up or stay put** – what you want to do with your current home in the UK.

- **High life or low cost** – look into the average living costs and the services that are provided in the country you're considering. For example, what is the healthcare service like and what would it cost?
- **Native or new language** – would you be happy to learn a new language or would you prefer to move to an English-speaking country.
- **Close by or far away** – think about the travel distance from the UK to your chosen destination. Do you want to be able to go back to the UK regularly to see family and friends?



## Where in the world?

As they say, 'the world is your oyster!' So how do you decide where your new home might be?

For some inspiration, here is a breakdown of where our LPPA members are currently spending their time in retirement.



## How your work pension will reach you

No matter where you are in the world, if we manage your payroll, we will ensure that your pension payments are made to you through your chosen bank account. Just be aware there may be a slight delay, if you live abroad (typically only a couple of days).

If you opt to spend time both in the UK and abroad, you must choose which country you want your pension to be paid in –

[Retirement FAQs](#) • [Local Pensions Partnership Administration](#) ([lppapensions.co.uk](http://lppapensions.co.uk))

## Taxes and Benefits

Taxes and benefits sometimes differ from country to country, but you may still be able to claim UK benefits.

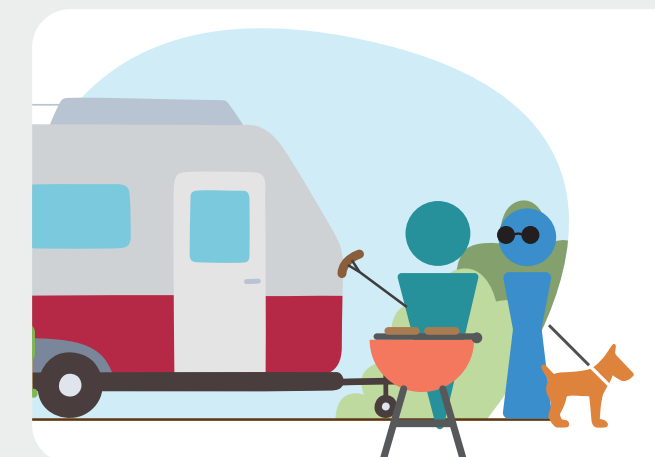
Remember, for tax purposes, you will need to tell HMRC that you're moving or retiring abroad to make sure you pay the correct amount of tax.

Visit [Moving or retiring abroad - GOV.UK](#) ([www.gov.uk](http://www.gov.uk)) for more information.

## Managing your state pension, taxes and benefits

### State Pension

Your State pension works in a similar way. If you have paid enough UK National Insurance contributions to qualify, your pension will be paid to you either into your UK bank account or the country you're living in - State Pension if you retire abroad - GOV.UK ([www.gov.uk](http://www.gov.uk))



## Age discrimination update



### Just to let you know...

You may be aware of a recent age discrimination ruling that has had an impact on members of certain workplace pension schemes. Here's a quick update on who it affects and what you can expect.

### Local Government Pension Scheme members

For anyone who retired before 1 April 2014, you will not be affected by the McCloud case. Plus legislation was applied to anyone who retired after 1 April 2014, to make sure you don't miss out on any payments. While there is unlikely to be any change to your pension payments, we will contact you if you are affected at all.

For more information please visit [McCloud remedy update](#)

### Police Scheme members

We will be carrying out checks once we have more details in October 2023. At this point, we'll be contacting all members who retired after 1 April 2015.

More information is available on our website at [Remedy • Local Pensions Partnership Administration \(lppapensions.co.uk\)](#)

### Firefighters' Scheme members

We will be carrying out checks once we have more details in October 2023. At this point, we'll be contacting all members who retired after 1 April 2015.

More information is available on our website at [Remedy • Local Pensions Partnership Administration \(lppapensions.co.uk\)](#)

# Life is for Living! UPDATE



## What does retirement mean to you?

This was the question we asked in our **Life is for Living** retirement campaign, which we launched last year.

The aim of the campaign was to discover what retirement means to pension members, young and old. So, we sent out a quick survey to members of different age groups to ask them to sum up retirement in a single word, sentence or photograph.

Over 12,000 members responded - from those in their teens to those well into retirement. You may have even been one of those who send us a response (thank you, if you did).

### What we discovered

We found that the concept of retirement evolves as people get older and their priorities change. But it is mostly thought of as a life stage that, above all else, promotes 'time' and 'freedom'.

The top five most popular words found in the responses were 'time' (mentioned 32 per cent of times), 'freedom' (22 per cent), and 'family' (12

per cent), followed by 'opportunities' (6 per cent), and 'travel' (5 per cent).

### Read our report

You can read about our key findings from this research in our report, *Discovering the true meaning of retirement*. It includes the top ten most popular words for each age group, a breakdown of the responses, and some interesting 'food for thought' sections.


You might also want to watch our video, which includes some of our favourite images and responses. You may even see your own response or photo (if you sent us one).

To download the report and watch the video, visit our [Life is for Living page](#). You can also view our press release about the research here.

**We'd just to say a big thank you to all those members who took part in our Life is for Living campaign – we couldn't have done it without you.**



# Taking care of your health and wellbeing

In your retirement it's more important than ever to take care of yourself, both mentally and physically. [According to Mental Health First Aid \(MHFA\), '1 in 4 people in the UK experience mental health issues each year.'](#) 

On the flipside, studies show that there is approximately a 20% to 30% lower risk of depression and dementia for adults participating in daily physical activity.\*

There are lots of ways to take care of your health and wellbeing, from taking up a new hobby to discovering new skills. It's also important to keep on top of your finances if you want to get the most out of your retirement.

## Save or spend?

As a starting point, it's a good idea to think about the lifestyle you want to achieve and how much it's realistically going to cost. Alongside everyday expenses, this might involve things like travel, home improvements and hobbies.


As well as working out your monthly pension, be sure to consider any additional sources of income, such as savings, investments and rental properties. But remember, your state pension won't kick in until you're at State Pension Age, which is currently 66. So, if you've retired early, you may need a contingency plan if you don't already have something in place.

## Dedicate time to others...

It can be difficult to go from working every day to suddenly having spare time. For some, this is great as it allows you to relax and wind down, but you might find having too much time on your hands a little overwhelming. That's why some people choose to keep some kind of work commitment going – even if it's part time.

You may already have a new career in mind or even have a new role in place. If not, you might also want to consider volunteer work. Charities and local community organisations are always in need of volunteers, and it can be incredibly rewarding.



Becoming a volunteer is a great two-way relationship as it gives you the opportunity to share your knowledge and experience and in return, it benefits your mental and physically wellbeing.

[Do It](#)  is a website that connects people to a volunteering role, anywhere in the UK. There are over 70,000 non-profit organisations listed, including Cats Protection, MS Society and many Universities.

## ...but make time for yourself

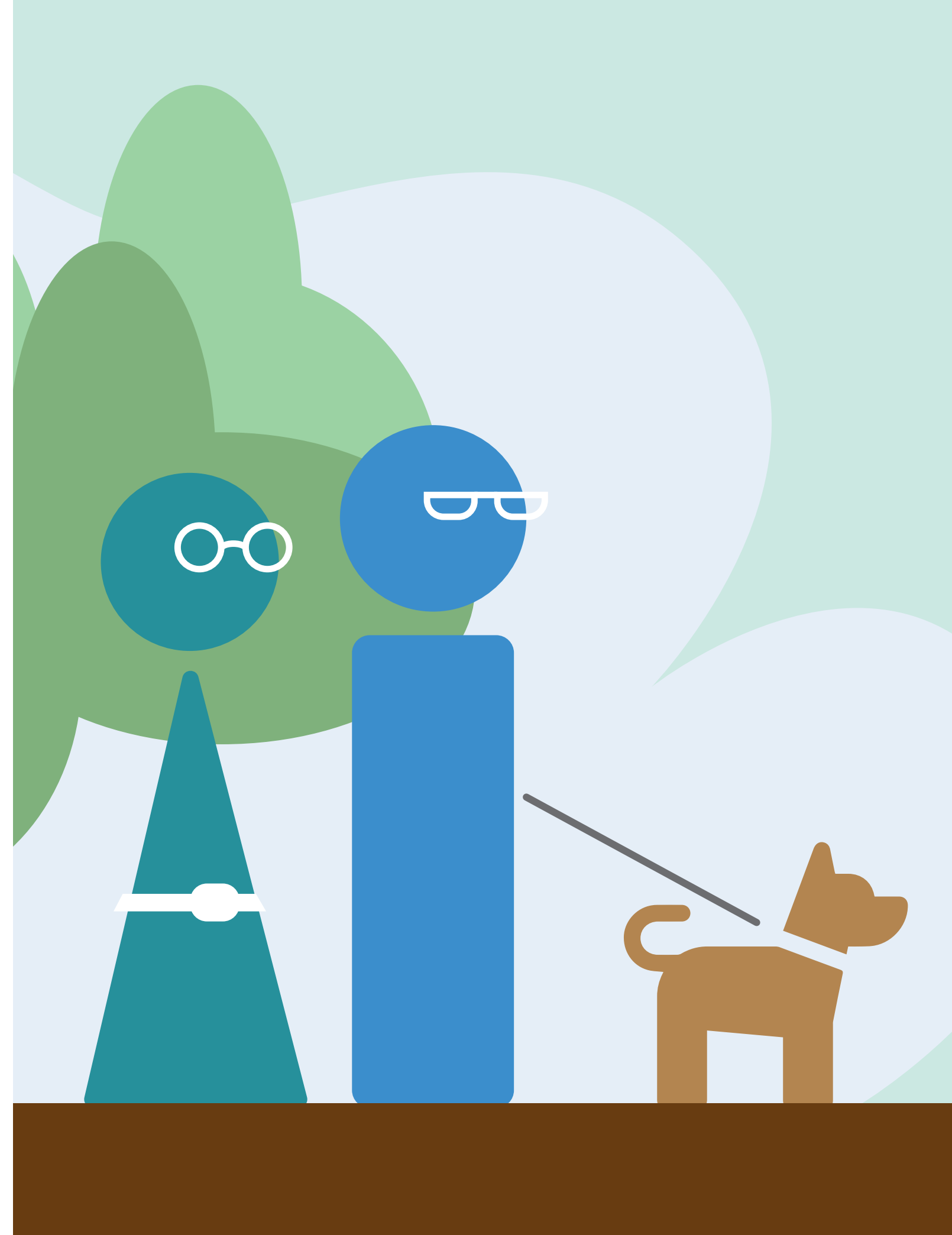
Depression and anxiety are very common amongst many people, particularly aged 55 and over. According to Age UK, 'Nearly half of adults in the UK have experienced depression.' Symptoms include low mood, lack of energy, low self-esteem and disrupted sleep.

Here are some simple ways to keep your spirits up:

- **It's good to talk** – speak to someone. It doesn't have to be family or friends. You can get independent advice from charities such as [MIND](#)  or [Samaritans](#) 
- **Keep moving** – exercising up to 20 minutes a day can really help boost your energy and mood.
- **Rest and reboot** – it's important to look after your body and mind, so getting plenty of sleep will help you face the day.
- **Eat well** – having a balanced diet helps to reduce the risk of heart disease and diabetes. It also helps boost your energy levels.

It's important to remember that mental health is just as important as any physical condition, so there is no shame in visiting a doctor if you feel you can't manage it alone.

\*A report on physical activity from the four home countries' Chief Medical Officers. London: Department of Health, 2011



# Ill health and your pension

According to research in 2021 from the Trade Union Congress, one in eight people are forced out of work due to ill health before reaching state pension age.

Unfortunately, retirement isn't always the happy chapter in life you might have planned. But if you have been forced to retire early due to a serious illness or medical condition, your workplace pension includes some welcome financial protection.

## What is ill health retirement?

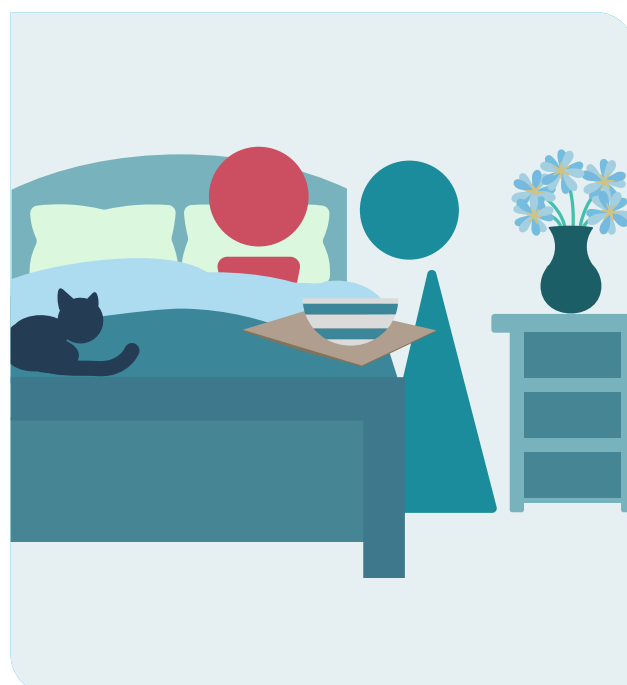
Ill health retirement allows you to receive your pension early when you're not well enough to work. Depending on your scheme, you may have received your pension benefits early, without reductions, as long as you meet certain criteria such as:

- You're permanently unable to do your job (until your Normal Pension Age).
- You're not capable of undertaking gainful (paid) employment for a minimum of 30 hours a week (for at least a year).
- You meet the two-year vesting period (you have paid into your pension for at least two years).

To qualify for ill health retirement, your condition would usually need to be verified by a doctor or an independent occupational health physician – as well as the employer.

## Useful links and resources

Whether you qualify for ill health retirement or are suffering with ill health, there are a number of online resources that provide help, support and information. You may find the following links useful.



## Information on ill health retirement

- [LPPA website](#) LGPS Ill health retirement.
- [Police 2015 scheme](#) Ill health.
- [LGA website](#) Firefighters' Pension Scheme information about ill health retirement.
- [Gov.uk website](#) Early retirement, your pension and benefits – Government information that covers ill health retirement.
- [Gov.uk website](#) Ill health retirement: early medical retirement – Information about ill health retirement from MoneyHelper.

## Financial and practical support when dealing with serious ill health

- [Citizens Advice](#) Information on what benefits to claim if you're sick or disabled.
- [NHS](#) An NHS Social care and support guide, which explains different care options and where to get support.
- [CISFA UK](#) Support for anyone experiencing chronic illness.
- [Marie Curie](#) Care and support for people living with terminal illness.

# Tax and your pension

While all pensions are subject to tax deductions, the amount of tax you pay in your retirement depends on your personal circumstances and any other income you might have. So, it's good to know what can affect tax and what you can do to keep it under control.

## Factors that affect tax

### The size of your pension income

If your total annual income is more than your Personal Allowance (for most people this is currently £12,570), you'll pay tax on your pension. To learn more, visit [HMRC](#) .

### Your pension lump sum

You're allowed to take up to 25 per cent of your pension as a tax-free lump sum, depending on your circumstances. This is something to think about, when considering your future finances..

### Re-employment

If you take up a new job, you will pay tax on your earnings – just as you did before you retired. Also, it's important to let us know you do take up any relevant re-employment, as this could impact your pension.

### Moving abroad

Overseas tax laws can affect your pension options (such as if you haven't yet taken your tax-free lump sum). You can learn more about tax and what to consider when spending your retirement overseas in our article, [Are you thinking of moving abroad?](#)

## Claiming tax allowances

Depending on your circumstances, there are times where you might be able to claim allowances on your pension to help reduce your tax.

For example, if you're married or in a civil partnership, you could claim marriage allowance to help reduce your tax by as much as £252 a year. To find out more, visit the Income tax page on [GOV.UK](#) .

## Paying the right tax

To make sure you are paying the right tax, it's worth contacting HMRC (see below). This is especially important if you have income from more than one source, like a job with another employer.

## Getting tax help and advice

While at LPPA, we can't offer advice on tax, there are plenty of organisations that do. Here are some links that might come in useful.

- [Get help with Tax](#)
- [HMRC](#) For tax queries, phone 0300 200 3000
- [MoneyHelper](#)

It's also wise to get professional tax advice from an independent financial advisor (IFA). You can visit the Financial Advisor Bureau, or websites like [unbiased.co.uk](#) to find an IFA that's suitable, nearest to you and registered by the Financial Conduct Authority (FCA).

Alternatively, the charity, [Tax Help for Older People](#) offers free, independent and expert help and advice to those you can't afford to pay for one.

## Did you know?

Research from the Pensions Policy Institute (PPI) shows people can end up paying up to 200 times more tax than they need to, depending on their retirement choices.



Ask the expert!

Alison Marsh  
Retirements team

We recently caught up with one of our LPPA administration experts, Alison Marsh, to find out what it's like to work here at LPPA and what pension insights she can share with us.

#### How long have you worked for LPPA?

I started working for the Pensions Department in June 2012; at the time this was under Lancashire County Council and has now become LPPA. I initially worked on the Data Team and moved to Pensions Casework from April 2013.

#### What do you enjoy the most?

I enjoy training and helping new staff to learn and develop their skills. I also enjoy the variety of work as in my current role I still process cases relating to retirement, but I am also given the opportunity to do other things as well like training and helping to support the team.

#### What's the hardest thing to deal with in your role?

At the moment we're having to manage the way we work because we're in the process moving over to a new administration system. It's particularly difficult trying to split my time between processing and supporting the team, but I know the new system is going to have a positive impact on members, so it'll all be worthwhile.

#### What do you do to ensure good member service?

I try to be honest, and I always try to do what I say I am going to do and when I am going to do it.

#### What tips do you have for our members which could improve their experience?

If you're still working, speak to your employer about your retirement to request estimates.

Also, visit our website as there is a lot of useful information on there about the retirement process that may help you make decisions – both before and after retirement.

#### Any other good tips?

Make sure you advise us if you change your address / email address details. And if you're in the process of retiring, dig out a copy of your birth certificate, marriage certificate and any other documentation that may be relevant.

It's useful to have these to hand, as they may be needed to update our records.

## Have you nominated your beneficiary?

Did you know that depending on your scheme, if you are aged 75 or under and die during the first 10 years of receiving your pension (or 5 years in some cases), subject to scheme rules, we pay a lump sum (death grant) to your beneficiaries?

You can nominate any person or organisation and it doesn't have to all go to one place. Plus you can choose to divide the sum between family, friends and charity – the choice is yours.

#### Updating your nomination is easy

You can express your wish as to who receives this lump sum by completing your nomination form online.

[Find out more](#)

The easiest way to nominate your beneficiary, is to login to your online account [Access my online account](#) • [Local Pensions Partnership Administration \(lppapensions.co.uk\)](#)

## Putting members first

At LPPA, we know how important it is to get our communications right and provide the best possible service for our members. So, last year, we created some Member Panels consisting of members from our Local Government, Police and Firefighters' Schemes.

The purpose of the panels is to discuss our communications, find out what's missing and constantly improve our approach. At each session we focus on a different area, such as emails, web pages or member letters, and we ask for honest feedback on how we might improve our communications going forward.

We'd like to pass on a big thank you to all our panel members who have given up their time to pass on their thoughts and opinions. We really appreciate your support.

## We're on YouTube!

Did you know we have our own LPPA YouTube channel? Take a look and you'll find lots of useful tools and information about your pension. Plus there are some useful videos on LPPA if you want to find out more about us and how we can help.

[Take a look and see for yourself](#)




How can we improve our  
newsletter?

Please take a minute to let us know what you  
think of our newsletter.

Complete our short survey 

## Contact Us

To contact us, please visit: [www.lppapensions.co.uk/contact-lppa](http://www.lppapensions.co.uk/contact-lppa) 

*Please note: if you send us any correspondence by tracked mail you may receive a notice from Royal Mail saying they were unable to deliver the item. This is only because our mail is being sorted off site due to Covid-19. Rest assured we will still receive your mail so there is no need to call us we will action your mail in the usual manner.*

# LPP

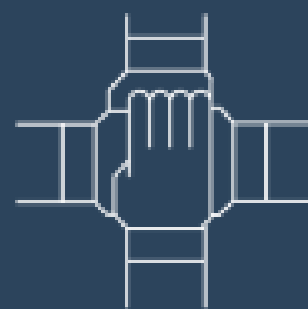
Local Pensions Partnership  
Administration



Local Pensions Partnership  
Administration

# London Borough of Brent Local Pension Board Project PACE update

July 2022



WORKING  
TOGETHER



COMMITTED TO  
EXCELLENCE



FORWARD  
THINKING



DOING THE  
RIGHT THING



# Project PACE update

- Phase 1 of the migration to UPM is now complete with 9 LPPA clients now live on UPM
- Plan for Phase 2 migrations has now been agreed – this will move all remaining clients to UPM between October – December 2022
- LB Brent is scheduled to go live in November
- The UPM member portal (Pension Point) and the employer portal are both live. 40,000 members have successfully registered for Pension Point and over 10,000 forms have been submitted by employers through the UPM employer portal.
- The data migration has been fully reconciled (all Altair and CMS records successfully migrated to UPM in Phase 1)
- Pension payroll now running on the new system for Phase 1 UPM clients
- April Pensions Increase (PI) was run for the Phase 1 clients in UPM

# Recent Service Challenges

## SLA Performance

Initial performance against SLAs was low for UPM clients when compared to previous months before the transition. The main reasons contributing to this dip in performance include:

1. New way of measuring performance against SLA's in UPM
2. Increased volumes and/or spikes of work post go-live (e.g. clearing e-mails built up in each blackout period prior to 'go-live')
3. A higher number of hypercare issues post go-live than anticipated. This resulted in processes having to pause until the issue was fixed, resulting in some cases missing SLA
4. An initial productivity dip as people get used to a new system, although we are seeing output improve across a subset of processes

## Pensions Helpdesk Wait Times


The Pensions Helpdesk has not been running at normal service levels as we continue to experience higher call wait times than the non-contractual target of 4 minutes. The main reasons contributing to this dip in performance include:

1. Record volumes of inbound calls (PACE, Pensions Increase, P60s, Pension Point launch, delays responding to webforms)
2. Increased call handling time for all UPM calls as call handlers were not familiar with UPM

In June the average wait time was 5 minutes which is the shortest since the beginning of the migration Phase 1 and response times to webform ('Contact Us') enquiries are now back to 24-48hr turnaround.

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	<b>Pension Board</b> 25 July 2022
	<b>Report from the Independent Chair of the Pension Board</b>
<b>Annual Report for 2021/22</b>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	David Ewart, Independent Chair of the Pension Board

## 1.0 Purpose of the Report

- 1.1 This is the Chair's Annual Report to the Board for 2021/22. It provides a summary of the work carried out by the Council's Pension Board during the 2021/22 municipal year.

## 2.0 Recommendation(s)

- 2.1 That the Board note the contents of the report.

## 3.0 Detail

### Board's Work during 2021/22

- 3.1 To begin, I would like to reflect on the size of the Brent Pension Fund and Scheme which held investments of £1,128m as at 31<sup>st</sup> March 2022, had 44 employer organisations with active members within the Fund and had 22,993 members, made up of 6,039 active members, 9,987 deferred members and 6,967 pensioner and dependant members. During the year to 31<sup>st</sup> March 2022 the Fund received £64.1m in contributions and paid out £46.8m in benefits.
- 3.2 The Board met three times during the year, in each case virtually (as the Board comes under different legislation to other Council Committees), despite

not being able to meet in person, the Board continued with its work and considered a large number of matters.

3.3 The first virtual meeting on 22<sup>nd</sup> July 2021 considered the following:

- a. The Chairs Annual Report 2020/21;
- b. The Pension Fund Administration Update, including the Pension Fund Performance Report;
- c. The Revised Brent Pension Fund Administration Strategy;
- d. An LGPS Update including updates on;
- e. The Brent Pension Fund Risk Register; and
- f. Items considered by the Sub Committee, including:
  - i. The Investment Management Update Report for Q1 2021;
  - ii. A Brent Pension Fund – Funding Update;
  - iii. The draft 2020/21 Statement of Accounts;
  - iv. An Actuarial Services Procurement Report;
  - v. The Local Authority Pension Fund Forum (LAPFF) Engagement Report.
  - vi. An update on the London CIV (a confidential item).

3.4 The second meeting of the year on 2<sup>nd</sup> November 2021 considered the following:

- a. The Pension Fund Administration Update, including the Q1 Fund Update, The Breaches Policy and a Project PACE Update;
- b. An LGPS Update including updates on;
- c. The Brent Pension Fund Risk Register; and
- d. Items considered by the Sub Committee, including:
  - i. The Investment Management Update Report for Q2 2022;
  - ii. The 2020/21 Annual Report and Statement of Accounts;
  - iii. A Property Allocation Report; and
  - iv. An update on the London CIV (a confidential item).

3.5 The third and final meeting on 24<sup>th</sup> March 2022 considered a slightly large agenda, which was as follows:

- a. The Pension Fund Administration Update, including the Q3 Fund Update, and a Project Pace Update;
- b. The Brent Pension Fund Risk Register; and
- c. Items considered by the Sub Committee, including:
  - i. The Investment Management Update Report for Q3 2022;
  - ii. A Net Zero Transition Roadmap Update; Service:
  - iii. A Summary Report the Actuarial Assumptions;
  - iv. The 2020/21 Pension Fund Annual Report;
  - v. A Report on the Procurement of Actuarial, Custodial and Investment Management Consultancy;
  - vi. A LAPFF Update Report; and
  - vii. An update on the London CIV (a confidential item).

3.6 In summary, as in previous years, the board continues to receive high quality reports and regular updates on all those matters which enable it to fulfil its role in assisting the Council as scheme manager in ensuring that the scheme complies with the relevant legislation, policies and guidance. In particular:

- The Pension Administration providers, LPP, have been invited to attend meetings regularly to discuss their performance, improvements to the member experience, progress in increasing the quality of data and other relevant items such as complaints, operational controls, risk and overall oversight.
- Regarding the quality of data, it should be noted that as a result of the additional investment in data cleansing, both the common and conditional data scores have improved considerably since the contract (with LPP) was let in 2018.
- The main focus in 2021/22 has been to ensure the board receives assurances that the transition to a new IT system was being properly managed.
- The Board was pleased to note at its November meeting that for active and deferred members Annual Benefits Statements (ABS) had been issued to all members identified on year end returns from employers by the deadline. There were only a small number of records where queries from year end returns had not been resolved in time for members to receive an ABS. The board noted these outstanding queries are being monitored by LPP and as soon as the queries are resolved an ABS will be issued.
- The Board has continued to receive an updated, detailed and separate tailored risk register at each of its meetings supplied together with a risk strategy. The Board was particularly grateful for this, as effective risk management is a key foundation for sound governance of the Scheme.
- The Board continues to receive updates on elements of the Pension Administration Strategy when appropriate.
- The Board continued to receive and review copies of the reports that had been considered by the Pensions Sub Committee.

3.7 I should like to end by thanking the other members of the Board for their continued support during the year and understanding with respect to challenging nature of virtual meetings.

3.8 I would also like to express my sincere thanks to the Council officers, particularly those from Finance and Democratic Services for their excellent support during a difficult year.

#### **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

	<b>Pension Board</b> 25 July 2022
	<b>Report from the Director of Finance</b>
<b>Brent Risk Register</b>	

<b>Wards Affected:</b>	N/A
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Two 1) Appendix 1 – Risk Register 2) Appendix 2 – Risk Strategy
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <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 including the key changes set out in section 3.5.

## 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 Key changes to the Risk Register:
- No new risks have been added.
- 3.6 There have been other changes made to the Risk Register at Appendix 1 to keep the document up to date. The changes are:
- Item 2.1 – LPP Financial Standing – update to the comment;
  - Item 5.2 – Record Keeping Planning – update to the comment;
  - Item 5.3 – Employer Data – update to the comment;
  - Item 5.5 – Impact of Coronavirus (COVID-19) - the risk has changed from medium - low to low, the likelihood of the risk has changed from 8 to 5, the impact has changed from 4 to 2 and the overall score of the risk has changed from 32 to 10, and update to the comment;
  - Item 5.6 – Transfer of LPP Administration System from Heywoods to Civica - updated comments;
  - Item 5.7 – Data Migration - update to the comment;
  - Item 6.4 – Year End Return - the risk has changed from low to medium - low, the likelihood of the risk has changed from 2 to 4, and the overall score of the risk has changed from 20 to 40 because there is a higher number of outstanding returns compared to prior year, and update to the comment;
  - Item 9.11 – The Fund's Assets Insufficient to Meet Long Term Liabilities - update to the comment;
  - Item 9.2 – Investments in Russia, Belarus and Ukraine - the likelihood of the risk has changed from 10 to 2, and the overall score of the risk has changed from 10 to 2, and update to the comment;
  - Item 9.6 – Pension Plan Accounting - update to the comments;
  - Next review dates are continually updated.
- 3.7 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.
- 3.8 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 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

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The London Borough of Brent Pension Fund Risk Register 2022										
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	2022	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	2022	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	2022	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	2022	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	Q1 2022/23	Brent Council discuss LPP budget at regular contract monitoring meetings. Full year 2021/22 budget reviewed, Q1 2022/23 update awaited from LPPA.
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	Q2 2022/23	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	2022	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	2022	Data is backed up on an incremental basis daily and fully backed up weekly, data kept in secure sites.
4.13		a) Clean desk polices 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	2022	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	2022	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	2022	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	2022	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	2022	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	2022	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	3	7	21	TPR Data Scores, Data cleanse project	Brent	Quarterly	Quarterly	Brent record keeping plan have been created to deal with poor common data and scheme. Phase 2 of data cleanse project was completed in Q4 2021/22. 1,385 missing leaver queries were identified within the scope of the project. A total of 1,219 queries have been resolved (88%). Of the outstanding 166 cases, 55 are now active cases within "business as usual" and the remaining 111 cases have been passed over to Brent and will be followed up with employers at the 2021-22 year end. Data quality has improved and is now being monitored quarterly.
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.  The Pensions Administration Strategy allows the scheme manager to take action 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 requests for information in a timely manner.
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  Knowledge sharing and transfer	Brent	Annual	2022	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.	5	2	10	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.  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 and in offices.
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 rolling out a new pension administration system which is made by Civica and called Universal Pensions Management (UPM). The UPM system is replacing 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.  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. LPPA successfully completed Phase 1 of the migration to UPM with 9 clients. The rollout plan for Phase 2 migrations has been agreed – this will move all remaining clients to UPM between October - December 2022. It is confirmed that go live for the Brent Pension Fund will be 11th November 2022.  The transfer of this service from Heywood's to Civica while having many benefits will also involve risks that are to monitored regularly by LPP through their Project Plan capturing key dates, tasks, milestones, risks and controls in place. LPP are providing Brent officers with regular updates in monthly meetings to ensure successful transfer of administrative systems. An update is also being provided to the Pension Board.
5.7	Data Migration	The data is not transferred across or is transferred across incorrectly leading to: a) Delays in the calculation of member benefits b) Member payments being delayed c) Increase in complaints d) Difficulty in meeting key deadlines e) Reputational damage to the fund	3	8	24	Regular meetings with LPP	LPP	Ongoing	Ongoing	LPP are conducting five separate data cuts for the migration of data from Altair into UPM. Each data cut will be completed and signed off before the next data cut is completed. The data will be fully reconciled before UPM go live. Brent is part of the second batch of the clients going live on 11 November 2022, therefore we will be able to learn lessons on what's gone well and what has not gone well.
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	2022	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	2022	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 2021/22	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 Record Keeping Plan (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 2021/22	Incorrect Statuses, no address, missing data to calculate leads to: a) Statements not being issued b) Statements 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	4	10	40	PAS and Plan Calendar	Brent	Annual	2022	End of year process has been planned. Pro active action to get employers to provide data on time is in place. Training sessions are provided to employers to assist completion.
6.5	Admission Agreements	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	2022	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	2022	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		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	2022	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	2022	Breaches log to bring attention of failing and lessons learned in processing admission agreements
7	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
8	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	2022	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	2022	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	2022	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	2022	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	2022	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	2022	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
9	Risk Plan Funding & Accounting	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment

9.1			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	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	1	10	10	The Funding Strategy Statement	Brent	Tri Annual	2022	<a href="#">A report on the 2019 Triennial Review (including the Funding Strategy Statement) was presented to the Pension Board at the March 2020 meeting. Next triannual valuation 2022.</a>
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	Investments in Russia, Belarus and Ukraine	Due to the impact of the UK government sanctions on the Ukraine invasion by Russia, the exposure of the Brent Pension Fund to Russian, Ukrainian and Belarusian assets is set out below:  Total Fund Value (31/1/22) £1.1 billion Total Exposure £1.6 million Exposure 0.14%  The Fund has relatively minimal exposure to Russian, Ukrainian and Belarusian holdings.	2	1	2	The Fund holds a well-diversified portfolio of assets, which has been invested in line with the investment strategy statement	Brent	Ongoing	Ongoing	<a href="#">Officers, in conjunction with our investment advisors, fund managers, London CIV and actuary, are monitoring the situation on an ongoing basis and continually assessing risks. It is understood that most Russian, Ukrainian and Belarusian holdings have been removed from the relevant indexes and have been written down to zero.</a>
9.3	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.
9.4	Exit Pay Reforms	There is potential for new legislation to be introduced 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, this was revoked on the 25th February 2021. 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.
9.5	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
9.51	Maintained Schools Academies Employers		2	10	20	PAS	Brent	Annual	2022	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
9.52	a) On time b) Or not at all c) Refusal to pay		2	10	20	PAS	Brent	Annual	2022	Contributions are monitored on a monthly basis and late or non payers reported. 2018 Revised PAS includes fines for non compliers.
9.6			2	10	20	Annual audit	Brent	Annual	2022	<a href="#">Draft accounts for 2021/22 have been published and are currently in the process of being audited.</a>
9.61			1	10	10	Triennial valuations	Brent	Tri Annual	2022	2019 Triannual completed. Next triannual valuation 2022
9.62	Pension Plan Accounting	Failure to comply with accounting regulations will lead to serious consequences: a) Possible fines b) Loss of reputation	1	10	10	The Funding Strategy Statement	Brent	Tri Annual	2022	<a href="#">A report on the 2022 Triennial Review (including the Funding Strategy Statement) will be presented to the Pension Board during 2022/23.</a>
9.63			1	10	10	Fund's Funding Level Assessment	Brent	Annual	Annual	<a href="#">The Fund receives regular performance reports on its investments from the custodian. A valuation of assets and liabilities on an accounting basis is completed annually. The Fund actuary, Hymans Robertson, completes a valuation of liabilities every 3 years.</a>



# Brent

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## **London Borough of Brent Risk Strategy**

# Brent Risk Strategy July 2018

## Table of Contents

1. Introduction .....	3
2. Strategy objectives .....	3
3. Purpose of the strategy .....	3
4. Effective date .....	4
5. Review .....	4
6. Scope .....	4
7. Risk Management Philosophy .....	4
8. CIPFA and the Pensions Regulator's Requirements .....	4
9. Responsibility .....	6
10. The London Borough of Brent Pension Fund Risk Management Process .....	6
11. Reporting and monitoring .....	8
13. Risk Register Appendix A .....	9

## 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

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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

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	<b>Pension Board</b> 25 July 2022
	<b>Report from the Director of Finance</b>
<b>LGPS Update</b>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Six Appendix 1 - DLUHC letter on 2022 valuation Appendix 2 – Prudential Letter Appendix 3 - LGPC Bulletin – March 2022 Appendix 4 - LGPC Bulletin – April 2022 Appendix 5 - LGPC Bulletin – May 2022 Appendix 6 - LGPC Bulletin – June 2022
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <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 The purpose of this report is to update the committee 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 Committee is asked to note the recent developments in the LGPS.

## 3.0 Detail

**DLUHC letter concerning the McCloud remedy and the 2022 Valuation**

- 3.1 In March 2022, the Council received a letter from Teresa Clay, Head of Local Government Pensions at Department for Levelling Up, Housing and Communities (DLUHC) which sets out DLUHC's recommendations on how administering authorities should take the McCloud remedy into account in the 2022 triennial valuation. The letter is attached in Appendix 1.
- 3.2 Brent officers have discussed the guidance with the Fund actuary and it is in line with expectations and the approach as used in the 2020 Scottish valuations. There are no expected delays to the valuation process as a result of the guidance.

### **Prudential performance update**

- 3.3 The LGPS Scheme Advisory Board (SAB) met in January to hear from the Prudential with regard to the operational difficulties being faced by administering authorities. It was agreed that the Prudential would agree a communication to explain the background to the various issues, the steps that have and are being taken to remedy the situation and expected timescale before normal service is resumed.
- 3.4 Prudential have now written to Jo Donnelly, Head of Pensions at the LGA, to provide this update. This letter is attached in Appendix 2.

### **SAB LGPS Annual Report**

- 3.5 On 13 June 2022, the SAB published the 2021 LGPS England and Wales Scheme Annual Report. Highlights from the report include:
- total membership grew by 1.08% from 6.160 million to 6.226 million;
  - total assets increased to £342 billion - a rise of 23.4%;
  - local authority net return on investment from 1 April 2020 to 31 March 2021 was 20.56% - reflective of market conditions;
  - a positive cash-flow was maintained overall, including investment income;
  - over 1.8 million pensioners were paid;
  - COVID-19 significantly impacted life expectancy - with a drop of 0.9 years and 0.5 years for males and females respectively (2019 figures versus 2020); and
  - total management charges increased by £196 million, an increase of 12.9% - primarily driven by a rise in investment management charges, while administration, oversight and governance costs remained broadly stable.
- 3.6 Further details of the LGPS Annual Report 2021 can be found at: <https://www.lgpsboard.org/index.php/2021-highlights>

### **GAD 2016 Scheme Valuation Report**

- 3.7 On 29 June 2022, the Government Actuary's Department (GAD) published its report on the 2016 scheme valuation which calculates the cost cap of the scheme. The Government established a cost control mechanism for public



service pension schemes to ensure a fair balance of risks between scheme members and the taxpayer. If at subsequent valuations the cost of the scheme is outside a corridor above / below the employer cost cap, the Public Service Pensions Act 2013 requires action to be taken to bring costs back to the target cost.

- 3.8 The report concludes that the costs of the scheme were 1.2% below the target cost as at 31<sup>st</sup> March 2016, meaning no action is required to be taken as there is no breach of the 2% corridor. The full report can be found at: <https://www.gov.uk/government/publications/cost-cap-valuation-of-the-local-government-pension-scheme-england-and-wales>.

#### **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

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Department for Levelling Up,  
Housing & Communities

**Local Government Finance Stewardship**  
***Department for Levelling Up,***  
***Housing and Communities***  
4th Floor, Fry Building  
2 Marsham Street  
London SW1P 4DF

**www.gov.uk/dluhc**

LGPS administering authorities  
Via LGA distribution list

Email: [lgpensions@levellingup.gov.uk](mailto:lgpensions@levellingup.gov.uk)

March 2022

Dear Colleagues

### **Local Government Pension Scheme (LGPS) England and Wales - 2022 triennial valuations**

I am writing to set out DLUHC's current position on McCloud remedy for administering authorities to consider whilst undertaking the 2022 valuations.

In December 2018, the Court of Appeal found that the transitional protections introduced to the judicial and firefighters' schemes during the reform of public service pensions in 2015 discriminated on grounds of age. On 15 July 2019 the UK Government issued a written ministerial statement to confirm that as transitional protection was provided in all public service schemes, the ruling (generally referred to as the McCloud judgment) had implications for all those schemes, including the LGPS in England and Wales.

Whilst proposals to address the specific discrimination in the LGPS have been set out in a written ministerial statement on 13 May 2021 [here](#), changes have not yet been made to regulations. The amending regulations are expected to be made later this year. We are aware that a lack of clarity may lead to differences in approach between funds and, all other things being equal, could possibly result in differences in employer contribution rates. We are keen to avoid this where possible.

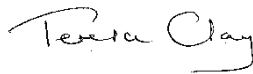
We therefore suggest that all administering authorities, for the purposes of the 2022 triennial valuation, should value members' benefits as required by the various Regulations in force as at 31 March 2022 except for the following assumptions:

- It should be assumed that the current underpin (which only applies to those members within 10 years of their NPA at 31 March 2012) will be revised and apply to all members who were active in the scheme on or before 31 March 2012 and who join the post 1 April 2014 scheme without a disqualifying service gap.
- The period of protection will apply from 1 April 2014 to 31 March 2022 but will cease when a member leaves active service or reaches their final salary scheme normal retirement age (whichever is sooner).
- Where a member remains in active service beyond 31 March 2022 the comparison of their benefits will be based on their final salary when they leave the LGPS or when they reach their final salary scheme normal retirement age (again whichever is sooner).
- Underpin protection will apply to qualifying members who leave active membership of the LGPS with an immediate or deferred entitlement to a pension.

- The underpin will consider when members take their benefit so they can be assured they are getting the higher benefit.

DLUHC expects that all administering authorities will reflect the above amendments when valuing past service liabilities and setting employer contribution rates at the 2022 triennial valuation and that they will confirm their approach in the Funding Strategy Statement. It is likely that the Government Actuary's Department will also seek to ensure that this is the case when carrying out their Report under Section 13 of the Public Service Pensions Act 2013. DLUHC emphasise that this letter does not preclude final regulations taking a different approach to McCloud remedy to that outlined here. Therefore, administering authorities should make provision in their funding strategy for revisiting employer contributions if the actual outcome is materially different from that outlined above.

**Yours faithfully**

A handwritten signature in black ink, appearing to read 'Teresa Clay', with a stylized, cursive script.

**Teresa Clay**  
**Head of Local Government Pensions**

Jo Donnelly  
Head of Pensions  
Local Government Association  
18 Smith Square  
Westminster  
London  
SW1P 3HZ

29<sup>th</sup> April 2022

Dear Jo

## **M&G plc administration delays for Local Government AVCs**

Further to our meetings and discussions in relation to administration performance for Local Government AVC schemes, I have provided some explanations below on this specific areas we have discussed.

### **Acknowledgement of delays**

In reference to our recent conversations and feedback received from you, M&G acknowledge that the service provided to Local Government AVC pension schemes and members has not been meeting expectations and requirements. M&G apologises that the service has not been what members would expect and is committed to the improvement of service to Administering Authorities, employers and scheme members.

### **Description of problems**

In late 2020 M&G migrated to an established administration platform. The platform is designed to offer M&G corporate pension customers and members greater digital capability and online access to their policies.

The approach to processing of contributions paid by employers was enhanced to introduce more controls. Historically, M&G have provided manual assistance to ensure contribution listings and payments were processed quickly (for instance where the payment and contribution listing amounts did not agree).

The enhanced system controls require the contribution listings and payments to agree. As this was not always the case, there were delays in the processing of contributions while discrepancies were addressed.

Contributions are a key dependency for all other administration processes. As a result of the processing delays, there was a collateral effect on the rest of the service that was initially experienced through increased call waiting times and delays in the processing of quotes and claims.

At the same time, as a result of the pandemic, there were restrictions in place that required colleagues to work from home. This had the effect of reducing operational efficiency which would not have been the case if colleagues had been co-located.

## **Actions taken to improve service**

As the administration delays and extended call waiting times became apparent, M&G have been operating a Service Recovery Operation. This has facilitated:

- Recruitment of additional staff into the administration and voice functions
- Dedicated staff working with employer payroll teams to resolve file disparities
- Provision of an escalation route for urgent claims and complaints
- A fast-track complaint resolution process
- Upskilling completed in Annuities and Pensions servicing
- Embedding of improved training processes
- Enhanced contingency plans being put in place from both a people and system perspective

Where there have been delays in the processing of benefits and contributions, M&G have ensured that no member has suffered financial detriment as a result of a delay caused by M&G. M&G assess each case on its own merit paying the member compensation, where appropriate.

## **Expected timescales for resumption of normal service**

### Call waiting times

- Staffing in our Voice teams was increased by c.50% since the deterioration in performance and the impacts of both Covid and system migration. Continued recruitment and upskilling continues on a monthly basis to deliver both further and future improvements in performance
- Telephone call abandonment rates and call wait times improved significantly through the second half of 2021 and early 2022. Unfortunately, more recently, the abandonment rate and call waiting times have increased. A recovery plan has been put in place to improve performance.

M&G aim to have abandon rate of less than 5% with a call wait time of less than 2 minutes.

### Customer Journeys (including Bereavements, Claims, New Business, Servicing)

M&G is now processing the large majority of core transactions (e.g. retirement claims, transfers, bereavements, contribution changes, fund switches and new member applications) within normal service levels.

Performance is measured on an end to end journey basis. This means that all activities are joined together and the customer journey time is calculated from the first point of contact to the point of closure where no other activity is required to deliver the customer outcome.

The target is for more than 95% of work to be completed within a set number of days depending on the specific work required. For example we aim to have all claims and bereavements processed within 5 working days of receiving all of the relevant documentation.

For the quarter to December 2021, for Local Government AVCs in England and Wales, 90.2% of work was completed within this target. M&G continue to focus on improving performance to this target.

#### Annual Benefit Statements and Scheme Revisions

As a consequence of the servicing delays outlined above, the production of the 2020 / 2021 annual scheme revision information and Annual Benefit Statements has been delayed. The majority of schemes received their annual benefit statements within the regulatory deadline. M&G is in contact with any schemes where information is yet to be issued. Detailed planning for the distribution of 2021/22 year scheme revision information and Annual Benefit Statements is underway and expected turnaround times will be confirmed to individual Administering Authorities.

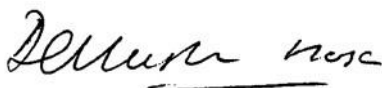
Scheme members can check the value of their AVC account through the online service. Members can login or register for the service at [www.pru.co.uk/login](http://www.pru.co.uk/login)

Existing AVC members can access additional support for any general enquiries through the AVC support team which is available Monday – Friday 8.30 - 6pm on 0800 6000 343. Secure messages can also be sent once you have registered for M&G online service.

#### **The Pensions Regulator**

M&G have continued to inform The Pensions Regulator about service performance and delays.

Yours sincerely



Alastair Hogg  
**Head of Corporate Pensions**

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## LGPC Bulletin 222 – March 2022

Local Government Pensions Committee (LGPC)  
Secretary, Lorraine Bennett

This bulletin contains updates for all LGPS stakeholders. It includes the following important articles that need action by certain stakeholders:

- [LGPS investments in Russia](#) – decide what prudent action to take
- [DLUHC letter concerning the McCloud remedy and the 2022 Valuation](#) – discuss content with Fund actuaries
- [New member website and LGPS brand](#) - update communications and inform stakeholders
- [Scottish APC calculator moved](#) – update links in communications
- [Mandatory scheme pays deadlines](#) – processes and timescales changing with effect from 6 April 2022

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

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### Index

<b>LGPS England &amp; Wales Scheme Advisory Board (SAB)</b>	<b>3</b>
Legal opinion on the prepayment of contributions	3
Investments in line with UK foreign and defence policy	3
LGPS investments in Russia	3
<b>LGPS England &amp; Wales</b>	<b>4</b>
DLUHC letter concerning the McCloud remedy and the 2022 Valuation	4
New member website and LGPS brand	4
<b>LGPS Scotland</b>	<b>5</b>
APC calculator moved	5
Aggregation technical guide published	6

Survey on LGA's service to administering authorities .....	6
<b>HMT .....</b>	<b>6</b>
Mandatory scheme pays deadlines are changing .....	6
<b>DWP .....</b>	<b>6</b>
Consultation on draft pensions dashboards regulations.....	7
<b>TPR .....</b>	<b>7</b>
Updated guidance on stronger nudge .....	7
<b>Other news and updates .....</b>	<b>8</b>
Bulletin 221 – Annual update .....	8
Job vacancy at the LGA.....	8
LGPS Pensions Adviser – Employers .....	8
Minutes of the national LGPS technical group published .....	8
Public Service Pensions and Judicial Offices Bill .....	9
<b>Training .....</b>	<b>9</b>
2022 Training Programme .....	9
<b>Wider landscape .....</b>	<b>9</b>
Multi-employer CDC pensions .....	9
<b>Legislation.....</b>	<b>10</b>
Acts .....	10
Statutory Instruments .....	10
<b>Useful links .....</b>	<b>10</b>
<b>LGPS pensions section contact details.....</b>	<b>10</b>
<b>Further information.....</b>	<b>12</b>
Copyright.....	12
Disclaimer .....	12

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## LGPS England & Wales Scheme Advisory Board (SAB)

### Legal opinion on the prepayment of contributions

On 22 March 2022, Lorraine Bennett emailed administering authorities letting them know that the SAB has obtained a legal opinion on the prepayment of primary employer and/or employee contributions. This is in response to a request from an administering authority. The opinion is provided by James Goudie QC.

In summary, James Goudie QC finds no legal barrier to the prepayment of these contributions. However, the advice makes clear that any prepayment should be taken on the basis of ‘reasonableness, proportionality and prudence’. The full opinion and further information is available on the [legal opinions](#) page of the [SAB website](#).

### Investments in line with UK foreign and defence policy

A last-minute amendment to the Public Service Pensions and Judicial Offices Bill was accepted before the Bill received Royal Assent on 10 March 2022. The amendment introduces the power for the Secretary of State to give guidance or directions to the LGPS on investment decisions that conflict with the UK’s foreign and defence policy.

There are no changes that LGPS administering authorities need to make now. Changes will only be needed if DLUHC issues guidance or directions, which would be subject to the usual 12-week consultation process.

See the [Boycotts Divestment and Sanctions](#) page of the [SAB website](#) for more information.

### LGPS investments in Russia

On 4 March 2022, the SAB published more information on Russian sanctions and divestment. This follows the coming into force of The Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2022 on 1 March 2022.

On 9 March 2022, DLUHC sent a letter to all LGPS Committee Chairs, copying in the Chair of the SAB. It urges all parties to keep up to date with the list of Russian sanctions which is expected to grow. The Rt Hon Michael Gove MP states:

“In the context of the Russian government’s reprehensible actions, administering authorities should be urgently considering what action it would be appropriate for them to take in the light of their fiduciary duties and ethical considerations. I applaud those who have already done so. I recognise that there will be concerns about the impacts, implications and barriers

associated with divestment from Russian assets. I encourage you to continue to work closely with the Scheme Advisory Board and my officials.”

The information from the SAB and the letter from DLUHC can be found on the [Boycotts Divestment and Sanctions](#) page of [www.lgpsboard.org](http://www.lgpsboard.org).

On 4 March 2022, [TPR published guidance for trustees](#) regarding the conflict in Ukraine, which outlines TPR’s expectations and areas for consideration.

#### **Action for administering authorities**

Keep up to date with the list of sanctions and consider their impact on your investments, in discussion with your pool and investment managers.

Consider what further actions it would be appropriate for you to take in light of your fiduciary duties and ethical considerations.

---

## **LGPS England & Wales**

### **DLUHC letter concerning the McCloud remedy and the 2022 Valuation**

On 22 March 2022, Rachel Abbey forwarded [a letter](#) to administering authorities from Teresa Clay, Head of Local Government Pensions at DLUHC.

The letter sets out DLUHC’s recommendations on how administering authorities should take the McCloud remedy into account in the 2022 triennial valuation.

#### **Action for administering authorities**

Discuss the content of the DLUHC letter with your fund actuary and take the appropriate action.

### **New member website and LGPS brand**

On 7 March 2022, Lorraine Bennett emailed administering authorities letting them know that the new member website and new LGPS brand are live.

The address of the website has not changed, it is still [www.lgpsmember.org](http://www.lgpsmember.org).

We would be grateful if administering authorities and employers could help publicise the new website and logo. We have produced some material to help you do this. All of the materials below are available to download from the [LGPS brand and website resources page](#) of [www.lgpsregs.org](http://www.lgpsregs.org).

- Infographic (PDF) – this is a visual representation explaining our key objectives for, and the benefits of, the new website. Administering authorities can use this on their website and/or in newsletters.
- Information leaflet - this is a three page PDF to help administering authorities inform employers about the new brand and website.
- Email footers – administering authorities and employers can include the footer in their email signatures. To add a link to the footer, right click on the image. We have produced two different versions of the footer, depending on whether the fund has its own website.
- Animated social media banner – administering authorities and employers can use this on Twitter, LinkedIn and Facebook channels.

## **LGPS brand**

We have supplied different versions of the new logo. The logo should be used correctly and consistently in line with the [brand guidelines](#).

See the [LGPS brand and website resources page](#) of [www.lgpsregs.org](http://www.lgpsregs.org) for a file containing all the different versions of the logo.

We will be updating [www.lgpsregs.org](http://www.lgpsregs.org) with the new logo in due course.

## **Redirects**

We have placed redirections on pages of the old site where the address is different on the new site. These will remain in place for at least 12 months. If administering authorities include links to the member website on their own website or in guides and documents, they will need to review and update those links in the longer term.

## **Action for administering authorities and employers**

Publicise the new website by making use of the resources we have produced to help you do this.

Start using the new logo on all your communications.

Consider updating links on your website and in your guides and documents.

---

## **LGPS Scotland**

### **APC calculator moved**

On 10 March 2022, Steven Moseley emailed administering authorities letting them know that we have moved the APC calculator.

The link to the calculator is now <https://calc.lgpsmember.org/scotlgps2015/apc/>.

### **Action for administering authorities**

Update any signposts to the calculator.

### **Aggregation technical guide published**

On 15 March 2022, Steven Moseley emailed administering authorities letting them know we have published version two of the Aggregation technical guide.

The guide sets out the aggregation outcomes for members who either:

- re-join the Scheme after 31 March 2015, or
- have concurrent periods of active membership and some of those, but not all, end after 31 March 2015.

As we have rewritten the guide, we felt there was no benefit in publishing a tracked changes version. You can find the guide in the [Administrator guides and documents](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Survey on LGA's service to administering authorities**

On 22 March 2022, Steven Moseley emailed administering authorities with a survey. The survey closes on 22 April 2022.

The survey seeks views on the enhanced service the LGA provides to Scottish administering authorities and the Scottish Public Pensions Agency.

A link to the survey was included in the email.

---

## **HMT**

### **Mandatory scheme pays deadlines are changing**

[The Finance Act 2022](#) and [the Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2022](#) ('the new regulations') will change the timescale for members to make or amend a mandatory scheme pays election when paying an annual allowance charge. The changes will apply when the information used to calculate a member's pension input amount is retrospectively amended.

We are currently reviewing the impact of these changes and we will advise you in due course.

---

## **DWP**

## Consultation on draft pensions dashboards regulations

On 8 March 2022, Jayne Wiberg emailed administering authorities letting them know that we have published our response to

[DWP's consultation on the Pensions Dashboards Regulations 2022](#).

Our response states that, in our view, the LGPS will not be able to connect and meet its statutory duties by the proposed connection deadline of April 2024. The reasons for this include:

- the value data required goes beyond what LGPS administering authorities must currently provide
- LGPS administering authorities will already be under significant pressure at this time implementing the McCloud remedy
- the proposed response times for value data mean that funds will need to collect and validate data on a monthly basis
- recruitment and retention remain a barrier.

Our response also raises concerns about:

- the lack of clarity concerning pension credit and deferred pensioner members
- the lack of clarity about providing in house AVC data
- dashboards not including frozen refunds
- the feasibility of providing information to dashboards for new members within three months of them joining the Scheme
- the response time to provide accrued and projected values for a variety of reasons
- the timescale for administering authorities to turn a possible match into a match.

You can find our response on the [non-scheme consultations page](#) of [www.lgpsregs.org](http://www.lgpsregs.org) and the [non-scheme consultations page](#) of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

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## TPR

### Updated guidance on stronger nudge

TPR has [updated its guidance on communicating and reporting](#) to reflect the Occupational and Personal Pension Schemes (Disclosure of Information) (Requirements to Refer members to Guidance etc) (Amendment) Regulations. The regulations come into force on 1 June 2022. See [bulletin 219](#) for more information.

TPR guidance aims to assist pension schemes with complying with the regulations.

We will be issuing our own guidance shortly and updating the AVC guide in the longer term.

---

## Other news and updates

### Bulletin 221 – Annual update

On 29 March 2022, Rachel Abbey emailed administering authorities letting them know that we have published our 2021 Annual update – bulletin 221.

You can find the bulletin on the:

- [LGPC Bulletins](#) page of [www.lgpsregs.org](http://www.lgpsregs.org) or
- [LGPC Bulletins](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

You can also find links to the legislation related to the annual updates in the Annual update statutory instruments section of the:

- [Related legislation](#) page of [www.lgpsregs.org](http://www.lgpsregs.org) or
- [Related legislation](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### Job vacancy at the LGA

The Scheme Advisory Board (SAB) to the LGPS in England and Wales is looking for a Pensions Secretary. The successful candidate will provide professional support to the SAB and its committees and will also lead on developing the SAB's digital presence.

For more information and to apply see the [Jobtrain website](#). The closing date is 19 April 2022.

### LGPS Pensions Adviser – Employers

We are pleased to announce that Lisa Clarkson joined the LGA pensions team on 7 March 2022. Lisa joins us from South Yorkshire Pensions Authority where she was a technical and training officer. Lisa will be focusing on our employer offering, including employer training.

### Minutes of the national LGPS technical group published

The minutes of the national LGPS technical group meeting held on 11 March 2022 were published on 17 March 2022. The next meeting will be held on 17 June 2022.

Topics discussed included McCloud, Pensions Dashboards, changes to mandatory scheme pays deadlines, AVCs and transfers out. You can find the minutes on the:



- [Technical group page](#) of [www.lgpsregs.org](http://www.lgpsregs.org) or
- [Technical group page](#) of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## **Public Service Pensions and Judicial Offices Bill**

On 10 March 2022, the [Public Service Pensions and Judicial Offices Act 2022](#) received Royal Assent.

The main purpose of the Act is to give the relevant government departments the regulation powers to resolve the discrimination identified in the McCloud judgment.

---

## **Training**

### **2022 Training Programme**

We are pleased to announce that we have set our 2022 training programme. The programme has been developed taking into account the feedback and suggestions from the training focus group.

We will investigate the viability of offering a training subscription service and developing an LGPS qualification in the longer term.

In the meantime, [the training programme is set out in Appendix B](#). Please note, some of the courses are already open for booking on the [LGA events page](#).

### **Action for administering authorities**

Please let your employers know about the employer role training.

---

## **Wider landscape**

### **Multi-employer CDC pensions**

The Government plans to introduce Collective Money Purchase Schemes (CDC) later this year/early 2023.

As part of creating the legislative framework for this type of scheme, the Government has published the draft Occupational Pension Schemes (Collective Money Purchase Schemes) Regulations 2022. The regulations will need to be approved by both houses of Parliament to become law.

Transfers to authorised CDC schemes are safe transfers under the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, satisfying the first condition. See [bulletin 218](#) for further information.

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## Legislation

### Acts

[The Public Service Pensions and Judicial Offices Act 2022](#)

### Statutory Instruments

[The Russia \(Sanctions\) \(EU Exit\) \(Amendment\) \(No. 2\) Regulations 2022](#)

[The Public Service Pensions Revaluation Order 2022](#)

[The Guaranteed Minimum Pensions Increase Order 2022](#)

[The Social Security Revaluation of Earnings Factors Order 2022](#)

[The Social Security \(Contributions\) \(Rates, Limits and Thresholds Amendments and National Insurance Funds Payments\) Regulations 2022](#)

[The Pensions Increase \(Review\) Order 2022](#)

[The Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2022](#)

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## 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.

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## LGPS pensions section contact details

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

**Jeff Houston (Head of Pensions retiring on 31 March 2022)**

Telephone: 07786 681936

Email: [jeff.houston@local.gov.uk](mailto:jeff.houston@local.gov.uk)

**Joanne Donnelly (Head of Pensions with effect from 1 April 2022)**

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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](mailto:query.lgps@local.gov.uk).

## LGPC Bulletin 223 – April 2022

Local Government Pensions Committee (LGPC)  
Secretary, Lorraine Bennett

This bulletin contains updates for all LGPS stakeholders. It includes important articles on:

- [Recruitment and retention survey](#) (not relevant for Scotland)
- [Managing pension schemes service newsletter April 2022](#)
- [Annual allowance changes](#)
- [Disclosure requirements for NMPA increase](#)
- [Error in GAD guidance](#)
- [Online pension surgery – transfers out](#)
- [Standard wording for transfers in](#)

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

### Index

<b>LGPS England &amp; Wales</b>	<b>3</b>
Recruitment and retention survey	3
<b>LGPS Scotland</b>	<b>3</b>
SAB minutes published	3
<b>HMRC</b>	<b>4</b>
Managing pension schemes service newsletter April 2022	4
<b>TPO</b>	<b>4</b>
Early Resolution Service factsheet updated	4

TPO News: March 2022.....	4
<b>TPR.....</b>	<b>5</b>
Pension scams webinar .....	5
<b>Other news and updates .....</b>	<b>5</b>
Annual allowance changes .....	5
Dashboard updates.....	8
Disclosure requirements for NMPA increase .....	9
Error in GAD guidance .....	10
LGPC minutes.....	10
National LGPS Technical Group quarterly surveys .....	11
New version of non-club transfer guide published .....	11
Online pension surgery – transfers out .....	12
New version of QROPS addendum published .....	12
PASA publishes fraud guidance on pre-employment vetting .....	12
Revised GAD query logs published .....	13
Standard wording for transfers in .....	13
Technical Group recommendations on frozen refunds and interfunds .....	13
Work starts on new Legal Services Framework .....	14
<b>Training .....</b>	<b>14</b>
Update on training courses .....	14
<b>Useful links .....</b>	<b>15</b>
<b>LGPS pensions section contact details.....</b>	<b>15</b>
<b>Further information.....</b>	<b>17</b>
Copyright.....	17
Disclaimer .....	17

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## LGPS England & Wales

### Recruitment and retention survey

Lorraine Bennett emailed LGPS pension managers on 12 April 2022 inviting them to complete the recruitment and retention survey.

We understand that administering authorities are experiencing difficulties in recruiting and retaining staff. The aim of the survey is to understand the extent of the issue. This includes understanding how salary levels and homeworking contracts are contributing.

We hope that the information collected will give a national picture, helping administering authorities with workforce planning.

The email included a link to the survey. It also included guidance on who should complete the survey and what information is needed to do so.

The survey closes on 3 May 2022.

### Action for administering authorities

Complete the survey by the end of 3 May 2022.

---

## LGPS Scotland

### SAB minutes published

The Scottish Scheme Advisory Board (SAB) has recently published the minutes of its meetings held on 24 November 2021, 23 February 2022 and 17 March 2022.

Topics discussed included:

- structure review project
- climate risk reporting
- responsible investment
- cost control
- cost transparency.

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

---

## HMRC

### Managing pension schemes service newsletter April 2022

HMRC has published [Managing pension schemes service newsletter April 2022](#).

The newsletter sets out that a new feature has been added to the Managing pension schemes service. The new feature allows administrators to migrate their schemes from the Pension schemes online service. The newsletter gives information on how to do this as well as links to guidance.

The newsletter also includes information on:

- recreating existing relationships on the Managing pension schemes service
- adding new scheme administrators
- authorising new practitioners
- submitting Accounting for Tax (AFT) returns, pension scheme returns, and event reports on the Pension schemes online service
- making payments for charges using the pension scheme tax reference number
- updating information
- future features that are expected shortly, such as bulk AFT reporting and updated financial information.

#### Action for administering authorities

Review the newsletter and take any appropriate actions.

---

## TPO

### Early Resolution Service factsheet updated

On 30 March 2022, The Pensions Ombudsman (TPO) published an updated version of its [factsheet on the Early Resolution Service](#).

The factsheet provides guidance to members on the Early Resolution Service. This includes explaining what it is, how it operates and what options parties to a complaint have.

### TPO News: March 2022

On 31 March 2022, [the Pensions Ombudsman \(TPO\) published its March news](#).

The news includes articles on:



- webinars taking place in May and June
  - the recently updated factsheet on the Early Resolution Service
  - new legal determinations.
- 

## TPR

### Pension scams webinar

TPR recently hosted a webinar on pension scams.

The webinar gives:

- details of the evolving pension scams landscape
- information to support new duties to look for red and amber flags
- details about the pledge to combat pension scams
- updates from the Pension Scams Industry Group.

TPR has published [a recording of the webinar](#) on their website.

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## Other news and updates

### Annual allowance changes

The Government has changed the annual allowance rules. This has been done by section 9 of the [Finance Act 2022](#) and the [Registered Pension Schemes \(Miscellaneous Amendments\) Regulations 2022](#).

The changes apply in certain situations where annual allowance calculations for previous years are retrospectively amended.

The following is our interpretation of the changes. Jayne Wiberg emailed administering authorities with this information on 1 April 2022.

#### **Step 1: An employer becomes aware that information previously given was insufficient**

The new regulations require employers to provide further information to administering authorities. This will apply where an employer becomes aware that information they provided previously, for a Pension Input Period (PIP) falling within the 'relevant time', was insufficient to enable the authority to correctly calculate the annual allowance.

The 'relevant time' begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year'

means the tax year in which the employer became so aware. So, if this happens in tax year 2022/23, the following PIPs will fall within the relevant time:

- 6 April 2022 to 5 April 2023
- 6 April 2021 to 5 April 2022
- 6 April 2020 to 5 April 2021
- 6 April 2019 to 5 April 2020
- 6 April 2018 to 5 April 2019
- 6 April 2017 to 5 April 2018
- 6 April 2016 to 5 April 2017

The employer must provide the further information within three months of becoming aware the information was insufficient or, if later, on or before 6 July following the end of the relevant PIP. The further information must enable the administering authority to correctly recalculate the annual allowance.

**Note:** Employers must continue to provide administering authorities with details of any other changes that arise either outside of the relevant time or that do not affect the calculation of the annual allowance.

## **Step 2: The administering authority must recalculate the annual allowance for the relevant PIP**

If the administering authority receives the further information from the employer for a PIP falling within the 'relevant time', it must recalculate the annual allowance. The 'relevant time' for this begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year' for this purpose means the tax year in which the authority received the further information.

Administering authorities must also recalculate annual allowance amounts where there has been a change to the scheme rules. This will apply if the change results in a change to an annual allowance calculation for a PIP falling within the 'relevant time'. The 'relevant time' begins with the start of the tax year six years before the 'current tax year' and ends with the end of the 'current tax year'. The 'current tax year' for this purpose means the tax year in which the rule change is made.

After recalculating the annual allowance, if the member:

- exceeds the annual allowance for the relevant tax year - the administering authority must send a pension savings statement to the member. It must send this within three months of receiving the further information/the rule change being made or, if later, by the 6 October following the end of the

relevant tax year. They must also send an event report telling HMRC within three months of the date they sent the statement to the member, or if later, by 31 January following the tax year to which the report relates. It is not relevant whether the administering authority had previously sent a pension savings statement for this period.

- does not exceed the annual allowance for the relevant tax year and the administering authority has previously sent a pension savings statement for that period, it must send an updated statement. It must send this within three months of receiving the further information/the rule change being made, or, if later, by the 6 October following the end of the relevant tax year.

### **Deadlines to make or amend mandatory scheme pays elections extended**

Members must give mandatory scheme pays elections by no later than 31 July in the year following that in which the 'relevant tax year' ends. 'Relevant tax year' means the tax year the member exceeded the annual allowance.

However, for members who received a pension savings statement as a result of a recalculation under step 2, this deadline will likely have expired. For these cases, section 9 of the Finance Act 2022 extends the deadline if:

- the administering authority gave the statement within the 'relevant time', and
- as a result of that statement, the member qualifies to elect for mandatory scheme pays.

'Relevant time' means a time falling:

- on or after 2 May in the year following the end of the relevant tax year, and
- before the end of the six-year period beginning with the end of the relevant tax year.

Where this applies, the member must instead give their election for mandatory scheme pays before:

- the end of the three-month period beginning with the day on which the administering authority gave the pension savings statement, or if earlier
- the end of the six-year period beginning with the end of the relevant tax year.

Though the 31 July deadline is extended in these cases, members remain unable to give a mandatory scheme pays election once they are entitled to payment of all their benefits under the scheme or, if earlier, once they have reached age 75.

The mandatory scheme pays deadline is not extended for members who previously qualified to elect for mandatory scheme pays in respect of the relevant tax year but

chose not to. If the member did elect for mandatory scheme pays, the member will need to amend their initial election based on the recalculated amounts.

The new regulations have also changed the time limit for amending mandatory scheme pays elections. The time limit is set out in Regulation 4 of the Registered Pension Schemes (Notice of Joint Liability for the Annual Allowance Charge) Regulations 2011. Before, members had until the 31 July following the end of the four-year period beginning with the last day of the relevant tax year to amend an election. With effect from 6 April 2022, this has been extended by two years. So, if a member exceeded the annual allowance in tax year 2019/20, the new deadline for giving the amended notice is 31 July 2026. The deadline was previously 31 July 2024.

### **Deadline for administering authority to pay annual allowance charge to HMRC extended**

Administering authorities must report and pay annual allowance charges to HMRC using Accounting for Tax (AFT) returns. Authorities must use the return for October to December in the year following that in which the tax year ends. Though, it can choose to use a return for an earlier period.

However, where the member makes a mandatory scheme pays election by the extended deadline, the deadline will likely have expired.

For these cases, section 9 of the Finance Act 2022 extends the deadline. Where members elect for mandatory scheme pays after 30 September in the year following that in which the relevant tax year ends, the administering authority must report and pay the tax using the AFT return for the three-month period following the three-month period in which it receives the mandatory scheme pays election. Though it can choose to use the return for the period in which it received the election.

### **Action for administering authorities**

Update your processes and communications accordingly.

### **Dashboard updates**

#### **Blog from PDP published**

Richard James recently published [a blog 'Twelve months at the Pensions Dashboards Programme'](#) (PDP). Richard looks back over his first 12 months in the role as Programme Director and looks ahead to the next 12 months.

#### **April 2022 progress update report published**

On 27 April 2022, the Pensions Dashboards Programme (PDP) published the [April 2022 progress update report](#).

The report outlines the programme's activity over the last six months. It also outlines the plans for the next six months.

### **Disclosure requirements for NMPA increase**

We have received several questions about whether an administering authority must tell its members about the normal minimum pension age (NMPA) increase. In particular whether regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 is triggered.

Section 10 of the Finance Act 2022 increases the NMPA from 55 to 57 from 6 April 2028. Some members are protected against the increase. We covered this in [Bulletin 216](#) and [Bulletin 220](#).

Regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 requires schemes to tell members about material alterations to basic scheme information. For example, this would apply where a change in relation to the scheme results in a material alteration to the rules on when benefits are payable.

In our view, the change to the NMPA has not triggered regulation 8. This is because the change has not changed the LGPS rules on when benefits are payable. The LGPS rules on when benefits become payable are not automatically linked to the NMPA. The relevant government department will need to change the LGPS rules to align with the NMPA at some point on or before 6 April 2028. It will also need to consider whether members who qualify for protection will be allowed to receive payment before 57. When the LGPS rules change, regulation 8 will then be triggered.

Though regulation 8 is not yet triggered, it may still be helpful to start pre-warning members now. The member website for England and Wales already includes this. We will shortly be updating the brief member guides.

### **Action for administering authorities**

Consider whether and how to pre-warn your members about the impending changes on when benefits become payable. For example, you may choose to cover this in a newsletter article.

Also, as the Finance Act 2022 is now law, if you have not already done so, consider implementing the recommended transfer process changes we set out in the article on the NMPA increase in [Bulletin 216](#). This will reduce the likelihood of revisiting transfer cases in the future.

## Error in GAD guidance

The Government Actuary's Department (GAD) has confirmed that there is an error in the following guidance:

- Pension Sharing Following Divorce (England and Wales) dated 11 June 2020
- Pension Sharing Following Divorce (Scotland) dated 6 March 2020.

The error affects divorce calculations for active or deferred members who could have voluntarily retired and received immediate, unreduced payment of their benefits at the calculation date. The guidance says that administering authorities must calculate the value as if the member was a pensioner member. However, the guidance is silent on including the retirement grant. The previous version of the guidance said that it is included using a factor of 1.

GAD has confirmed that the correct approach administering authorities should adopt is:

“Where an active or deferred member is entitled to immediate payment of benefits at the date of calculation, the divorce CETV should be calculated based on the formula for a pensioner cash equivalent in line with paragraph 4.5 (assuming no commutation of pension for additional lump sum) and any accrued retirement grant is then added on to the calculation using a factor of 1”.

The error also affects transfer and interfund adjustment calculations where the member was treated as if they were a pensioner member for the calculation.

GAD will correct the guidance in due course.

We have updated the GAD query log. You can access this on the actuarial guidance pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### Action for administering authorities

Check whether your system correctly includes the retirement grant in the relevant calculations. If not, you will need to revisit cases.

## LGPC minutes

On 1 April 2022, we published the draft minutes of the Local Government Pensions Committee (LGPC) meeting held on 7 March 2022. You can find these on the LGPC minutes pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org). Topics discussed included:

- stronger nudge to Pension Wise guidance
- dashboard consultation
- McCloud
- Sharia law
- Ukraine
- updates from SAB England and Wales, LGPS Scotland, LGPS Northern Ireland and National LGPS Technical Group.

The minutes will be agreed at the next meeting on 6 June 2022.

### **National LGPS Technical Group quarterly surveys**

The National LGPS Technical Group secretariat will be sending two surveys quarterly to administering authorities. Each survey should take no longer than two minutes to complete.

The surveys will gather information about each authority's preparations for the McCloud remedy and pensions dashboards. The surveys replace the current method of using excel spreadsheets.

The secretariat will send the first surveys in May 2022.

### **New version of non-club transfer guide published**

On 31 March 2022, Jayne Wiberg emailed administering authorities letting them know that we have published version 2.1 of the non-club transfers out technical guide.

The new version clarifies the following:

- Where a member has multiple deferred benefits, you use the earliest normal pension age when deciding whether the member has made the election at least one year before normal pension age.
- Where a pension credit member has multiple credits, you use the earliest normal benefit age when deciding whether the member has made the election at least one year before normal benefit age.
- Members with frozen refunds who left before 1 April 1998 may be entitled to non-statutory transfers based on the cash equivalent transfer value calculation.

You can access the guide, including a tracked changes version, on the administrator guides and documents page of [www.lgpsregs.org](http://www.lgpsregs.org) or [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## Online pension surgery – transfers out

We emailed administering authorities on 20 April 2022, inviting them to attend an online pension surgery on transfers out. Instructions on how to register were included in the email.

The surgery will be held on 12 May 2022 at 10.00am and will last for up to two hours. The surgery will be a question and answer session. It will offer practitioners an opportunity to ask us any questions about our non-club transfers out guide. For clarity, the surgery will not include any presentations.

You can access the current version of the guide on:

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

### Action for administering authorities

If you wish to attend, register your interest by no later than 6 May 2022.

## New version of QROPS addendum published

On 1 April 2022, Jayne Wiberg emailed administering authorities letting them know that we have published version 1.1 of the addendum for transfers to qualifying recognised overseas pension schemes (QROPS).

We have updated the addendum to reflect the Pensions Regulator's responses to our queries. The addendum confirms:

- for transfers to occupational QROPS, the member needs to demonstrate either the residency or employment link. The member does not have to demonstrate both
- the date on which administering authorities should assess the residency link.

You can access the addendum, including a tracked changes version, on the administrator guides and documents page of [www.lgpsregs.org](http://www.lgpsregs.org) or [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## PASA publishes fraud guidance on pre-employment vetting

The Pensions Administration Standards Association (PASA) published on 19 April 2022 [fraud guidance on vetting new employees](#).

PASA has been made aware of cases of fraud undertaken or assisted by pension administration employees. In some cases, individuals deliberately gained



employment with the intention of committing fraud. The guidance aims to counter this risk.

### **Revised GAD query logs published**

We have recently published the following versions of the GAD query logs:

- version 6 (England and Wales)
- version 1 (Scotland).

The logs show the unresolved queries we have raised about GAD guidance.

We ask administering authorities to review these before raising a query with us, as it may relate to a known issue.

You can access the logs on the actuarial guidance pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Standard wording for transfers in**

We have been asked to provide standard wording for transfer in request letters. The wording will tell the sending scheme that transfers to the LGPS satisfy the first condition for the purposes of the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

The Local Government Pension Scheme (LGPS) is an occupational pension scheme. The scheme was established by legislation with all particulars of the scheme set out in legislation. As such, the LGPS meets the definition of a public service pension scheme as set out in section 1(1) of the Pension Schemes Act 1993.

Therefore, the transfer will satisfy the first condition.

### **Action for administering authorities**

Decide whether to use the standard wording in your relevant transfer in documents.

### **Technical Group recommendations on frozen refunds and interfunds**

We have been asked to remind all administering authorities about two recommendations from the National Technical Group.

The first recommendation the Group made at its meeting on 18 March 2016. The recommendation deals with how to treat a frozen refund where a benefit is in payment with a different administering authority. The Group recommended that “an interfund should be paid across to the new fund and benefits recalculated.”

The second recommendation the Group made at its meeting on 8 June 2018. The recommendation deals with the issue of some administering authorities refusing to pay interfund adjustments where the member's date of birth has not been verified. The Group recommended that an interfund adjustment should still be paid if both authorities hold the same date of birth.

You can see the minutes of the Group's previous meetings and a spreadsheet setting out recommendations the Group has made since June 2014 on the:

- [Technical group](#) page of [www.lgpsregs.org](http://www.lgpsregs.org)
- [Technical group](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## **Work starts on new Legal Services Framework**

On 13 April 2022, Lorraine Bennett forwarded an email from the National LGPS Frameworks to administering authorities.

The email lets authorities know that work has begun on a new Legal Services Framework. The framework will replace the current one when it expires in January 2023. The email also invited authorities to volunteer to help set up the new framework.

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## **Training**

### **Update on training courses**

There are still places available on the following courses. Click on the link for each course for more details.

If you are not able to book a particular course, please contact us.

### **Employer role training (England and Wales)**

- [7 June 2022 - Manchester](#)
- [23 June 2022 – Online](#)
- [28 June 2022 - Online](#)
- [5 July 2022 - Cardiff](#)
- [19 July 2022 - Online](#)
- [18 August 2022 - Online](#)
- [6 September 2022 - London](#)
- [13 September 2022 - Leeds](#)
- [15 September 2022 - Birmingham](#)
- [20 September 2022 - Bristol](#)

### **Aggregation training (Scotland)**

- [5 May 2022 - Online](#)
- [26 May 2022 - Edinburgh](#)

### **Transfer training (England and Wales)**

- [14 June 2022 - London](#)
- [21 June 2022 - Cardiff](#)
- [23 June 2022 - London](#)
- [28 June 2022 - Manchester](#)

### **Transfer training (Scotland)**

- [31 May 2022 - Edinburgh](#)

### **Insight residential course (England and Wales)**

- [4 to 8 July 2022 - Online](#)
- [26 to 29 September 2022 - Eastbourne](#)

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## **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.

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## **LGPS pensions section contact details**

If you have a technical query, please email [query.lgps@local.gov.uk](mailto: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](mailto:query.lgps@local.gov.uk).

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## LGPC Bulletin 225 – May 2022

Local Government Pensions Committee (LGPC)  
Secretary, Lorraine Bennett

This bulletin contains updates for all LGPS stakeholders. It includes important articles on:

- [Prudential performance update](#) - share the letter from Prudential with Pensions Committees and Local Pension Boards
- [Miscellaneous Amendments Regulations 2022 laid](#) (Scotland) - ensure processes and communications are in line with the changes
- [New versions of guides published](#) (England and Wales) – update local versions and share with Scheme employers
- [New versions of employee guides published](#) (Scotland) - update local versions of the guides in line with the changes
- [Stronger nudge to pensions guidance](#) – review your processes to ensure that you comply with the new requirements to refer members to guidance

which need action by certain stakeholders.

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

### Index

<b>LGPS England &amp; Wales Scheme Advisory Board (SAB)</b>	<b>4</b>
Prudential performance update	4
<b>LGPS England &amp; Wales</b>	<b>4</b>
DLUHC publishes statutory guidance on special severance payments	4
Recruitment and retention survey	5
New versions of guides published	5
<b>LGPS Scotland</b>	<b>6</b>
Miscellaneous Amendments Regulations 2022 laid	6

New versions of employee guides published .....	7
Proposed merger .....	8
<b>HMRC .....</b>	<b>8</b>
Pension schemes newsletter 138 .....	8
<b>TPO .....</b>	<b>8</b>
Latest news from the Pensions Ombudsman (TPO) .....	8
TPO determination CAS-29778-J8R1 .....	9
<b>TPR .....</b>	<b>9</b>
Enforcement and prosecution policies consultation .....	9
<b>Other news and updates .....</b>	<b>10</b>
Data subject access requests documents published .....	10
Stronger nudge to pensions guidance – new documents.....	10
Communications Working Group minutes published .....	11
Online pension surgeries .....	11
New senior pensions secretary .....	12
Stewardship framework launched .....	12
Updates from the Pensions Dashboards Programme (PDP) .....	12
<b>Training .....</b>	<b>13</b>
Fundamentals training programme 2022 .....	13
Employer and practitioner training .....	14
Annual governance conference 2023.....	14
<b>Wider landscape .....</b>	<b>15</b>
PASA good practice guidance on defined benefit (DB) transfers.....	15
PASA releases cybercrime protection checklist .....	15
Teachers' Pension Scheme grant guidance updated.....	15
<b>Legislation.....</b>	<b>15</b>
Statutory Instruments .....	15
Scottish Statutory Instruments .....	15
<b>Useful links .....</b>	<b>15</b>
<b>LGPS pensions section contact details.....</b>	<b>16</b>



<b>Further information.....</b>	<b>17</b>
Copyright.....	17
Disclaimer .....	17

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## LGPS England & Wales Scheme Advisory Board (SAB)

### Prudential performance update

Representatives from Prudential attended the SAB meeting in December 2021 to discuss the performance issues experienced by administering authorities since November 2020. At that meeting, Prudential agreed to produce a communication to explain:

- the issues that have arisen
- the steps that have and are being taken to resolve the situation, and
- the expected timescales for normal service to be resumed.

Prudential have now written to Jo Donnelly, Head of Pensions at the LGA, to provide this update. Robert Holloway shared the letter with pension managers by email on 13 May 2022.

### Action for administering authorities

If Prudential is your in-house AVC provider, please share the letter from Prudential with your Pensions Committee and Local Pension Board.

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## LGPS England & Wales

### DLUHC publishes statutory guidance on special severance payments

On 12 May 2022, DLUHC published [statutory guidance on special severance payments](#). Best Value authorities in England must have regard to the guidance in circumstances in which it may be appropriate to make special severance payments. The guidance also covers approval, disclosure and reporting requirements. The guidance does not apply to authorities in Wales. You can find a list of the bodies the guidance applies to at the end of the guidance.

The guidance confirms that:

- strain cost related to the early payment of LGPS benefits under regulation 30(6) or (7) (flexible retirement, redundancy or efficiency retirement over age 55) does not constitute a special severance payment
- strain cost of awarding additional pension under regulation 31 of the LGPS Regulations 2013 may constitute a special severance payment, depending on the terms of the individual's contract

- strain cost related to waiving an actuarial reduction when a member retires under regulation 30(5) may constitute a special severance payment, depending on the terms of the individual's contract.

DLUHC consulted on a draft version of this guidance in 2021. You can find links to the original consultation, the LGA response and the Government response on the [Scheme consultations](#) page of [www.lgpsregs.org](http://www.lgpsregs.org).

### **Action for administering authorities**

Please inform your Scheme employers about the revised statutory guidance on special severance payments.

### **Recruitment and retention survey**

Thank you to all administering authorities that responded to our recruitment and retention survey. The survey ran from 12 April to 3 May 2022 and is now closed. Please see [Bulletin 223](#) for more information about the survey.

Lorraine Bennett emailed pension managers on 19 May 2022 providing them with the confidential results of the survey. We will not be publishing the results on our website nor sharing them other than by email. We sent the results to named pension managers only. We did not send the results to any generic email addresses that do not include the manager's name, such as [pensions@pensionfund.gov.uk](mailto:pensions@pensionfund.gov.uk).

If you are a pension manager in England or Wales and you did not receive the survey results, please email [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk) to request a copy.

### **New versions of guides published**

We have published 2022 versions of a number of scheme guides. You can find the latest versions of all our administrator guides and documents on the [Administrator guides and documents](#) page of [www.lgpsregs.org](http://www.lgpsregs.org).

- Employee brief guide version 2.3
- Councillor full guide version 2.2
- Update for councillors in England version 2.2
- Introductory leaflet for councillors in Wales version 1.9
- Retirement planning guide version 1.3
- Annual allowance factsheet for members version 1.9
- HR guide version 4.3 (also available on the [Employer guides and documents](#) page of [www.lgpsregs.org](http://www.lgpsregs.org))

We have published Word versions of the guides so that administering authorities can add contact information and any other details specific to their authority. We have published versions that include tracked changes to draw attention to the updates we have made this year.

If you plan to publish a PDF version of the guides, you may need to take additional steps to ensure that they comply with [the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) (which we covered in [Bulletin 190](#)). You can find more information online about:

- How to [Create accessible PDFs](#)
- [Creating accessible PDFs in Adobe Acrobat](#).

You may need to take extra steps to tag tables correctly.

### **Action for administering authorities**

Please update your versions of the guides in line with the changes and let your Scheme employers know that about the latest version of the HR guide.

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## **LGPS Scotland**

### **Miscellaneous Amendments Regulations 2022 laid**

On 3 May 2022, the Scottish Government laid [The Local Government Pension Scheme \(Scotland\) \(Miscellaneous Amendments\) Regulations 2022](#). The regulations come into force on 1 June 2022. Several changes have backdated effect.

In the main, the regulations:

- clarify the rules allowing deferred members who left before 1 April 2015 to elect for early payment between 55 and 60 without needing their former employer's consent
- allow pension credit members who were awarded the credit under the Local Government Pension Scheme (Scotland) Regulations 1998 or under the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 to elect for early payment at a reduced rate on or after age 55, rather than on or after age 60
- amend how survivor partner pensions are calculated so that male survivors of opposite-sex marriages, survivors of same-sex marriages and surviving same-sex civil partners are placed in a similar position to female survivors of

male married members. The amendments apply to all deaths on or after 5 December 2005

- provide more flexibilities when dealing with exiting employers
- allow amendments to employer contribution rates in between valuations
- amend the cost cap figure from 15.5 per cent to 15.2 per cent, correcting an error identified by the Government Actuary's Department.

The Scottish Public Pensions Agency (SPPA) consulted on the regulations between 1 November 2021 and 21 January 2022, which we covered in [Bulletin 216](#). The SPPA published [Circular 2022/04](#) responding to the consultation on 9 May 2022. The SPPA decided not to proceed with the proposed changes to the underpin and cohabiting partner pensions. You can view the consultation documents on the [Scheme consultations](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

On 23 May 2022, we published [Bulletin 224 – Scotland](#). The Bulletin provides our commentary on the regulations. We have also updated [the timeline regulations](#) on [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Action for administering authorities**

Ensure your processes and communications are in line with the changes.

### **New versions of employee guides published**

On 25 May 2022, Steven Moseley emailed administering authorities letting them know we have published version 2.2 of the employee brief guide, version 2.1 of the councillor brief guide and version 1.1 of the retirement planning guide.

We have published Word versions of the guides so that administering authorities can add contact information and any other details specific to their authority.

If you plan to publish a PDF version of the guide, you may need to take additional steps to ensure that it complies with [the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) (which we covered in [Bulletin 190](#)). You can find more information online about:

- How to [Create accessible PDFs](#)
- [Creating accessible PDFs in Adobe Acrobat](#).

You may need to take extra steps to tag tables correctly.

You can access the new versions (including documents showing the changes) from [the Administrator guides and documents page](#) of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

## Action for administering authorities

Please update your versions of the guides in line with the changes.

### Proposed merger

Lothian Pension Fund and Falkirk Council Pension Fund have announced that they are exploring the possibility of a merger of their operations. The two funds have been working successfully together for over a decade. Work to take this proposal forward will continue this year, subject to approval by the City of Edinburgh Council and Falkirk Council, and regulatory approval in Scotland and the UK.

You can direct any questions or requests for further information to:

- Lothian Pension Fund at [www.lpf.org.uk](http://www.lpf.org.uk) or [enquiry@lpf.org.uk](mailto:enquiry@lpf.org.uk)
- Falkirk Council Pension Fund at [www.falkirkpensionfund.org](http://www.falkirkpensionfund.org) or [pensions@falkirk.gov.uk](mailto:pensions@falkirk.gov.uk).

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## HMRC

### Pension schemes newsletter 138

HMRC published [Pension schemes newsletter 138](#) on 29 April 2022.

The newsletter contains articles covering:

- HMRC has updated its annual allowance calculator to include the 2022 to 2023 tax year
- changes to Scheme Pays reporting deadlines in some cases following the introduction of the Registered Pension Schemes (Miscellaneous Amendments) Regulations 2022 (see [Bulletin 223](#) for more information)
- a reminder to take action now to [migrate your pension scheme to the Managing Pension Schemes service](#)
- accounting for tax returns for the quarter ending 31 March 2022 must be submitted through the Managing Pension Schemes service.

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## TPO

### Latest news from the Pensions Ombudsman (TPO)

#### New online application form launched

TPO recently launched an enhanced [online application form](#). The more user-friendly form is also smarter, with customers only required to answer relevant questions.

## TPO webinars

Booking is now open for the following webinars:

- [Volunteering at TPO](#) – Tuesday 7 June, 1pm
- [How to avoid the Ombudsman](#) – Tuesday 19 July, 10am
- [How to avoid the Ombudsman](#) – Tuesday 19 July, 2pm.

## TPO determination CAS-29778-J8R1

TPO recently upheld a complaint concerning an application for ill health retirement from active status in the LGPS. You can read the [Ombudsman's determination](#) on the TPO website.

The Ombudsman:

- awarded £1,000 to the complainant for the distress and inconvenience caused by her former employer's failure to consider her ill health application properly
- directed that the employer will review the application for ill health retirement from active status in the LGPS, nominating a new IRMP who has not been involved with the matter previously
- awarded the complainant a further £500 from the administering authority because of its failure to consider her complaint at stage two of the Internal Disputes Resolution Procedure in a timely manner.

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## TPR

### Enforcement and prosecution policies consultation

On 4 May 2022, TPR launched a consultation on its new consolidated and simpler draft enforcement policy and an updated prosecution policy. The [Enforcement and prosecution policies consultation](#) will close on 24 June 2022.

The [Draft scheme management enforcement policy](#) will replace existing policies for defined benefit, defined contribution and public service pension schemes. The [Draft prosecution policy](#) explains how TPR will approach the prosecution of workplace pension criminal offences or offences that are otherwise related to TPR functions.

Both policies have been updated to include the new powers granted to TPR in the [Pension Schemes Act 2021](#).

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## Other news and updates

### Data subject access requests documents published

On 11 May 2022, Lorraine Bennett emailed administering authorities to let them know that we have published a collection of documents to assist them in dealing with data subject access requests (DSARs). The documents were requested by the National Technical Group. They deal with the increasing number of requests from claims management companies relating to past transfers out.

The following documents have been produced by Squire Patton Boggs:

- guidance for handling DSARs
- procedure for handling DSARs
- template acknowledgement letter
- template response letter
- template acknowledgement letter requesting more information
- template acknowledgement and deadline extension letter.

You can find the documents on the:

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

In the 'Filter' option on the right-hand side, select 'Subject' to display all documents related to data subject access requests.

### Stronger nudge to pensions guidance – new documents

On 10 May 2022, Lorraine Bennett emailed all administering authorities to tell them that we have published version 1 of a technical guide on the new stronger nudge to pensions guidance requirements. The new requirements come into effect from 1 June 2022. On 27 May 2022, we published version 2 of the guide.

On 27 May 2022, Steven Moseley emailed administering authorities letting them know that we have published a 'getting guidance' insert document. The document is provided for authorities to insert with their relevant AVC letters. In our view, doing so will meet the legal requirement to refer members to guidance where it applies. The document also includes a Pension Wise declaration form for the member to confirm if they have received guidance or are opting out of guidance. For authorities in England and Wales, the email also told them that we have published version 2 of the AVC risk warning document. The document now reflects the new requirements to refer members to guidance.



You can access the documents on the:

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

### **Action for administering authorities**

Review the documents and ensure that you are complying with the new requirements to refer members to guidance.

[A booking tool for administrators to book a Pension Wise appointment](#) on behalf of a member is now available on the MoneyHelper website. TPR has updated its [Communicating and reporting guidance](#) to include a link to the booking tool.

### **Communications Working Group minutes published**

We have published the minutes of the Communications Working Group meeting that took place on 26 April 2022. At the meeting, the Group discussed:

- working practices as a result of COVID-19
- the new member website
- member engagement
- McCloud communications.

You can find the minutes from this and earlier meetings of the Group, and the Group's workplan on the:

- [Communications Working Group](#) page of [www.lgpsregs.org](http://www.lgpsregs.org) and
- [Communications Working Group](#) page of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Online pension surgeries**

We delivered our first online pension surgery on 12 May 2022. Over 120 people attended the two-hour surgery covering the non-Club transfers out guide. We would like to thank everyone who attended and participated. The surgery was structured around questions from the participants submitted before and during the event. Feedback from the event has been very positive. If you attended the event, please complete the feedback survey so that we can take your views into account as we plan future sessions.

We are currently planning the next surgery which will cover the stronger nudge regulations. We will provide more information about this session including how to book and submit questions in advance of the event in the coming weeks.

## **New senior pensions secretary**

We are very pleased to welcome a new senior pensions secretary to the team supporting the Scheme Advisory Board (England and Wales). Jeremy Hughes joined the team from DLUHC this month. You can find Jeremy's contact details in the [LGPS contact details](#) section.

## **Stewardship framework launched**

The National LGPS Framework for Stewardship Services went live this month. Please see the [Press release from the National LGPS Frameworks](#) for more information about the launch.

Services within the Framework are available across four specialist lots:

- Lot 1: voting services
- Lot 2: engagement services
- Lot 3: voting and engagement services
- Lot 4: stewardship reporting and projects.

You can find more information on the [National LGPS Frameworks website](#) or by contacting [NationalLGPSFrameworks@norfolk.gov.uk](mailto:NationalLGPSFrameworks@norfolk.gov.uk).

## **Updates from the Pensions Dashboards Programme (PDP)**

### **Progress insights April 2022**

The PDP published its [April 2022 progress update report](#) on 27 April 2022. On 29 April 2022 Chris Curry, PDP Principal, published a blog covering that report and hosted a webinar expanding on its content. You can read the [PDP progress insights](#) on the PDP website. The blog covers:

- the need for pension schemes to act now to prepare for dashboards
- timelines and what to expect from DWP and the PDP
- ISP market development
- data matching and the need for improved data quality
- the process for partial matches.

### **Blog on consumer protection**

David Reid, PDP Head of Policy, published a [blog covering the consumer protection landscape for pensions dashboards](#).

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## Training

### Fundamentals training programme 2022

We are pleased to announce our Fundamentals training programme for 2022. We will be running the training online and in person at two locations – London and Birmingham.

Fundamentals is a three-day training course aimed at elected members and others who attend pension committees and local pension boards. Past delegates include elected members, trade union representatives, member and employer representatives, officers who support committees and private sector organisations that provide services to administering authorities. The course provides a scheme overview and covers current issues that are affecting LGPS administration, investments and governance.

Attending all three days will help delegates meet the requirements for knowledge, skills and understanding either required in statute or encouraged by relevant guidance.

Each day has a different theme and will include sessions delivered by experts in their fields. The in-person events will include refreshments and lunch and provide delegates with valuable networking opportunities.

Each day's programme will start at 10am and close by 4pm. Registration at in person events will start at 9.30am. For full details, see the [Fundamentals training programme](#).

### Cost

In person - £270 plus VAT per session. The price includes lunch, refreshments and all delegate materials.

Online - £220 plus VAT per session.

We recommend early booking as places are limited. You can book online through the [LGA events page](#). We are unable to take manual bookings. Please find links to the individual sessions below.

[Fundamentals Day 1 – 18 October 2022 online](#)

[Fundamentals Day 1 – 20 October 2022 Westminster](#)

[Fundamentals Day 1 – 27 October 2022 Birmingham](#)

[Fundamentals Day 2 – 10 November 2022 Westminster](#)  
[Fundamentals Day 2 – 16 November 2022 Birmingham](#)  
[Fundamentals Day 2 – 22 November 2022 online](#)

[Fundamentals Day 3 – 6 December 2022 Westminster](#)  
[Fundamentals Day 3 – 14 December 2022 Birmingham](#)  
[Fundamentals Day 3 – 20 December 2022 online](#)

## **Employer and practitioner training**

There are places available on the following courses:

### **Employer role training (England and Wales)**

[7 June 2022 – Manchester](#)  
[28 June 2022 – online](#)  
[5 July 2022 – Cardiff](#)  
[19 July 2022 – online](#)  
[6 September 2022 – London](#)  
[13 September 2022 – Leeds](#)  
[15 September 2022 – Birmingham](#)  
[20 September 2022 – Bristol](#)

### **Transfers (England and Wales)**

[14 June 2022 – London](#)  
[21 June 2022 – Cardiff](#)  
[23 June 2022 – London](#)  
[28 June 2022 – Manchester](#)

Please use the links above to make a booking. You can find out more information about location, prices and timings on the bookings page. If you are not able to secure a space on your chosen course, please contact us. We will consider all your requests when adding new events.

## **Annual governance conference 2023**

Our annual governance conference retains its popular lunchtime to lunchtime schedule. It will take place on Thursday 19 and Friday 20 January 2023 at the Marriott Cardiff Hotel. We are currently finalising the programme and securing speakers. Booking will open in June.

If you would like to be notified when bookings open or if you have any questions about the conference, please email [elaine.english@local.gov.uk](mailto:elaine.english@local.gov.uk).

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## Wider landscape

### PASA good practice guidance on defined benefit (DB) transfers

The Pensions Administration Standards Association (PASA) has published [Good Practice Guidance on DB transfers](#). PASA President, Margaret Snowdon OBE said of the guidance:

“The guidance is designed to support transfer processes which contribute to a better end-to-end member experience, ensure members and adviser communications are timely and helpful and to protect members from pension scams. We ask for the industry to work together to make defined benefit transfers faster, safer and better in order to improve member outcomes.”

### PASA releases cybercrime protection checklist

The PASA Cybercrime and Fraud Working Group has published a [Cybercrime protection checklist](#) for pension administrators. The checklist builds on cybercrime guidance published by the group in November 2020. It provides examples of steps administrators can take to assess their defences against cybercrime.

### Teachers' Pension Scheme grant guidance updated

On 28 April 2022, the Government updated its [guidance on pension grants for schools, local authorities and music hubs](#). The guidance covers the grant for the financial year 2022 to 2023.

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## Legislation

### Statutory Instruments

[The Financial Guidance and Claims Act 2018 \(Commencement No. 9\) Regulations 2022](#)

### Scottish Statutory Instruments

[The Local Government Pension Scheme \(Scotland\) \(Miscellaneous Amendment\) Regulations 2022](#) [SSI 2022/153]

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## 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.

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## **LGPS pensions section contact details**

If you have a technical query, please email [query.lgps@local.gov.uk](mailto: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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## LGPC Bulletin 226 – June 2022

Local Government Pensions Committee (LGPC)  
Secretary, Lorraine Bennett

This bulletin contains updates for all LGPS stakeholders. It includes the following important articles which need action by certain stakeholders.

- [New versions of guides published \(England and Wales\)](#), update local versions and share with Scheme employers.
- [Guide to reporting pension scams](#), administering authorities should build the contents of TPR's 'a guide to reporting pension scams' into their transfer out processes.
- [The Pensions Regulator publishes initial pensions dashboards guidance](#), administering authorities should familiarise themselves with its content and book on the webinar.
- [Life assurance AVCs](#), administering authorities should consider DLUHC's view when reviewing the market.

If you have any comments or articles for future bulletins, please contact [query.lgps@local.gov.uk](mailto:query.lgps@local.gov.uk).

### Index

<b>LGPS England &amp; Wales Scheme Advisory Board (SAB)</b>	<b>3</b>
Scheme annual report 2021	3
Summary of meeting held on 6 June 2022	3
SAB secretariat	3
<b>LGPS England &amp; Wales</b>	<b>3</b>
DLUHC consultation on Oasis consolidation	3
New versions of LTA factsheet and payroll guide	4
<b>DWP</b>	<b>4</b>
Call for evidence - helping savers understand their pension choices	4

<b>Pensions Dashboards .....</b>	<b>5</b>
Further consultation on dashboards launched .....	5
Pensions Dashboards Programme (PDP) update.....	5
TPR warns - your pensions dashboards deadline is coming.....	5
<b>TPR .....</b>	<b>6</b>
Blog on pension scams .....	6
Guide to reporting pension scams .....	6
Chief Executive to step down.....	7
Corporate plan for 2022 to 2024 .....	7
Pensions consumer journey feedback statement.....	7
<b>Other news and updates .....</b>	<b>8</b>
Inducement to opt out .....	8
Life assurance AVCs.....	8
LGPC minutes.....	9
Minutes of the National LGPS Technical Group published .....	9
National LGPS Frameworks.....	9
Transfers out - Appropriate Independent Advice.....	9
<b>Training .....</b>	<b>10</b>
Employer role training .....	10
Fundamentals 2022 .....	11
Annual governance conference 2023.....	12
<b>Wider landscape .....</b>	<b>12</b>
State pension triple lock reinstated .....	12
TPR blog on climate reporting.....	12
<b>Useful links .....</b>	<b>12</b>
<b>LGPS pensions section contact details .....</b>	<b>13</b>
<b>Further information.....</b>	<b>14</b>
Copyright.....	14
Disclaimer .....	14

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## LGPS England & Wales Scheme Advisory Board (SAB)

### Scheme annual report 2021

On 13 June 2022 [SAB published the Scheme's annual report 2021](#).

The report provides a single source of information about the status of the LGPS for its members, employers and other stakeholders. The report collates information supplied by 86 administering authorities, as at 31 March 2021.

Highlights include:

- total membership grew by 1.08 per cent from 6.160 million to 6.226 million
- total assets increased to £342 billion - a rise of 23.4 per cent
- local authority net return on investment from 1 April 2020 to 31 March 2021 was 20.56 per cent - reflective of market conditions
- a positive cash-flow was maintained overall, including investment income
- over 1.8 million pensioners were paid
- COVID-19 significantly impacted life expectancy - with a drop of 0.9 years and 0.5 years for males and females respectively (2019 figures versus 2020)
- total management charges increased by £196 million, an increase of 12.9 per cent - primarily driven by a rise in investment management charges, while administration, oversight and governance costs remained broadly stable.

### Summary of meeting held on 6 June 2022

SAB have [published a summary of the meeting held on 6 June 2022](#). Full details can be found on the SAB website at [www.lgpsboard.org](http://www.lgpsboard.org).

### SAB secretariat

We are pleased to welcome a new pensions secretary to the SAB secretariat team. Ona Ehimuan will focus on governance issues as well as improving the Board's online presence. You can find Ona's contact details in the [LGPS contact details](#) section.

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## LGPS England & Wales

### DLUHC consultation on Oasis consolidation

The Department for Levelling Up, Housing and Communities (DLUHC) has confirmed it does not expect to make a final decision on the application to consolidate Oasis academies into one LGPS fund before autumn 2022.

DLUHC has twice consulted on the consolidation. The most recent one closed in February 2022. See [bulletin 218](#) for more information.

### **New versions of LTA factsheet and payroll guide**

We have published 2022 versions of the lifetime allowance (LTA) factsheet and payroll guide.

The only update to the lifetime allowance factsheet is the new LGPS logo. You can view the new version on the [Administrator guides and documents page](#) of [www.lgpsregs.org](http://www.lgpsregs.org).

You can view the payroll guide on both the [Employer guides and documents page](#) and the [Administrator guides and documents page](#) of [www.lgpsregs.org](http://www.lgpsregs.org).

If you plan to publish a PDF version of the lifetime allowance factsheet, you may need to take additional steps to ensure it complies with [the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) (which we covered in [Bulletin 190](#)). You can find more information online about:

- How to [Create accessible PDFs](#)
- [Creating accessible PDFs in Adobe Acrobat](#).

You may need to take extra steps to tag tables correctly.

#### **Action for administering authorities**

Update your version of the lifetime allowance factsheet and let your Scheme employers know about the latest version of the payroll guide.

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## **DWP**

### **Call for evidence - helping savers understand their pension choices**

On 14 June 2022, the Department for Work and Pensions (DWP) launched [a Call for Evidence](#) entitled: 'Helping savers understand their pension choices'.

The call for evidence explores what support pension scheme members need to help them make informed decisions about how to use their savings.

DWP welcomes views from pension scheme members, consumer organisations, trustees and scheme managers.

The consultation closes on 25 July 2022.

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## Pensions Dashboards

### Further consultation on dashboards launched

The DWP launched a further consultation on pension dashboards on 28 June 2022.

The further consultation supplements the consultation on the draft dashboard regulations. The consultation on the draft regulations ran from 31 January 2022 to 13 March 2022. See [bulletin 220](#) for more information.

The further consultation sets out two proposals. The first proposal provides clarity on the 'Dashboard Available Point' (DAP). The second proposal allows the Money and Pensions Service and the Pensions Regulator to share information about dashboards with each other.

The DAP is the point at which dashboards will be available to all members of the public. The consultation proposes that the DWP will decide on the DAP and then give pension schemes 90 days' notice. It is hoped that this will give schemes sufficient time to make final preparations.

The consultation closes on 19 July 2022.

You can find a link to the consultation on the non-scheme consultation pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### Pensions Dashboards Programme (PDP) update

Speaking at the Pensions Age Northern Conference Chris Curry, Principal of the Pensions Dashboards Programme (PDP), confirmed that:

- The Department for Work and Pensions (DWP) is expected to respond to the consultation on the draft regulations for pensions dashboards before summer recess (21 July 2022), See [bulletin 222](#) for more information.
- The regulations will likely be laid in Parliament later this year.
- Dashboards are still on track for 2023, with less than 12 months until some schemes begin onboarding.
- Later in the year, PDP will run a further consultation on the specific standards for dashboards, which they will look to work with the industry through webinars and events.
- PDP has successfully tested an end to end version of the dashboards ecosystem and that the alpha phase of the project was complete.

### TPR warns - your pensions dashboards deadline is coming

On 22 June 2022, TPR launched a new 'Deadline' campaign reminding trustees to start preparing for their pensions dashboards deadline. The campaign applies equally to scheme managers.

[TPR's press release](#) states:

"TPR's own research shows trustees have yet to get their preparations sufficiently underway – and are a risk of failing to meet their legal pensions dashboards responsibilities."

To help pension schemes get ready, TPR has published [Pensions dashboards: initial guidance](#) which is based on the draft regulations recently consulted on by DWP. The guidance outlines scheme managers' legal duties and includes a handy checklist to help schemes manage their progress. The checklist will be regularly updated.

TPR has confirmed they will update and add more detail to the guidance later this year. The updated guidance will reflect the final regulations and the technical standards being developed by the Money and Pensions Service (MaPS).

TPR is now calling on trustees, scheme managers and administrators to attend a [pensions dashboard webinar](#) (link to book the webinar is within the text) on 28 July at 2.30pm.

### **Action for administering authorities**

Read the guidance and check your progress against the checklist. Book a place on the webinar.

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## **TPR**

### **Blog on pension scams**

On 15 June 2022, [TPR published a blog on pension scams](#).

TPR highlight the importance of schemes reporting suspected scams and encourages schemes to sign up to [the pledge to combat pension scams](#). The blog also shares intelligence on the methods being used by scammers.

### **Guide to reporting pension scams**

On 15 June 2022, TPR published '[Guide to reporting pension scams](#)'.

The guide looks at:

- why concerns about a scam should be reported
- what should be reported
- when a report should be made
- who a report should be made to
- what happens once a report has been submitted.

When we next update the non-club transfers out guide, we will include this information. You can access the guide on the administrator guides and documents pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **Action for administering authorities**

Incorporate the guide into your transfer out process.

### **Chief Executive to step down**

Charles Counsell, Chief Executive of TPR, [announced he will step down at the end of March 2023](#).

Mr Counsell took up post in April 2019. His successor's appointment will be subject to the approval of the Secretary of State for Work and Pensions.

### **Corporate plan for 2022 to 2024**

On 13 June 2022 [TPR published its corporate plan 2022 to 2024. The plan sets out TPR's priorities](#) for the next two years.

Their [press release](#) confirms they will continue to:

- call on schemes to take its pledge to combat pension scams
- work closely with the Department for Work and Pensions and the Financial Conduct Authority (FCA) on a future consultation for a Value for Money Framework
- assess how smaller defined contribution schemes offer value for money
- help schemes become dashboard ready
- develop its organisational capability with the creation of a Digital, Data and Technology directorate
- launch its second consultation on a new defined benefit funding code this autumn, with the code operational from September 2023.

### **Pensions consumer journey feedback statement**

On 7 June 2022, TPR published its feedback statement on [the joint Call for Input](#) by TPR and the FCA on the pensions consumer journey.

The Call for Input ran from 18 May 2021 and closed on 30 July 2021. See [bulletin 210](#) for more information. The Call for Input invited views on what else TPR and the FCA can do to help engage consumers so that they can make informed decisions about their pensions.

The feedback statement summarises the themes that emerged from the responses, sets out TPR's response and ongoing workstreams and how they will use the feedback to inform future work. The statement also sets out TPR's wish to see the pensions industry leading the way in developing innovative ways to support consumers.

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## Other news and updates

### Inducement to opt out

We have been made aware of a council job advert offering an additional cash allowance if staff opt out of the LGPS.

You may wish to remind your employers of the safeguards introduced by the Pensions Act 2008. The safeguards prohibit employers from discouraging members from joining or remaining in a workplace pension scheme (such as the LGPS).

See [Automatic enrolment detailed guidance no.8 \(safeguarding individuals\)](#) for more information.

### Life assurance AVCs

DLUHC has confirmed there is no requirement to provide life assurance AVCs under the LGPS 2013 Regulations.

We asked DLUHC the question because we were made aware that administering authorities are finding it increasingly difficult to undertake a meaningful review of the market. This is in part due to the limited providers in the market and not all providers offering life assurance AVCs.

DLUHC's confirmation says:

“With the usual caveat that interpretation of law is ultimately for the courts, our lawyer does not think that the provisions in regulation 17 would require life assurance benefits to be offered by administering authorities. He considers it more likely that the regulation would be phrased to explicitly require this if that was the case, and that paragraph (3)(b) is a more general provision if a member wants to buy life assurance benefits (and that is available to them).”



To make clear the regulatory intention, DLUHC will consider a clarifying amendment to the regulations.

### **Action for administering authorities**

To take on board DLUHC's view when undertaking a market review of AVCs.

### **LGPC minutes**

On 27 June 2022, we published the draft minutes of the Local Government Pensions Committee (LGPC) meeting held on 6 June 2022. You can find these on the LGPC minutes pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org). Topics discussed included:

- LGPC budget
- new member website
- recruitment and retention survey
- statutory guidance on special severance payments
- stronger nudge to pensions guidance
- updates from SAB England and Wales, LGPS Scotland, LGPS Northern Ireland and National LGPS Technical Group.

The minutes will be agreed at the next meeting on 10 October 2022.

### **Minutes of the National LGPS Technical Group published**

The minutes of the National LGPS Technical Group meeting held on 17 June 2022 were published on 21 June 2022. The next meeting will be held on 2 September 2022.

Topics discussed included McCloud, Pensions Dashboards, AVCs and life assurance AVCs. You can find the minutes on the:

- [Technical group page](#) of [www.lgpsregs.org](http://www.lgpsregs.org)
- [Technical group page](#) of [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

### **National LGPS Frameworks**

In June 2022, the National LGPS Frameworks launched the Pensions Administration Operational Support Services Framework.

You can find further information [on the National LGPS Frameworks website](#).

### **Transfers out - Appropriate Independent Advice**

DWP has confirmed to us that appropriate independent advice should be given by a firm that is independent of the employer or trustees/manager of the sending scheme. The adviser does not need to be independent of the receiving scheme.

On the meaning of the word ‘independent’ DWP state:

“While advice has to be provided by an adviser who is independent of the employer or trustees/manager of a scheme, it can be provided by an adviser who operates on either an independent or restricted advice basis. Financial advice can be either ‘independent’ or ‘restricted’. Independent advisers can offer the full range of available financial products and providers. Restricted advisers can only offer advice on a limited selection of products and/or providers. For example, they might only offer products from particular providers or limit the range of product types they consider. The restriction may or may not be pension related. All financial advice firms have to be authorised by the FCA. And both independent and restricted firms must meet the same requirements to ensure they are providing suitable advice.”

If the adviser works for the firm the transfer is being paid to, as long as they hold the necessary permissions from the Financial Conduct Authority (FCA) to give the appropriate type of advice, this is sufficient to satisfy the requirements of [section 48\(1\) of the Pension Schemes Act 2015](#). In this instance, the advice is given on a restricted basis.

The question of how to define ‘independent’ came up during the non-club transfers out surgery we held on 12 May 2022. We will update the [non-club transfers out guide](#) on the next revision.

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## Training

### Employer role training

There are places available on the following courses:

[5 July 2022 – Cardiff](#)

[19 July 2022 – online](#)

[13 September 2022 – online](#)

[20 September 2022 – online](#)

Please use the links above to make a booking. You can find out more information about location, prices and timings on the bookings page. If you are not able to secure a space on your chosen course, please contact us. We will consider all your requests when adding new events.

## **Fundamentals 2022**

Our Fundamentals training programme for 2022 is open for booking. We will be running the training online and in person at two locations – London and Birmingham.

Fundamentals is a three-day training course aimed at elected members and others who attend pension committees and local pension boards. Past delegates include elected members, trade union representatives, member and employer representatives, officers who support committees and private sector organisations that provide services to administering authorities. The course provides a scheme overview and covers current issues that are affecting LGPS administration, investment and governance.

Attending all three days will help delegates meet the requirements for knowledge, skills and understanding either required in statute or encouraged by relevant guidance.

Each day has a different theme and will include sessions delivered by experts in their fields. The in-person events include refreshments and lunch and provide delegates with valuable networking opportunities.

Each day's programme will start at 10 am and close by 4 pm. Registration at in person events will start at 9.30 am. For full details, see the [Fundamentals training programme](#).

### **Cost**

In person - £270 plus VAT per session. The price includes lunch, refreshments and all delegate materials.

Online - £220 plus VAT per session.

We recommend early booking as places are limited. You can book online through the [LGA events page](#). We are unable to take manual bookings. Please find links to the individual sessions below.

[Fundamentals Day 1 – 18 October 2022 online](#)

[Fundamentals Day 1 – 20 October 2022 Westminster](#)

[Fundamentals Day 1 – 27 October 2022 Birmingham](#)

[Fundamentals Day 2 – 10 November 2022 Westminster](#)

[Fundamentals Day 2 – 16 November 2022 Birmingham](#)

[Fundamentals Day 2 – 22 November 2022 online](#)

[Fundamentals Day 3 – 6 December 2022 Westminster](#)

[Fundamentals Day 3 – 14 December 2022 Birmingham](#)

[Fundamentals Day 3 – 20 December 2022 online](#)

## **Annual governance conference 2023**

Our annual governance conference retains its popular lunchtime to lunchtime schedule. It will take place on Thursday 19 and Friday 20 January 2023 at the Marriott Cardiff Hotel. We are currently finalising the programme and securing speakers. Booking will open soon.

If you would like to be notified when bookings open or if you have any questions about the conference, please email [elaine.english@local.gov.uk](mailto:elaine.english@local.gov.uk).

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## **Wider landscape**

### **State pension triple lock reinstated**

[Chancellor Rishi Sunak has confirmed](#) that the state pension triple lock will be reinstated next April after it was put on hold last April. It is likely to be based on the September 2022 consumer price index, which is expected to be around 10 per cent.

### **TPR blog on climate reporting**

On 10 June 2022, [the Pensions Regulator \(TPR\) published a blog](#) on climate reporting. This is in anticipation of around 100 pension schemes publishing their first reports, produced in line with the Climate Change Governance and Reporting Regulations.

TPR will review the reports. The outcome of their review will be used to provide high-level observations. It will also inform the Department for Work and Pension's review covering the:

- effectiveness of the regulations, and
- range of schemes to which the regulations should apply.

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## **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.

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## **LGPS pensions section contact details**

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	<b>Pension Board</b> 25 July 2022
	<b>Report from the Director of Finance</b>
<b>Brent Pension Board Terms of Reference and Conflicts of Interest policy</b>	

<b>Wards Affected:</b>	N/A
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Two 1. Terms of Reference 2. Conflicts of interest policy
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <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 a review of the Pension Board's terms of reference and conflicts of interest policy.

## 2.0 Recommendation(s)

- 2.1 The Board is recommended to review and comment on the terms of reference and conflicts of interest policy.

## 3.0 Detail

- 3.1 Following the introduction of the Local Pension Board under the Public Service Pensions Act 2013, the Brent Pension Board formally adopted its terms of reference in its meeting in July 2015.
- 3.2 At the last review, the terms of reference were updated with minor additions. Previously they were updated to reflect the knowledge and experience of the Pension Board following its introduction in 2015. This included a further clarification on the purpose, roles, responsibilities and core functions of the board.

- 3.3 Officers have reviewed the terms of reference for suitability and consider them fit for purpose.
- 3.4 The Board is asked to review the review terms of reference attached in Appendix 1 and consider if any changes are required.
- 3.5 The Public Service Pensions Act 2013 (the 2013 Act) makes it a legal requirement that members of Local Pension Boards do not have a conflict of interest. The current conflicts of interest policy was written in June 2015 in order to fulfil the Board's legal obligations under the 2013 Act in identifying, monitoring and managing potential, actual or perceived conflicts of interest.
- 3.6 The current policy is attached as Appendix 2 and the Board are asked to comment on whether the policy is still fit for purpose or if any changes should be considered.

#### **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**

- 8.1 None arising directly from this report

**Report sign off:**

**Minesh Patel**  
Director of Finance



# Brent

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## **London Borough of Brent Pension Fund Terms of Reference**

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## Terms of Reference for the Brent Pension Board

### Contents

1. Introduction .....	3
2. Role of the Local Pension Board .....	3
3. Appointment of members of the Pension Board .....	3
4. Appointment of Chair .....	5
5. Quorum .....	5
6. Conflicts of Interest .....	5
7. Board Review Process .....	5
8. Advisers to the Board .....	6
9. Knowledge and Skills .....	6
10. Board Meetings – Notice and Minutes .....	7
11. Remit of the Board .....	7
12. Standards of Conduct .....	7
13. Decision Making .....	7
14. Publication of Pension Board information .....	8
15. Accountability .....	8
16. Review of terms of reference .....	8
17. Definitions .....	9
18. Interpretation .....	9

## 1. Introduction

- 1.1 The purpose of this document is to set out the terms of reference for the local Pension Board of the London Borough of Brent Pension fund.

## 2. Role of the Local Pension Board

- 2.1 The role of the local Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to:
- Assist the London Borough of Brent Administering Authority as Scheme Manager;
    - to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
    - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
    - in such other matters as the LGPS regulations may specify
  - Secure the effective and efficient governance and administration of the LGPS for the London Borough of Brent Pension Fund.
  - Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.
- 2.2 The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.3 The Pension Board will also help ensure that the London Borough of Brent Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.
- 2.4 The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

## 3. Appointment of members of the Pension Board

- 3.1 The Pension Board shall consist of 6 members and be constituted as follows:

- i) 3 employer representatives;
- ii) 3 scheme member representatives;

- 3.2 There shall be an equal number of Member and Employer Representatives.

### 3.3 Member representatives

3.3.1 Member representatives shall either be scheme members or have capacity to represent scheme members of the Fund.

3.3.2 Member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

3.3.3 Substitutes shall not be appointed.

3.3.4 3 scheme members shall be appointed to the Board and will consist of:

- 2 Trade Union representatives who are members of the scheme.

- 1 pensioner of the Fund shall be appointed following an open and transparent process administered by the Administering Authority with a recommendation to the General Purposes Committee.

### **3.4 Employer representatives**

- 3.4.1 Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.
- 3.4.2 Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.
- 3.4.3 Substitutes shall not be appointed.
- 3.4.4 3 employer representatives shall be appointed to the Board and will consist of:
- 2 elected councillors appointed by the London Borough of Brent.
  - 1 employer in the Fund shall be appointed following an open and transparent process administered by the Administering Authority with a recommendation to the General Purposes Committee.
- 3.5 Members of the Pension Board will be appointed by the General Purposes Committee and no substitutes will be permitted. The term of office for members will run for at least two years, subject to compliance with conditions of employment.
- 3.6 Each Board member should endeavour to attend all Board meetings during the year and is required to attend at least 3 meetings each year. In the event that a Board member fails to attend 3 consecutive meetings, that individual will automatically be disqualified, unless the failure was due to some reason approved by the Board before the date of the 3rd consecutive meeting.
- 3.7 Board membership may be terminated prior to the end of the term of office due to:
- (a) A member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.
  - (b) A member representative no longer being a scheme member or a representative of the body on which their appointment relied.
  - (c) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
  - (d) A Board member no longer being able to demonstrate to the London Borough of Brent their capacity to attend and prepare for meetings or to participate in required training.
  - (e) The representative being withdrawn by the nominating body and a replacement identified.
  - (f) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.

- (g) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

- 3.8 The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience.

#### 4. Appointment of Chair

- 4.1 An independent Chair is to be appointed through an open and transparent process, administered by the Administering Authority, and ratified by the General Purposes Committee. The Chair is a non-voting member of the board. In this respect the term independent means having no pre-existing employment, financial or other material interest in either the Administering Authority or any scheme employer in the Pension fund or not being a member (active, deferred or retired) of the Local Government Pension Scheme in Brent.
- 4.2 The Chair of the Board:
  - (a) shall ensure the Board delivers its purpose as set out in these Terms of Reference;
  - (b) shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered; and
  - (c) shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

#### 5. Quorum

- 5.1 The Board shall have a formal quorum when at least 50% of both member and employer representatives are present.
- 5.2 Advisers and officers do not count towards the quorum.

#### 6. Conflicts of Interest

- 6.1 All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.
- 6.2 A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.
- 6.3 On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's 'Conflicts of Interest' policy and the requirements of the Code.

#### 7. Board Review Process

- 7.1 The Board will undertake each year a formal review process to assess how well it and its committees, and the members are performing with a view to seeking continuous improvement in the Board's performance.

## 8. Advisers to the Board

- 8.1 The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:
- A Governance Adviser
  - The Fund's Actuary;
  - The Fund's Administrator;
  - The Fund's Legal Adviser;
  - The Fund's Investment Adviser(s);
  - The Scheme Manager.
  - Other advisers, so approved by the Scheme Manager.
  - The Pensions Regulator
- 8.2 The Board shall ensure that the performances of the advisers so appointed are reviewed on a regular basis.

## 9. Knowledge and Skills

- 9.1 Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined in paragraph 2 above.
- 9.2 A member of the Pension Board must be conversant with:
- The legislation and associated guidance of the Local Government Pension Scheme (LGPS).
  - Any document recording policy about the administration of the LGPS which is adopted by the London Borough of Brent Pension Fund.
- 9.3 A member of the Pension Board must have knowledge and understanding of
- The law relating to pensions, and
  - Any other matters which are prescribed in regulations.
- 9.4 It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.
- 9.5 In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.
- 9.6 Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.
- 9.7 Pension Board members will comply with the Scheme Manager's training policy.



## 10. Board Meetings – Notice and Minutes

- 10.1 The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Independent Chair of the Board, they shall be circulated to all members.
- 10.2 There will be at least 3 Pension Board meetings a year to be held per year, approximately 2 to 4 weeks after the Pension Fund Sub-Committee meeting.

## 11. Remit of the Board

- 11.1 The Pension Board must assist the Scheme Manager with such other matters as the scheme regulations may specify. It is for scheme regulations and the Scheme Manager to determine precisely what the Pension Board's role entails.
- 11.2 In accordance with the Regulations, the Pension Board shall secure compliance with:
- the Regulations
  - other legislation relating to the Governance and administration of the LGPS; and
  - the requirements imposed by The Pensions Regulator in relation to the LGPS, and
  - to ensure the effective and efficient governance and administration of the LGPS.
- 11.3 In support of its core functions the Board may make a request for information to the Pension Fund Sub-Committee with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.
- 11.4 In support of its core functions the Board may make recommendations to the Pension Fund Sub-Committee which should be considered and a response made to the Board on the outcome within a reasonable period of time.

## 12. Standards of Conduct

- 12.1 The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct.

These are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

## 13. Decision Making

- 13.1 Each voting member of the Pension Board will have an individual voting right but it is expected the Pension Board will as far as possible reach a consensus. The Independent Chair of the Pension Board and any advisors are non-voting members of the Board.

## 14. Publication of Pension Board information

- 14.1 Scheme members and other interested parties will want to know that the London Borough of Brent Pension Fund is being efficiently and effectively managed. They will also want to be confident that the Pension Board is properly constituted, trained and competent in order to comply with scheme regulations, the governance and administration of the scheme and requirements of the Pension Regulator.
- 14.2 Up to date information will be posted on the London Borough of Brent Pension Fund website showing:
- The names and information of the Pension Board members
  - How the scheme members are represented on the Pension Board
  - The responsibilities of the Pension Board as a whole
  - The full terms of reference and policies of the Pension Board and how they operate
  - The Pension Board appointment process
  - Who each individual Pension Board member represents
  - Any specific roles and responsibilities of individual Pension Board members.
- 14.3 The Board meetings will be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).
- 14.4 Pension Board papers, agendas and minutes of meetings will be published on the London Borough of Brent Pension Fund website, <https://www.brent.gov.uk/pensions>. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 2018.
- 14.5 The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency.

## 15. Accountability

- 15.1 The Pension Board will be collectively and individually accountable to the Scheme Manager.

## 16. Review of terms of reference

- 16.1 These Terms of Reference shall be reviewed on each material change to those part of the Regulations covering local pension boards and at least every year.
- 16.2 These Terms of Reference were reviewed on 25<sup>th</sup> July 2022.

## 17. Definitions

17.1 The undernoted terms shall have the following meaning when used in this document:

<i>“Pension Board” or “Board”</i>	Means the local Pension Board for the London Borough of Brent administering authority for the London Borough of Brent Pension Fund as required under the Public Service Pensions Act 2013
<i>“Scheme Manager”</i>	Means the London Borough of Brent as administering authority of the London Borough of Brent Pension Fund.
<i>“Chair”</i>	Means the Independent Chair of the Pension Board
<i>“LGPS”</i>	<p>The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009</p> <p>In Scotland;</p> <p>The Local Government Pension Scheme as constituted by the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008, the Local Government Pension Scheme Administration) (Scotland) Regulations 2008, The Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008 and the The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010]</p>
<i>“Scheme”</i>	<i>Means the Local Government Pension Scheme as defined under “LGPS”</i>
<i>‘Pensions Regulator’</i>	<i>Means the UK regulator of work-based pension schemes.</i>
<i>‘the Committee’</i>	<i>Means the committee which has delegated decision making powers for the Fund in accordance with Section 101 of the Local Government Act 1972.</i>
<i>‘the Fund’</i>	<i>Means the Fund managed and administered by the Administering Authority.</i>

## 18. Interpretation

18.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be determined by the Scheme Manager.

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# Conflict of Interest Policy – Members of the London Borough of Brent Pension Fund Local Pension Board

## Status of this policy

The Public Service Pensions Act 2013 (the 2013 Act) makes it a legal requirement that members of local pension boards do not have a conflict of interest. The Local Government Pension Scheme Regulations 2013 (the 2013 Regulations) have been amended accordingly. This policy sets out the principles which members of the London Borough of Brent Pension Fund Local Pension Board are expected to follow in order to fulfil their legal obligations under the 2013 Act in identifying, monitoring and managing potential, actual or perceived conflicts of interest.

## Defining Conflicts of Interest

A conflict of interest may arise when a member of a Local Pension Board:

- must fulfil their legal duty to assist the Administering Authority; and
- at the same time has:
  - a separate personal interest (financial or otherwise); or
  - another responsibility in relation to that matter,
- giving rise to a possible conflict with their first responsibility as a Local Pension Board member.

The key issue for a member of the Local Pension Board is to consider whether they are subject to a conflict of interest which prevents them from acting entirely independently in their capacity as a member of the Local Pension Board. It is recognised that from time to time a person may have interests or responsibilities which are not aligned with their responsibilities as a member of the Local Pension Board, but these do not prevent the person from fulfilling their responsibilities as a Board member. This situation may occur when the separate interest is sufficiently immaterial and so does not conflict with the Board member's first obligation to the Local Pension Board.

## Policy Objectives

1. To ensure that all members of the London Borough of Brent Pension Fund Local Pension Board comply with their statutory requirements under The Public Service Pensions Act 2013 and associated regulations and guidance.
2. Ensure that all Local Pension Board members are aware of their duty to act independently and carry out their roles to a high ethical standard.
3. Remove any perception that the actions of Local Pension Board members are influenced by the presence of a separate responsibility or interest that conflict with their responsibilities as a Board member.
4. Maintain appropriate records of declared conflicts of interest and manage any potential conflicts to ensure they do not become actual or perceived conflicts of interest.
5. Ensure that public confidence in the governance of the London Borough of Brent Pension Fund is maintained.

## Legislative Background

This policy sets out how members of the London Borough of Brent Pension Fund Local Pension Board are expected to manage potential, perceived or actual conflicts of interest arising in relation to their work as a member of that Pension Board.

Regulation 108 of the 2013 Regulations requires that;

*Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest*

Section 5(5) of the 2013 Act defines a conflict of interest as;

*A financial or other interest which is likely to prejudice the person's exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).*

The 2013 Regulations allow for elected members to sit on a Local Pension Board. Under the Localism Act of 2011 all elected members will be covered by and subject to their own local authority's code of conduct. Nothing in this policy in any way supersedes or replaces any requirements under an elected member's own authority's code of conduct.

## The Regulator's Code of Practice on Conflicts of Interest

The Pensions Regulator has responsibility for regulatory oversight of the governance and administration of public service pension schemes, including the Local Government Pension Scheme and therefore by implication includes regulatory oversight of the Local Pension Board's activities. The Pensions Regulator has published guidance in the form of a Code of Practice part of which is designed to assist Scheme Managers to meet their legal duty in ensuring that Local Pension Board members do not have conflicts of interest.

## Perception of Conflicts of Interest

Members of the Local Pension Board should be aware that even if no actual conflict of interest exists it is important to guard against the perception among, for example, Scheme members, the Pensions Regulator, elected members or members of the public that a real conflict of interest exists.

If there is the possibility that a perceived conflict of interest may exist, it should be managed by the Local Pension Board in the same way as a real conflict of interest.

## Confidential Information

A member of the Local Pension Board may, by virtue of their employment by an employing authority within the London Borough of Brent Pension Fund, have access to confidential information about their employer.

A member of the Board is not obliged to reveal this information as part of their role on the Local Pension Board.

However, if an affected member considers that the information to which they are party may:

- a) adversely affect the London Borough of Brent Pension Fund or an employer within the Fund,
- b) reasonably cause the Local Pension Board to interpret a decision by the Pension Committee differently or act in a different way were it to be known at the time and

- c) the information will not be made available to the Local Pension board through some other means within such time as the Board is able to fully act upon it,

that Local Pension Board member shall withdraw from all discussion in relation to that issue and notify the Board that a conflict of interest exists. The details of the conflict need not be disclosed.

This scenario may occur where a Board member is aware of legally confidential negotiations around, for example, the takeover of a London Borough of Brent Pension Fund employer which may radically alter that business and have a corresponding effect on its participation in the fund or the size of its liabilities.

### **Identifying and monitoring Conflicts of Interest**

#### **The Role of Individual Members of the Local Pension Board**

There is a duty on all prospective Local Pension Board members to declare interests prior to their appointment to the Board.

Members of the Local Pension Board must provide any information requested by the Administering Authority in connection with the Authority's duty to ensure that conflicts of interest do not exist.

Local Pension Board members must be conscious of the need to be open about potential and actual conflicts. Board members should be aware of their statutory obligations in this area as well as being familiar with the Pension Regulator's code of practice and this policy document.

Where a member has declared an interest which has been recorded on the Register of Member Interests it will not typically be necessary to declare that interest at subsequent Local Pension Board meetings unless the materiality of that interest changes in respect of the Board's business.

In cases of exceptional sensitivity a member of the Local Pension Board may make a notification of an interest to the Chair of the Board, rather than to the full Board.

#### **The Role of the Administering Authority**

London Borough of Brent Council as the Administering Authority for the London Borough of Brent Pension Fund must be satisfied that any individual appointed to the Local Pension Board does not have a conflict of interest and must also ensure that from time to time no such conflict arises.

London Borough of Brent Council shall consider all applications from potential Local Pension Board members prior to approval in order to ensure that no conflict exists. The potential for a conflict to arise at some point in future will not in itself be reason to exclude an individual from membership of the Local Pension Board, unless the Administering Authority considers that the likelihood of a conflict arising is so high or the conflict itself is likely to arise persistently and frequently enough that it is likely to compromise an individual's ability to participate meaningfully on the Board.

#### **The Role of the Local Pension Board**

The Local Pension Board should identify, monitor and manage dual interests and responsibilities which are or have the potential to become actual or perceived conflicts of interest. In determining how to manage conflicts of interest the Local Pension Board must comply with the 2013 Act, The 2013 Regulations, guidance from the Pensions Regulator and this policy document.

When seeking to prevent a potential conflict of interest becoming detrimental to the conduct or decisions of a Local Pension Board, the Board should consider obtaining legal advice when assessing any option.

There will be a standing agenda item at all meetings of the Local Pension Board at which members will be asked to declare any interests. The Local Pension Board will ensure that a register of member interests will be kept up to date and be included as part of the papers for each meeting of the Local Pension Board.

### **Managing Conflicts of Interest**

In the event that the Local Pension Board is of the view that a potential conflict of interest may become an actual or perceived conflict in respect of one or more of its members the Board must determine the appropriate mechanism for managing that conflict. The approach taken will depend on the nature and extent of the potential conflict. Some possible methods for the management of potential conflicts are given below.

- Requiring that the member for whom the conflict exists takes no part in discussions or does not vote in respect of the matter for which they are conflicted.
- If practical the member may relinquish or divest themselves of a personal interest which is the source of a conflict of interest with their Local Pension Board responsibilities.
- If the conflict is likely to be persistent and ongoing in such a way that it is likely to limit a member's meaningful participation in the Local Pension Board, that member should consider resigning from their position.
- The Scheme Manager may remove any individual from the Local Pension Board where they consider there is an actual conflict of interest or a potential conflict which it is impractical to manage.

### **Adviser and Officer Conflicts**

The Local Pension Board will be supported and advised by officers of the Fund in its day to day business. Similarly the Board may, if appropriate, seek independent or professional advice for example, legal advice or governance advice.

The Local Pension Board must be confident that the advice it receives from officers and advisers is independent and truly in the best interests of the London Borough of Brent Pension Fund. For this reason officers and advisers giving advice to the Local Pension Board must also declare any situation where a potential, perceived or actual conflict exists, in order that it can be appropriately managed.



## Appendix

### Relevant References

<b>2011 Act</b>	The Localism Act 2011.
<b>2013 Act</b>	The Public Service Pensions Act 2013.
<b>2013 Regulations</b>	The Local Government Pension Scheme Regulations 2013 (as amended).
<b>Scheme Manager</b>	The administering authority for the London Borough of Brent Pension Fund, London Borough of Brent Council

### Examples of conflicts of interest

The following are intended to be examples of potential conflicts for illustrative purposes. The list is not exhaustive and is not intended to provide all the scenarios in which a conflict of interest may arise.

#### Example 1

There may be situations where a member of the Local Pension Board who is also an officer for the London Borough of Brent Council or some other employer in the London Borough of Brent Pension Fund faces conflicting priorities by virtue of their two roles. For example, as a Local Pension Board member they may make or scrutinise a decision which requires the use of greater employer resource in order to improve the administration and efficiency of the London Borough of Brent Pension Fund. However, at the same time they may be facing departmental pressure to cut budgets and spend less on pension administration matters.

#### Example 2

The Local Pension Board is reviewing a decision by the Pension Committee to levy an additional charge under the 2013 Regulations to a group of employers whose poor performance in carrying out their statutory functions in respect of the LGPS has caused the London Borough of Brent Pension Fund additional costs. Any employer representative on the Board, who is employed by an employer who falls into this category, would need to declare their interest and the resulting conflict of interest would need to be managed.

#### Example 3

It is possible that a scheme member representative is also employed by a firm to whom the Fund's administration has been outsourced. Such a member is likely to face a conflict of interest when the performance of that company in respect of their administration performance is discussed.

### Example of where a declared interest may not constitute a conflict of interest

A representative on the Local Pension Board holds shares in a company that provides outsourced pension administration services as part of a varied portfolio. The shares are valued at a few hundred pounds and the company's value is many tens of millions. The Pension board is reviewing the decision to outsource the Fund's administration staff to that company.

In this case the Local Pension Board may consider that on grounds of materiality, no conflict of interest exists. The Local Pension Board is not responsible for the decision and the impact of the outsourcing will have no effect on the company's share price. The Local Pension Board member in question should, however, still declare their interest.

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# London Borough of Brent Pension Fund

## Q1 2022 Investment Monitoring Report

Kenneth Taylor, Investment Consultant  
Kameel Kapitan, Investment Consultant  
Ahmed Elsaddig, Investment Analyst

Executive Summary

Q1 2022 proved a challenging quarter for markets, the Funds investments returning -2.7%, underperforming the Fund's benchmark by 0.5%. However, over the longer term, the assets continue to outperform strongly on both an absolute and a relative basis.

Market volatility weighed heavily on markets over the period as inflation took further hold, coronavirus lockdowns continued in China and Russia began its full scale invasion of Ukraine. Global equities as a whole fell 2.4% in Sterling terms. UK equities fared better, benefitting from the outperforming energy sector which constitutes a material part of the index. Emerging market equities again fell over the period, largely driven by weakening sentiment in respect of the Chinese market.

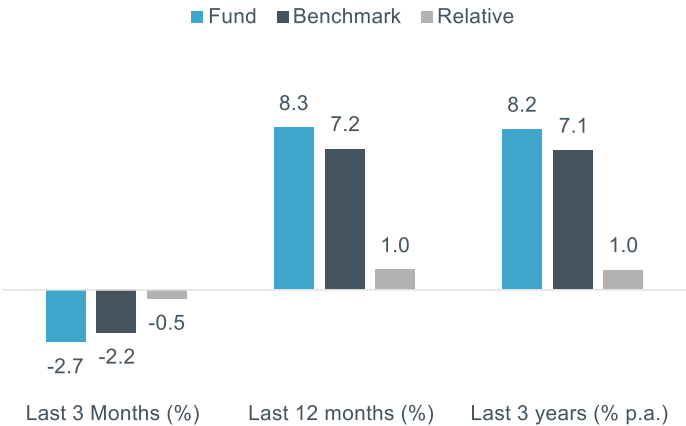
Within fixed income, rising interest rates provided upward pressure on yields and drove significant drawdowns in the value of gilts. Speculative grade credit markets also suffered amidst the uncertainty.

Looking to Q2, the Fund will seek to finalise the second tranche investment in the BlackRock Low Carbon Fund whilst continuing to explore secondary market opportunities within the property market.

Key points to note

- The Fund has posted negative returns over the quarter, ending the period with a valuation of £1,132.7m, down from £1,155.7m at the end of Q4 2021.
- The majority of assets classes struggled in Q1 2022 amidst a challenging environment. Index-tracking mandates with LGIM (global equities) and BlackRock (gilts) contributed heavily to the negative absolute return whilst the LCIV Baillie Gifford multi-asset fund, the LCIV emerging markets fund and the LCIV multi-asset credit (MAC) fund all drove relative underperformance versus the benchmark.
- Marginally offsetting returns was the performance of UK equities (LGIM index-tracking fund) and the LCIV Ruffer multi-asset fund. Both delivered positive return with Ruffer in particular demonstrating the value of its more defensive approach to multi-asset investing.
- In Q2 2022 the Fund will seek to complete planned investment in the BlackRock Low Carbon equity fund whilst continuing to explore any attractive secondary market opportunities within the property space consistent with the decision taken at the October 2021 Committee meeting.

Fund performance vs benchmark/target



High Level Asset Allocation

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

GrIP	Actual	Benchmark	Relative
Growth	58.8%	58.0%	0.8%
Income	28.3%	25.0%	3.3%
Protection	10.7%	15.0%	-4.3%
Cash	2.1%	2.0%	0.1%

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 multi-asset funds.

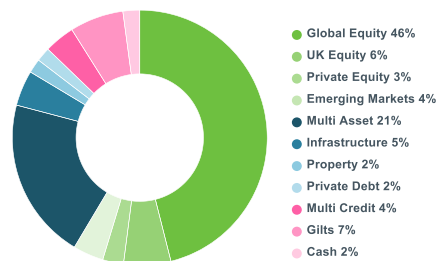
## Asset Allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q4 2021	Q1 2022			
LGIM Global Equity	520.0	506.1	44.9%	40.0%	4.9%
LGIM UK Equity	67.4	67.8	6.0%	5.0%	1.0%
Capital Dynamics Private Equity	31.4	30.0	2.7%	5.0%	-2.3%
LCIV JP Morgan Emerging Markets	46.7	43.8	3.9%	5.0%	-1.1%
Blackrock Acs World Low Crbn	15.8	15.4	1.4%	3.0%	-1.6%
<b>Total Growth</b>	<b>681.2</b>	<b>663.1</b>	<b>58.8%</b>	<b>58.0%</b>	<b>0.8%</b>
LCIV Baillie Gifford Multi Asset	143.9	135.1	12.0%	7.5%	4.5%
LCIV Ruffer Multi Asset	93.2	97.4	8.6%	7.5%	1.1%
Alinda Infrastructure	24.0	23.4	2.1%	0.0%	2.1%
Capital Dynamics Infrastructure	6.0	6.2	0.5%	0.0%	0.5%
LCIV Infrastructure	19.5	21.4	1.9%	5.0%	-3.1%
Fidelity UK Real Estate	15.0	15.7	1.4%	5.0%	-3.6%
LCIV Private Debt Fund	15.9	20.3	1.8%	0.0%	1.8%
<b>Total Income</b>	<b>317.5</b>	<b>319.5</b>	<b>28.3%</b>	<b>25.0%</b>	<b>3.3%</b>
LCIV CQS MAC	44.6	43.8	3.9%	5.0%	-1.1%
BlackRock UK Gilts Over 15 yrs	87.9	77.1	6.8%	10.0%	-3.2%
<b>Total Protection</b>	<b>132.5</b>	<b>120.9</b>	<b>10.7%</b>	<b>15.0%</b>	<b>-4.3%</b>
Cash	19.1	24.1	2.1%	2.0%	0.1%
<b>Total Scheme</b>	<b>1150.4</b>	<b>1127.6</b>	<b>100.0%</b>	<b>100.0%</b>	

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.

Note: The Q4 2021 cash figure differs from that shown in our H2 2021 report. It has been revised based on updated information provided by the Administering Authority.

## Asset class exposures



Total Fund return was negative during the period on both an absolute and relative basis. However, longer term performance remains comfortably ahead of target.

UK equities outperformed global markets over the period, due to the UK's higher weighting to cyclical sectors such as financials, industrials and basic materials, which performed relatively better over the period.

Over 12 months and 3 years, the returns achieved by Baillie Gifford and Ruffer remain strong and well ahead of benchmark returns of 2.4% and 2.6% respectively. Performance however was more varied over Q1 2022 with Ruffer's defensively positioned strategy navigating the tumultuous period better than Baillie Gifford's more "risk-on" approach. This demonstrates the value from adopting a diversified approach to multi-asset investing.

In the wake of more hawkish monetary policy from central banks, gilt yields rose significantly over the period, weighing on returns and leading to a decrease in the value of the BlackRock portfolio.

The LCIV MAC fund also suffered amidst rising interest rates and weakening sentiment returning -5.3% over the period.

## Manager performance

	Last 3 Months (%)			Last 12 months (%)			Last 3 years (% p.a.)		
	Fund	B'mark	Relative	Fund	B'mark	Relative	Fund	B'mark	Relative
<b>Growth</b>									
LGIM Global Equity	-2.7	-2.6	-0.0	14.7	14.8	-0.0	15.4	15.4	-0.0
LGIM UK Equity	0.6	0.5	0.1	13.2	13.0	0.1	5.3	5.3	0.0
Capital Dynamics Private Equity	6.0	-2.1	8.3	30.0	16.8	11.3	10.8	13.6	-2.5
LCIV JP Morgan Emerging Markets	-6.1	-4.3	-1.9	-10.2	-7.1	-3.3	4.7	4.6	0.1
BlackRock Acs World Low Crbn	-2.5	-2.4	-0.1	-	-	-	-	-	-
<b>Income</b>									
LCIV Baillie Gifford Multi Asset	-6.1	0.7	-6.7	3.4	2.4	1.0	3.6	2.6	1.0
LCIV Ruffer Multi Asset	4.4	0.7	3.7	7.3	2.4	4.7	10.1	2.6	7.3
LCIV Private Debt Fund	0.0	1.5	-1.5	-	-	-	-	-	-
Alinda Infrastructure	-	-	-	15.1	9.1	5.5	5.9	5.5	0.4
Capital Dynamics Infrastructure	-	-	-	-29.8	9.1	-35.6	-17.7	5.5	-22.0
LCIV Infrastructure	-	-	-	6.4	9.1	-2.5	-	-	-
Fidelity UK Real Estate	4.9	5.6	-0.6	-	-	-	-	-	-
<b>Protection</b>									
LCIV CQS MAC	-5.3	0.6	-5.9	-1.3	2.2	-3.4	2.1	2.8	-0.7
BlackRock UK Gilts Over 15 yrs	-12.3	-12.3	0.0	-7.1	-7.2	0.1	-0.6	-0.7	0.1
<b>Total</b>	-2.7	-2.2	-0.5	8.3	7.2	1.0	8.2	7.1	1.0

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

Performance from Alinda, Capital Dynamics and the LCIV Infrastructure funds is based on information provided by Northern Trust. For such investments, there are more appropriate measures to assess performance. 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 and Private Debt (see below) as asset classes.

The table above excludes an individual line for the performance of the Fund's investment in the London CIV's Private Debt sub-fund. Given initial draw downs only occurred during Q2 2021, it still remains too early to report meaningful performance at this stage. The Fund's commitment will continue to be drawn under this mandate, and as the size of investment increases, performance information will be more readily available from the manager, and it will become more appropriate to report individually. In the meantime, for completeness, the calculated returns will feed through into the total Fund return based on net asset values (NAV's) and cashflow information provided by the manager.

## 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
BlackRock	Acs World Low Crbn	Preferred	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	Private Debt	Not Rated	Not Rated
Fidelity	UK Real Estate	Preferred	Good
LCIV CQS	Multi Credit	Suitable	Not Rated
BlackRock	UK Gilts Over 15Yrs	Preferred	Not Rated

## LGIM business update

LGIM announced that Russell Jones has been appointed as the Head of Index Equities, EMEA and will be taking on David Barron's previous responsibilities. In addition, Sacha Mirza has been appointed to a newly created role as Head of Index Analytics and Technology.

## BlackRock fund update

The Blackrock ACS World Low Carbon Fund seeks to minimise carbon exposure and exclude companies with exposure to fossil fuels, while achieving a target tracking error. Blackrock are proposing some changes to the methodology of the fund, including some additional screens, phasing in scope 3 emissions and potentially incorporating temperature alignment data. We view these changes as positive developments towards meeting climate objectives and the Fund's transition to Net Zero.

## Ruffer business update

Over the quarter Ruffer announced Aled Smith, Deputy CIO will join the Executive Committee and Henry Maxey, CIO will step down. The Executive Committee focuses on the ongoing running of the firm rather than the investment strategy.



As part of the Fund's evolving Responsible Investment agenda and in recognition of climate risk, the Fund is committed to disclosing and monitoring climate metrics within its investment strategy where possible.

As a starting point, the Fund is reporting in line with information produced by its LGP Pool, the London CIV. In time, the Fund will seek to evolve its climate risk monitoring process by monitoring against further metrics.

The information covered here captures c80% of the Fund's assets as at 31 March 2022. It excludes investments in property, private equity, infrastructure and private debt on account of the current lack of data in these areas.

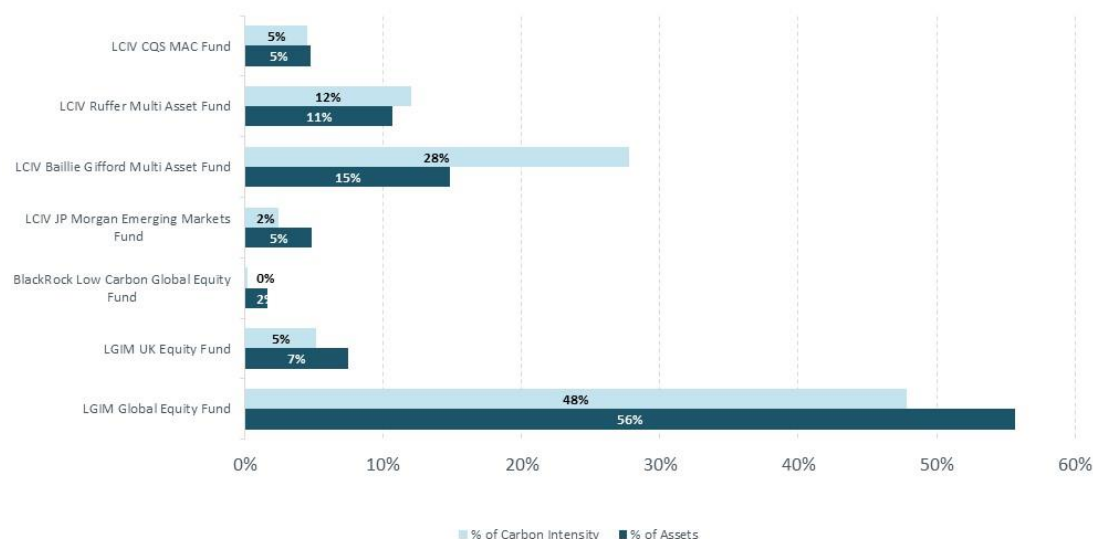
Despite only representing c.15% of assets shown here, the LCIV Baillie Gifford multi-asset fund is responsible for c.28% of the total carbon intensity.

## Climate Risk Overview

	Weighted Average Carbon Intensity (tCO2/\$m Sales)	Fossil Fuel exposure (any activity) (%)
<b>Fund</b>	<b>236.1</b>	<b>6.6%</b>
<i>Composite benchmark*</i>	<b>274.9</b>	<b>8.1%</b>
<i>Relative to benchmark</i>	<b>-38.8</b>	<b>-1.5%</b>

\*Composite benchmark reflects individual mandate benchmarks weighted by proportion invested

## Carbon Intensity by Manager





## LGIM Global Equity

The LGIM global equity mandate posted a return of -2.7% over the quarter. However, performance in global equity markets remains strong over longer periods.

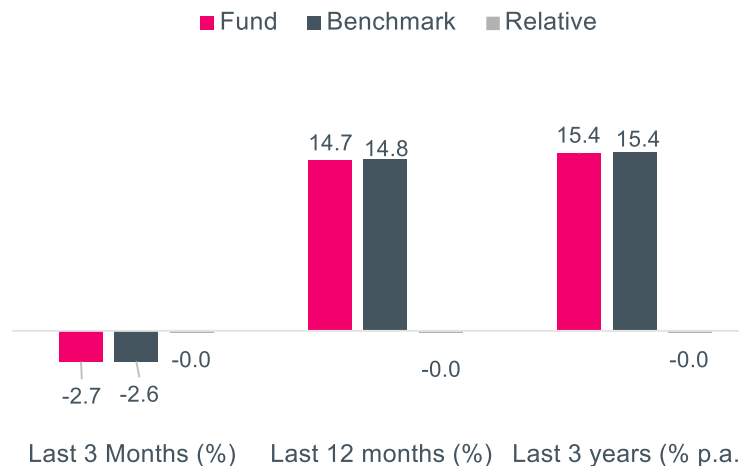
As an index-tracking fund, it has matched its benchmark over all periods.

Negative performance over Q1 2022 was largely due to the rotation towards cyclical value stocks and away from growth stocks, such as those in the technology sector which dominate the US market. Rising interest rates weigh heavily on the valuations placed on growth stocks given their earnings outlook is further into the future.

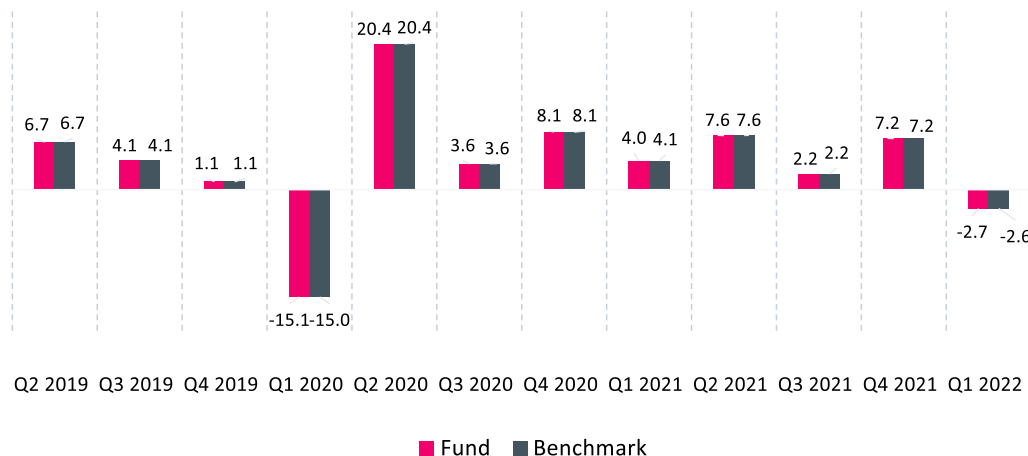
It should be noted that global markets were actually down even more over the period as the Russian invasion of Ukraine shocked markets at the end of February. However, Sterling depreciation helped reduce this effect. By the end of the quarter though markets had largely recovered from the initial sell-off hence the more moderate drawdown of 2.7%, although volatility and geopolitical uncertainty persist.

We continue to rate LGIM's index-tracking equity capabilities as 'Preferred', with an RI rating of 'Strong'

## Fund Performance vs benchmark



## Historical Performance/Benchmark



## LGIM UK Equity

The LGIM UK equity mandate returned 0.6% over the quarter, outperforming its global counterparts. Performance over 12 months and 3 years is strong, albeit lagging behind global markets as a whole.

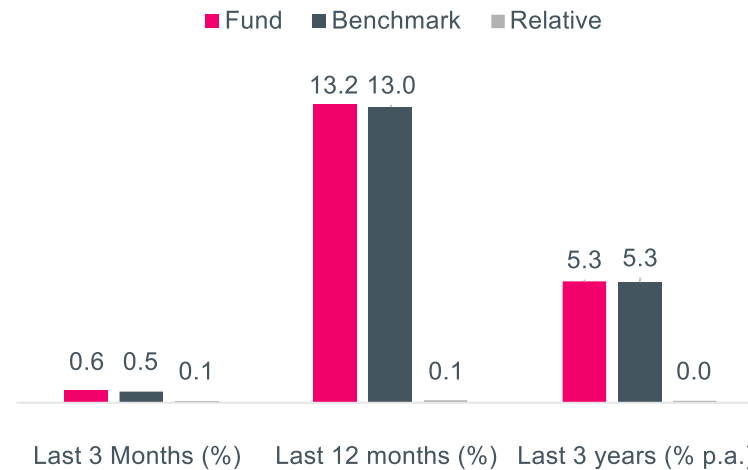
Over all period the fund has performed in line with its benchmark as we would expect for an index-tracking portfolio.

In Q1 2022, the UK outperformed wider equity markets due to its higher than average exposure to energy and basic materials which benefited from rising oil and gas and commodity prices, exacerbated by the Russia-Ukraine conflict.

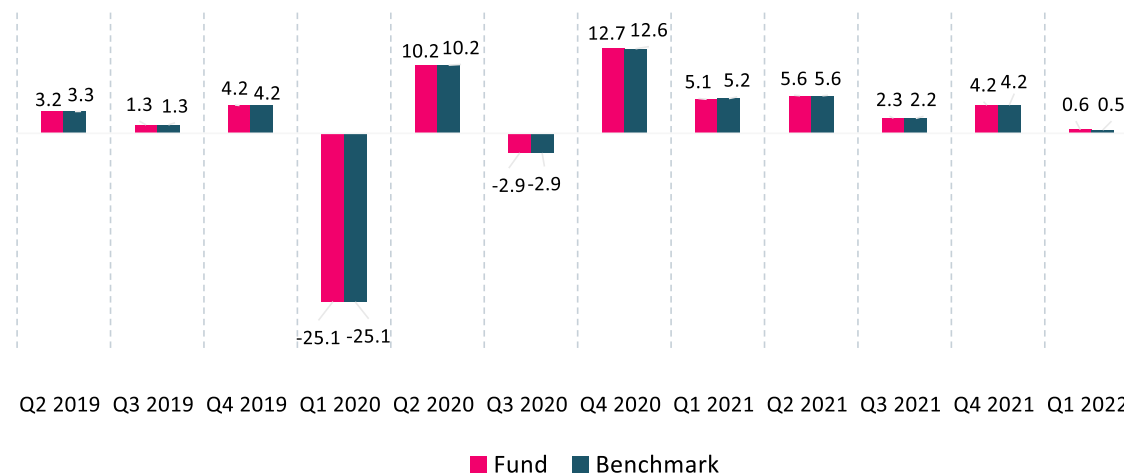
Another positive contributor to the fund's performance is the higher weighting within the UK market to financials, a sector that proved resilient, benefitting from the prospect of running higher margins on the back of interest rate rises.

We continue to rate LGIM's index-tracking equity capabilities as 'Preferred'.

## Fund Performance vs benchmark



## Historical Performance/Benchmark



## LCIV JP Morgan Emerging Markets

The JP Morgan Emerging Markets fund returned -6.1% over the first quarter of 2022, against its benchmark of -4.3%. Over 12 months the fund has returned -10.2%, underperforming the benchmark by 3.3%.

Emerging markets have continued to lag developed markets equities in 2022. The invasion of Ukraine by Russia further negatively affected the emerging markets due to the impact on global supply chains.

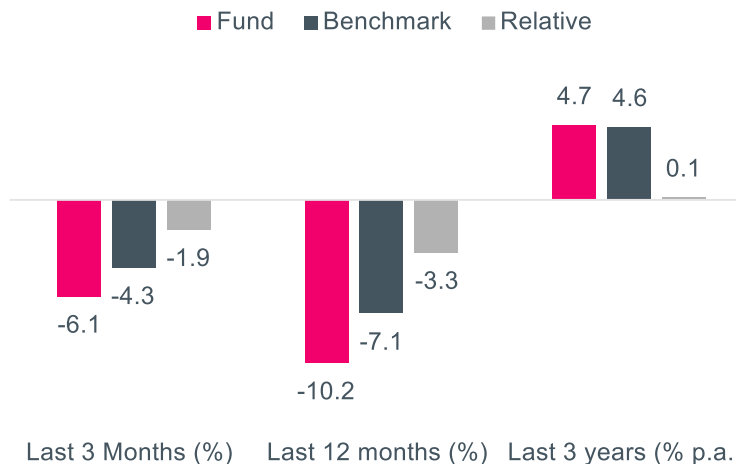
Contributing to relative underperformance was the manager's weak stock selection and an overweight allocation to an underperforming communication services sector - Sea Ltd, previously a strong performer, continued to decline in Q1 2022.

Within financials, the holding in Russian bank Sberbank has been written down to zero as the manager seeks to sell the holding.

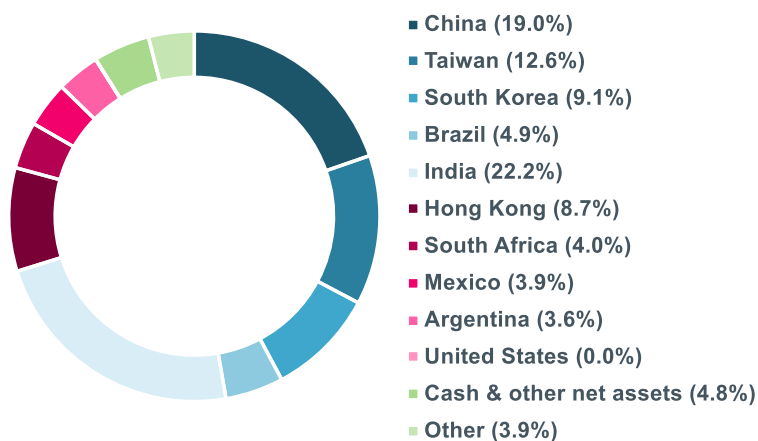
From a positioning standpoint, the manager believes the 'quality growth' bias in the strategy will serve it well over the longer term, particularly in a more subdued market environment.

We continue to rate JP Morgan's Emerging Market equity fund as 'Suitable', with an RI rating of 'Adequate'.

## Fund Performance versus benchmark



## Fund Regional Allocation



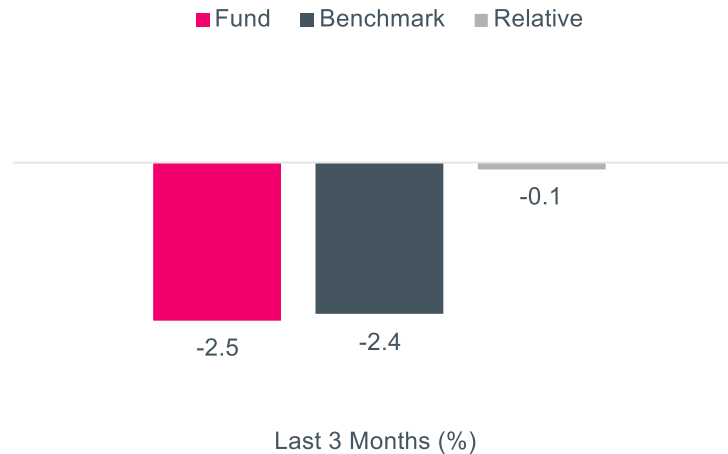
## Blackrock ACS World Low Carbon

This is a relatively new mandate with the Fund having made an initial investment in Q4 2021. A second investment in the Fund is scheduled to be made in Q2 2022.

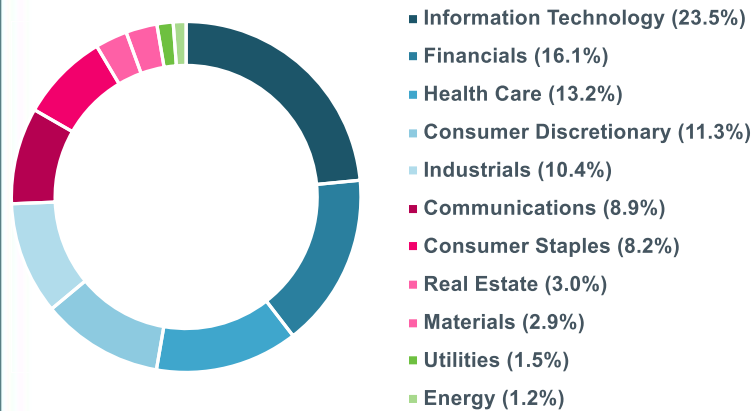
The Fund aims to closely track the performance of the MSCI World Low Carbon Target Reduced Fossil Fuel Index.

The fund returned -2.5% over the quarter. Unsurprisingly given its weighting in the portfolio, this performance was largely driven by the US market and the underperformance of the technology sector.

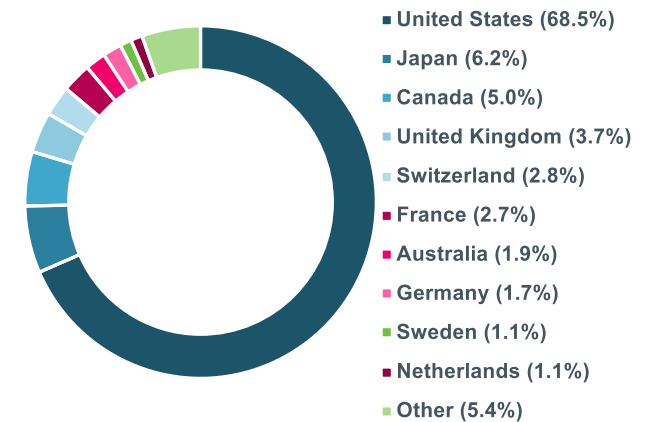
## Fund performance vs benchmark



## Sector allocation



## Geographical breakdown



## Capital Dynamics Private Equity

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

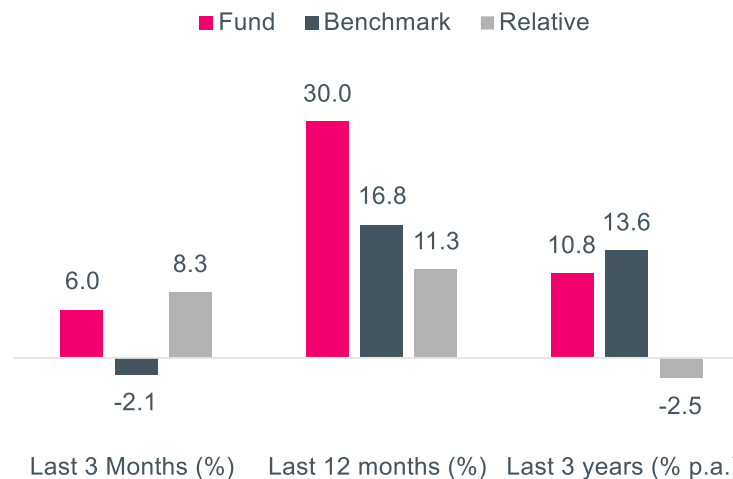
Based on information provided by Northern Trust, the fund returned 6.0% over the period ahead of its benchmark of -2.1% by 8.3%.

Over the more meaningful 3 year time period, the fund has returned 10.8% per annum although performance is behind benchmark and the target return of MSC All World +3% p.a. too.

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 30 September 2021 the IRR was 13.5% with a TVPI of 1.6x.

## Fund performance vs benchmark



## Summary as at 30 September 2021

Total contributed: c.91.6%

IRR: 13.5%

TVPI: 1.6x

## LCIV Baillie Gifford Multi-asset

The fund returned -6.1% over Q1, underperforming its benchmark by 6.7%. The fund remains comfortably ahead of its longer-term targets.

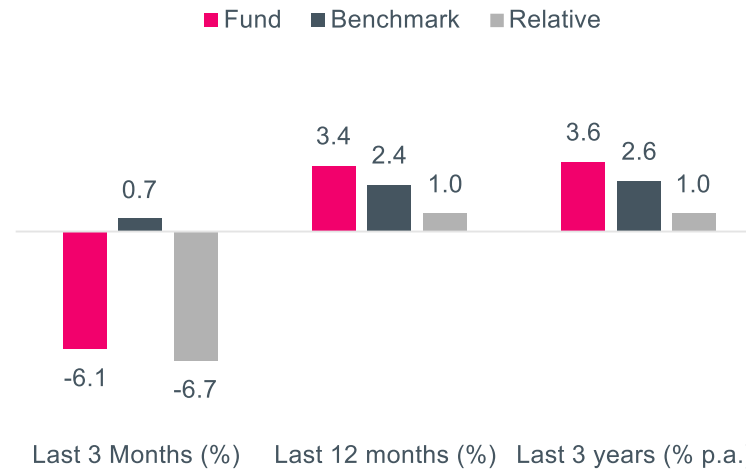
Key detractors to performance this quarter were holdings in equities and absolute return, which suffered amidst the heightened market volatility. Additionally, strategies expected to perform during economic stress failed and Baillie Gifford have since sold these.

High yield bonds also negatively contributed, in particular, Asian high yield bonds purchased last quarter as the newly implemented regulations prolonged the volatility seen in the Chinese property markets. The manager remains focused on the long-term opportunity of these holdings.

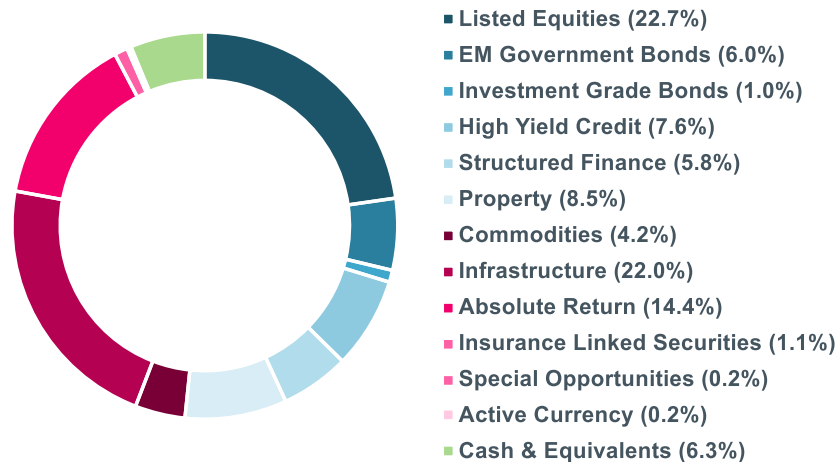
Commodities were the top performer this quarter as prices surged given Russia's position as major energy and commodity producer, albeit the mandate's low exposure restricted returns. Over the 1-year period, infrastructure and property remain top contributors.

Despite poor performance this quarter, Baillie Gifford remains focused on their longer-term trends and stresses the importance of not losing sight of long-term goals amidst the current volatile market.

## Fund Performance versus benchmark



## Fund Asset Allocation



## LCIV Ruffer Multi-asset

The Ruffer Multi-Asset fund returned 4.4% over the first quarter of 2022, outperforming the benchmark by 3.7%. Longer term performance remains strong.

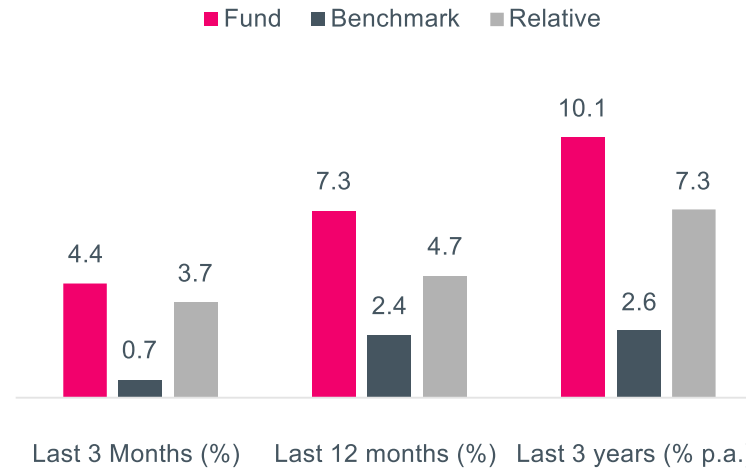
Performance was largely driven by a surge in volatility in bond and equity markets due to Russia's invasion of Ukraine. The fund proved resilient to the rapid adjustments in inflation that followed. In particular, options linked to interest rates performed well as bond yields rose over the quarter, in response to rising inflation.

The only significant detractor from performance over the quarter was due to the fund's direct holdings in long dated inflation-linked bonds, which suffered due to rising nominal yields.

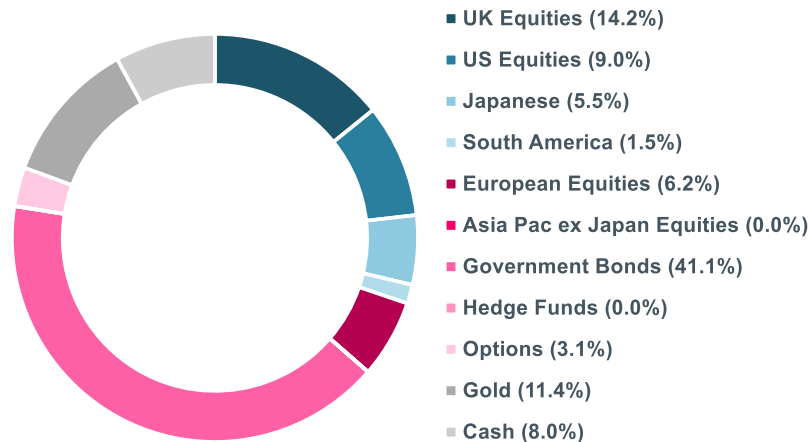
To hedge against volatility over the quarter, the manager added to its protection "bucket" by increasing cash holdings and interest rate options.

The portfolio position going forward remains cautious, however the manager is confident the fund is flexible enough to capitalise on emerging trends regarding supply chain issues, food security and energy transition.

## 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.

TVPI essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date.

Remaining capital commitments as at 31 December are as follows:

Alinda II: \$3,308,129

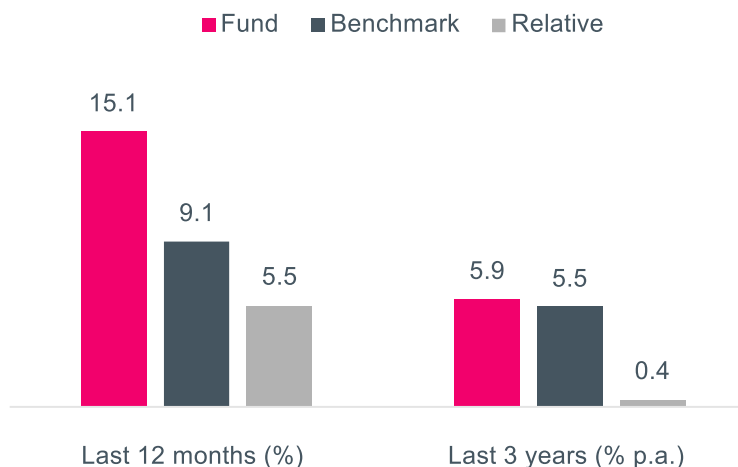
Alinda III: \$8,352,993

The following net distributions (distributions less contributions) were made over Q1 2022:

Alinda II: \$1,538,010

Alinda III: \$873,086

## Fund performance vs benchmark



## Summary as at 31 March 2022 (\$)

Alinda Fund II	
IRR (Gross)	5.4%
IRR (Net)	2.8%
Cash yield	6.7%
TVPI (Net)	1.1x

Alinda Fund III	
IRR (Gross)	22.6%
IRR (Net)	15.6%
Cash yield	10.1%
TVPI (Net)	1.5x



## LCIV Infrastructure

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

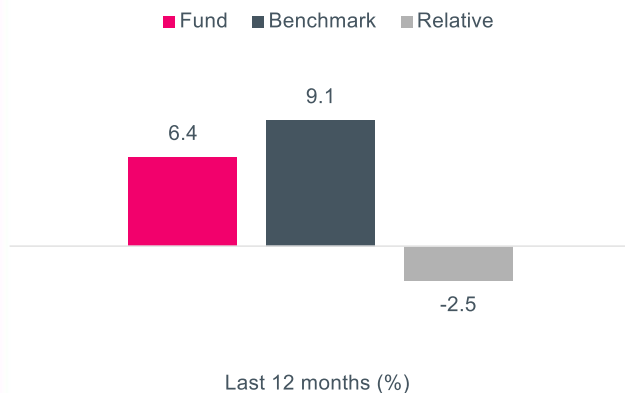
The LCIV Infrastructure fund is managed by Stepstone.

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 £3.9m drawn down over Q4 2021, bringing the NAV at 31 December 2021 to £19.5m (provided by LCIV). This NAV will be different to that provided by Northern Trust (NT) in their 31 December 2021 report due to the need for estimation by NT given the lagged reporting of actual NAV.

## Fund performance vs benchmark

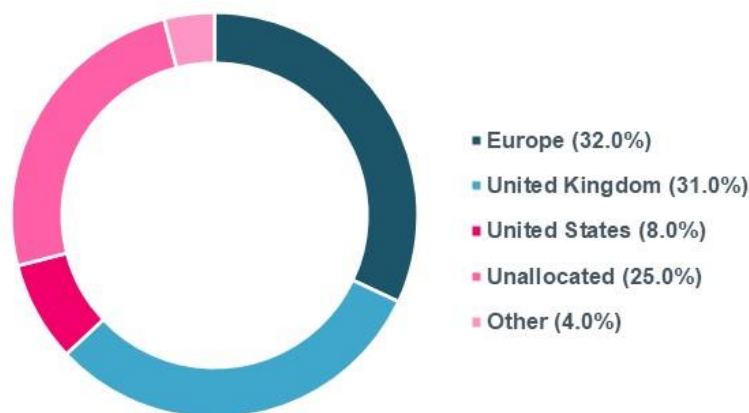


## Fund Statistics as at 31 December 2021 (£m)

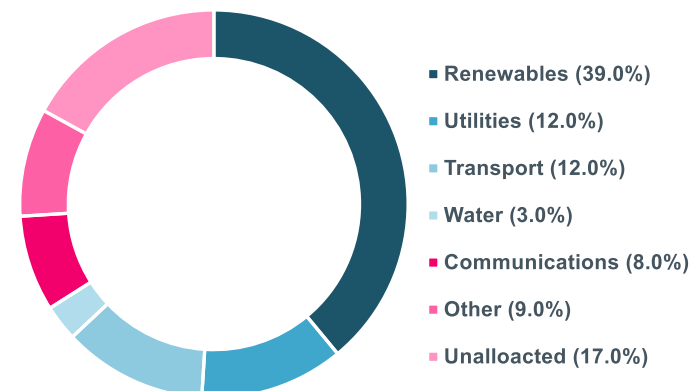
Capital committed	£50.0
Total contributed	£19.2
Distributions	£0.0
Value created	£0.3
Net asset value *	£19.5

\*as provided by LCIV

## Fund Geographical Allocation (31 December 2021)



## Fund Sector Allocation (31 December 2021)



## 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.

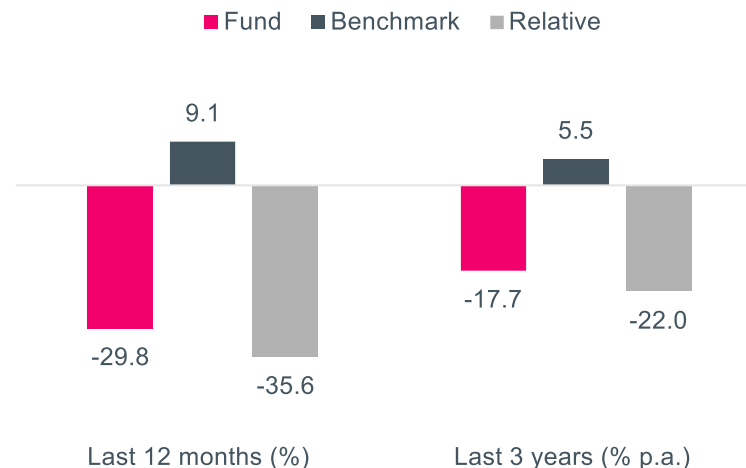
With the fund having deployed most of the capital commitment it is appropriate to assess performance on both measures.

Reporting on underlying commitments is as at 31 December 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, although running performance continues to marginally improve.

Similar to the previous quarter, 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 December 2021 (figures in \$m where applicable)

Capital committed \$15.0

Total contributed \$14.7

Distributions \$1.2

Value created (\$5.3)

Net asset value \$8.4

Net IRR since inception (5.2%)

Total value-to-paid-in-ratio (TVPI) 0.69x

## LCIV Private Debt Fund

Target: Absolute return of c6.0%

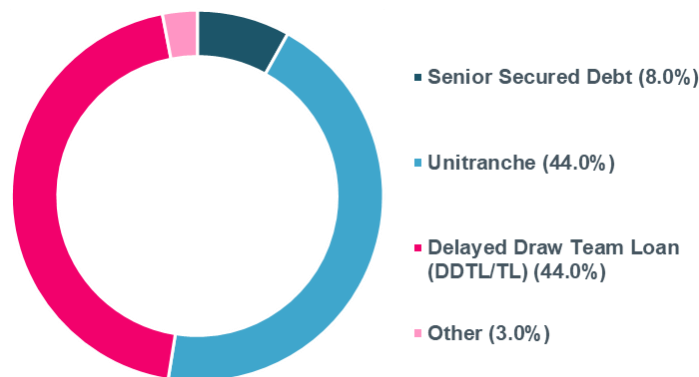
The LCIV Private Debt Fund consists of two underlying managers: Pemberton and Churchill with target split being 50/50.

To date, the Pemberton fund represents 58% of commitments invested due to its higher deployment pace versus the Churchill fund (42%). Over time this will converge towards the target, although Pemberton is expected to stay ahead in the near term as they aim to be fully deployed by end 2022.

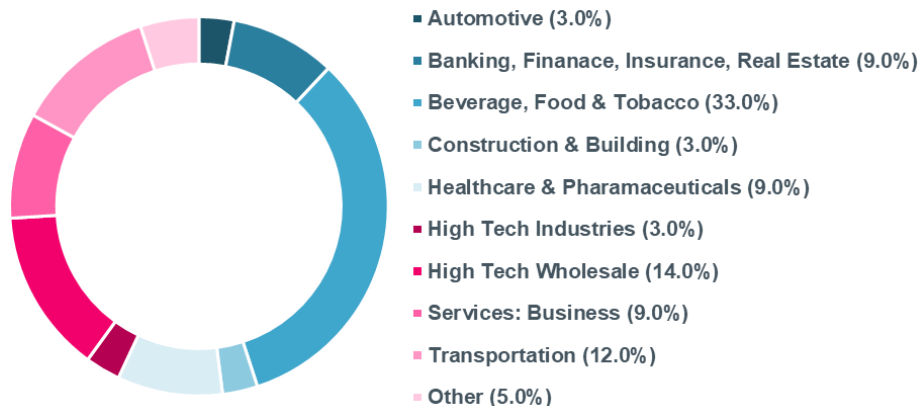
The two key metrics to assess performance for private debt investments are the Internal Rate of Return (IRR) and the Total Value to Paid-In (TVPI) ratio.

At this stage of investment, it is too early to assess performance on a purely percentage basis. TVPI is more informative, albeit an informative value is not yet available due to the infancy of the fund. TVPI 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.

## Portfolio investment type



## Sector allocation



## LCIV CQS Multi-asset Credit

Over the first quarter of 2022, the LCIV's multi-asset credit strategy returned -5.3% against a benchmark of 0.6%. Performance was also negative over the past 12 months which has resulted in longer term performance now falling behind benchmark by 0.7%.

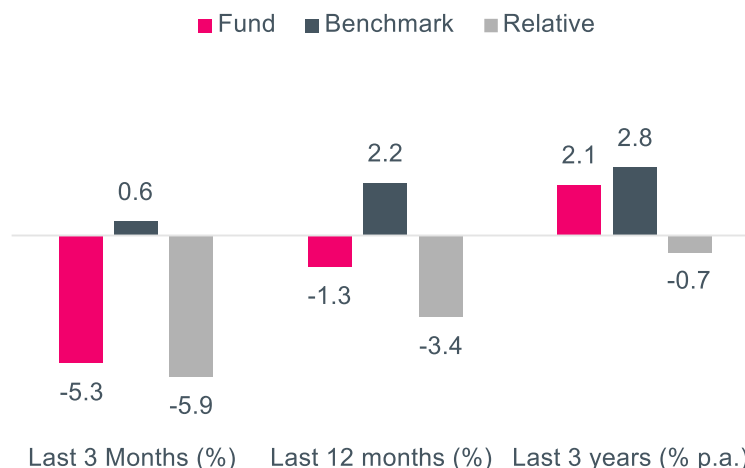
We would note when monitoring performance against fixed targets, it is more meaningful to consider the longer term as volatility can be expected in the short term.

The key detractor from performance over the quarter were financials specifically Sberbank, a Russian bank heavily affected by recent sanctions against Russia.

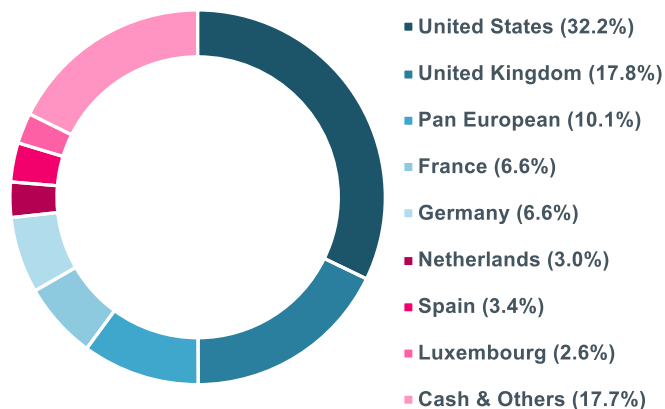
High yield bonds negatively impacted performance over the quarter, as spreads widened to initial pandemic levels. Asset backed securities also contributed to negative performance. In particular, the aircraft leasing sector suffered due to concerns over the impact of sanctions. The mandate's bias towards this asset class proved unfavourable.

Going forward, the manager will begin to shift the loans portfolio to have a US bias, as they look to increase the credit quality to help navigate the current uncertain environment..

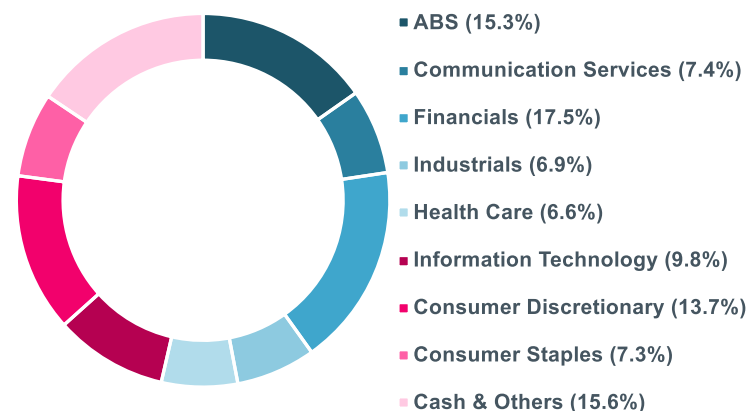
## Fund performance vs benchmark



## Country Weights



## Sector Weights



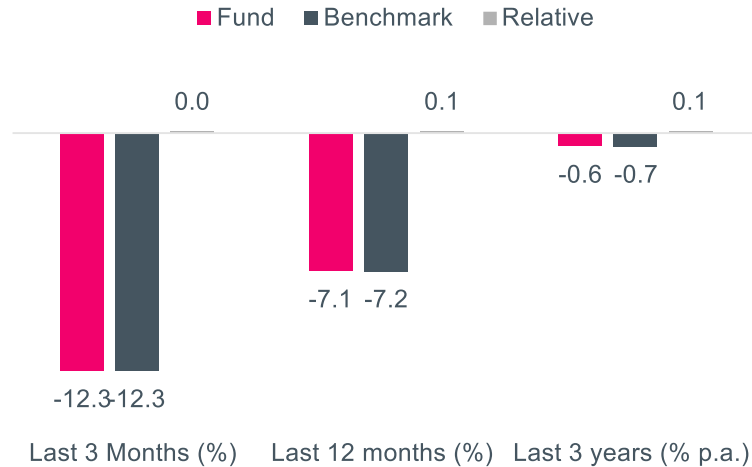
## BlackRock UK Gilts

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

It is an index-tracking managed mandate aimed at matching the FTSE UK Gilts Over 15 Yrs index, hence performance matches targeted returns for all periods.

Over the period the fund returned -12.3%. This was largely due to the significant increase in both shorter and longer dated gilt yields seen over the quarter, which caused the value of the gilts portfolio fall.

## Fund performance vs benchmark

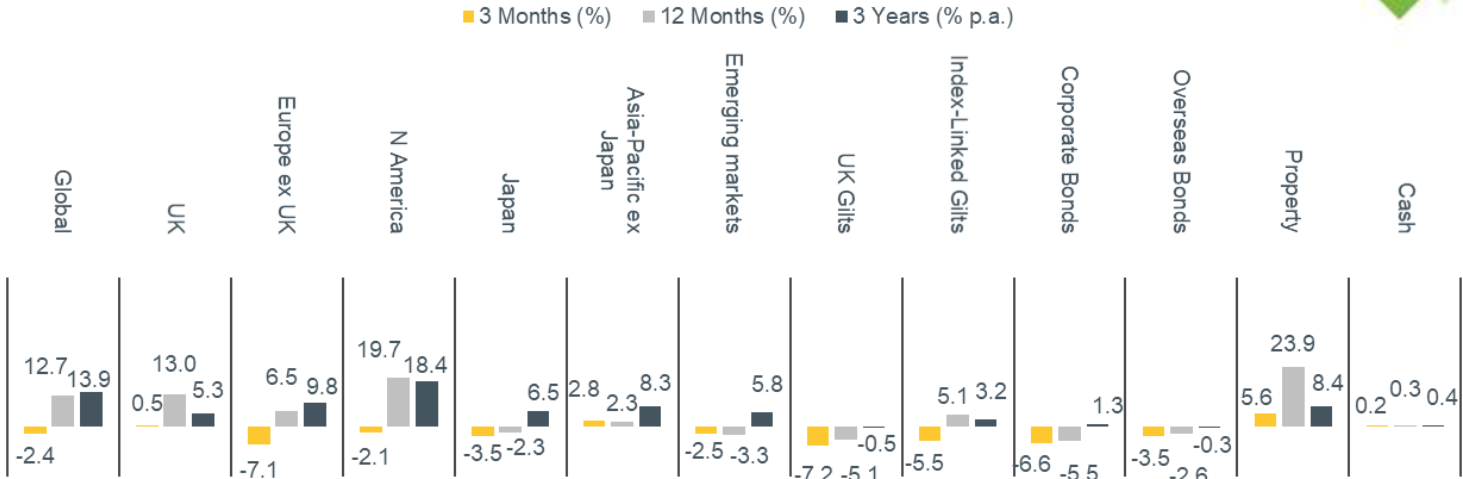


Physical disruptions and sanctions caused by the Russia-Ukraine conflict have triggered broad commodity price rises which, alongside existing inflationary pressures, are increasing input costs and weighing on consumer's real incomes. As a result, CPI forecasts have reached new highs while consensus forecasts for global growth have been revised downwards, but still point to a relatively robust pace of growth over 2022 and 2023 by post-Global Financial Crisis standards.

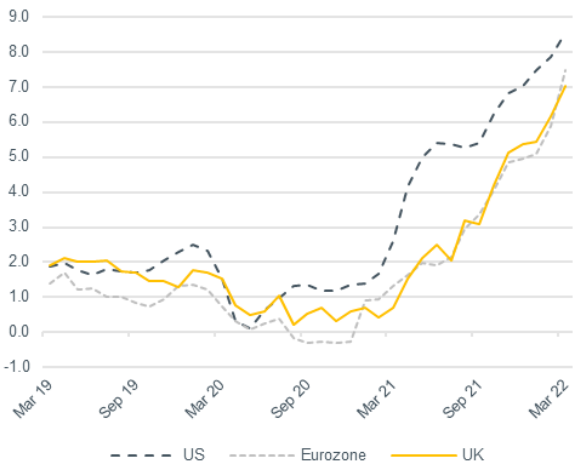
The inflation backdrop has seen central banks turn more hawkish this year, despite the potential downside risks to growth from higher commodity prices. After a first hike in December, the Bank of England raised rates twice in 2022 to 0.75% p.a., and, as expected, the US Federal Reserve raised rates by 0.25% p.a. in March, with the median voting member now expecting seven rate rises in 2022 and four in 2023. The European Central Bank confirmed its asset purchases will end this year, leaving the door open to an interest rate rise, while the Fed noted plans to reduce the size of its balance sheet.

Global sovereign bond yields rose significantly to reflect increased rate rise expectations with UK 10-year gilt yields rising 0.7% p.a., to 1.6% p.a. UK 10-year implied inflation, as measured by the difference between conventional and inflation-linked bonds of the same maturity, rose 0.5% p.a., to 4.4% p.a., as real yields rose to a lesser extent than their nominal counterparts.

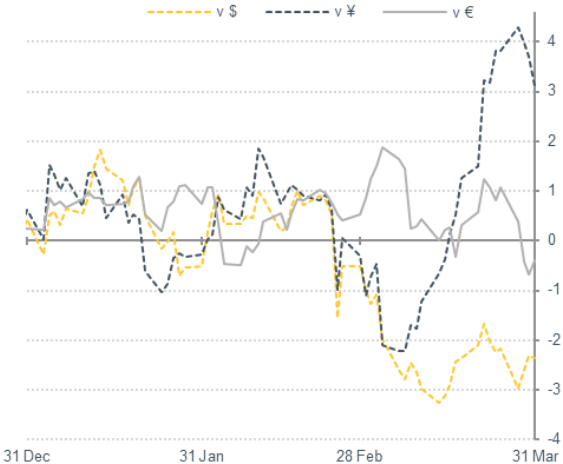
Historic returns for world markets [1]



Annual CPI Inflation (% p.a.)



Sterling trend chart (% change)



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

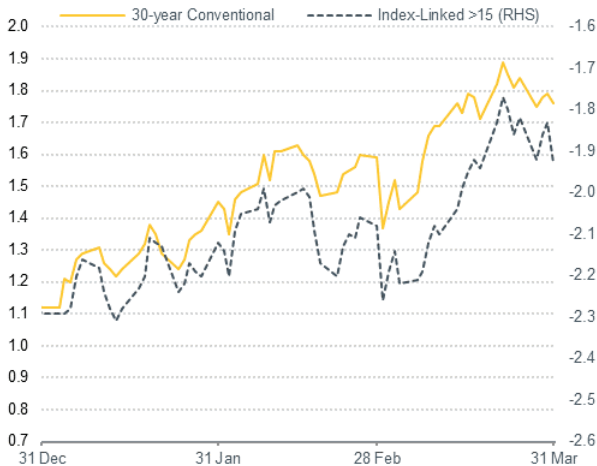
Global investment-grade spreads increased by 0.3% p.a., while US and European speculative-grade spreads increased 0.3% p.a. and 0.7% p.a., respectively. Larger increases in European spreads perhaps allude to the greater exposure of European corporates and consumers to higher energy prices.

Commodity prices surged to extreme levels and faster expected monetary tightening in the US contributed to a rally in the dollar, whilst safe-haven appeal drove gold prices higher.

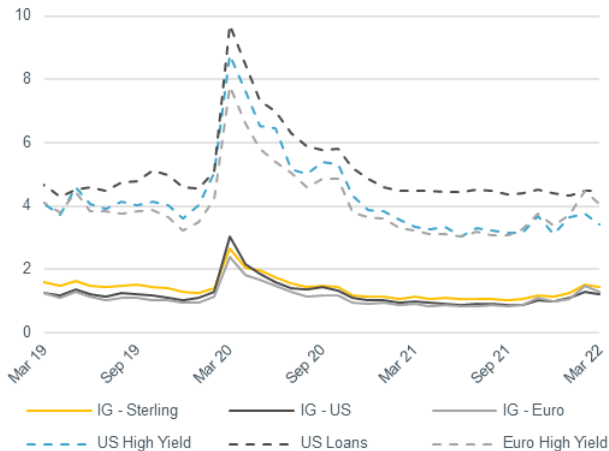
Concerns about central bank tightening, slowing earnings momentum, and the geopolitical situation have all contributed to global equities falling 4.6% this year, despite a bounce back in March. Value stocks notably outperformed growth stocks as rising yields weighed most heavily on the valuations of stocks with earnings growth further in the future, such as those in the technology sector. The consumer discretionary sector also underperformed as markets considered the impact of inflation on real consumer incomes. Surging oil and gas prices sees the energy sector lead the year-to-date performance rankings.

The UK AND Asia – Pacific ex Japan were the only regions to deliver a positive return, benefiting from above-average exposure to energy, metals, and miners. Europe fell to the bottom of the performance rankings, whilst Emerging Markets fell further as new COVID-19 lockdowns and broader geopolitical concerns weighed on Chinese markets.

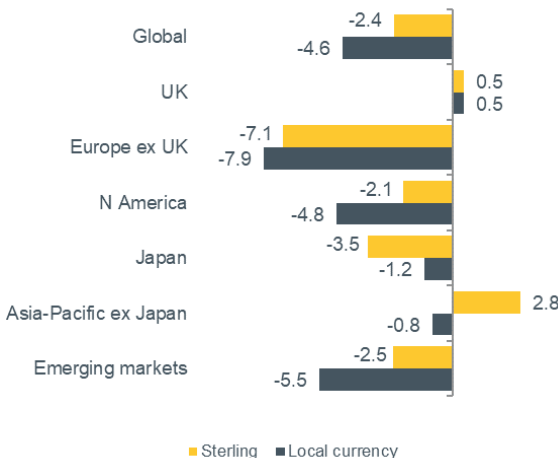
Gilt yields chart (% p.a.)



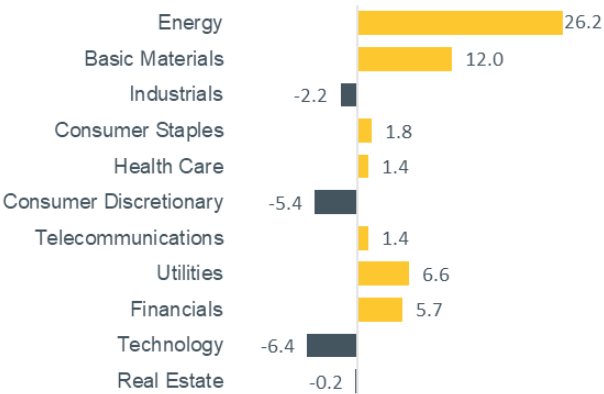
Investment and speculative grade credit spreads (% p.a.)



Regional equity returns [1]



Global equity sector returns (%) [2]



Source: DataStream, Barings, ICE [1] FTSE All World Indices. Commentary compares regional equity returns in local currency. [2] Returns shown in Sterling terms and relative to FTSE All World.



## 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.

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	<b>Pensions Fund Sub-Committee</b> 27 June 2022
	<b>Report from the Director of Finance</b>
<b>Brent Business Plan for the Pension Fund</b>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One 1. Brent Business Plan
<b>Background Papers:</b>	■ None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel, Director of Finance Ravinder Jassar, Deputy Director of Finance Sawan Shah, Senior Finance Analyst

## 1.0 Purpose of the Report

- 1.1 The purpose of this report is to outline the business plan for the Fund for the next 12-18 months prepared by the Fund's investment advisors, Hymans Robertson.

## 2.0 Recommendation(s)

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

## 3.0 Detail

- 3.1 The Fund's principle long-term objective is to provide retirement benefits to its members and the Fund invests its assets in order to meet this objective. The overarching investment strategy remains to establish a stable and affordable contribution rate alongside maximising return from investments at appropriate risk levels.
- 3.2 A suitable investment strategy will deliver the required return from the Fund's assets, and managing an investment strategy also places a governance requirement for all parties involved. Having a logical and structured business plan will support members and officers in meeting the Fund's objectives.

- 3.3 The business plan, set out in Appendix 1, identifies key priorities for the Fund to cover for the period to December 2023. It also highlights completed actions over the previous 12-18 months are summarised in Appendix 1. These include moving the investment strategy towards target allocations, various training sessions, evolving the Fund's Responsible Investment beliefs and introducing an investment in low-carbon equity.
- 3.4 In summary, the business plan plots the key priorities for the Fund for the next 12-18 months through the following activity groupings:
- Strategy and Implementation
  - Monitoring and Reporting
  - Pooling – including progress and timetable
  - Responsible Investment
  - Governance
  - Training
  - Other – cross-practise carried out in prior financial quarters.
- 3.5 The Business Plan highlights that it is not a fixed document, and will evolve over time.

#### **4.0 Financial Implications**

- 4.1 These are no direct financial implications arising from this report. Financial implications will be considered when changes to the Fund's investments are presented to the committee for decision.

#### **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

# Business plan for the Fund

## Introduction

This paper is addressed to the London Borough of Brent as Administering Authority to the London Borough of Brent Pension Fund (“the Fund”). It may also be shared with the Pension Fund Sub-Committee (the “Committee”). It sets out the investment business plan from Q2 2022 for the next 12-18 months, as well as covering the past two quarters. This plan summarises the topics covered in recent months and looking forward allows for the evolving priorities for the Fund over the period to 31 December 2023. **We expect this plan to remain a live document that evolves over time and is used to help set meeting agendas and the Fund’s investment and governance needs.**

## Background and objectives

The Fund’s overriding long-term objective is to provide retirement benefits for its members. To meet this objective the Fund adopts the following principles, as set out in the Investment Strategy Statement (ISS):

- Ensure that sufficient resources are available to meet all benefits as they fall due for payment;
- Recover any shortfall in assets, relative to the value of accrued liabilities, over broadly the future working lifetime of current employees;
- Enable employer contributions to be kept as stable as possible and at reasonable cost;
- Maximise the returns from investments within reasonable risk parameters.

These principles highlight the interconnected world of funding and investment i.e. there is a balance to be achieved between the level of expected return from investments and the level of required contributions in order to meet the overall objective. Simplistically put, the greater reliance placed on the Fund’s investments for returns, the lower level of contributions that may be required.

Seeking a higher level of return from the investment strategy though inherently means more risk needs to be taken which can be at odds with the principle of keeping employer contributions “as stable as possible and at reasonable cost”. Risk therefore plays an important role in striking the necessary balance, and this level of risk will evolve over time for various reasons e.g. the Fund’s funding position progression and risk appetite. Ultimately, the long-term vision for an LGPS Fund is to achieve some form of steady state – to be able to maintain a stable and affordable contribution rate by delivering a target return subject to an acceptable level of risk.

From an investment perspective, the above objective and principles has been translated into a suitable investment strategy to deliver the necessary return from the Fund’s assets. Setting and managing an LGPS investment strategy has many facets to it though. Investing is only the end result, there is a substantial amount of governance work required by numerous parties in the background. Having a robust, well-structured plan in place will support Officers and Committee members in meeting the Fund’s aforementioned objectives.

The rest of this paper sets out the Fund’s investment work items under various categories and a proposed timetable to provide clear visibility of how and when each may be explored by Officers and Advisors and potentially subsequently addressed by the Sub-Committee at relevant meetings.

## Business plan

Overleaf we show a broad timetable for the various areas and opportunities to be explored by the Fund over the next 12-18 months. For convenience we have drawn out the main priorities below as well as a summary of completed actions in the previous 12-18 months to provide context and demonstrate the good work undertaken by the Fund on its journey to date.

### Key priorities

We view the following as the key items for the Fund to cover over the period to 31 December 2023:

- Equity allocation review
- Protection assets allocation review
- Further development of the Fund's governance arrangements (e.g. ensure existing investment beliefs still appropriate and agree RI priorities)
- Suitability study of LCIV UK Housing Fund with view to making a commitment
- Review of private market commitments with a view to making 'top-ups'
- Agree structure of future property allocation post upcoming property investment
- Further develop RI reporting within the quarterly investment monitoring report

### Completed actions

Over the previous 12-18 months we have worked with Officers on a number of key areas:

- Investment Strategy & Structure review (focusing on interim and long-term diversification as well as the formatting of investment beliefs);
- Governance and Regulation (regular engagement with relevant stakeholders and regularly reviewing of the Fund's key documentation including the Investment Strategy Statement (ISS));
- Various training sessions covering key items such as the investment strategy review process, responsible investment and private market investing (assets such as infrastructure, private debt and property);
- Pooling (analysis of LCIV offerings and transition into a number of sub-funds e.g. private debt);
- Evolving the Fund's Responsible Investment beliefs and diversifying the equity holding to incorporate an investment in low-carbon equity – investment in BlackRock's ACS World Low Carbon Tracker Fund;

- Regular monitoring of the Fund's performance against relevant targets and benchmarks;
- Regular monitoring of asset allocation and undertaking of rebalancing where and when appropriate.

Table 1: Business plan

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Strategy and implementation	- Initial scoping for 2022 investment strategy review and agree outputs	- Develop scope in discussion with actuarial team for investment strategy review (to coincide with 2022 actuarial valuation) - Update net zero road map and identify priority actions for following 6-12 months	- Continue to monitor UBS Triton Fund pricing	- Discuss initial results from 2022 valuation modelling and next steps - Agree scope for structure review (focus on ESG equity funds, private markets top-ups and protection assets) - Review of LCIV UK Housing Fund - Continue to monitor UBS Triton Fund pricing	- Recommend and agree equity allocations to carbon/ESG tilted funds alongside UK allocation - Confirm commitment to LCIV Housing Fund (subject to agreement in Q4) - Continue to monitor UBS Triton Fund pricing	- Recommend and agree changes to private markets and protection asset allocations - Implement changes to equity allocation - Continue to monitor UBS Triton Fund pricing	- Implement changes to protection asset allocation		
Monitoring and reporting	- Q3 2021 IMR - Rebalancing check - Engage with managers/LCIV on RI reporting format	- Q4 2021 IMR - Rebalancing check - Introduce carbon metric reporting in quarterly monitoring reporting	- Q1 2022 IMR, including carbon metric - Rebalancing check	- Q2 2022 IMR, including carbon metric - Rebalancing check		- H2 2022 IMR - Rebalancing check - Develop carbon reporting in light of TCFD consultation and availability of data from LCIV	- Q1 2023 IMR - Rebalancing check	- Q2 2023 IMR - Rebalancing check	- Q3 2023 IMR - Rebalancing check
Pooling - progress and timetable	- Pooling update/timetable - Review of LCIV progress	- Pooling update/timetable	- Pooling update/timetable	- Pooling update/timetable	- Pooling update/timetable - Discuss LGPS pooling consultation	- Pooling update/timetable	- Pooling update/timetable	- Pooling update/timetable	- Pooling update/timetable
Responsible Investment	- Review RI integration policies of managers/LCIV - Monitor RI related guidance - Engage with managers/LCIV on RI reporting format - Carbon footprint reporting/ESG reporting including gap analysis e.g. for private market mandates	- Monitor RI related guidance - Agree metrics to monitor (LCIV standard reporting) - Initial discussion of net zero target dates and assessment of feasibility	- Monitor RI related guidance - Establish manager monitoring programme e.g. attendance at meetings	- Review of RI beliefs, priorities (capturing 'E', 'S' & 'G') - Develop "strawman" based on 2030, 2040 and 2050 net zero target dates - Agree initial net zero targets in principle, including qualitative targets for private markets if required - Define "on track" target line	- Discuss "local impact" infrastructure consultation - Discuss TCFD consultation - Review of growth allocation to incorporate RI beliefs	- Update relevant policies e.g. ISS, RI beliefs - Define stewardship role and monitoring requirements - Establish manager monitoring programme e.g. attendance at meetings			

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Governance	- Monitor guidance/regulation updates - Review of business plan - Review CMA objectives and submit compliance	- Monitor guidance/regulation updates	- Monitor guidance/regulation updates - Review of business plan	- Monitor guidance/regulation updates - Annual Review of ISS	- Monitor guidance/regulation updates - Review CMA objectives and submit compliance - Review of business plan	- Monitor guidance/regulation updates	- Monitor guidance/regulation updates	- Monitor guidance/regulation updates - Annual Review of ISS - Annual review of policies (including cashflow/rebalancing)	- Monitor guidance/regulation updates - Review CMA objectives and submit compliance - Review of business plan
Training	- Governance (role of Sub-Committee) - RI Training	- Investment strategy review (possible joint training with actuarial team ahead of valuation) - RI Training	- Develop annual training plan to enhance knowledge and understanding of members - New member training	- Training on TCFD/net zero					
Other	- Cross-practice working with actuarial team on any preparatory work for 31 March 2022 valuation	- Continued cross-practice work in lead up to formal valuation exercise							

Other ad-hoc items will also continue to arise for specific meeting agendas. There is also the chance that the Fund may create ongoing work-streams depending on what decisions are taken in respect of issues such as the Fund's Responsible Investment policy.

This plan should therefore be viewed as relatively fluid and a broad outline of the items we would expect to address over the period to 31 December 2023, and we would emphasise the need to maintain a degree of flexibility in the Fund's timetable.

We look forward to discussing this plan with you on our next call.

Prepared by:-

Kenneth Taylor, Investment Consultant


Kameel Kapitan, Investment Consultant

Ahmed Elsaddig, Investment Analyst

June 2022

For and on behalf of Hymans Robertson LLP



	<b>Pensions Fund Sub-Committee</b> 27 June 2022
	<b>Report from the Director of Finance</b>
<b>Net Zero Transition Roadmap</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One <ul style="list-style-type: none"> <li>Roadmap to net zero</li> </ul>
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	<p>Minesh Patel, Director of Finance            020 8937 4043  <a href="mailto:Minesh.Patel@brent.gov.uk">Minesh.Patel@brent.gov.uk</a></p> <p>Ravinder Jassar, Deputy Director of Finance            020 8937 1487  <a href="mailto:Ravinder.Jassar@brent.gov.uk">Ravinder.Jassar@brent.gov.uk</a></p> <p>Flora Osiyemi, Head of Finance            020 8937 2998  <a href="mailto:Flora.Osiyemi@brent.gov.uk">Flora.Osiyemi@brent.gov.uk</a></p> <p>Sawan Shah, Senior Finance Analyst            020 8937 1955  <a href="mailto:Sawan.Shah@brent.gov.uk">Sawan.Shah@brent.gov.uk</a></p>

## 1.0 Purpose of the Report

- 1.1 This report presents an update on progress against the Fund's net zero transition roadmap.

## 2.0 Recommendation(s)

- 2.1 That the Pension Fund Sub-Committee note the update on the net zero road map as outlined in Appendix 1.

### **3.0 Detail**

- 3.1 The Fund's investment advisors, Hymans Robertson, prepared the attached report, in Appendix 1, for the Pension Sub-committee meeting on 21 February 2022.
- 3.2 In light of the Local government elections which took place on 5 May 2022 and the subsequent changes to members on the committee, the report is being re-presented to update on work undertaken with officers on progress against the roadmap that was previously agreed with the Pensions Fund Sub-Committee ("Committee").
- 3.3 Responsible investment, in particular climate risk, continues to dominate the LGPS and broader investment landscape. Therefore it is important for the Fund to evolve its investment strategy to take account of the opportunities and risks presented by climate change.
- 3.4 The Fund has made good progress to date in this regard with a number of important steps taken:
- Dedicated Responsible Investment ("RI") training sessions for Fund Officers and Committee members;
  - Introduction of RI focussed investment beliefs;
  - Investment in a new low carbon mandate (BlackRock ACS World Low Carbon Equity Tracker) and a new infrastructure fund with a significant allocation to renewables (LCIV Infrastructure Fund); and
  - Updated Investment Strategy Statement (ISS) to reference carbon goals.
- 3.5 At the Committee meeting in October 2021, the Committee was presented with a practical 'roadmap' to net zero for the Fund, which considered the following key principles:
- A background to RI and key themes/principles that will require due consideration by the Fund as part of the net-zero journey.
  - Developing a Net Zero Framework in the form of 5 key areas to drive forward the Fund's strategy.
  - A short and medium term roadmap for each key area within the framework.
  - Potential targets (both long term and interim) for further consideration and an initial list of equity funds.
- 3.6 The report discusses the following key topics:
- Progress against the short term road map (12-18 months) which was agreed at the last meeting;
  - A review of the key challenges facing the Fund from decarbonisation;

- The strategic context considering the Fund's current carbon emissions and the levers available to the Fund: capital allocation supported by ongoing engagement;
- Agree carbon metrics to be monitored;
- Introduce carbon metrics reporting into quarterly performance report;
- Assess feasibility of different net zero target dates.

#### **4.0 Financial Implications**

- 4.1 There are no direct financial implications arising from this report. Any changes to the Fund's investment strategy or its choice of investments will be brought forward to a future Committee meeting for decision.

#### **5.0 Legal Implications**

- 5.1 The 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.
- 5.2 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.
- 5.3 The choice of investments can be influenced by RI and ESG considerations, so long as that does not risk material financial detriment to the Fund.

#### **6.0 Equality Implications**

- 6.1 The proposals in this report have been subject to screening and Officers believe that there are no adverse equality implications.

#### **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 Not applicable.

#### **8.0 Human Resources**

- 8.1 Not applicable.

Related papers: Net Zero Transition Roadmap – 5 October 2021

**Report sign off:**

***Minesh Patel***  
Director of Finance

# Roadmap to net zero

Page 219

London Borough of Brent Pension Fund

Kenny Taylor, Investment Consultant

Kameel Kapitan, Investment Consultant

27 June 2022



# Introduction

- The Pension Fund Committee (“Committee”) of the London Borough of Brent Pension Fund (“the Fund”) intends to commit to a goal of achieving net-zero carbon emissions across its asset portfolio.
- Before making a specific commitment, the Committee and Officers of the Fund may wish to evaluate the implications of potential goals and target dates in terms of the key actions (or roadmap) that will need to be taken to achieve each goal.
- The roadmap on the next page shows the plan of action for the next 12 months. The topics discussed in this paper are shown below:
  1. Strategic context
  2. Agree carbon metrics to be monitored
  3. Introduce carbon metrics reporting into quarterly performance report
  4. Assess feasibility of different net zero target dates
- This paper should not be released or otherwise disclosed to any third party without our prior written consent except as required by law or regulatory obligation. We cannot be held liable for any loss incurred by a third party relying on this report without such permission.

# Short-term roadmap

Workstream	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
<b>Education</b>	Training (5 October 2021 meeting)  Begin review of RI beliefs/priorities (capturing 'E', 'S' & 'G')	Training (21 February 2022 meeting)  Complete review of RI beliefs/priorities (capturing 'E', 'S' & 'G')  Define stewardship role and monitoring requirements	Training - LCIV to provide overview of ESG funds	Training on TCFD/Stewardship Code		
<b>Understanding the baseline</b>	Carbon footprint/ESG reporting including gap analysis, e.g. for private market mandates	Agree carbon metrics to be monitored (e.g. WACI/total emissions/fossil fuel exposures) and form of regular reporting				
<b>Evaluating alignment and setting targets</b>	Officer engagement with LCIV regarding net zero target	Develop "strawman" based on 2030, 2040 and 2050 for illustration and to assess feasibility  Initial discussions on targets	Agree initial targets, including qualitative targets for private markets if required  Define "on track" target line			
<b>Planning and implementation actions</b>	Consider governance options to oversee implementation		Establish manager monitoring programme, e.g. attendance at meetings	Review structure of growth allocation following review of RI beliefs		Update relevant policies, e.g. ISS, RI beliefs
<b>Monitoring and reporting progress</b>	Engage with managers/LCIV on RI reporting format		Introduce carbon metric reporting in quarterly performance reporting			Review reporting – more detail at 31 March each year

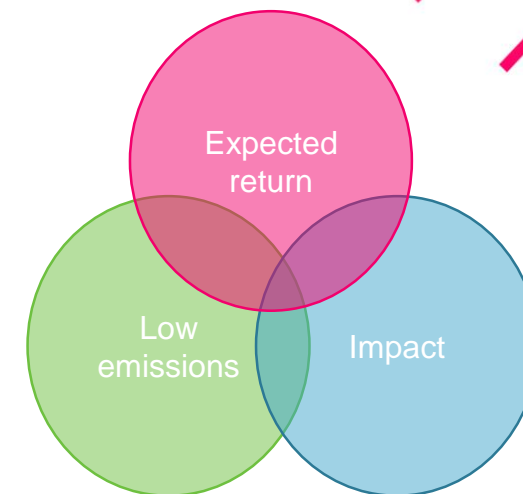
# Introduction





# Some key decarbonisation challenges

- The Fund must remain focused on its primary obligation to pay benefits to its members, including consideration of any associated risks
- Decarbonising a portfolio which is invested globally, across many sectors, is more challenging than decarbonising an individual organisation
- Decarbonising whole economies without causing grave damage to individuals prosperity and standard of living will take many years; a balanced approach is required
- Switching to a low carbon portfolio over the short term will not necessarily support the global transition to net zero
- Measuring climate risk effectively remains challenging particularly in private markets
- Effective management of climate change will involve capturing opportunities as well as mitigating risks
- Effective engagement is harder than divestment, but more constructive
- Robust investment solutions are only now becoming available



**Achieving a good balance is key**



**Sustainable investment can be about more than limiting climate change**

# Strategic context



# Key points

- Equities are currently the largest contributor to the Fund's carbon emissions
- Consider low carbon alternatives as part of growth assets review
- Carbon intensive legacy investments are being wound down
- And being replaced with more impact-focussed funds offered through LCIV
- Expect 40%+ of Fund's assets to be invested in LCIV funds
- LCIV targeting net zero by 2040 and is a key partner
- Review Fund's existing mandates in the context of net zero target
- Set series of short, medium and long-term targets for carbon emissions
- Engage with managers (including LCIV) on actions to reduce carbon emissions

Two levers: capital allocation supported by ongoing engagement

# Strategic context

## Current position

### Growth assets (c£650m)

- Equities are largest contributor to Fund's carbon emissions
- Invested with LGIM and BlackRock
- BlackRock fund accesses global equity market with c85% reduction in carbon emissions

### Income assets (c£300m)

- Multi-asset, infrastructure and private debt funds now invested through LCIV
- Recent investment in property through Fidelity, who are rated highly on RI

### Protection assets (c£175m)

- Multi-asset credit fund, gilts and cash

## Capital allocation

- Consider low carbon alternatives to LGIM funds, possibly through LCIV
- Some funds deliver immediate reduction in emissions; some offer progressive reductions
- Allow Capital Dynamics private equity fund to wind down

- Build up existing investments in LCIV infrastructure and private debt funds
- Alinda and Capital Dynamics infrastructure funds winding down
- Increase property investments in highly-rated managers

- Review steps being taken by LCIV to reduce carbon emissions in multi-asset credit fund
- Review alternatives to gilts fund, including move towards "green gilts"

Map out expected reduction in carbon emissions as a result of these strategic changes

## Monitoring and engagement

- Review steps being taken by LCIV, BlackRock, LGIM to deliver ongoing reductions in carbon emissions and on the Fund's broader ESG priorities

- Review steps being taken by LCIV, property managers to deliver ongoing reductions in carbon emissions and on the Fund's broader ESG priorities

- Review steps being taken by LCIV to deliver ongoing reductions in carbon emissions and on the Fund's broader ESG priorities

Monitor progress against targets and engage, challenge managers on actions being taken, including LCIV

# Framework to support Fund's climate ambitions

We propose adopting the following three-dimensional framework to support Fund's climate ambitions:

## Carbon metrics

Develop reporting of carbon metrics and monitoring against targets metrics

- Agree metrics and set ambitious targets for each, that supports the net zero target.
- Monitor progress against these targets
- Review Fund's investments in relation to these metrics, set appropriate targets and a plan for progress

## Opportunities

Seek investments that support journey to net zero and benefit from transition

- Review Fund's existing mandates in the context of the net zero target.
- Identify which mandates may be replaced by climate-related investment opportunities (e.g. low carbon/Paris-Aligned equities) to support, and benefit from, the low carbon transition.
- Consider a target of [10%] of the Fund invested in assets that directly support the transition to a low carbon economy.

## Engagement

Engage with LCIV, managers and other stakeholders to bring change

- Engage with LCIV and managers to challenge actions and encourage best practice, referencing Fund's beliefs and climate ambitions.
- Consider divestment/reallocation of capital if engagement does not give impact.
- Engage with LCIV and managers on voting activity on climate-related issues.
- Agree actions on collaboration and public disclosure of Fund activities to encourage change.

## Net zero

Achieve Net Zero carbon emissions for the Fund

# Carbon metrics



# Key points

- Committee needs to select carbon metrics to be monitored
- Range of carbon metrics and quality of underlying data likely to evolve over time
- For example, reporting of scope 3 emissions is not widespread currently
- Proposal to Committee:
  1. Adopt the metrics being published by LCIV
  2. Review and refine metrics as range and quality of data evolves
  3. Incorporate forward looking metrics in future
- Asset coverage is very good – able to report metrics for 88% of Fund's assets
- Plus coverage is expected to increase over time



# Proposed metrics (initial phase)

Metric	Definition	Description
Carbon Intensity	GHG emissions* (tonnes CO2 equivalent) per m revenue/market value.	Carbon intensity is a measure of how much CO2 is produced by a portfolio of companies relative to the size of their business operations or market value. Total carbon emissions are normalised by total annual revenues or value invested, allowing comparisons to be made across investments of different sizes, time periods and indices.
Weighted Average Carbon Intensity ("WACI")	Average GHG emissions* per m revenue, weighted by the value of the investment in the portfolio	WACI also measures exposure to carbon-intensive companies but reflects weightings to the individual companies within the fund or index. Again, comparisons can be made across investments of different sizes, time periods and indices.
% Ties to Fossil Fuels	Percentage of the portfolio invested in companies with an industry tie to fossil fuels, in particular reserve ownership, related revenues and power generation	

\*At the moment, GHG emissions usually reflect **Scope 1 and 2** emissions only. **Scope 3** emissions likely to be included in future as quality of data and reporting improves.



# Forward looking metrics

- Proposed metrics are backward looking
- Helpful also to include forward looking metrics in next phase – for example:

## Forward looking metrics

### Aggregated Warming Potential

The security's alignment temperature when referencing a combined approach which takes into account Scopes 1, 2, 3 and "cooling" potential (including emission reduction targets set by the firm). A score of 2°C suggested that the companies current emission and management strategies are aligned with a 2°C climate change scenario.

### Low Carbon Transition Score

Company level score that measures a company's level of alignment to the Low Carbon Transition. Companies with higher Low Carbon Transition score are more aligned with the Low Carbon Transition compared to the companies with lower scores .

### Estimated Impact of 2°C Scenario

Reflects a company's aggregated downside policy risk exposure according to all emission sources (Scope 1, 2, 3) it is expressed as a percentage of the company's market value. The metric assuming a global 2°C target and uses carbon prices from the AIM CGE model.

### Forward looking estimates of carbon emissions

For example MSCI provides estimates of emissions in 2030 on the basis of commitments made by individual companies.

# Carbon reporting



# Initial climate risk analysis as at 31 March 2022

## Climate Risk Analysis

As part of the Fund's evolving Responsible Investment agenda and in recognition of climate risk, the Fund is committed to disclosing and monitoring climate metrics within its investment strategy where possible.

As a starting point, the Fund is reporting in line with information produced by its LGP Pool, the London CIV. In time, the Fund will seek to evolve its climate risk monitoring process by monitoring against further metrics.

The information covered here captures c80% of the Fund's assets as at 31 March 2022. It excludes investments in property, private equity, infrastructure and private debt on account of the current lack of data in these areas.

Despite only representing c.15% of assets shown here, the LCV Baillie Gifford multi-asset fund is responsible for c.28% of the total carbon intensity.

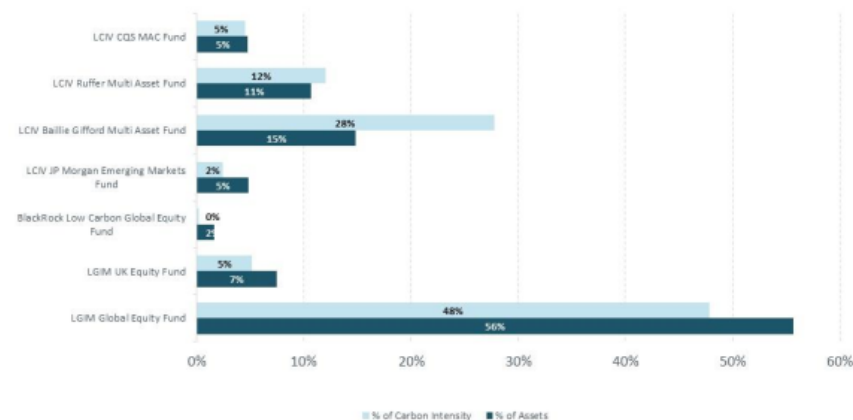
Dashboard Strategy/Risk Performance Managers Background Appendix

## Climate Risk Overview

	Weighted Average Carbon Intensity (tCO2/\$m Sales)	Fossil Fuel exposure (any activity) (%)
Fund	236.1	6.6%
Composite benchmark*	274.9	8.1%
Relative to benchmark	-38.8	-1.5%

\*Composite benchmark reflects individual mandate benchmarks weighted by proportion invested

## Carbon Intensity by Manager



Source: Investment Managers, London CIV, Benchmark for equity and multi-asset funds is MSCI ACWI

# Setting a net zero target date

# The Paris Agreement

- The Paris agreement was a legally binding international treaty on climate that is driving policy change.



**197**  
Signatories

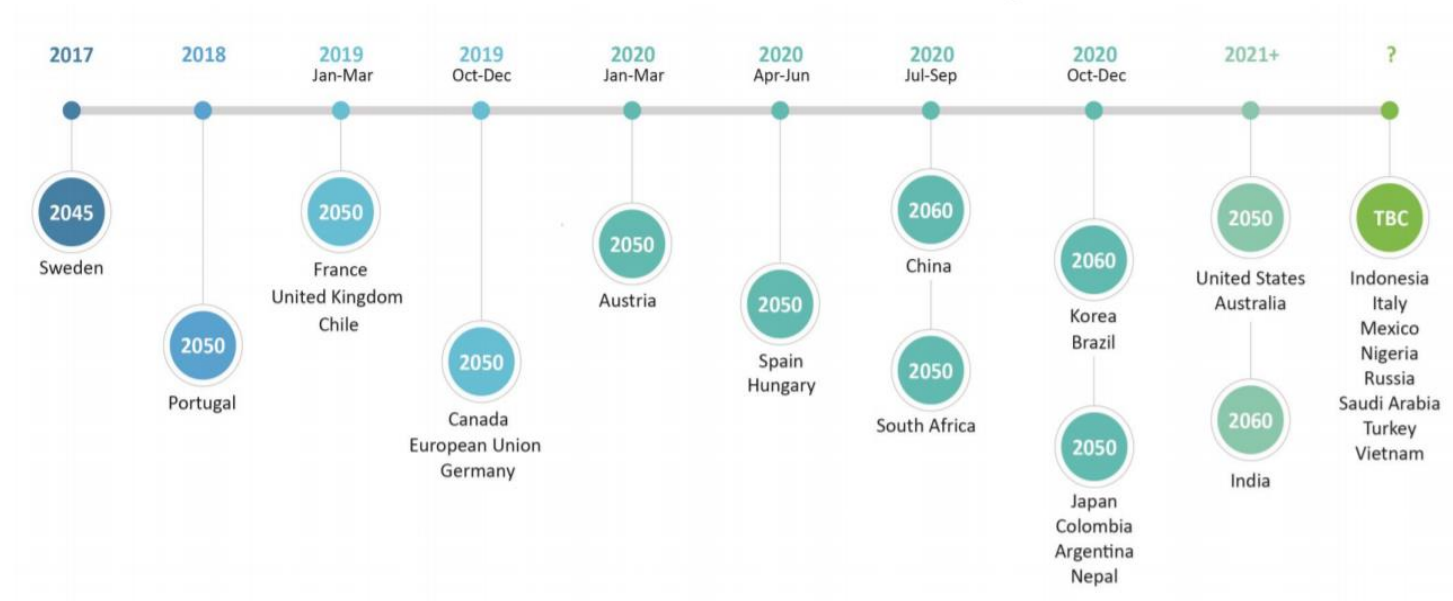


**1.5°C**  
Limit global  
warming



**2050**  
Net zero  
timeframe

Announcement timeline for net zero emissions targets



# Example net zero goals and considerations

Timeframe	2030	LCIV 2040	2045	2050	2060
Sovereign Pledges	3 - Barbados, Maldives, Mauritania	3 - Sweden, Germany, Nepal	50 – incl. US, EU, Japan, UK	7 – incl. China, Kazakhstan	
Pension plan examples	South Yorkshire LGPS, the Pensions Regulator (tPR)	Transport for London Pension Fund, Environment Agency, Pennon	TPT, Majority of DB pension schemes that have declared, incl. Tesco, Unilever, HSBC	None	
Potential Strategies	Limited universe of asset classes/stocks Intensive use of offsetting	Wide investment universe, more exclusions Promote climate-strategy innovation Stronger engagement and advocacy	Wide investment universe, limited exclusions Adoption of climate-driven investment strategies Proactive engagement	Unlimited investment universe Climate-passive investment strategies “Free riding”	
Implications	Lower financial returns Reduced diversification, increased risk Limited contribution to financing the decarbonisation process Use of scarce offsetting capacity Offsetting costs	Potentially enhanced medium term financial returns from evolving markets May capture higher proportion of climate opportunities Short-term volatility and execution costs likely higher	Market aligned financial returns Balance progressive reduction in carbon emissions with support for climate solutions providers	Potential for higher short-term and future financial returns from unwanted holdings Potentially higher risk	

Source: ClimateWatch

# Setting an appropriate target date

2040

	Proportion of assets (%)
LCIV (on platform)	32%
LCIV (under umbrella)	52%
Non-LCIV	16%

Investing through LCIV provides natural alignment to 2040 with relatively clear visibility as to the strategic repositioning required:

- LCIV platform mandates already seeking to align to 2040
- Non-LCIV platform mandates can be replaced/complemented in time with LCIV equivalents aligned to 2040

2040 is itself a challenging target, ahead of many governments, institutions and corporations.

LCIV relatively cost effective means of delivering on a challenging net-zero target

2030?

2050?

- Pooling directive in place means Fund's investments will likely still need to be via an LGPS pool.
- Fund will need to find alternative method of delivering net-zero at a date other than 2040
- Likely to include the use of:
  - Derivatives (climate risk overlay)
  - Carbon Offsetsboth of which can be complex and costly to implement and manage on an ongoing basis
- Tilts away from engagement – more reliance on divestment
- Could result in missed investment opportunities – is Fund delivering on fiduciary duty?
- Divestment reduces real world contribution

A date other than 2040 presents greater challenges

# Actions and interim targets

## Portfolio level

- Reduce carbon intensity as measured by WACI by X% by 2025 and by Y% by 2030 versus 2021 base year
- Reduce exposure to fossil fuels by X% by 2025 and by Y% by 2030 versus 2021 base year
- Invest at least X% of the Fund's portfolio in climate solutions (e.g. renewable infrastructure, green bonds, companies with >90% revenues from climate change activities) by 2030

## Asset class level

- Review all of the Fund's existing mandates in the context of the net zero target
- In particular, review growth portfolio (equities) later this year to identify climate-focussed alternatives
- An engagement goal to ensure that assets accounting for X% of emissions in material sectors are net zero, aligned to net zero, or are the subject of appropriate engagement action (threshold to increase over time)

Targets to be refined and agreed



Next steps



# Developing the Fund's climate ambitions

- Agreed in February:
  1. Agree climate metrics set out in this paper
  2. Expand climate metrics to include forward looking metrics
  3. Consider baseline carbon position
  4. Consider preferred net zero target date
- Looking ahead:
  1. Set initial targets (short, medium and long-term) consistent with target date
  2. Review Responsible Investment beliefs
  3. Develop framework to support climate ambitions

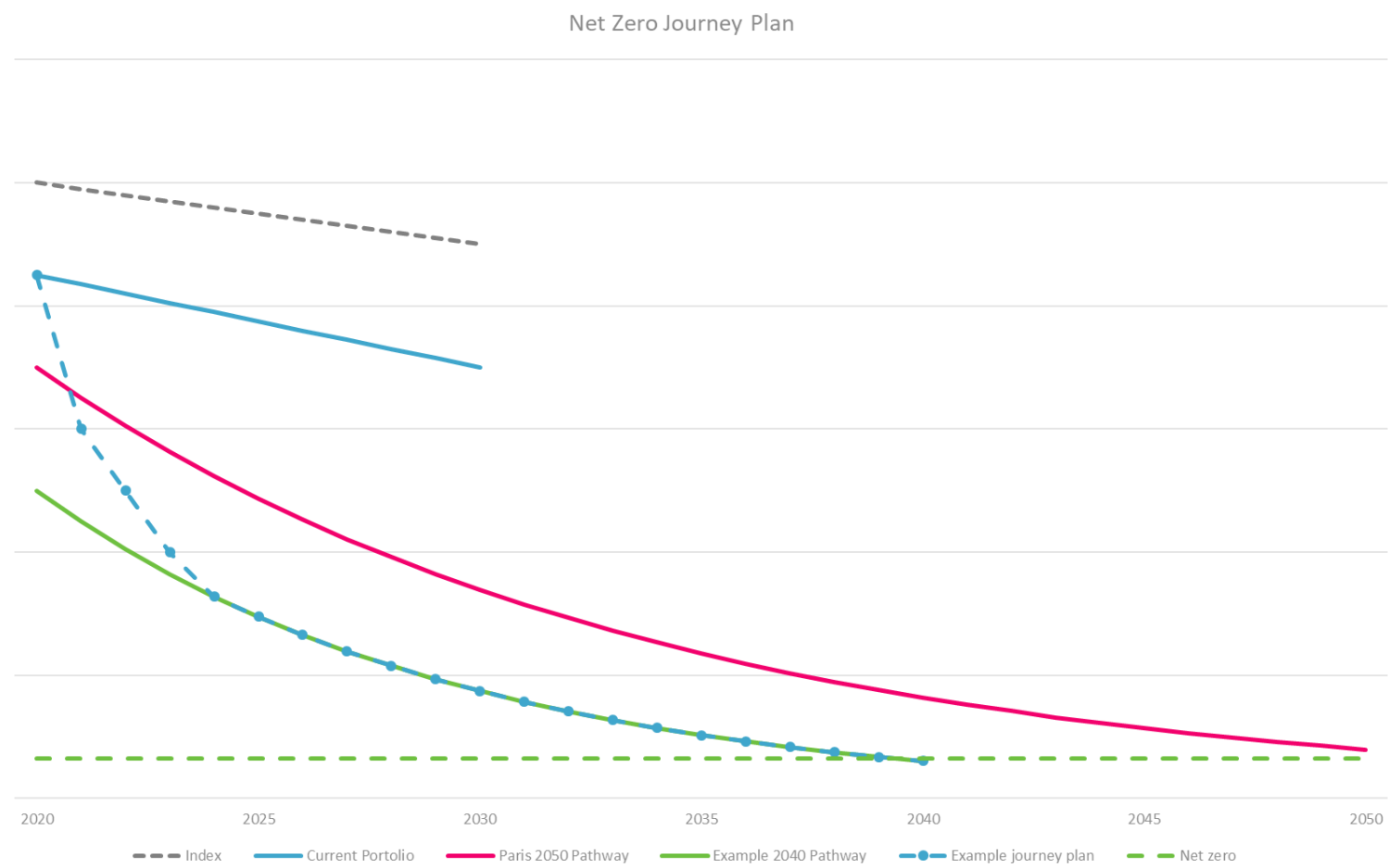
Framework will support decisions taken on capital allocation and focus areas for ongoing engagement

# Appendix



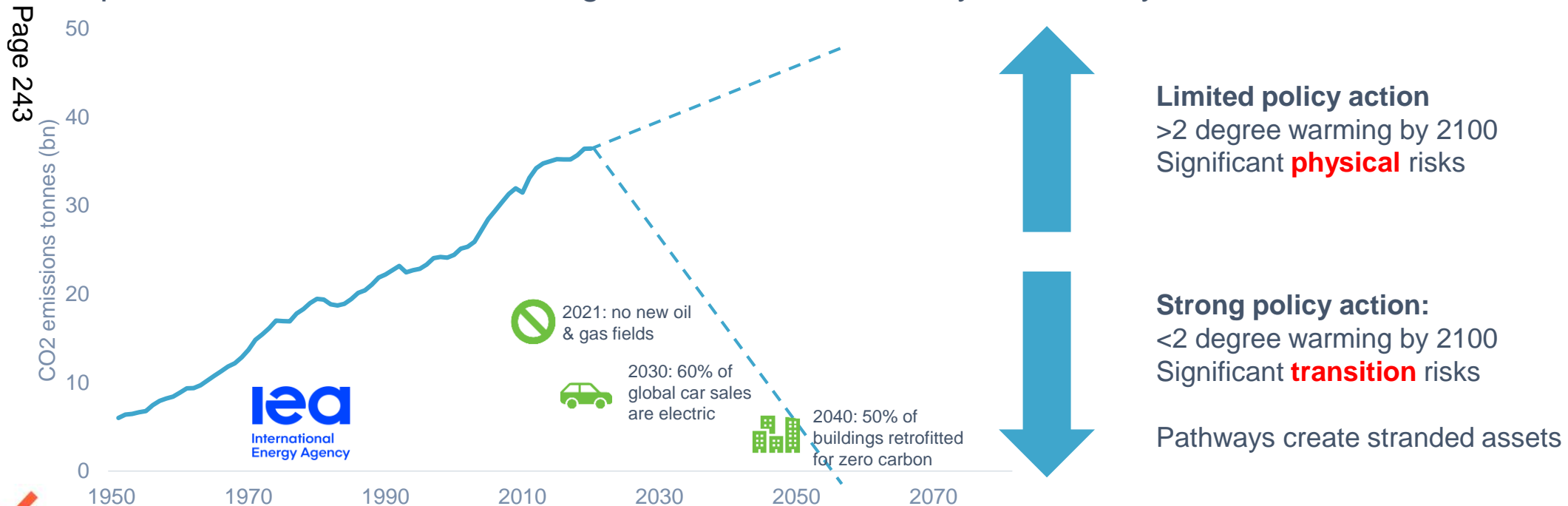
# Net zero journey plan – illustration only

- The following graph sets out an illustrative journey plan for the Fund. The pink line shows the Paris pathway, targeting net zero by 2050 and the green dotted line illustrates the net zero target. For the Fund to achieve its net zero objective by 2040, it would need to reduce portfolio emissions (blue line) significantly over the next 10 years to align with the 2040 pathway (green line).



# Net zero and the impact of policy

- “Net zero” means reaching a state of the world where there is a balance between the greenhouse gases human activity discharges into the atmosphere and the emissions that can be safely absorbed by natural processes or which are otherwise removed. Policy pathways towards net zero will determine the nature of the climate risks faced by asset owners.
- As shown in the chart below, carbon emissions have rapidly increased in the last 70 years and the change required to achieve net zero is huge, and is therefore likely to be a key driver of risk and return in future.



Source: Global Carbon Project, International Energy Agency

# Key climate risks

## Physical risks

- Direct effects from the climate itself.
- E.g. in short-term, damage to property and business disruption due to extreme weather events.
- E.g. in long-term, changing rainfall patterns affecting agricultural yield and local workforce availability.

## Transition risks

- Risks associated with the transition to a low carbon economy.
- Could materially reduce value of, or income generated by, assets.
- e.g. “stranded assets” where a company/sector is unable to extract value from an asset due to restrictions on its activities leading to a collapse in its value.

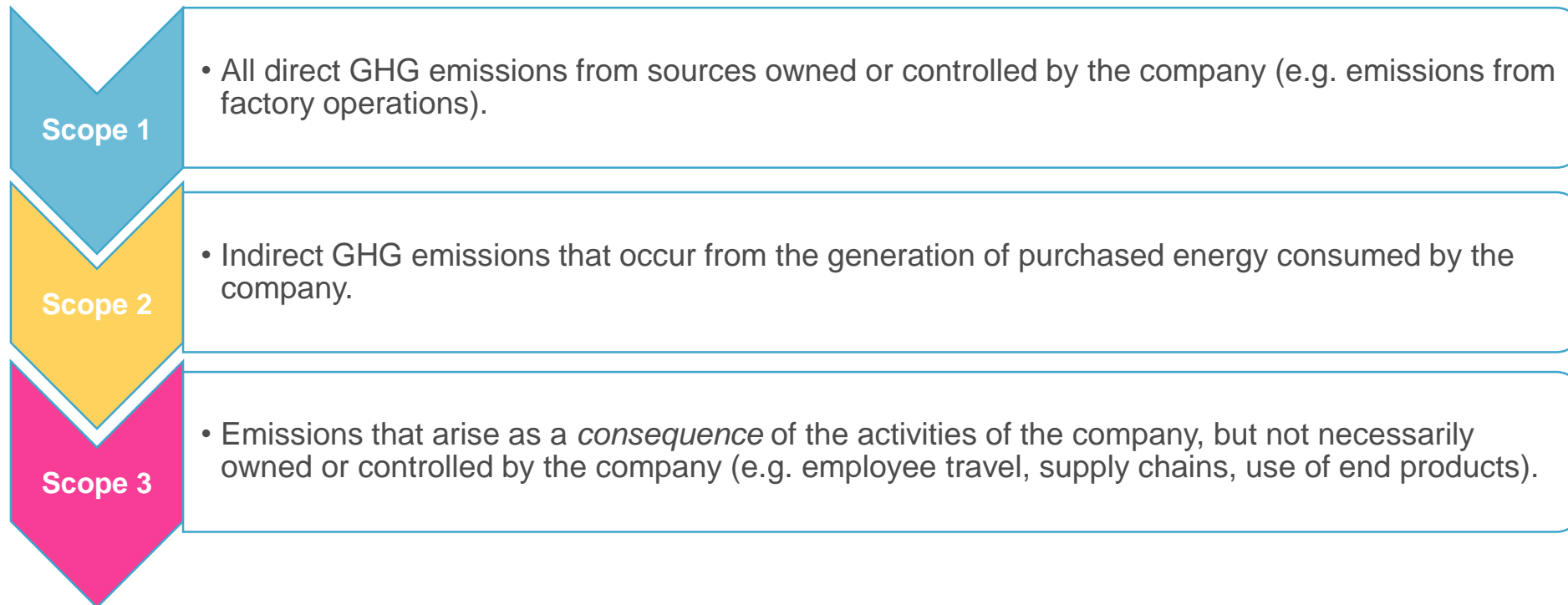
## Liability risks

- Where third parties have suffered damage or losses and seek compensation.
- E.g. lawsuits filed against oil companies for historical failure to acknowledge climate risks to its business.

Climate change poses significant risks  
and could have a material impact on the Fund's investments

# What are Scope 1, 2 and 3 Emissions?

- When considering the emissions of a given company, greenhouse gas (GHG) emissions are categorised into 3 scopes:



- Scope 3 emissions are more difficult to measure: there is a risk of double-counting.



# Sustainable Development Goals

- The Sustainable Development Goals are a collection of 17 interlinked global goals designed to “achieve a better and more sustainable future for all”. These were set up in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.





Page 247


# Thank you

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# Risk warning

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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, investments 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 overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

 <b>Brent</b>	<b>Pensions Fund Sub-Committee</b> 27 June 2022
	<b>Report from the Director of Finance</b>
<b>Brent Pension Fund: Draft Annual Accounts 2021/22</b>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	1 – Brent Pension Fund Draft Accounts 2021/22 2 – External Audit Plan – year ended 31 March 2022
<b>Background Papers:</b>	▪ N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Ravinder Jassar, Deputy Director of Finance 020 8937 1487 <a href="mailto:Ravinder.Jassar@brent.gov.uk">Ravinder.Jassar@brent.gov.uk</a>  Flora Osiyemi, Head of Finance 020 8937 2998 <a href="mailto:Flora.Osiyemi@brent.gov.uk">Flora.Osiyemi@brent.gov.uk</a>  Sawan Shah, Senior Finance Analyst 020 8937 1955 <a href="mailto:Sawan.Shah@brent.gov.uk">Sawan.Shah@brent.gov.uk</a>  Rubia Jalil, Finance Analyst 0208 937 1855 <a href="mailto:rubia.jalil@brent.gov.uk">rubia.jalil@brent.gov.uk</a>

## 1.0 Purpose of the Report

- 1.1 This report presents the draft Pension Fund Annual Accounts for the year ended 31 March 2022.

## 2.0 Recommendation(s)

2.1 The Committee is recommended to note this report.

### **3.0 Detail**

3.1 Attached as Appendix 1 are the draft Pension Fund Annual Accounts for the year ended 31 March 2022.

3.2 The accounts have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) governing the preparation of the 2021/22 financial statements for Local Government Pension Scheme funds. The accounts (which are unaudited) aim to give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2022 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2022.

3.3 The main items to note are as follows:

- During 2021/22, the value of the Pension Fund's investments has increased to £1,128m (2020/21 £1,032m). This is largely due to the performance of growth holdings (global, UK and private equities) over the 12 month period. Further detail on investment performance is available in the regular monitoring reports.
- Total contributions received from employers and employees were £64m for the year, an increase on the previous year's £61m.
- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £47m, an increase on the previous year's £42m.
- As in 2020/21, the pension fund is in a positive cash-flow position because its contributions exceed its outgoings to members.

3.4 The Brent Pension Fund is administered by Brent Council and the pension fund's accounts form part of the Council's financial statements. Therefore, formal approval of the pension fund accounts rests with the Council's Audit and Standards Committee and the Pension Sub-Committee are presented with the accounts for noting.

3.5 The Audit and Standards Advisory Committee were presented with the audit plan for the 2021/22 accounts on 7 June 2022, this is attached to this report in Appendix 2. The external audit will commence once the main council accounts have been published.

3.6 Fund officers will now prepare the Pension Fund annual report which will be presented to the Committee at the next meeting.

### **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 2022

2020/21 £m		Notes	2021/22 £m
	<b>Dealings with members, employers and others directly involved in the fund</b>		
(60.9)	Contributions	7	(64.1)
(5.9)	Transfers in from other pension funds	8	(6.8)
(66.8)			(70.9)
42.3	Benefits	9	46.8
5.3	Payments to and on account of leavers	10	5.9
47.6			52.7
(19.2)	<b>Net (additions)/withdrawals from dealings with members</b>		(18.2)
4.2	Management expenses	11	4.3
(15.0)	<b>Net (additions)/withdrawals including management expenses</b>		(13.9)
	<b>Returns on investments</b>		
(0.7)	Investment income	12	(1.1)
(176.1)	(Profits) and losses on disposal of investments and changes in the market value of investments	13	(88.1)
(176.8)	<b>Net return on investments</b>		(89.2)
(191.8)	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>		(103.1)
(839.0)	<b>Opening net assets of the scheme</b>		(1,030.7)
(1,030.7)	<b>Closing net assets of the scheme</b>		(1,133.8)

## Net Assets Statement

31 March 2021 £m		Notes	31 March 2022 £m
1,032.3	Investment assets	13	1,127.7
0.0		13	0.00
<b>1,032.3</b>			<b>1,127.7</b>
1.5	Current assets	19	8.6
0.0	Non-current assets		0.0
(3.1)	Current liabilities	20	(2.5)
<b>1,030.7</b>	<b>Net assets of the fund available to fund benefits at the end of the reporting period</b>		<b>1,133.8</b>

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2022 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 44 employer organisations with active members within the Brent Pension Fund at 31 March 2022, 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  
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  
 Roundwood School and Community Centre  
 St Andrews and St Francis School  
 St Claudine's Catholic School for Girls  
 St Gregory's RC High School  
 St Margaret Clitherow  
 Sudbury Primary School  
 The Village School  
 Wembley High Technology College  
 Woodfield School Academy

#### Admitted bodies

Apleona HSG Ltd (previously Bilfinger Europa Facility Management Limited)  
 Barnardos  
 Caterlink  
 Conway Aecom  
 DB Services  
 Edwards and Blake  
 FM Conway  
 Local Employment Access Project (LEAP)  
 National Autistic Society (NAS)  
 Ricoh UK  
 Sudbury Neighbourhood Centre  
 Taylor Shaw  
 Veolia  
 Veolia (Ground Maintenance)

31-Mar-21	Brent Pension Fund	31-Mar-22
41	Number of employers with active members	44
	<b>Number of employees in scheme</b>	
4,457	Brent Council	4,399
1,928	Other employers	1,640
<b>6,385</b>	<b>Total</b>	<b>6,039</b>
	<b>Number of pensioners</b>	
6,157	Brent Council	6,210
703	Other employers	757
<b>6,860</b>	<b>Total</b>	<b>6,967</b>
	<b>Deferred pensioners</b>	
7,025	Brent Council	7,188
1,163	Other employers	1,280
<b>8,188</b>	<b>Total</b>	<b>8,468</b>

The decrease in number of active employee members in the scheme is primarily due to the Data Cleanse Project work conducted by the Fund's administration provider Local Pensions Partnership (LPP), which was started in the previous financial year (2020/21) and completed in 2021/22. The objective of this project was to review, cleanse and fix any errors identified in member data. The result of this Data Cleanse can partially be seen in the increase in deferred members.

#### **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 2022. 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 2021/22, 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](http://www.lgpsmember.org)

## ***2. Basis of preparation***

The Statement of Accounts summarises the Fund's transactions for the 2021/22 financial year and its position at year-end as at 31 March 2022. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 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 / private debt 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; infrastructure and private debt investments are valued by the investment managers using guidelines set out by the British Venture Capital Association. The value of unquoted private equities; infrastructure and private debt investments at 31 March 2022 was £101m (£81m at 31 March 2021).

##### 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 2022 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 £170m. 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 4% (c. £74m).



Private equity / infrastructure / private debt	Private equity/infrastructure/private debt 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/private debt investments in the financial statements are £101m. There is a risk that this investment may be under- or overstated in the accounts.
Effect of the war between Ukraine and Russia on investment valuations	<p>In the immediate aftermath of the invasion, there were general falls in the financial markets with sanctions and other measures being implemented by the UK government and other governments around the world.</p> <p>Given the financial sanctions imposed by governments, it is extremely difficult to trade Russian, Ukrainian and Belarusian holdings. Therefore it is difficult to obtain a market price for such holdings and many investment managers have written down exposure.</p>	The Fund's exposure to Russian, Ukrainian and Belarusian holdings consisted of a very small proportion of the Fund's overall assets. Prior to the invasion, these assets made up approximately 0.1% of the total value of the Fund.

## 6. Events after the Reporting Date

There have been no events since 31 March 2022, and up to the date when these accounts were authorised that require any adjustments to these accounts.

## 7. Contributions receivable

### By category

	2020/21	2021/22
	£m	£m
Employees' contributions	9.5	9.7
Employers' contributions:		
Normal contributions	47.4	49.9
Deficit recovery contributions	1.7	1.7
Augmentation contributions	2.3	2.8
Total employers' contributions	51.4	54.4
<b>Total</b>	<b>60.9</b>	<b>64.1</b>

**By authority**

	2020/21	2021/22
	£m	£m
Administering Authority	47.8	50.7
Scheduled bodies	11.6	11.9
Admitted bodies	1.5	1.4
<b>Total</b>	<b>60.9</b>	<b>64.1</b>

*8. Transfers in from other pension funds*

	2020/21	2021/22
	£m	£m
Individual transfers	5.9	6.8
<b>Total</b>	<b>5.9</b>	<b>6.8</b>

*9. Benefits payable***By category**

	2020/21	2021/22
	£m	£m
Pensions	37.5	39.7
Commutation and lump sum retirement benefits	4.1	6.1
Lump sum death benefits	0.7	1.1
<b>Total</b>	<b>42.3</b>	<b>46.8</b>

**By authority**

	2020/21	2021/22
	£m	£m
Administering Authority and Scheduled bodies	42.1	46.5
Admitted bodies	0.2	0.3
<b>Total</b>	<b>42.3</b>	<b>46.8</b>

*10. Payments to and on account of leavers*

	2020/21	2021/22
	£m	£m
Refunds to members leaving service	0.3	0.2
Group transfers	0.0	0.0
Individual transfers	5.0	5.7
<b>Total</b>	<b>5.3</b>	<b>5.9</b>

## 11. Management Expenses

	2020/21	2021/22
	£m	£m
Administration costs	1.8	1.6
Investment management expenses	2.2	2.5
Oversight and Governance costs	0.2	0.2
<b>Total</b>	<b>4.2</b>	<b>4.3</b>

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 £33k (£32.8k 2020/21).

### a) Investment management expenses

	2020/21	2021/22
	£m	£m
Management fees	2.1	2.4
Custody fees	0.1	0.1
One-off transaction costs	0.0	0.0
<b>Total</b>	<b>2.2</b>	<b>2.5</b>

Fund Manager	2021/22 Total	Management fees	Custody fees	One-off transaction costs
	£m	£m	£m	£m
Alinda	0.2	0.2	0.0	0.0
Capital Dynamics	0.2	0.2	0.0	0.0
Fidelity UK Real Estate	0.1	0.1	0.0	0.0
LGIM	0.1	0.1	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 Infrastructure Fund	0.1	0.1	0.0	0.0
LCIV Private Debt	0.1	0.1	0.0	0.0
LCIV Ruffer	0.7	0.7	0.0	0.0
London LGPS CIV LTD	0.0	0.0	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
<b>Total</b>	<b>2.5</b>	<b>2.4</b>	<b>0.1</b>	<b>0.0</b>

<b>Fund Manager</b>	<b>2020/21 Total</b>	<b>Management fees</b>	<b>Custody fees</b>	<b>One-off transaction costs</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
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
<b>Total</b>	<b>2.2</b>	<b>2.1</b>	<b>0.1</b>	<b>0.0</b>

## 12. Investment income

	<b>2020/21</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>
Dividend income from private equities/infrastructure	0.4	0.4
Interest income from private equities/infrastructure/private debt	0.2	0.7
Interest on cash deposits	0.1	0.0
<b>Total</b>	<b>0.7</b>	<b>1.1</b>

### 13. Investments

<b>13a. Investments 2021/22</b>	<b>Market value 1 April 2021</b>	<b>Purchases during the year</b>	<b>Sales during the year</b>	<b>Change in market value during the year</b>	<b>Market value 31 March 2022</b>
	£m	£m	£m	£m	£m
Pooled investments	897.4	15.0	(1.7)	75.8	986.6
Pooled property investments	0.0	15.0	0.0	0.7	15.7
Private equity/infrastructure /private debt	81.1	37.8	(29.2)	11.6	101.3
	<b>978.5</b>	<b>67.8</b>	<b>(30.9)</b>	<b>88.1</b>	<b>1,103.6</b>
Other investment balances: Cash Deposit	53.8				24.1
Investment income due	0.0				0.0
<b>Net investment assets</b>	<b>1,032.3</b>				<b>1,127.7</b>

<b>13a. Investments 2020/21</b>	<b>Market value 1 April 2020</b>	<b>Purchases during the year</b>	<b>Sales during the year</b>	<b>Change in market value during the year</b>	<b>Market value 31 March 2021</b>
	£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
	<b>781.4</b>	<b>87.2</b>	<b>(66.3)</b>	<b>176.1</b>	<b>978.5</b>
Other investment balances: Cash Deposit	53.9				53.8
Investment income due	0.0				0.0
<b>Net investment assets</b>	<b>835.3</b>				<b>1,032.3</b>



#### 14b. Analysis of investments by category

	31 March 2021 £'000	31 March 2022 £'000
<b>Pooled funds - additional analysis</b>		
<b>UK</b>		
Fixed income unit trust	42.8	43.7
Unit trusts	143.1	145.1
Diversified growth funds	221.5	232.5
<b>Overseas</b>		
Unit trusts	490.0	565.3
<b>Total Pooled funds</b>	<u>897.4</u>	<u>986.6</u>
<b>Pooled property investments</b>	0.0	15.7
<b>Private equity/infrastructure/private debt</b>	<u>81.1</u>	<u>101.3</u>
<b>Total investments</b>	<u><u>978.5</u></u>	<u><u>1,103.6</u></u>

#### 14c. Analysis of investments by fund manager

Market Value				
31 March 2021 £m	%	Fund manager	31 March 2022 £m	%
501.1	51.2%	Legal & General	573.9	52.0%
0.2	0.0%	London CIV	0.2	0.0%
48.8	5.0%	JP Morgan	43.8	4.0%
46.2	4.7%	Capital Dynamics	36.2	3.3%
130.7	13.4%	LCIV - Baillie Gifford	135.1	12.2%
90.8	9.3%	LCIV - Ruffer	97.4	8.8%
42.8	4.4%	LCIV - MAC (CQS)	43.7	4.0%
11.8	1.2%	LCIV - Infrastructure	21.4	1.9%
0	0.0%	LCIV - Private Debt	20.3	1.8%
23.1	2.4%	Alinda	23.4	2.1%
0	0.0%	Fidelity UK Real Estate	15.7	1.4%
0	0.0%	Blackrock Low Carbon Global Equity	15.4	1.4%
83.0	8.5%	Blackrock	77.1	7.0%
<b>978.5</b>	<b>100.0%</b>		<b>1,103.6</b>	<b>100.0%</b>

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 2021	% of total fund	Market value 31 March 2022	% of total fund
L&G - Global Equities	441.2	39.1%	506.1	49.0%
L&G - UK Equities	59.9	5.3%	67.8	6.6%
Blackrock - Over 15 year Gilts	83	7.4%	77.1	7.5%
LCIV - Baillie Gifford DGF	130.7	11.6%	135.1	13.1%
LCIV - Ruffer DGF	90.8	8.1%	97.4	9.4%

#### 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 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 2022	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3	Total £m
<b>Financial assets</b>				
Pooled investments		986.6		986.6
Pooled property investments		15.7		15.7
Private Equity/Infrastructure/Private Debt			101.3	101.3
<b>Subtotal Financial assets at fair value through profit and loss</b>	<b>0.0</b>	<b>1,002.3</b>	<b>101.3</b>	<b>1,103.6</b>
Cash	24.1			24.1
Investment Income due	0.0			0.0
<b>Subtotal Loans and receivables</b>	<b>24.1</b>	<b>0.0</b>	<b>0.0</b>	<b>24.1</b>
<b>Total Financial assets</b>	<b>24.1</b>	<b>1,002.3</b>	<b>101.3</b>	<b>1,127.7</b>
<b>Financial liabilities</b>				
Current liabilities	(2.5)			(2.5)
<b>Subtotal Financial liabilities at amortised cost</b>	<b>(2.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.5)</b>
<b>Total Financial liabilities</b>	<b>(2.5)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.5)</b>
<b>Net Financial assets</b>	<b>21.6</b>	<b>1,002.3</b>	<b>101.3</b>	<b>1,125.2</b>

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
<b>Financial assets</b>				
Pooled investments		897.4		897.4
Pooled property investments		0.0		0.0
Private Equity/Infrastructure/private debt			81.1	81.1
<b>Subtotal Financial assets at fair value through profit and loss</b>	<b>0.0</b>	<b>897</b>	<b>81.1</b>	<b>978.5</b>
Cash	53.8			53.8
Investment Income due	0.0			0.0
<b>Subtotal Loans and receivables</b>	<b>53.8</b>	<b>0.0</b>	<b>0.0</b>	<b>53.8</b>
<b>Total Financial assets</b>	<b>53.8</b>	<b>897.4</b>	<b>81.1</b>	<b>1,032.3</b>
<b>Financial liabilities</b>				
Current liabilities	(3.1)			(3.1)
<b>Subtotal Financial liabilities at amortised cost</b>	<b>(3.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(3.1)</b>
<b>Total Financial liabilities</b>	<b>(3.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(3.1)</b>
<b>Net Financial assets</b>	<b>50.7</b>	<b>897.4</b>	<b>81.1</b>	<b>1,029.2</b>

#### 14a. 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 2022.

	Assessed valuation range (+/-)	Value at 31 March 2022	Value on increase	Value of decrease
		£m	£m	£m
<b>Private equity</b>	32.6%	30.0	39.8	20.2
<b>Infrastructure</b>	15.2%	51.0	58.8	43.2
<b>Private debt</b>	12.9%	20.3	22.9	17.7

#### 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 2021	81.1
Transfers into Level 3	0.0
Transfers out of Level 3	0.0
Purchases	37.8
Sales	(19.9)
Issues	0.0
Settlements	0.0
Unrealised gains/losses	11.6
Realised gains/losses	(9.3)
Value at 31 March 2022	101.3

### 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.

#### 16. Classification of Financial Instruments

31 March 2021			31 March 2022		
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
<b>Financial assets</b>					
897.4			986.6		
0			15.7		
81.1			101.3		
	53.8			24.1	
	1.5			8.6	
<b>978.5</b>	<b>55.3</b>	<b>0.0</b>	<b>1,103.6</b>	<b>32.7</b>	<b>0.0</b>
<b>Financial liabilities</b>					
		(3.1)			(2.5)
<b>0.0</b>	<b>0.0</b>	<b>(3.1)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2.5)</b>
<b>978.5</b>	<b>55.3</b>	<b>(3.1)</b>	<b>1,103.6</b>	<b>32.7</b>	<b>(2.5)</b>

16a. Net gains and losses on Financial Instruments

31 March 2021		31 March 2022
£'000		£'000
176.1	Fair value through profit and loss	88.1
<b>176.1</b>	<b>Total</b>	<b>88.1</b>

#### 16b. 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 2021			31 March 2022		
Carrying Value	Fair Value		Carrying Value	Fair Value	
£'000	£'000		£'000	£'000	
		<b>Financial assets</b>			
		Fair value through profit and loss			
978.5	978.5		1,103.6	1,103.6	
55.3	55.3	Loans and receivables	32.7	32.7	
<b>1,033.8</b>	<b>1,033.8</b>	<b>Total financial assets</b>	<b>1,136.3</b>	<b>1,136.3</b>	
		<b>Financial liabilities</b>			
		Financial liabilities at amortised cost			
(3.1)	(3.1)		(2.5)	(2.5)	
<b>(3.1)</b>	<b>(3.1)</b>	<b>Total financial liabilities</b>	<b>(2.5)</b>	<b>(2.5)</b>	

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 2021/22 reporting period. (Based on data as at 31 March 2022 using data provided by investment advisors scenario model). The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

### Other price risk – sensitivity analysis

	<b>31/03/2022 Value (£m)</b>	<b>Potential market movements (+/-)</b>
<b>Asset Type</b>		
Bonds	77.1	9.3%
Equities	633.3	21.1%

Other Pooled investments	276.2	9.7%
Pooled Property investments	15.7	16.1%
Private Equity	30	32.6%
Infrastructure	51	15.2%
Private debt	20.3	12.9%

Had the market price of the fund investments increased/decreased by 1% the change in the net assets available to pay benefits in the market price would have been as follows:

<b>Asset Type</b>	<b>31/03/2022 Value (£m)</b>	<b>Potential value on increase (£m)</b>	<b>Potential value on decrease (£m)</b>
Bonds	77.1	84.3	69.9
Equities	633.3	766.9	499.7
Other Pooled investments	276.2	303.0	249.4
Pooled Property investments	15.7	18.2	13.2
Private Equity	30.0	39.8	20.2
Infrastructure	51.0	58.8	43.2
Private debt	20.3	22.9	17.7
<b>Total</b>	<b>1,103.6</b>	<b>1,293.9</b>	<b>913.3</b>

#### 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 2021 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	<b>31 March 2021</b>	<b>31 March 2022</b>
	<b>£m</b>	<b>£m</b>
Cash balances	53.8	24.1
UK Fixed income unit trust	42.8	43.7
<b>Total</b>	<b>96.6</b>	<b>67.8</b>

<b>Asset type</b>	<b>Carrying amount as at 31 March 2022</b>	<b>+1%</b>	<b>-1%</b>
-------------------	--	------------	------------

	£m		£m
Cash balances	24.1	0.2	(0.2)
UK Fixed income unit trust	43.7	0.4	(0.4)
<b>Total</b>	<b>67.8</b>	<b>0.7</b>	<b>(0.7)</b>

Asset type	Carrying amount as at 31 March 2021		
	£'000	+1% £'000	-1% £'000
Cash balances	53.8	0.5	(0.5)
UK Fixed income unit trust	42.8	0.4	(0.4)
<b>Total</b>	<b>96.6</b>	<b>1.0</b>	<b>(1.0)</b>

## 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 2022 and as at the previous period end:

Currency risk exposure - asset type	Asset value at 31 March 2021	Asset value at 31 March 2022
	£m	£m
Overseas unit trusts	490.0	565.3
Overseas pooled property investments	0.0	0.0
Overseas private equity/infrastructure/private debt	81.1	101.3
<b>Total</b>	<b>571.1</b>	<b>666.6</b>

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 2022		
	£'000	+1% £'000	-1% £'000
Overseas unit trusts	565.3	5.7	(5.7)
Overseas pooled property investments	0.0	0.0	0.0

Overseas private equity/infrastructure/private debt	101.3	1.0	(1.0)
<b>Total</b>	<b>666.6</b>	<b>6.7</b>	<b>(6.7)</b>

<b>Assets exposed to currency rate risk</b>	<b>Asset value as at 31 March 2021</b>		
		<b>+1%</b>	<b>-1%</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Overseas unit trusts	490.0	4.9	(4.9)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	81.1	0.8	(0.8)
<b>Total</b>	<b>571.1</b>	<b>5.7</b>	<b>(5.7)</b>

## 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 2022 was £24.1m (31 March 2021: £53.8m). This was held with the following institutions:

### Credit risk exposure

	Rating	Balances at 31 March 2021	Balances at 31 March 2022
		£m	£m
<b>Bank deposit accounts</b>			
NatWest	A	0.9	0.9
Northern Trust - Aviva Cash		0.1	0.1
Money Market deposits	AAA	52.8	23.1
<b>Other short-term lending</b>			
Local authorities		0.0	0.0

**Total**

**53.8**

**24.1**

#### b) 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 2022 the value of illiquid assets was £117.0m, which represented 10.4% (31 March 2021: £81.1m, which represented 7.9%) 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 2022 are due within one year."

#### Liquidity Risk

	31-Mar-21	%	31-Mar-22	%
Pooled investments	897.4	86.9%	986.6	87.5%
Cash deposits	53.8	5.2%	24.1	2.1%
Investment income due	0	0.0%	0	0.0%
<b>Total liquid investments</b>	<b>951.2</b>	<b>92.1%</b>	<b>1,010.7</b>	<b>89.6%</b>
Pooled property investments	-	0.0%	15.7	1.4%
Private Equity/ Infrastructure/private debt	81.1	7.9%	101.3	9.0%
<b>Total illiquid investments</b>	<b>81.1</b>	<b>7.9%</b>	<b>117.0</b>	<b>10.4%</b>
<b>Total investments</b>	<b>1,032.3</b>	<b>100.0%</b>	<b>1,127.7</b>	<b>100.0%</b>

#### 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 and results are scheduled to be released by 31 March 2023.

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
2020/21	35.0%
2021/22	35.0%
2022/23	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 2022 was £1,838m (31 March 2021: £1,917m). 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	3.20%
Salary increase rate	3.50%
Discount rate	2.70%

## Longevity assumption

The average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.1 years	24.5 years
Future pensioners*	23.2 years	26.0 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 2022	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.5% p.a. increase in the Pension Increase Rate	10%	160
0.5% p.a. increase in the Salary Increase Rate	1%	10
0.5% p.a. decrease in the discount rate	10%	170

The principal demographic assumption is the longevity assumption. For sensitivity purposes, it is estimated that a 1 year increase in life expectancy would approximately increase the liabilities by around 4% (c. £74m).

## 19. Assets

### a) Current assets

	31 March 2021 £m	31 March 2022 £m
<b>Debtors:</b>		
- Contributions due – employees	0.2	0.2
- Contributions due – employers	0.7	0.9
- Sundry debtors	0.6	7.5
<b>Total</b>	<b>1.5</b>	<b>8.6</b>

## Analysis of debtors

	31 March 2021	31 March 2022
	£m	£m
- Central government bodies	0.6	0.8
- Other local authorities	0.9	6.1
- Other entities and individuals	0.0	1.7
<b>Total</b>	<b>1.5</b>	<b>8.6</b>

## 20. Current liabilities

	31 March 2021	31 March 2022
	£m	£m
Group transfers	0.0	0.0
Sundry creditors	3.1	2.5
	<b>3.1</b>	<b>2.5</b>

## Analysis of creditors

	31 March 2021	31 March 2022
	£m	£m
Central government bodies	0.0	1.0
Other entities and individuals	3.1	1.5
<b>Total</b>	<b>3.1</b>	<b>2.5</b>

## 21. Additional voluntary contributions

	Market value 31 March 2021	Market value 31 March 2022
	£m	£m
Clerical Medical	1.3	1.3
Equitable Life	0.2	0.2
Prudential	0.6	0.7
	<b>2.1</b>	<b>2.2</b>

	Contributions 31 March 2021	Contributions 31 March 2022
	£m	£m
Clerical Medical	0.0	0.0
Prudential	0.1	0.1
	<b>0.1</b>	<b>0.1</b>

\*Clerical medical data is not available at the publication date.

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 £1.24m (2020/21: £1.12m) 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 £41.0m to the Fund in 2021/22 (2020/21: £37.3m).

### **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 Finance (s.151 officer), the Director of Legal & HR 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:

	<b>31st March 2021</b>	<b>31st March 2022</b>
	<b>£m</b>	<b>£m</b>
Short Term Benefits	0.038	0.040
Post-Employment Benefits	0.012	0.012
Termination Benefits	0.000	0.000
<b>Total Remunerations</b>	<b>0.050</b>	<b>0.052</b>

### 23. Contingent liabilities

Outstanding capital commitments (investments) at 31 March 2022 totalled £82.1m (31 March 2021 £58.4m)

	31st March 2021	31st March 2022
	£m	£m
Capital Dynamics	12.6	12.9
Alinda Fund II	2.5	2.5
Alinda Fund III	5.7	8.1
London CIV Infrastructure Fund	37.6	28.9
London CIV Private Debt Fund	n/a	29.7
<b>Total</b>	<b>58.4</b>	<b>82.1</b>

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. Both admission agreements ended during the year 2021/22.

	31st March 2021	31st March 2022
	£m	£m
Apleona HSG Limited (previously Bilfinger)	0.1	0.0
Conway Aecom	0.1	0.0
<b>Total</b>	<b>0.2</b>	<b>0.0</b>

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# External audit plan

**Year ending 31 March 2022**

London Borough of Brent Pension  
Fund  
May 2022

Page 285



# Contents



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## Section

Key matters  
Introduction and headlines  
Significant risks identified  
Accounting estimates and related disclosures  
Other matters  
Materiality  
IT Strategy  
Audit logistics and team  
Audit fees  
Independence and non-audit services  
Digital Audit

## Page

3  
4  
5  
8  
11  
12  
13  
14  
15  
16  
17

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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# Key matters

## Factors

### Pension Fund

The investment assets have continued to rise throughout 2021-22 and the Fund has posted positive returns ending Quarter 3 of 2021-22 with a valuation of £1,155.7m. This was £1,030.7m as at 31 March 2021 and £1,076.2m at the end of Quarter 2 of 2021-22.

On 10 March 2022, the Public Service Pensions and Judicial Offices Act 2022 received Royal Assent. The main purpose of the Act is to support implementation of the McCloud remedy in the public service pension schemes. The McCloud remedy will be implemented in two phases that will impact the 2022-23 financial year.

### Russian investments

Following the Russian invasion of Ukraine that has led to the UK Government sanctions, Local Government Pension Scheme funds are being advised to consider the implications for their investment portfolios and discuss with their pools and asset managers what action should prudently be taken. The Moscow Stock Exchange closed on February 28 2022 and an apparent ban on western companies from selling Russian investments was imposed by prime minister Mikhail Mishustin has compounded investors' liquidity problems, with markets for Russian stocks and government bonds drying up.

Members as the Funds Trustees are expected to uphold their fiduciary duties, prioritising scheme returns and the proper payment of pensions. However, Members are allowed to consider ethical factors concerning investments, and can divest from problematic assets provided that this does not prove materially detrimental to the scheme. The Pensions Regulator has asked all schemes to ensure that their investments are aligned with the UK government's sanctions on Russia.

### New system implementation – Oracle Cloud Fusion

In October 2021, the Oracle Cloud Fusion system replaced the Council's Oracle EBS system used for financial, payroll and HR transactions.

## Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Director of Finance.
- We will continue to provide you with sector updates via our Audit & Standards Committee updates.
- We will review the funds response to any exposure in Russian investments.
- We identified a significant audit risk relating to [the data migration to the new ledger - refer to page 7. Our IT auditors will review the Pension Fund's process for ensuring the data migration was complete and accurate.

# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of London Borough of Brent Pension Fund ('the Pension Fund') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as your auditor. We draw your attention to both of these documents.

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit & Standards committee).

The audit of the financial statements does not relieve management or the Audit & Standards Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of Level 3 Investments
- New finance system implementation

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £10.31m (PY £10.3m) for the Pension Fund, which equates to 1% of your prior year net assets. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.5m (PY £0.5m).

## Audit logistics

Our interim visit took place in March 2022 and our final visit will take place between July and September 2022. Our key deliverables are this Audit Plan and our Audit Findings Report. Our audit approach and logistics are detailed in Pages 5 to 14.

Our fee for the audit will be £33,000 (PY: £33,000) for the Pension Fund, subject to the Pension Fund delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) 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.

# Significant risks identified

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.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Presumed risk of fraud in revenue recognition</p> <p>ISA (UK) 240</p>	<p>Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>- there is little incentive to manipulate revenue recognition</li> <li>- opportunities to manipulate revenue recognition are very limited</li> <li>- the culture and ethical frameworks of local authorities, including London Borough of Brent Council and Pension Fund, mean that all forms of fraud are seen as unacceptable</li> </ul> <p>Therefore, we do not consider this to be a significant risk for London Borough of Brent Pension Fund.</p>	<p>Significant risk rebutted</p>
<p>Fraudulent expenditure recognition</p>	<p>We have also considered the risk of material misstatement due to the fraudulent recognition of expenditure. We have considered each material expenditure area, and the control environment for accounting recognition.</p> <p>We are satisfied that this did not present a significant risk of material misstatement in the 2021/22 accounts as:</p> <ul style="list-style-type: none"> <li>- the control environment around expenditure recognition (understood through our documented risk assessment understanding of your business processes) is considered to be strong</li> <li>- we have not found significant issues, errors or fraud in expenditure recognition in the prior years audits</li> <li>- our view is that, similarly to revenue, there is little incentive to manipulate expenditure recognition</li> </ul> <p>Therefore, we do not consider this to be a significant risk for London Borough of Brent Pension Fund.</p>	<p>Significant risk rebutted</p>

# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management Override of Controls	<p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Pension Fund faces external scrutiny of its spending and its stewardship of its funds, this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Pension Fund, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Evaluate the design effectiveness of management controls over journals.</li> <li>• Analyse the journals listing and determine the criteria for selecting high risk unusual journals.</li> <li>• Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.</li> <li>• Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence.</li> <li>• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>
Valuation of Level 3 Investments	<p>You value 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 (PY: £81m) 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.</p> <p>Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2022.</p> <p>We therefore have identified Valuation of Level 3 Investments as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes for valuing Level 3 investments;</li> <li>• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met;</li> <li>• independently request year-end confirmations from investment managers and the custodian;</li> <li>• for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconcile those values to the values at 31 March 2022 with reference to known movements in the intervening period;</li> <li>• in the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert; and</li> <li>• where available review investment manager service auditor report on design and operating effectiveness of internal controls.</li> </ul>

# Significant risks identified

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
New system implementation	<p>In October 2021, the Oracle Cloud Fusion system replaced the Pension Fund's Oracle EBS system used for financial, payroll and HR transactions.</p> <p>Data migration is fundamental to any business technology transformation and there is a risk of error when data is moved from one system to another. New systems are often evolving and present a greater risk material misstatements.</p> <p>Given the nature of this transition, we have identified a risk of material misstatement in relation to the system migration, at financial statements level.</p>	<p>Work planned:</p> <ul style="list-style-type: none"> <li>• Our IT auditors will perform an assessment of the Council's processes and controls used as part of the transitioning from Oracle EBS to Oracle Cloud Fusion during the audit period.</li> <li>• We will perform detailed testing over security management, technology acquisition and infrastructure as well as development and maintenance.</li> <li>• Evaluate the design and implementation of controls management put in place to ensure balances at month six were moved correctly to month seven are complete and accurate.</li> <li>• Reconcile opening balances at month seven to closing balances at month six, including reconciliations of the general ledger, accounts payable, accounts receivable and assets.</li> </ul>

# Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Page 292

## Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit \$ Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



# Accounting estimates and related disclosures

## Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2022.

Based on our knowledge of the Pension Fund we have identified the following material accounting estimates for which this is likely to apply:

- Valuation of level 2 and level 3 investments
- Valuation of the Present Value of Future Retirement Benefits

## The Pension Fund's Information systems

In respect of the Pension Fund's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Pension Fund uses management experts in deriving some of its more complex estimates, e.g. asset and investment. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Pension Fund (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.





### Estimation uncertainty

Page 294

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

### Planning enquiries

As part of our planning risk assessment procedures we have requested that management provides detail as to how the Pension Fund addresses estimation uncertainty, and to share its responses with TCWG for consideration. We would appreciate a prompt response to these enquires in due course.

### Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540\\_Revised-December-2018\\_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)



# Other matters

## Other work

The Pension Fund is administered by London Borough of Brent (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2021/22 financial statements, consider and decide upon any objections received in relation to the 2021/22 financial statements;
  - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.

We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

## Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Materiality

## The concept of materiality

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. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

## Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the net assets of the Pension Fund. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £10.31m (PY £10.3m), which equates to 1% of your prior year net assets as at 31 March 2022.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

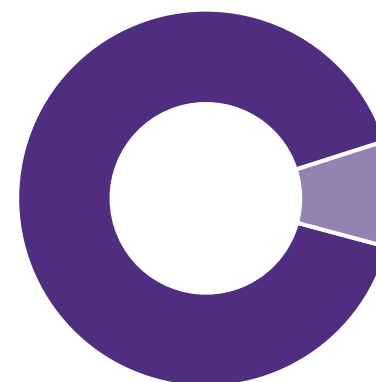
## Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.515m (PY £0.515m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit & Standards Committee to assist it in fulfilling its governance responsibilities.

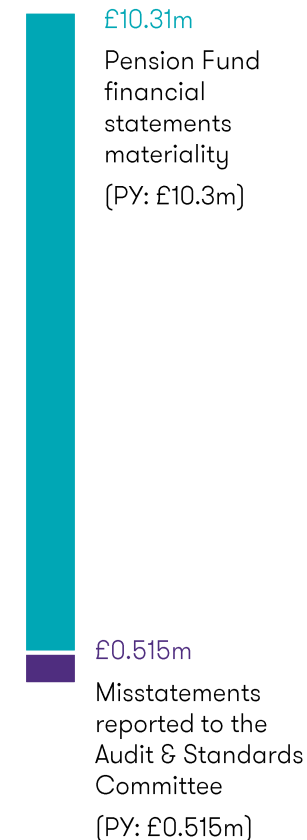
## Prior year net assets

£1,030.7m Pension Fund



■ Net assets ■ Materiality

## Materiality



# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

For this year's audit we have completed system documentation, and walkthroughs where relevant, for each of the Council's material systems both pre and post-Oracle Cloud Fusion implementation. Our IT audit team has completed work to review the processes and controls around the transition, complete ITGC review of Oracle Cloud Fusion, and review of reconciliations of all key systems between Oracle EBS and Oracle Cloud Fusion. During the financial statements audit the audit team will reconcile audit trails from both systems to the financial statements and we will conduct our testing on the full financial year's transactions requiring sampling from both Oracle EBS and Oracle Cloud Fusion.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle EBS	Financial reporting and integrated systems (accounts payable, accounts receivable and fixed assets)	IT audit work performed in respect of the 31 March 2021 year end will be rolled forward for the period 1 April to 14 October 2021.
LPP - Altair	Pension Administration	Streamlined ITGC assessment

In addition, due to the significant changes during the period, specifically the new system implementation, additional audit procedures will be completed to address the additional risks of material misstatement identified.

IT system	Event	Relevant risks	Planned IT audit procedures
Oracle Cloud Fusion	New system implementation	Post migration data completeness and accuracy.	<ul style="list-style-type: none"> <li>Perform an assessment of the Pension Fund's processes and controls used as part of the transitioning from Oracle EBS to Oracle Cloud Fusion during the audit period.</li> <li>Perform detailed testing over security management, technology acquisition and infrastructure as well as development and maintenance.</li> <li>Evaluate the design and implementation of controls management put in place to ensure balances at month six were moved correctly to month seven are complete and accurate.</li> <li>Reconcile opening balances at month seven to closing balances at month six, including reconciliations of the general ledger, accounts payable, accounts receivable and assets.</li> </ul>

# Audit logistics and team



Page 268



## Ciaran McLaughlin, Key Audit Partner

Ciaran is the Engagement Lead, for the Council and Pension Fund, leads the work performed on the audit. Signs the audit opinion and holds regular meetings with senior officers.



## Reshma Ravikumar, Audit Manager

Reshma will work with the senior members of the finance team ensuring early delivery of testing and agreement of accounting issues on a timely basis. Reshma will attend Audit & Standards Committee, undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable to all.



## Abisoye Ilaka, Audit In-Charge

Abisoye will lead the audit team and is the day-to-day contact for the audit. She will monitor the deliverables, manage the audit query log with your Finance Team and highlight any significant issues and adjustments to senior management in a timely manner.

## Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement;
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you;
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of items for testing;
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit; and
- respond promptly and adequately to audit queries.

# Audit fees

In 2017, PSAA awarded a contract of audit for the London Borough of Brent to begin with effect from 2018/19. The fee agreed in the contract was £16,170. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2021/22 audit.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as detailed on page 8 in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. We have engaged an audit expert to improve the level of assurance we require for property valuations estimates, which has been included in our proposed audit fee. Our proposed work and fee for 2021/22, as set out below, has been agreed with the Director of Finance.

Page 299

	Actual Fee 2019/20	Actual Fee 2020/21	Proposed fee 2021/22
Brent Pension Fund Audit	£28,750	£33,000	£35,308
New system implementation	n/a	n/a	£2,500
Total audit fees (excluding VAT)	£28,750	£33,000	£37,808

## Assumptions

In setting the above fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons, relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 (Revised 2019) 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.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

## Other services

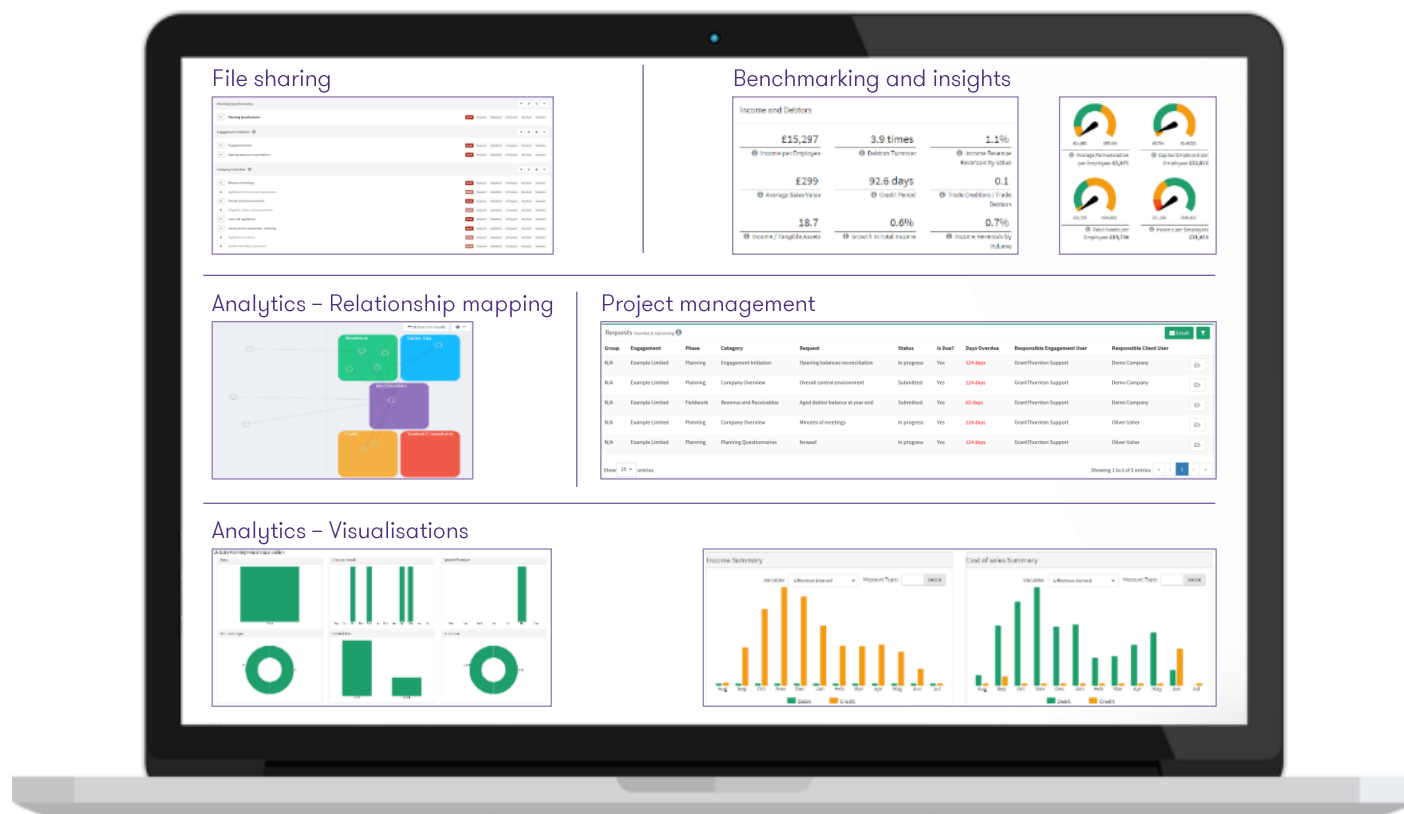
No other services provided by Grant Thornton were identified.

Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited Network member Firms will be included in our Audit Findings report at the conclusion of the audit.

# Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations



Grant Thornton's Analytics solution is supported by Inflo Software technology

# Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



## Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



## File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



## Project management

- Facilitates oversight of requests
- Access to a live request list at all times



## Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

## How will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

### Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

### More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.


We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.





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	<b>Pensions Fund Sub-Committee</b> 27 June 2022
	<b>Report from the Chief Finance Officer</b>
<b>2022 Triennial Valuation</b>	

<b>Wards Affected:</b>	ALL
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	<p>Minesh Patel, Director of Finance            020 8937 4043  <a href="mailto:Minesh.Patel@brent.gov.uk">Minesh.Patel@brent.gov.uk</a></p> <p>Ravinder Jassar, Deputy Director of Finance            020 8937 1487  <a href="mailto:Ravinder.Jassar@brent.gov.uk">Ravinder.Jassar@brent.gov.uk</a></p> <p>Flora Osiyemi, Head of Finance            020 8937 2998  <a href="mailto:Flora.Osiyemi@brent.gov.uk">Flora.Osiyemi@brent.gov.uk</a></p> <p>Sawan Shah, Senior Finance Analyst            020 8937 1955  <a href="mailto:Sawan.Shah@brent.gov.uk">Sawan.Shah@brent.gov.uk</a></p>

## 1.0 Purpose of the Report

- 1.1 The purpose of this report is to update the committee on the 2022 Pension Fund Valuation.

## 2.0 Recommendation(s)

- 2.1 The Committee is asked to note the report.

### **3.0 Detail**

- 3.1 Every three years, a formal valuation of the whole Fund is carried out under Regulation 62 (1) of LGPS Regulations 2013 to assess and examine the ongoing financial position of the Fund.
- 3.2 Its purpose is to:
- Compare actual experience against assumptions made at the last valuation;
  - Value the assets and liabilities of each individual employer and the pension fund as a whole using data from the Fund's administration system and financial records;
  - Set employer contribution rates, including for the Council, for the next 3 years (1 April 2023 to 31 March 2026);
  - Review the Funding Strategy Statement (FSS);
  - Perform a health check on the Fund's solvency.
- 3.3 The last valuation took place as at 31 March 2019 and the next one is to be carried out as at 31 March 2022. The results of each valuation must be reported to the administering authority within twelve months of the valuation date.
- 3.4 The actuary calculates the funding level at each valuation. This is calculated as the ratio of the market value of the assets and the value of the benefits built up to the valuation date for the employees and ex-employees. If this is less than 100% then it means there is a shortfall, therefore there is a deficit; if it is more than 100% then there is said to be a surplus. The previous valuation showed that the Brent Pension Fund overall had a funding position of 78%.
- 3.5 The key governance document for the valuation is the Fund's Funding Strategy Statement (FSS). The FSS sets out the underlying assumptions and principles that are adopted when valuing the Fund's liabilities and setting contribution rates. The FSS also addresses the fact that different employers within the fund have different objectives and it includes deficit recovery periods for different employers. The FSS is normally reviewed during the valuation process in consultation with the Fund actuary and employers.
- 3.6 The 2022 valuation process has commenced, below is an indicative timeline for the valuation process:

Date	Event
21 February 2022	Sub-committee meeting - Report to Pensions Sub-committee to review and agree key valuation assumptions
31 March 2022	Valuation date.
April 2022	Council contribution rate (comPASS) modelling.
April – May 2022	Employers submit their year-end returns.
June 2022	Resolve all queries arising from the year-end returns
July 2022	Provision of data to the Fund actuary by LPPA on behalf of the scheme manager.
August 2022	Data validations, responding to data queries and Fund actuary sign off for data.
August – September 2022	Whole fund results prepared and discussed with officers.
05 October 2022	Sub-committee meeting - Provision of initial whole fund results, Council contribution rate modelling results and employer contribution strategy proposal (draft FSS).
October 2022	Issue employer results together with draft Funding Strategy Statement for formal consultation.
December 2022 – January 2023	Finalise Funding Strategy Statement following consultation.
20 February 2023	Sub-committee meeting - Sign off 2022 valuation report and FSS.
31 March 2023	Sign off rates and adjustments certificate with final employer contribution rates.
01 April 2023	Implementation of new FSS and contribution rates.

3.7 At the February 2022 committee meeting, as part of best practice, the key financial and demographic assumptions that will be used in the 2022 valuation process were reviewed and agreed:

- The discount rate – used to value liabilities to be paid out in the future;
- Future investment returns - this is the interest rate we can assume to achieve in the future;
- Future price inflation (CPI);
- Salary expectations;
- How long pensions will be paid for (longevity);
- Other demographic assumptions.

The overall valuation outcome is sensitive to the financial and demographic assumptions made and therefore can affect the Fund's overall or an individual employer's funding level.

3.8 Brent Council, in its role as the administering authority, will be assisting employers through this process. Support will be provided in the form of employer forums and training. The Fund will consult with employers through the

valuation process and the draft employer results and FSS will be issued for formal consultation. This is currently anticipated for early October 2022. The Fund will also hold an employer forum in autumn 2022 following issue of the draft employer results and FSS. There will also be the opportunity to arrange 1-1 meetings with the actuary and Brent officers.

- 3.9 Complete and accurate membership data is critical in ensuring the valuation results are accurate. If the Fund actuary is concerned about the quality of the underlying data, they will usually add a margin of prudence into their assumptions to accommodate data inaccuracies. The Fund has commissioned several data cleanse projects to improve the data quality in recent years. The results of these projects have been reported to previous Pension Sub-committee and Pension Board meetings.
- 3.10 The valuation process will be completed by 31 March 2023 with new contribution rates payable by employers from 1 April 2023.

#### **4.0 Financial Implications**

- 4.1 These are discussed throughout the report.

#### **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.

Related papers: Actuarial Assumptions – Report to Pensions Fund Sub-Committee 21 February 2022

**Report sign off:**

**Minesh Patel**  
Director of Finance

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of the Local Government Act 1972.

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