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Brent Pension Fund Sub-Committee

Tuesday 27 June 2023 at 6.00 pm

Boardrooms 4, 5 & 6 – Brent Civic Centre, Engineers Way, Wembley, HA9 0FJ

Please note that this meeting will be held as a physical meeting with members of the Sub-Committee required to attend in person.

The press and public are also welcomed to attend this meeting in person. Please note that this meeting is not scheduled for live webcasting.

Membership:

Members	**Substitute Members**
Councillors:	Councillors
Johnson (Chair) Mitchell (Vice-Chair) Kansagra Choudry Hack Miller Kennelly	Dixon, Ethapemi, Mahmood and Shah Councillors Maurice and Patel

Non Voting Co-opted Members

Elizabeth Bankole — Brent Unison Representative

For further information contact: Adam Woods, Governance Officer
Tel: 0208 937 4737; Email: Adam.Woods@brent.gov.uk

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit: **democracy.brent.gov.uk**

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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 of trade union).

(b) The interests a 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

LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund.

10 Minutes of Pension Board 101 - 110

To note the minutes of the Pension Board meeting held on 22 March 2023.

11 Dates of Future Meetings

To note the dates of the Pension Fund Sub Committee meetings for the municipal year 2023/24:

- Wednesday 4 October 2023
- Wednesday 21 February 2024

12 Exclusion of the Press and Public

To consider the exclusion of the press and public from the remainder of the meeting as the remaining report to be considered contains the following category of exempt information as specified in Paragraph 3, Part 1 Schedule 12A of the Local Government Act 1972, namely:

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

13 London CIV Update 111 - 236

This report updates the Committee on recent developments regarding Brent Pension Fund investments held within the London CIV (LCIV).

14 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 their representative before the meeting in accordance with Standing Order 60.

LONDON BOROUGH OF BRENT

MINUTES OF THE BRENT PENSION FUND SUB-COMMITTEE
Held in the Conference Hall, Brent Civic Centre on Monday 20 February 2023 at 6.00 pm

PRESENT: Councillor Johnson (Chair) and Councillors Choudry, Hack, Miller, and Kansagra.

Also present: David Ewart (Independent Chair – Pension Board).

1. **Apologies of Absence**

The Committee received apologies of absence from Councillors Mitchell (Vice-Chair) and Dar, and Elizabeth Bankole (Independent Co-Opted Member).

2. **Declarations of Personal and Prejudicial Interests**

The following interests were declared at the meeting:

- Councillor Johnson declared that he was an ex Council officer, and as such was a member of the Pension Scheme. In addition to this, Councillor Johnson was currently the Vice-Chair of Governors at Chalkhill Primary School, in which the school were members of the Pension Scheme.

3. **Minutes of the Previous Meeting**

RESOLVED: That the minutes of the previous meeting held on 05 October 2022 be approved as an accurate record of the meeting.

4. **Matters Arising**

None.

5. **Deputations (if any)**

No deputations were received.

6. **Investment Strategy Review**

Sawan Shah (Head of Pensions, Brent Council) introduced the report, which detailed the review undertaken by the Fund's investment advisor, Hymans Robertson, of the current investment strategy, following on from the Fund's 2022 valuation. The purpose of the review was to evaluate the current investment strategy and analyse the ability of alternative strategies to meet the Fund's strategic objectives. The Committee noted that the previous investment strategy review was agreed in February 2020, with it being regarded as best practice to regularly review the investment strategy to ensure that the strategy was still fit for purpose and was meeting objectives.

On a high level, the Committee heard that the fund was broadly in line with the interim target allocation. Nevertheless, it was important for the Fund to continually develop their strategy moving towards goals such as investing further in property. Regarding returns on investment, Sawan Shah highlighted that the mix of assets owned by the Fund, rather than the underlying fund manager, was the main factor in the Fund's performance.

Following the introduction, Sawan Shah handed over to Kenneth Taylor (Senior Investment Analyst, Hymans Robertson LLP) to present the report in further detail. The following key points were highlighted:

- Overall, the funding position had improved since the 2019 actuarial valuation. This confirmed that the 2019 investment strategy was still appropriate.

- Hymans Robertson continued to support the Fund's long-term target allocations to Growth, Income and Protection assets, which were agreed following the 2019 actuarial valuation. It was recommended that the Fund continued to build out its private market investments in infrastructure, private debt and property to help move the Fund towards the long-term target allocations previously agreed both from a position of diversification and accessing alternative sources of excess return.

- Regarding cashflow, the 10% pension increase in April 2023, coupled with a reduction in future contributions, was expected to impact the cashflow position of the Fund. Whilst cashflow had not been analysed in the investment strategy review, Hymans Robertson stated that they would be happy to prepare this for the Committee. The cashflow analysis would assess whether current levels of investment income were sufficient to cover any shortfall between contribution income and benefits paid, better informing future investment decisions.

- The Committee noted that growth investments represented the highest potential returns but also the highest risk. With regard to growth portfolio recommendations, Hymans Robertson stated that the Fund was currently circa 9% overweight in equities relative to the long-term target allocation (actual circa 59% vs target 50%). Around one-third of this overweight position would naturally be corrected as the private equity mandate reduced over the next few years. It was recommended that the remaining circa 6% should be sold (from the LGIM global equity mandate) and re-invested into multi-asset credit and gilts to increase these towards their target allocations.

- As the Fund continued to develop its net zero roadmap, a priority action was to review the Fund's global equities to determine whether the Fund could continue to access global equity markets whilst simultaneously achieving a reduction in its carbon emissions. At circa 40% of total assets, global equities were the largest contributor to the Fund's carbon emissions.

Hymans Robertson recommended that the Committee undertook a market review during Q2 2023 and selected one or possibly two low carbon global equity funds to replace the current LGIM global equity mandate.

- The current target allocation of property was 10%, however, only 2.5% of the Fund was invested across two UK commercial property mandates. This differed from most London Boroughs, who were closer to their target allocations. Nevertheless, this provided the opportunity to create a diversified portfolio comprising of UK commercial property, UK housing, and global property. A 10% allocation was broadly equivalent to £110m, which was recommended to be allocated in the following way:

  - UK commercial (UBS and Fidelity) - £40m (36%)
  - LCIV UK Housing Fund - £30m (28%)
  - Global property - £40m (36%)

- It was explained that the property market was currently undergoing repricing with valuations falling. This had implications regarding the timing of investing in property. It was recommended to wait until the second half of 2023 before adding to the Fund's UK commercial property allocation and investing in a new global property fund. In addition, the Committee were advised to carry out a review of global property managers ahead of making any investment in Q3 or Q4 of 2023.

- New investments needed to be identified to build the Fund's allocation to infrastructure towards its 15% target. The Committee were recommended to carry out a review of suitable infrastructure funds, including the London CIV renewables infrastructure fund, in addition to funds offered by external managers. Timberland was also highlighted as a fund that was attracting interest within the LGPS. An allocation to Timberland could be considered as part of a diversified infrastructure portfolio.

- In explaining private debt asset class, the Committee noted that this comprised of privately negotiated loans, in which the Fund would provide capital to companies for a return with added interest. The Fund had committed £50m to the London CIV private debt fund and this investment was currently in its build up phase. The expected profile of the private debt fund was such that it increased in value as capital was invested, and then reduced in value as income and redemptions were returned to the Fund. To maintain the 5% target allocation, it was common for pension schemes to invest in a series of private debt funds, with commitments being made to new funds every 2-3 years. The Committee were recommended to investigate options in this area and, in the first instance, ask London CIV to confirm its future plans.

- Regarding the Fund's protection portfolio, bond yields increased significantly during 2022. While this had led to a fall in bond asset values, the higher yield meant investing in bonds was more attractive now than it had been for some time. Currently the Fund's protection portfolio consisted of multi-asset credit and fixed interest gilts. Replacing the fixed-interest gilts with corporate bonds would boost expected returns with only a marginal increase in risk levels.

- In speaking on the priority of recommendations, rebalancing the overweight holding in equities and finalising the decision on the LCIV UK Housing Fund were deemed to be high. It was considered that other recommendations could await implementation, as correctly sequencing actions was imperative.

The Chair then welcomed questions from the Committee, with questions and responses summarised below:

- Regarding any alternative asset classes that the Fund could invest in or had previously counted out, the Committee noted that long term speculative investment in private equity was not included in the long term strategy. Hymans Robertson were happy with the current investment to come to an end, although this could change if the Committee wished. A discussion concerning the necessity of having a minimum allocation to UK equities was also raised. It was explained that the UK market had not performed as well as the global market in the long term. In concluding the response, James Glasgow (Senior Investment Analyst, Hymans Robertson LLP) explained that consistent returns through simplistic investments was preferable. Overdiversifying the portfolio could introduce unnecessary risk.

- The Committee questioned whether the Fund sould invest in private rented properties. In response, the Committee heard that these investments could expose the Fund to risks such as short term tenancies and demand risks. Investing in private rented properties would take advantage of short term opportunities. However, the Fund was largely a long-term investor and the London CIV UK Housing Fund could offer the property diversification that the Fund required.

- The underlying assumptions of the investment strategy were queried, in which Kenneth Taylor detailed that asset liability modelling analysed a large range of economic scenarios to see how the funding position of the Fund may change. The modelling was based on views on the future of the economy and past asset returns, creating a robust model for assumptions. It was also explained that the state of the economy was not always the main factor to account for depending on asset class. For example, when moving from an equity fund to a low carbon equity fund, the economy was largely unimportant. However, surveying the market was much more necessary when investing in property. Sawan Shah added that, as a long term investor, market timing was not the prime factor underlying investment decisions. Furthermore, investments tended to be staggered to mitigate against volatility.

- Regarding the rebalancing of the Fund’s portfolio, the Committee heard that if they were to choose not to rebalance, the Fund would be exposed to greater risk. Choosing not to move 6% of equities into bonds would leave the Fund vulnerable to market downturns. The recommendation of a phased rebalance aimed to minimise the Fund's exposure to risk.

- The Committee questioned how the recommendations in the investment strategy review impacted the Fund's net zero strategy. Kenneth Taylor explained that the recommendation to review, and eventually move, to a low carbon equity fund could reduce the Fund's carbon emissions by 50% whilst maintaining returns and this move was currently the priority. However, the Committee noted that moving other assets to low carbon alternatives could take decades. In the meantime, actions such as challenging London CIV on management selection could reduce the Fund's carbon output.

Members welcomed the update provided and with no further issues raised thanked Hymans Robertson LLP for their presentation. The Committee **RESOLVED** to:

(1) Agree the investment strategy review undertaken by the Fund's investment advisors, Hymans Robertson, detailed in Appendix 1 of the report.

(2) Note that the investment strategy review supported the Fund's net zero road map, with a market review of the global equities allocation planned for 2023.

7. Investment Monitoring Report – H2 2022

James Glasgow (Senior Investment Analyst, Hymans Robertson LLP) introduced the report, which outlined the performance of the Brent Pension Fund during the second half of 2022.

In presenting the report, the committee noted the following:

- The Fund's assets returned 1.7% over the 6 months to 31 December 2022, outperforming the aggregate target return by 1.3%. Over the previous 12 months, the Fund's assets returned -7.6%, however, this was in line with the benchmark. On a 3 year basis the Fund outperformed the benchmark by 0.5%, returning 3.8% compared to the 3.3% benchmark. Overall, the Fund posted positive returns over the last 6 months of 2022, ending the period with a valuation of £1,072.1m, which was a slight increase from £1,055.4m at the end of Q2 2022.

- All listed equities ended 2022 performing positively, although private equities returned negatively due to lagged valuations. The volatility of the gilt market resulted in the asset underperforming by 40% with Property also highlighted as underperforming.

- Amid rising interest rates and inflation, global growth slowed in the second half of 2022 and forecasts for growth in 2023 saw sharp downwards revisions. While recent outturns had shown an unexpected resilience in the major economies, economic data pointed to a relatively weak outlook in 2023.

- Ongoing re-evaluation of inflation and interest rates saw global sovereign bond yields rise. The UK 10-year yield rose 1.4% p.a., to 3.7% p.a., while equivalent US and German yields rose 0.9% p.a. and 1.2% p.a., to 3.9% p.a. and 2.6% p.a., respectively.

- Regarding asset allocation, the Fund was broadly in line with the interim target allocations for growth and cash, whist it was over/underweight in terms of income and protection assets respectively. The LCIV infrastructure and private debt funds remained in their early phases. It was therefore expected that the Fund's commitments continued to be drawn down over 2022/23. The second tranche of the investment into the BlackRock Low Carbon Fund was completed on 15 December 2022, taking the total proportion closer to its 3% benchmark allocation.

- Considering manager performance, the largest contributor to performance over the period was LGIM's Global Equity fund, given its positive performance and its sizeable allocation of circa 43%. The biggest detractor from performance over the second half of 2022 was BlackRock's UK Over 15 years Gilts, given its unfavourable return despite its relatively small allocation.

- Despite large negative returns posted by the Capital Dynamics Infrastructure Fund, this mandate had an allocation of <2% of the total Fund, hence did not detract materially from the Fund's overall performance. Similarly, despite underperformance from the property funds managed by Fidelity and UBS, their small allocations of 1.3% and 1.1% respectively meant they did not detract significantly from the Fund's total performance.

- Focussing on the LCIV Baillie Gifford Multi-Asset fund, the fund returned -1.8% over the second half of 2022, underperforming its benchmark by 3.2%. The fund had fallen further behind its longer term targets on a relative basis and absolute basis. Given the poor performance over the period, Ballie Gifford had taken some strategic actions to address issues within underperforming asset classes. Baillie Gifford remained focused on their longer-term trends and stressed the importance of not losing sight of long-term goals amidst the current volatile market.

Following the conclusion of the presentation, the Chair welcomed questions from the Committee. Questions and responses are summarised below:

- Regarding the investment in BlackRock's UK Over 15 years Gilts, the Committee noted that the holding was passive, tracking market conditions exactly. The returns, albeit negative, were in line with the market, with BlackRock not stylistically contributing to the negative performance.

As no further issues were raised, the Sub Committee again welcomed the update provided and **RESOLVED** to note the report.

8. **2022 Triennial Valuation Results and Funding Strategy Statement**

Ravinder Jassar (Deputy Director of Finance, Brent Council) introduced the report, which set out the results of the 2022 triennial actuarial valuation and the Funding Strategy Statement (FSS) to the Committee for consideration and approval.

In presenting the report, the Committee were advised that the Fund was required by law to undertake an actuarial valuation every three years. The purpose of the valuation was to value the assets and liabilities of each individual employer and the Pension Fund as a whole; with a view to setting employer contribution rates which would result in each employer's liabilities becoming as close to fully funded as possible over the agreed recovery period outlined in the FSS.

Since the last Sub-Committee meeting in October, draft valuation results schedules, which set the contribution rate for each employer for the next three financial years, had been produced for the Council and for most employers within the Fund. These had been communicated to employers. The Fund also held an employers' forum in November 2022 to present the valuation results to the employers.

With no further questions, the Chair thanked officers for the report and the Committee **RESOLVED** to:

(1) Note and agree the draft valuation report as set out in Appendix 1 of the report.

(2) Delegate authority to the Corporate Director, Finance and Resources to finalise the valuation report before 31 March 2023.

(3) Approve the Funding Strategy Statement (FSS) as set out in section 3.9 and Appendix 2 of the report.

(4) Note the contribution reviews policy as set out in Appendix 3 of the report and cessations policy as set out in Appendix 4 of the report.

(5) Subject to section 2.4 of the report, delegate authority to the Corporate Director, Finance and Resources to finalise the contribution reviews policy as set out in Appendix 3 of the report and cessations policy as set out in Appendix 4 of the report following consultation with employers.

9. **Procurement of Investment Management Services**

Carlito Rendora (Finance Analyst, Brent Council) introduced the report, which summarised the outcome of the investment management services tender. The Committee noted that officers had undertaken the procurement exercise using the National LGPS Framework between August and October 2022.

Following the tender process, the Corporate Director, Finance & Resources, using delegated powers, had appointed Hymans Robertson as the service provider for this contract for a period of 3 years with the potential to extend for a further two years. The new contract had commenced on 24th October 2022.

It was stated that all costs of the contract would be met fully by the Pension Fund and there would be no direct cost implications for the Council. The Pension Fund maintained a separate bank account for the payment of Pension Fund related costs, such as the investment management contract.

As there were no questions, the Committee **RESOLVED** to note the re-appointment of Hymans Robertson LLP to provide investment management services for the Brent Pension Fund.

10. **Minutes of the Pension Board**

The Sub-Committee welcomed Mr David Ewart (Independent Chair - Pension Board) to the meeting to give an overview of the Pension Board's last meeting. Members were updated that the Pension Board's role was to assist the Sub Committee in efficient management of the Fund and in monitoring service quality for scheme members. The Board's membership comprised of representation from both Scheme Members and Employers as well as Brent Council.

Regarding the November meeting, the Sub Committee were informed that the Board largely discussed the pension administration service, which was undergoing improvements. In addition, the Board agreed that issues experienced with the Annual Benefit Statement rollout did not constitute a material breach, as it did not seem to be a systematic and continuing occurrence. Furthermore, it was agreed that the matter fell within the remit of a minor and trivial matter and therefore should not be raised to the regulator.

The Chair thanked David Ewart for the update provided and with no further issues raised, it was **RESOLVED** to note the minutes from the Pension Board held on 09 November 2022.

11. **Exclusion of Press and Public**

At this stage in the meeting the Chair advised that the Sub Committee needed to move into closed session to consider the final items on the agenda and it was therefore **RESOLVED** to exclude the press and public 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.

12. **Housing Allocation Report**

Whilst this item was originally listed on the agenda as Item 8, due to sensitive information contained in Appendix 1 of the report, the Committee agreed to move *it's consideration in to the closed session of the meeting and it was therefore considered as item 12.*

Sawan Shah introduced the report, which detailed the analysis and review undertaken by the Fund's investment advisor, Hymans Robertson, of the London CIV UK Housing Fund, including recommendations for investment and implementation. The Committee noted the Fund was currently overweight in diversified growth assets compared to the long term strategy. Thus, the decision to invest in the London CIV UK Housing Fund would contribute to rebalancing the Fund's portfolio and meeting the 10% long term target allocation in property.

The London CIV UK Housing Fund aimed to invest indirectly through third party funds with the purpose of increasing the supply of good quality, affordable housing in the UK while also generating a competitive risk-adjusted return. It focused on three strategies within the residential housing sector: general needs affordable and social housing, traditional supported housing, and specialist housing. These were broadly be defined as:

- General needs affordable and social housing - Social and affordable properties were typically leased to councils or housing associations who sublease the properties to eligible tenants to meet their social housing obligations. Eligibility criteria depends on income, requirements due to disability, children, and state of existing accommodation.

- Transitional supported housing - These were properties typically leased to council or housing association or charities who provide supportive but temporary accommodation to bridge the gap from homelessness to permanent housing.

- Specialist housing - These were properties typically leased to councils, housing associations or charities who provide additional support including physical and mental health counselling. Councils typically contribute towards some or all of these care and support costs.

Christopher Osbourne (Senior Portfolio Manager, Private Markets, London CIV) was subsequently invited by the Chair to present the London CIV UK Housing Fund in further detail. The Committee noted the following:

- The Fund had received FCA approval in Q4 2022.

- In providing an overview of the evolution of the UK Housing Fund, the shortlisting process for UK housing managers was detailed, with further due diligence carried out on selected managers.

- The target allocation of each type of housing was detailed, in addition to highlighting the strong focus on social impact.

- The case for investing was presented, which highlighted the resilient returns and opportunity to diversify the Fund's property allocations.

- The terms of the Fund were detailed, including the investment strategy, target yield, and management fees.

- The environmental, social and governance credentials of the shortlisted managers were outlined, which included responsible investment, adherence with United Nations Sustainable Development Goals, and compliance with the Global Real Estate Sustainability Benchmark.

- To achieve social and environmental goals, London CIV had adopted an impact framework in which housing managers were expected to adhere to. Included in the framework was aligned reporting and standardised measurement practices to target a single set of common metrics.

Following the conclusion of the presentation, the Chair welcomed questions from the Committee, with discussions outlined below:

- A discussion took place regarding returns on investment, in which the general resilience of the market was at the forefront.

- Investing in private vs social housing was examined, in addition to considering the affordability of rent.

- Non-financial measurements and net-zero goals were considered.

- The potential local impact and target build numbers were discussed.

Once the discussion had finished, London CIV attendees exited the meeting, and as a result of further consideration the Committee **RESOLVED** to:

(1) Note the analysis set out in Appendix 1 of the report undertaken by the Fund's investment advisors, Hymans Robertson, in relation to an initial investment in the LCIV UK Housing Fund.

(2) Approve an investment commitment of 2.8% of total Fund assets (c. £30m) to the LCIV UK Housing Fund subject to the Corporate Director, Finance and Resources, in consultation with the Chair of the Pension Fund Sub-Committee, being satisfied with the conditions as set out in section 3.16 of the report.

(3) Note that subject to approval in relation to section 2.2 of the report, officers would rebalance the appropriate mandates to move towards the Fund's strategic asset allocation to fund this investment as set out in section 3.17 of the report.

13. **Employer Exit from the Pension Fund**

Sawan Shah (Head of Pensions, Brent Council) introduced the report which outlined an employer's funding position and the process for the employer's exit. The Committee noted the process for the employer's exit from the Fund and that there had been regular communication between the Fund and the employer.

As no further concerns were raised, the Committee **RESOLVED** to note the report.

14. **Any Other Urgent Business**

None.

The meeting closed at 8:04pm

COUNCILLOR R JOHNSON
Chair

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London Borough of Brent Pension Fund

Q1 2023 Investment Monitoring Report

Kenneth Taylor, Senior Investment Consultant

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HYMANS ROBERTSON

Executive Summary

Performance Summary
The assets combined to return 2.7% over the quarter to 31 March 2023.

Global equities rose 4.3% in Sterling terms over the first quarter of 2023, due to resilient labour markets and falling energy prices. UK equities also produced positive returns (up 3.1%) although they lagged global markets.

A fall in yields over the quarter saw positive returns from the UK government bond market. Also, investment grade credit, emerging market debt and asset backed securities also delivered positive returns.

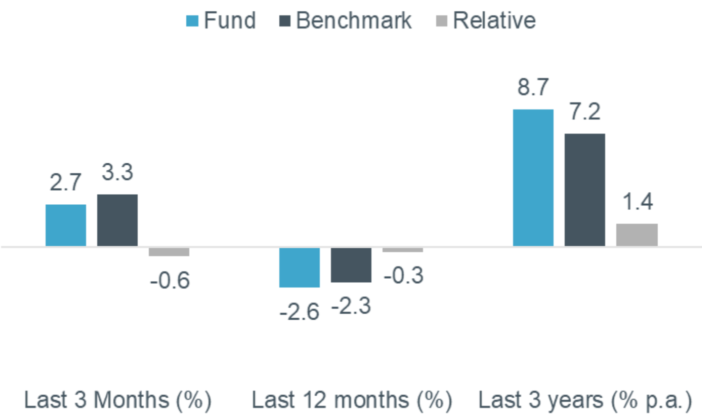
The collapse of Silicon Valley Bank and the acquisition of Credit Suisse by UBS saw a significant decline in the financial sector.

These stresses in the banking sector did not deter major central banks from tightening monetary policy further as interest rates rose in line with expectations.

Key points to note

- The Fund has posted positive returns over the quarter, ending the period with a valuation of £1,116.4m up from £1,072.1m at the end of Q4 2022.
- The Fund's Growth holdings were again the main drivers of returns, with LGIM's global equity mandate the primary contributor in monetary terms.
- The Fund's protection assets experienced positive performance over the quarter, due to gilt yields falling and hence saw their value rise in monetary terms, although the allocations are significantly underweight.
- The cash held by the Fund increased over the period to £27.7m.

Fund performance vs benchmark/target



High Level Asset Allocation

	Actual	Benchmark	Relative
Growth	58.6%	58.0%	0.6%
Income	30.3%	25.0%	5.3%
Protection	8.6%	15.0%	-6.4%
Cash	2.5%	2.0%	0.5%

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

Following the results of the 2023 investment strategy review, the following target allocations were agreed:

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

Long-term
Growth – 50%
Income/Diversifiers – 35%
Protection – 15%

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

The LCIV infrastructure and private debt funds remain in their ramp up phase. We expect the Fund's commitments to continue to be drawn down over 2023.

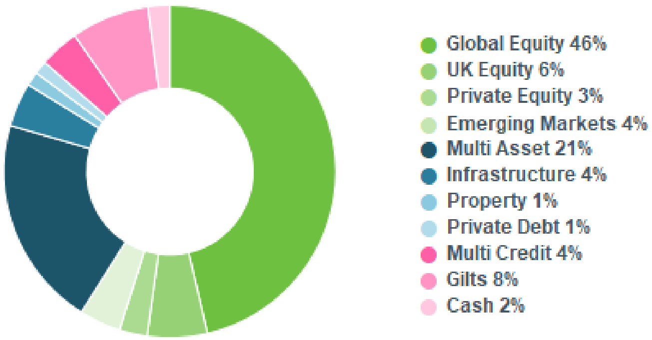
2023 investment strategy review
The 2023 investment strategy review supported the 50% long-term allocation to Growth assets. The Fund is overweight to this long-term target and the review recommended rebalancing into Protection assets (among other recommendations). Changes to the benchmark allocations will be reflected in future reports.

Asset allocation

Manager	Valuation (£m)		Actual Proportion	Benchmark	Relative
	Q4 2022	Q1 2023			
LGIM Global Equity	465.5	488.2	43.7%	40.0%	3.7%
LGIM UK Equity	67.7	69.8	6.3%	5.0%	1.3%
Capital Dynamics Private Equity	27.1	24.4	2.2%	5.0%	-2.8%
LCIV JP Morgan Emerging Markets	42.1	43.3	3.9%	5.0%	-1.1%
Blackrock Acs World Low Crbn	27.2	28.1	2.5%	3.0%	-0.5%
Total Growth	**629.7**	**653.9**	**58.6%**	**58.0%**	**0.6%**
LCIV Baillie Gifford Multi Asset	121.0	123.7	11.1%	6.0%	5.1%
LCIV Ruffer Multi Asset	99.7	98.6	8.8%	6.0%	2.8%
Alinda Infrastructure	17.4	17.2	1.5%	0.0%	1.5%
Capital Dynamics Infrastructure	2.1	2.6	0.2%	0.0%	0.2%
LCIV Infrastructure	36.8	36.8	3.3%	5.0%	-1.7%
Fidelity UK Real Estate	14.4	13.7	1.2%	1.5%	-0.3%
UBS Triton Property Fund	11.3	11.4	1.0%	1.5%	-0.5%
LCIV Private Debt Fund	33.4	34.8	3.1%	5.0%	-1.9%
Total Income	**336.3**	**338.8**	**30.3%**	**25.0%**	**5.3%**
LCIV MAC	41.0	41.9	3.7%	5.0%	-1.3%
BlackRock UK Gilts Over 15 yrs	52.8	54.2	4.9%	10.0%	-5.1%
Total Protection	**93.8**	**96.1**	**8.6%**	**15.0%**	**-6.4%**
Cash	12.4	27.7	2.5%	2.0%	0.5%
Total Scheme	**1072.1**	**1116.4**	**100.0%**	**100.0%**	

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

Asset class exposures



HYMANS ROBERTSON

Source: Investment Managers

Total Fund return was positive during the period on an absolute basis but underperformed on a relative basis. Performance over the past 12 months remain slightly behind benchmark; however longer term performance over the past 3 years is ahead of target.

Global equities fared better than UK equities due to the UK's higher weighting to cyclical sectors such as financials, industrials, energy and basic materials, which underperformed over the period.

Capital Dynamics' private equity mandate was he most significant underperformer over the quarter, returning -4.8% against a benchmark of 5.2%. However, we note that private equity valuations tend to lag those of listed markets.

The property market continued to struggle, as the Fidelity real estate fund underperformed its benchmark by 5.1%.

Despite a volatile 3 months, gilt yields fell slightly over the period resulting in a slight increase to the gilts portfolio.

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
Growth									
LGIM Global Equity	4.9	4.9	**0.0**	-0.9	-0.8	**-0.1**	16.9	16.9	**-0.1**
LGIM UK Equity	3.1	3.1	**0.0**	3.0	2.9	**0.1**	13.9	13.8	**0.1**
Capital Dynamics Private Equity	-4.8	5.2	**-9.5**	-1.0	0.6	**-1.6**	7.5	18.1	**-9.0**
LCIV JP Morgan Emerging Markets	2.8	1.1	**1.7**	-1.2	-4.9	**3.9**	10.8	7.9	**2.7**
Blackrock Acs World Low Crbn	3.2	4.8	**-1.6**	-4.1	-1.0	**-3.2**	-	-	**-**
Income									
LCIV Baillie Gifford Multi Asset	2.2	1.5	**0.8**	-8.5	4.4	**-12.3**	3.8	2.9	**0.8**
LCIV Ruffer Multi Asset	-1.1	1.5	**-2.5**	1.3	4.4	**-3.0**	9.4	2.9	**6.4**
Alinda Infrastructure	-	-	**-**	26.6	12.1	**13.0**	10.0	7.9	**2.0**
Capital Dynamics Infrastructure	-	-	**-**	12.2	12.1	**0.1**	-11.0	7.9	**-17.5**
LCIV Infrastructure	-	-	**-**	15.7	12.1	**3.2**	4.6	7.9	**-3.0**
Fidelity UK Real Estate	-5.3	-0.2	**-5.1**	-13.2	-14.1	**1.0**	-	-	**-**
UBS Triton Property Fund	0.4	-0.2	**0.6**	-	-	**-**	-	-	**-**
LCIV Private Debt Fund	-2.3	1.5	**-3.7**	12.9	6.0	**6.5**	-	-	**-**
Protection									
LCIV MAC	2.1	1.4	**0.6**	-4.1	4.3	**-8.1**	5.8	2.9	**2.8**
BlackRock UK Gilts Over 15 yrs	2.8	2.8	**0.0**	-29.7	-29.7	**0.0**	-16.3	-16.4	**0.1**
Total	2.7	3.3	**-0.6**	-2.6	-2.3	**-0.3**	8.7	7.2	**1.4**

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, we focus on longer term performance. There are also alternative measures to assess performance detailed in the individual manager pages. This is also the case for Private Equity and Private Debt (see below) as asset classes.

Source: Fund performance provided by Investment Managers and is net of fees.
Benchmark performance provided by Investment Managers and DataStream

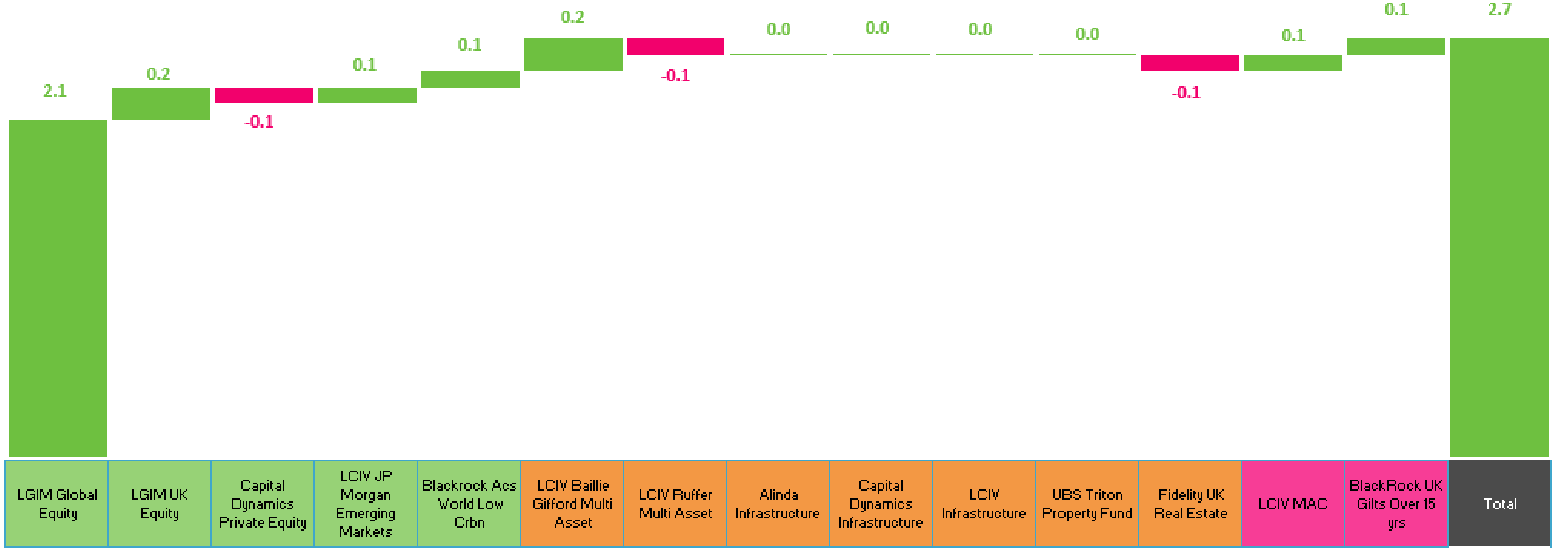
This chart highlights each mandate's contribution to the Fund's absolute performance over the quarter according to their allocation.

The largest contributor to performance over the period was LGIM's Global Equity fund, given its positive performance and its sizeable allocation of c.44%.

The LCIV Ruffer multi-asset fund's underperformance was offset by the LCIV Ballie Gifford multi-asset fund, due to their contrasting investment approaches.

Despite large negative returns posted by the Capital Dynamics Infrastructure and Fidelity UK Real Estate Funds, these mandates have allocations of c2% and c1% respectively, of the total Fund, hence did not detract materially from the Fund's overall performance.

Fund performance by manager



Please note that due to rounding, the total performance shown above may not add to the total quarterly performance shown on page 3 of this report.

Source: Fund performance provided by Investment Managers and is net of fees.

There were no manager rating changes to existing managers over the period.

There have been no changes to RI ratings over the period.

Information on the rating categories can be found in the appendix.

RAG status reflects the long term performance of each mandate. Manager developments reflect any key changes over the quarter and how this may affect the mandate.

RAG Status Key (assessment of longer term relative performance):

- Red: Significant underperformance
- Amber: Moderate underperformance
- Green: Performance in line / above benchmark

The pages that follow cover in further detail managers who have an amber/red performance rating.

Manager ratings

Manager/Mandate	Asset Class	Hymans Rating	RI Rating	Performance	Manager Developments
LGIM	Global Equity	Preferred	Strong	Green	Green
LGIM	UK Equity	Preferred	Strong	Green	Green
Capital Dynamics	Private Equity	Suitable	Not Rated	Red	Green
LCIV JP Morgan	Emerging Markets	Suitable	Adequate	Green	Green
BlackRock	Acs World Low Crbn	Preferred	Adequate	N/A	Green
LCIV Baillie Gifford	Multi Asset	Positive	Good	Amber	Amber
LCIV Ruffer	Multi Asset	Positive	Adequate	Green	Green
Alinda	Infrastructure	Not Rated	Not Rated	Green	Green
Capital Dynamics	Infrastructure	Not Rated	Not Rated	Red	Green
LCIV	Infrastructure	Not Rated	Not Rated	Amber	Green
LCIV	Private Debt	Not Rated	Not Rated	N/A	Green
Fidelity	UK Real Estate	Preferred	Good	N/A	Green
UBS	UK Property	Preferred	Good	N/A	Green
LCIV	Multi Credit	Suitable	Not Rated	Green	Green
BlackRock	UK Gilts Over 15Yrs	Preferred	Not Rated	Green	Green

Fidelity business update

Fidelity paid out £24m of redemptions at the beginning of April and still have c.£100m to meet. They have received some competitive bids on a couple of properties up for sale. The initial focus has been to sell out of some of the fund's smaller properties where Fidelity has already maximised value (these assets have typically been in the portfolio since its early days so they are using it as a good excuse to clean up the portfolio).
Fidelity do not expect a new wave of redemption requests since half of the existing investor base are LGPS and a significant portion of remaining corporate DB investors are open pension funds. They also believe the fund remains high quality.
The investment team had revised the long-term expected total return to 8-10% at the end of Q4 from 6-8% in Q3.

Baillie Gifford business update

During the quarter we downgraded the Baillie Gifford DGF from 'Preferred' to 'Positive'. Key reasons for the downgrade revolved around the lowering of conviction relative to peers in relation to: macro resource, risk management, and concerns of style drift. We maintain conviction in their ability to meet their long-term performance objective which is why we remain 'Positive' on the strategy.

Source: Investment Managers

LGIM Global Equity

The LGIM global equity mandate returned 4.9% over the quarter. Performance in global equity markets remains strong over longer periods.

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

Performance over the quarter was positive despite high inflation and higher interest rates. Lower energy prices, the reopening of China and improved business sentiment outweighed concerns of sustained elevated core inflation and interest rates.

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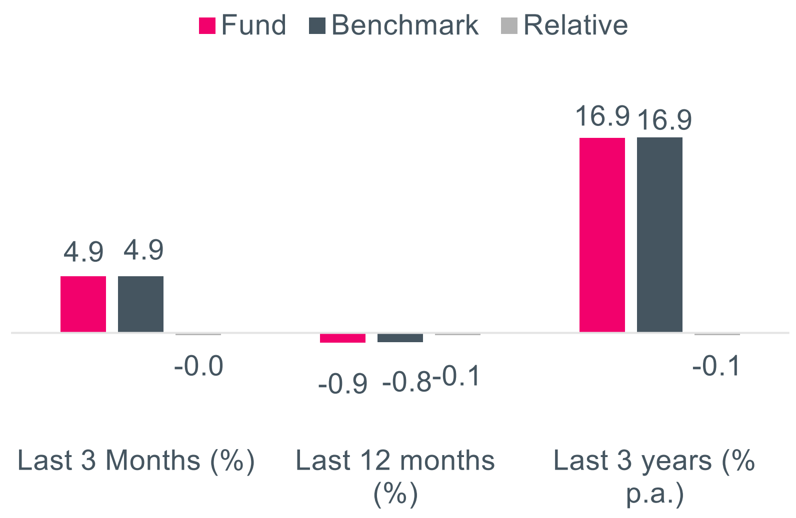
Technology stocks topped the sector rankings, as falling yields lent support to the sector. Consumer discretionary also outperformed, with improving market sentiment, positive earnings surprises and China's economic reopening benefitting the sector.

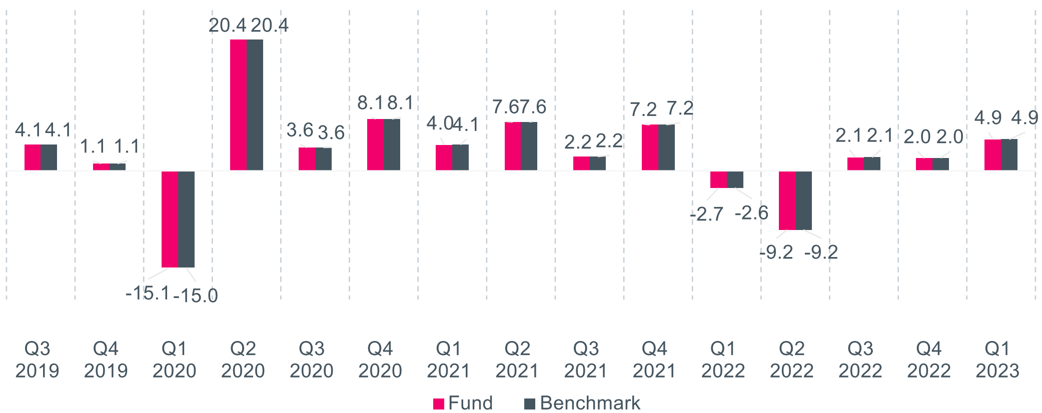
Europe (ex-UK) was the best performing region, with lower energy costs improving business and consumer sentiment and easing inflation reducing the risk of a deep recession.

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

Fund performance vs benchmark



Historical performance/benchmark



Source: Investment Manager

LGIM UK Equity

The LGIM UK equity mandate returned 3.1% over the quarter. Performance over 12 months and 3 years is strong, albeit the UK market continues to lag its global counterparts at the longer end as a result of the higher weightings within the UK market to financials, industrials and materials.

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

In Q1 2023, the UK underperformed wider equity markets due to its higher than average exposure to energy companies which were negatively impacted by falling oil and gas prices. A strengthening Sterling also detracted from returns from overseas revenue.

However, over the quarter, the UK market also proved resilient delivering strong positive returns but did lag global markets as the rotation away from cyclicals and back towards sectors like technology favoured the US in particular.

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

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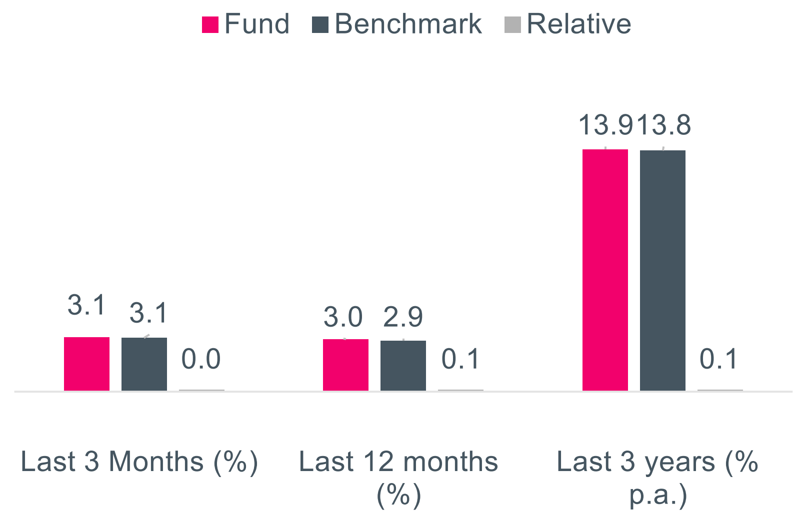
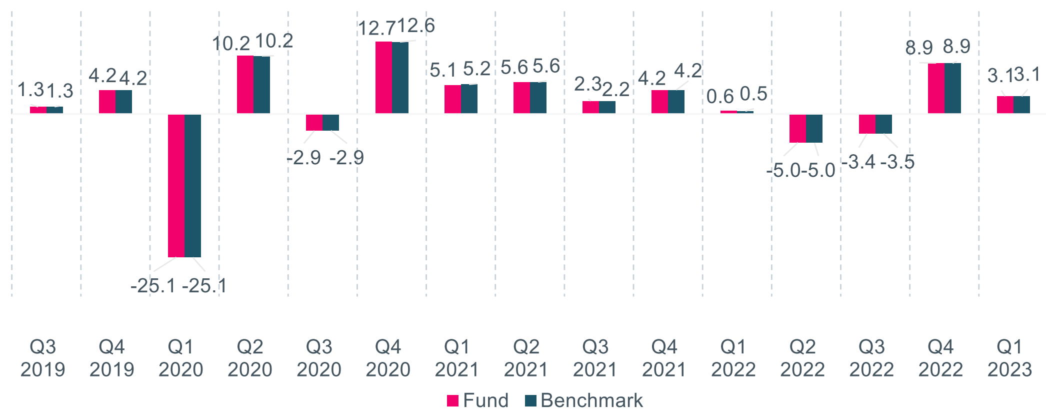
Fund performance vs benchmark



Historical performance/benchmark



Source: Investment Manager

LCIV JP Morgan Emerging Markets

The JP Morgan Emerging Markets fund returned 2.8% over Q1, against its benchmark of 1.1%. Over 12 months the fund has returned -1.2%, outperforming the benchmark by 3.9%.

Emerging market equities lagged developed markets over the period.

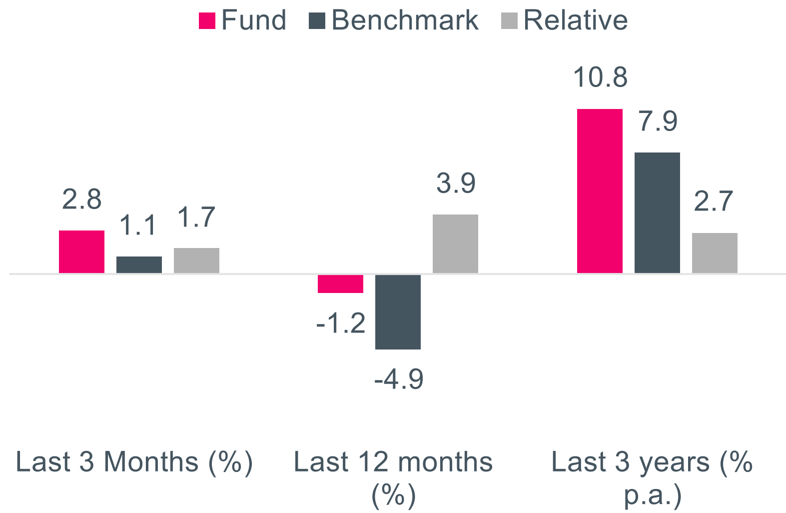
Both sector allocation and stock selection detracted from the fund's performance. The fund's underweight positions to utilities and energy and overweight position to information technology resulted in outperformance against the benchmark.

On the other hand, the fund's overweight to financials negatively impacted performance, due to news relating to the performance of insurance companies in China, regulations in India and political uncertainty in South Africa.

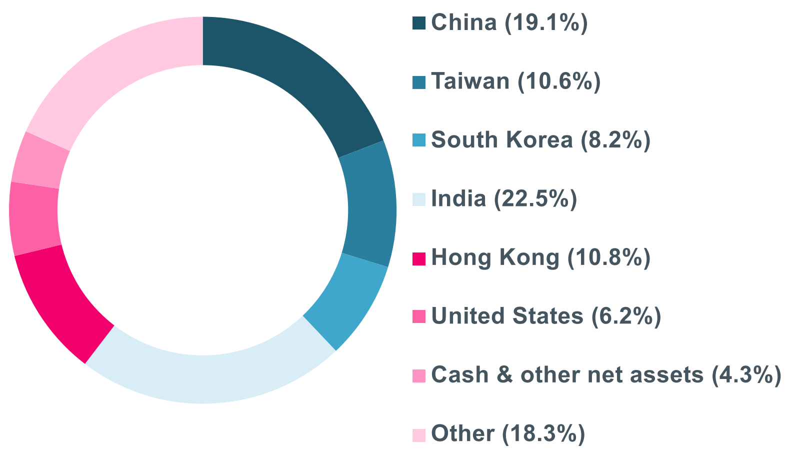
The fund's overweight position to India slightly detracted from performance as investors shifted towards Chinese equities instead since its reopening.

The manager believes the war in Ukraine and tensions between US and China are the main headwinds the emerging market faces, but remain increasingly optimistic.

Fund performance vs benchmark



Fund regional allocation



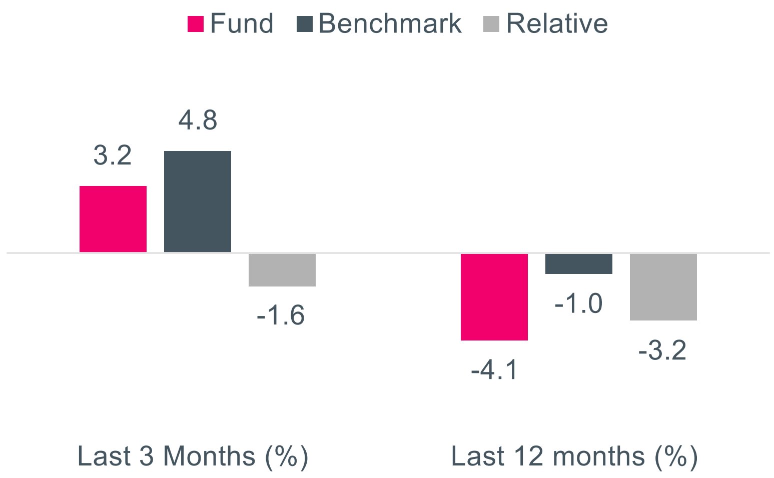
Source: Investment Manager

Blackrock ACS World Low Carbon

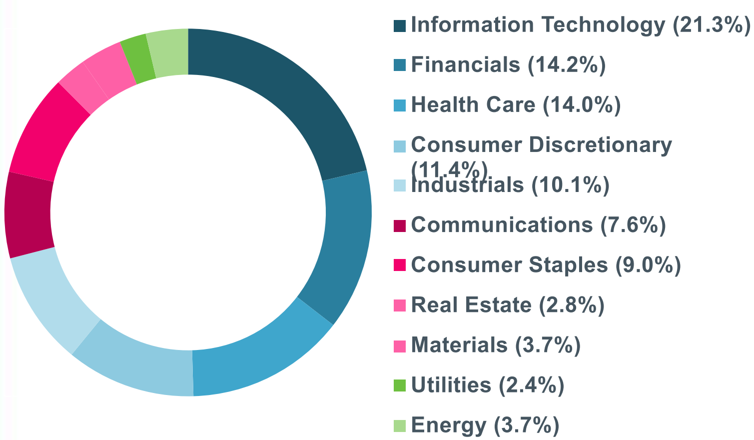
Over the quarter, the BlackRock World Low Carbon fund returned 3.2%, underperforming its global equity market benchmark by 1.6%. Over the past 12 months, the fund's performance also lags this benchmark by 3.2%.

The Fund aims to closely track the performance of the MSCI World Low Carbon Target Reduced Fossil Fuel Index.

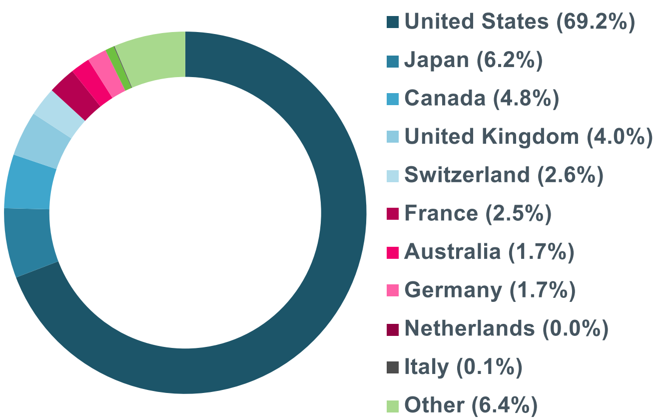
Fund performance vs benchmark



Sector allocation



Geographical breakdown



Source: Investment Manager

Capital Dynamics Private Equity

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

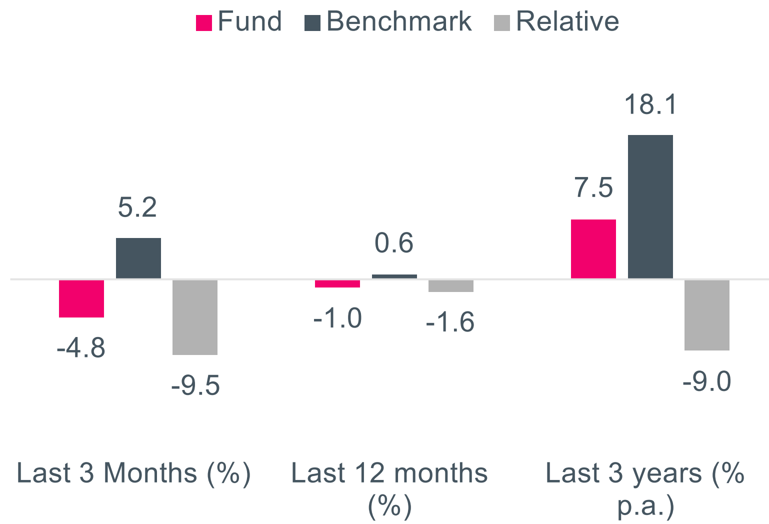
Based on information provided by Northern Trust, the fund returned -4.8% over the period lagging its benchmark of 5.2%% by 9.5%.

Over the more meaningful 3 year time period, the fund has returned a positive absolute performance of 7.5% per annum. However, this remains significantly behind the benchmark of MSCI All World +1% p.a.

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

Note that these figures are not yet available as at 31 December 2022.

Fund performance vs benchmark



Source: Investment Manager

LCIV Baillie Gifford Multi-asset

Over the quarter, the fund outperformed its target of 1.5%. returning 2.2% net of fees. Performance over the past 12 months lags its benchmark by 12.3%; however over 3 years remains strong, delivering 3.8%.

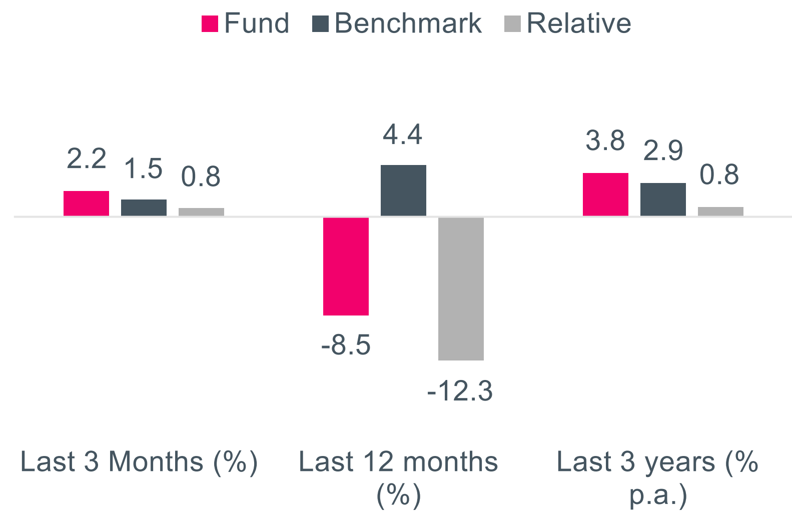
The fund's performance early in Q1 was positive despite changes to the portfolio in Q4 of last year. Despite the reduced exposure to equities, this segment of the portfolio contributed to performance due to exposure to growth stocks and the recovering Chinese equity market.

Another key contributor to performance was the fund's exposure to government bonds, credit and emerging market debt.

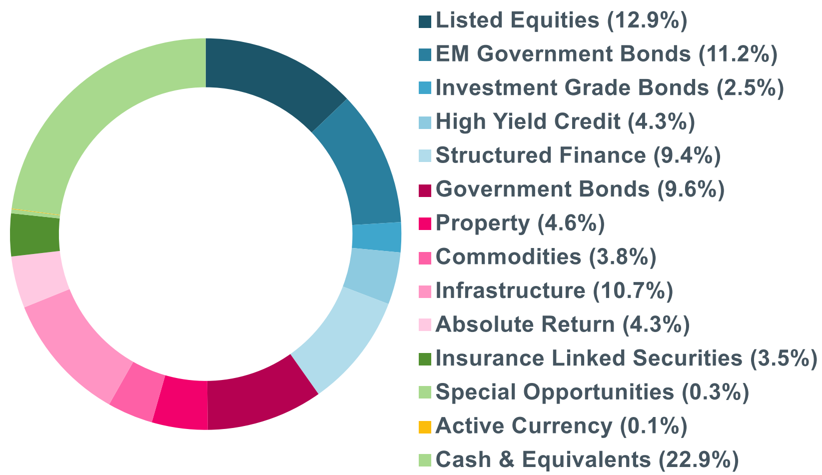
Positive returns were partially offset by falls in the absolute return asset class, which was a theme throughout 2022. This was mainly due to negative performance when bond prices reversed sharply in March and reduced allocation to futures contracts which track S&P 500 volatility.

Ballie Gifford believe the main drivers of performance within the asset class will be US inflation, US growth and the recovery of the Chinese economy.

Fund performance versus benchmark



Fund asset allocation



Source: Investment Manager

LCIV Ruffer Multi-asset

The Ruffer Multi-Asset fund returned -1.1% over the quarter, underperforming the benchmark by 2.5%. Longer term performance remains strong over 3 years.

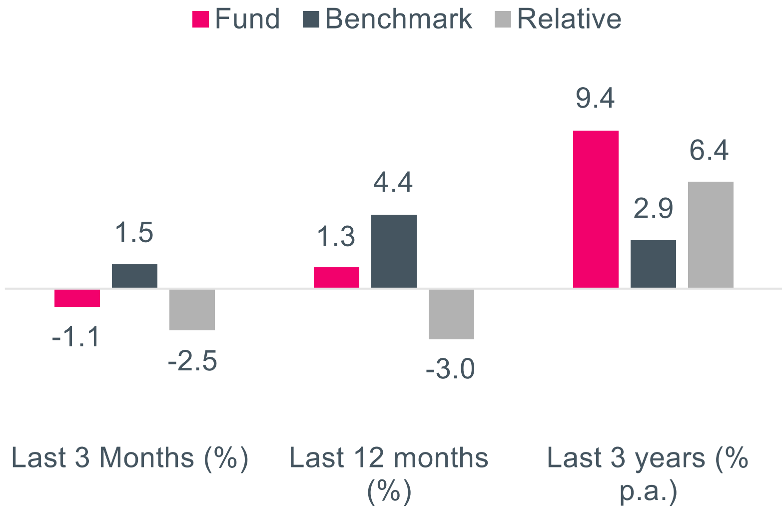
Performance was largely driven by positive performance of equities, despite its relatively small allocation. A further boost resulted from the performance of inflation linked government bonds as investors sought protection from rising inflation.

Additional positive performance came from the fund's gold allocation, which saw an increase over the quarter due to the collapse of Silicon Valley Bank and UBS's acquisition of Credit Suisse.

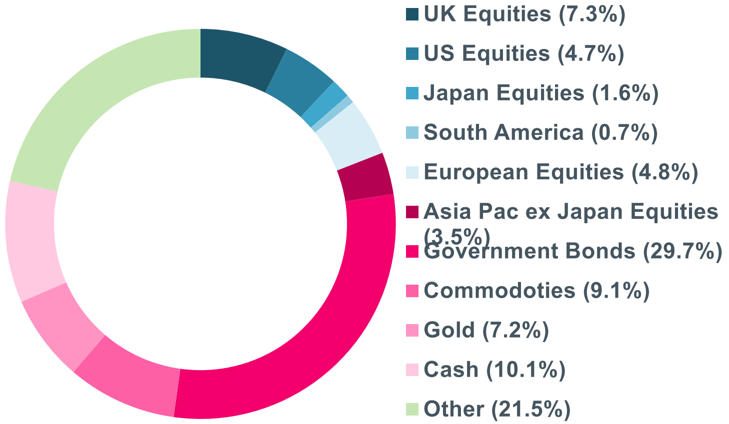
However, overall the performance of the fund was negative due to the underperformance of strategies in the fund used to protect against downside risk. Currency positions also negatively contributed as the sterling strengthened against the dollar, and yen.

Over Q1, the portfolio undertook some key strategy changes that altered the fund's risk profile. Ruffer increased its allocation to equity and added direct exposure to the reopening of the Chinese economy. These are seen as tactical opportunities, not long term strategy changes.

Fund performance versus benchmark



Fund asset allocation



Source: Investment Manager

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 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.

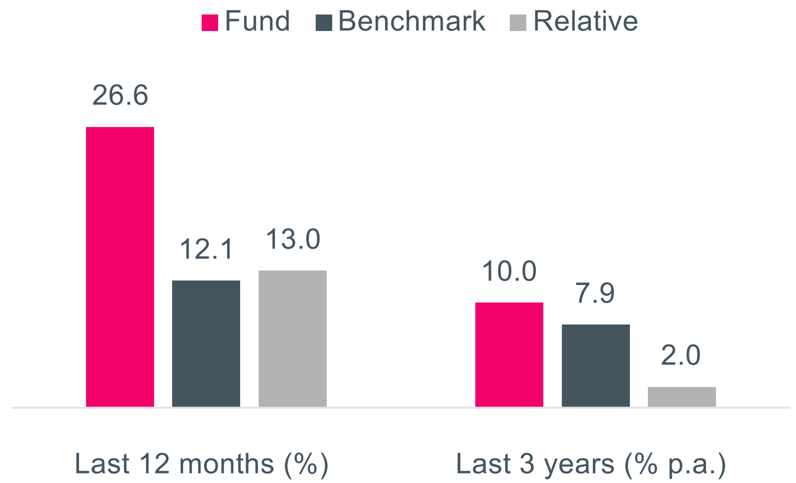
Remaining capital commitments as at 31 December are as follows:

Alinda II: $2,977,275
Alinda III: $11,197,936

The following net distributions (distributions less contributions) were made over Q4 2022:

Alinda II: $7,305,491
Alinda III: $8,334,088

Fund performance vs benchmark



Summary as at 31 December 2022 ($)

Alinda Fund II	
IRR (Gross)	5.0%
IRR (Net)	2.4%
Cash yield	6.4%
TVPI (Net)	1.1x

Alinda Fund III	
IRR (Gross)	24.8%
IRR (Net)	18.0%
Cash yield	10.1%
TVPI (Net)	1.6x

Source: Investment Manager

Manager Performance

LCIV Infrastructure

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

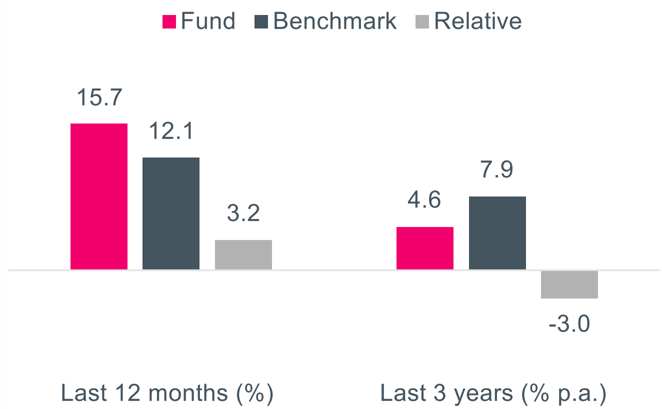
The LCIV Infrastructure fund is managed by Stepstone.

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 £4.0m called over Q4, bringing the NAV at 31 December 2022 to £37.3m (provided by LCIV). This NAV will be different to that provided by Northern Trust (NT) in their 31 December 2022 report due to the need for estimation by NT given the lagged reporting of actual NAV.

Fund performance vs benchmark

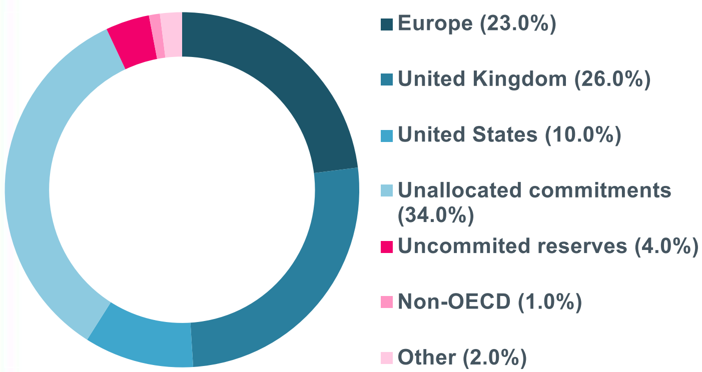


Fund statistics as at 31 December 2022 (£m)

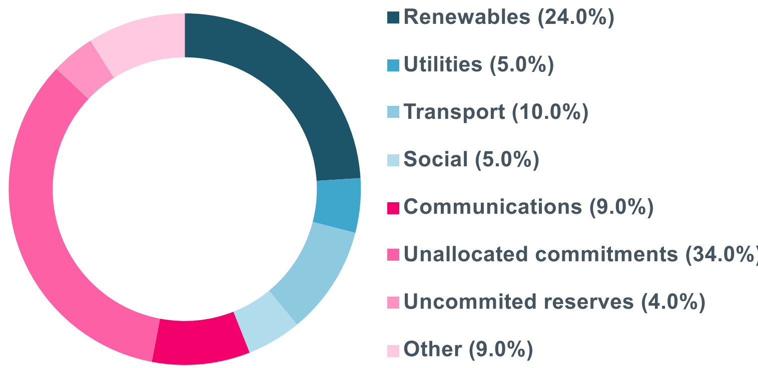
Capital committed	£50.0
Total contributed	£32.5
Distributions	£0.0
Value created	£4.8
Net asset value*	£37.3

*as provided by LCIV

Fund geographical allocation (31 December 2022)



Fund sector allocation (31 December 2022)



Source: Investment Manager

Further detail on specific manager performance is provided for funds that have performed below their relative benchmark over the longer term.

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. 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.

Note, reporting on underlying commitments is as at 31 December 2022 due to the lag in reporting from the manager, which is typical for funds of this nature.

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.

Summary as at 31 December 2022 (figures in $m where applicable)

Capital committed	$15.0
Total contributed	$14.7
Distributions	$6.1
Value created	($5.6)
Net asset value	$3.0

Net IRR since inception	(5.4%)
Total value-to-paid-in-ratio (TVPI)	0.65x

Source: *Investment Managers, London CIV*

LCIV Private Debt Fund

Target: Absolute return of c6.0%

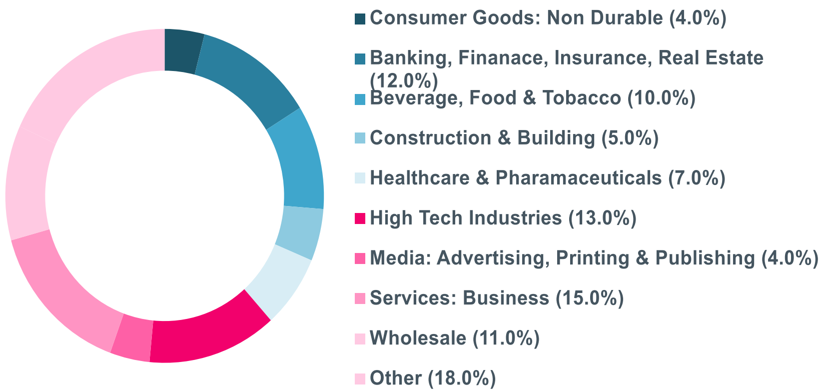
The LCIV Private Debt Fund consists of two underlying managers: Pemberton and Churchill.

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.

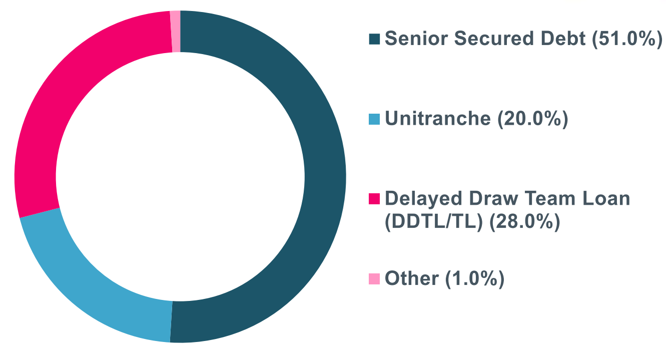
At this stage of investment, it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date. We will be able to provide TVPI figures in future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

The LCIV private debt fund is in the ramp-up stage, with £3.4m called over Q4, bringing the NAV at 31 December 2022 to £32.6m (provided by LCIV). This NAV will be different to that provided by Northern Trust (NT) in their 31 December 2022 report due to the need for estimation by NT given the lagged reporting of actual NAV.

Sector allocation



Portfolio investment type



Fund statistics as at 31 December 2022 (£m)

Capital committed	£50.0
Total contributed	£29.4
Distributions	£0.0
Value created	£3.4
Net asset value*	£32.6

*as provided by LCIV

Source: Investment Manager

LCIV Multi-Asset Credit (MAC)

Over the quarter, the fund returned 2.1%, outperforming its benchmark by 0.6%. Over the past 12 months, the fund remains behind benchmark; however over 3 years the fund is 2.8% ahead of its benchmark return.

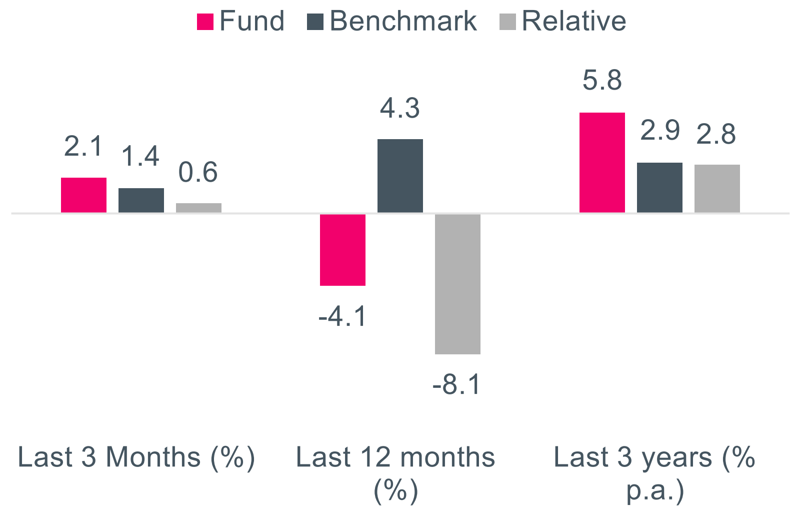
At the start of the quarter, the fund performed well as gilt yields fell and credit spreads tightened. However, the crisis in the banking industry and rising inflation concerns in March resulted in a loss of some gains made in early Q1.

Despite a strong Q4, financials were a key detractor over this quarter. This was mainly due to allocations to AT1 bonds, especially Credit Suisse bonds, which were wiped out in the takeover by UBS. Bonds issued by other European bonds also performed poorly during this period.

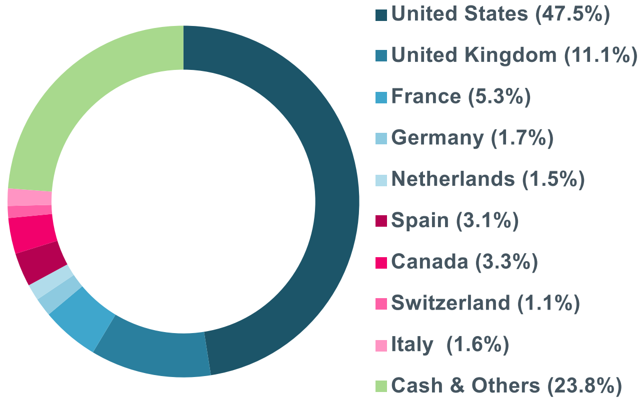
However, loans performed strongly over the quarter due to spreads tightening. Also, the portfolios allocation to investment grade credit, emerging market debt and asset backed securities were key contributors to performance.

The managers seek to focus on income through strong credit selection and despite expectations of a shallow recession and heightened volatility, expect to deliver strong risk adjusted returns.

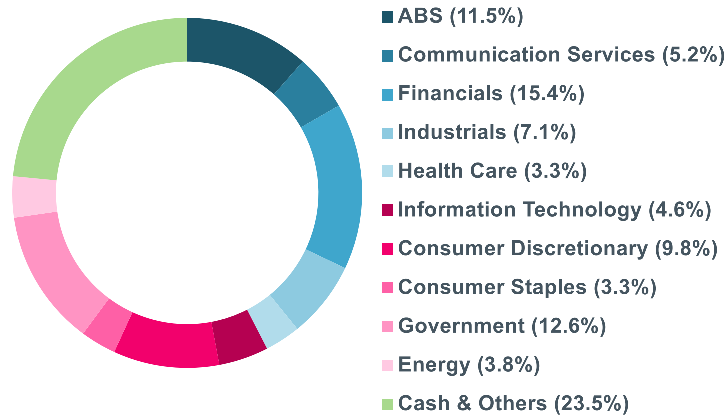
Fund performance vs benchmark



Country weights



Sector weights



Source: Investment Manager

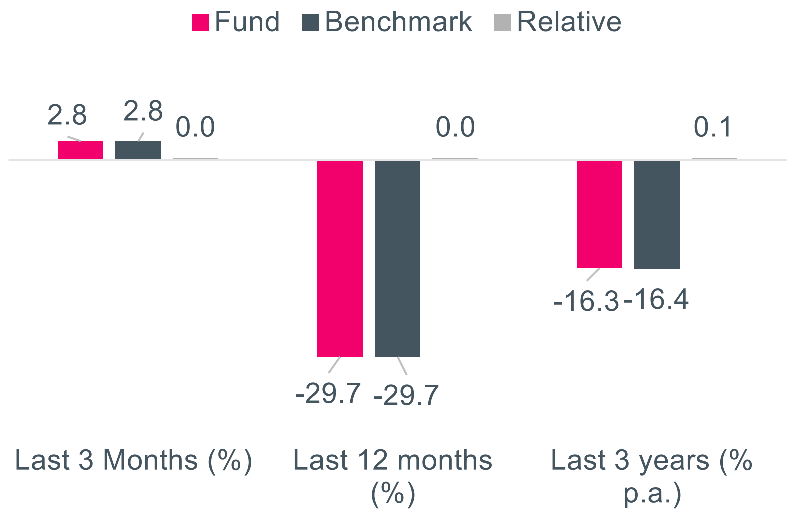
BlackRock UK Gilts

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

It is a passively managed mandate aimed at matching the FTSE UK Gilts Over 15 Yrs index. The manager seeks to track market returns from fixed interest gilts and the manager has delivered against this objective. The returns achieved are driven by market movements rather than the manager.

Over the period the fund returned 2.8% as gilt yields fell over the quarter, resulting in a slight increase in the value of the portfolio.

Fund performance vs benchmark



Source: Investment Manager

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 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 the c80% of the Fund's assets as at 31 March 2023. It excludes investments in property, private equity, infrastructure and private debt on account of the current lack of data in these areas.

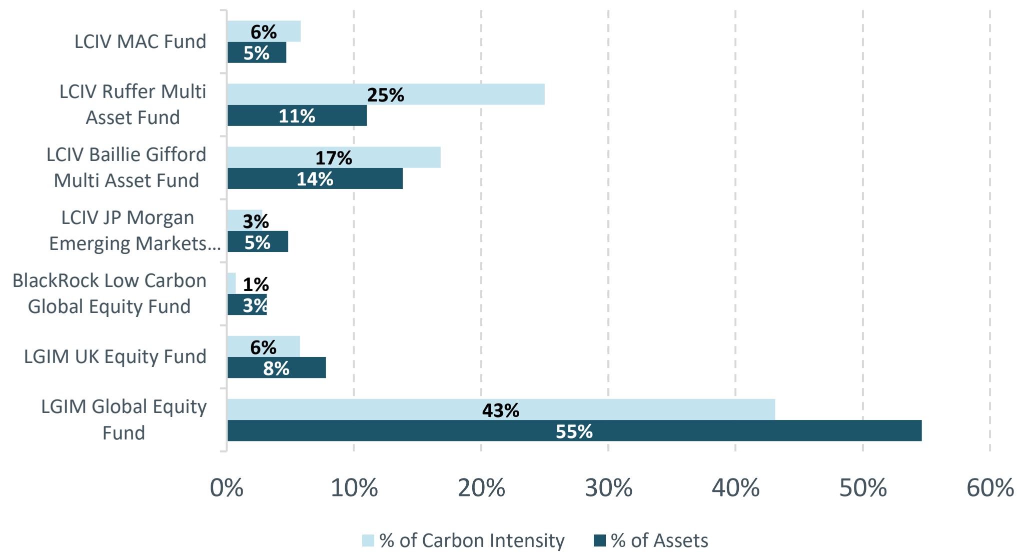
Despite only representing c.11% of assets shown here, the LCIV Ruffer multi-asset fund is responsible for c.25% of the total carbon intensity.

Climate risk overview

	Weighted Average Carbon Intensity (tCO_2/$m Sales)	Fossil Fuel exposure (any activity) (%)
Fund	218.2	7.3%
*Composite benchmark**	265.2	8.2%
Relative to benchmark	-47.1	-0.9%

*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
Please note: WACI figure used for the BlackRock ACS World Low Carbon Fund are as at 31 May 2023.

Market Background

Global growth has surprised positively in Q1 with resilient labour market and falling energy prices, improving the outlook for consumers and businesses. Forecasted 2023 GDP growth was revised higher in most developed economies, while recession in the UK is now forecasted to be shorter and shallower than previously expected.

The European Central Bank (ECB), Bank of England (BoE) and Federal Reserve (the Fed) continued to announce rate hikes. The BoE and the Fed both raised policy rates by 0.25% p.a., to 4.25% p.a. and 5.0% p.a. respectively. The ECB raised rates by a larger 0.50% p.a., to 3.50% p.a.

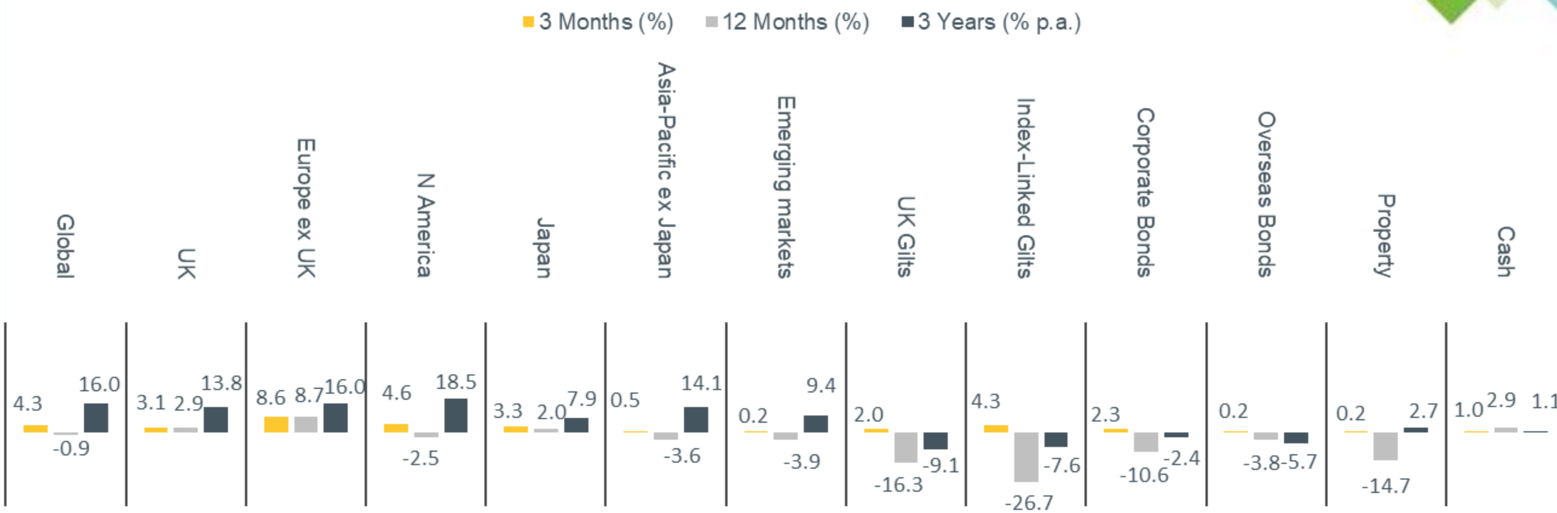
Year-on-year headline CPI inflation in the US and Eurozone fell to 6.0%, and 8.5%, respectively, as the UK measure rose to 10.4%. The equivalent core measures fell to 5.5% in the US as the UK and Eurozone measures rose to 6.2% and 5.6% respectively.

UK 10-year implied inflation is 3.8% p.a., 0.2% above end-December levels.

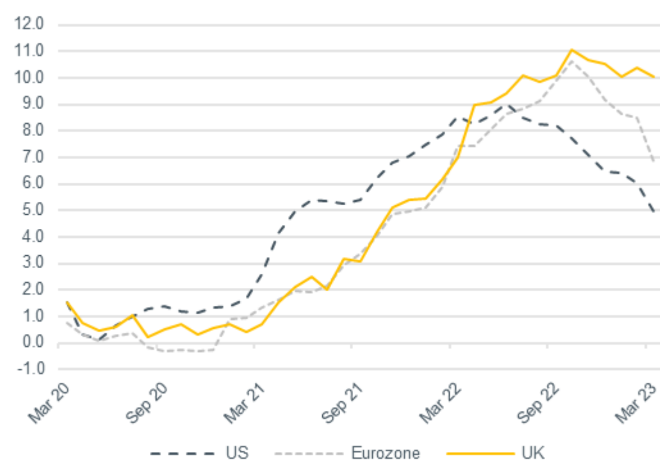
The US dollar gave back some of its February gains, falling 0.9% in trade-weighted terms over the quarter. Equivalent sterling, euro and yen measures rose 1.8%, 0.6% and 0.1%, respectively.

The MSCI UK Monthly Property Total Return Index ended consecutive falls and returned to positive territory in March, despite still declining -14.7% year-on-year. Capital values have also fallen 19% over the last 12 months, with the most pronounced declines being in the industrial sector.

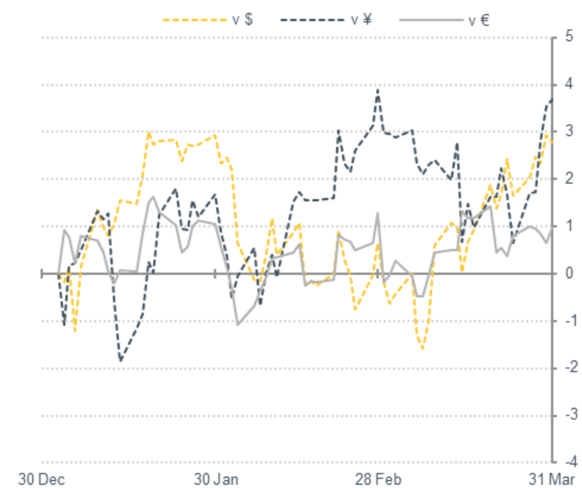
Historic returns for world markets [1]



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, ICE BofA Global Government Index, MSCI UK Monthly Property; UK Interbank 7 Day

Market Background

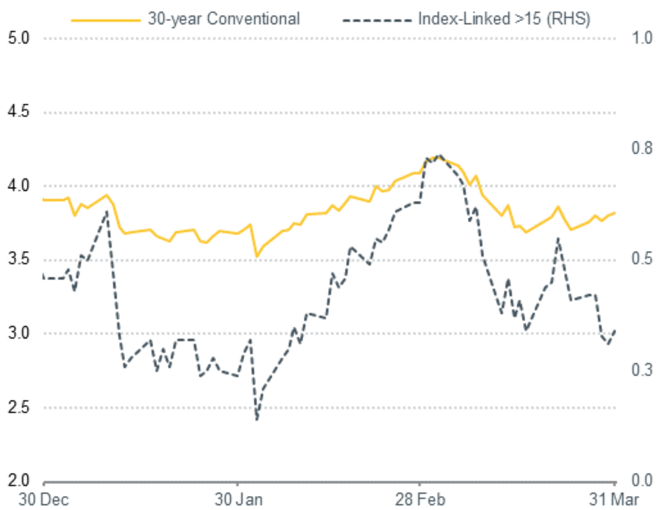
The S&P GSCI Commodity Spot Price Index ended March 5.9% below end-December levels, primarily driven by a decline in energy prices.

Bonds have been volatile over the quarter, rallying in January, posting losses in February and rallying again in March after investor flight to safety due to stresses in the banking sector. As a result, UK 10-year gilt yields ended the period at 3.5% p.a., 0.2% p.a. below end-December levels. Equivalent US yields fell 0.4% p.a., to 3.5% p.a., and Germans yields fell 0.3% p.a. to 2.3% p.a.

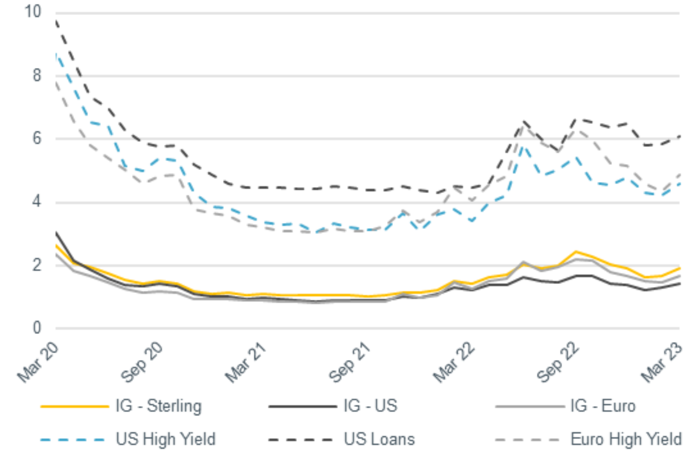
Credit had positive returns due to falling sovereign bond yields. Global investment-grade credit spreads widened 0.1% p.a. to 1.5% p.a. while speculative grade credit spreads narrowed 0.1% p.a. to 5.0% p.a.

The FTSE All World Total Return Index rose 7.0%, buoyed by the support lent to stocks from resilient economic data which, together with high core inflation, led to investors reassessing interest rate expectations in higher for longer. The improvement in consumer and business sentiment in Europe, on the back of lower gas prices, led European equities to outperform. Growth stocks outperformed value stocks over the quarter, as falling bond yields supported the former while the latter were weighed down by stresses in the banking sector. By sector, energy, healthcare and financials were the worst underperformers.

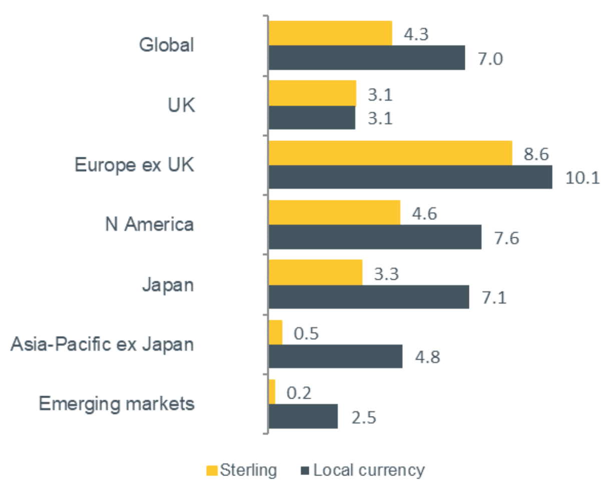
Gilt yields chart (% p.a.)



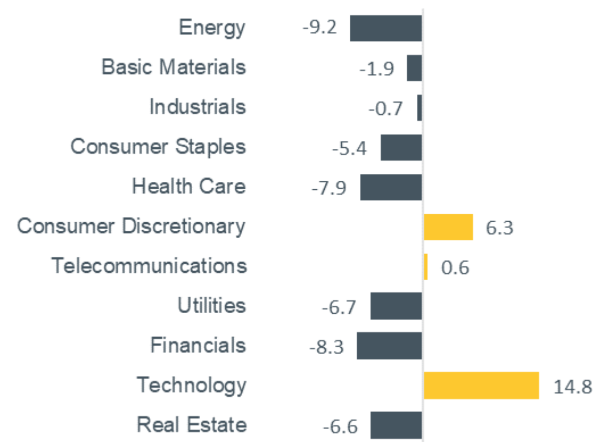
Investment and speculative grade credit spreads (% p.a.)



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.

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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:

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

Some industry practitioners use the simpler arithmetic method as follows:

$$Fund\ Performance - Benchmark\ Performance$$

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.

Agenda Item 7

Brent	**Pension Fund Sub-Committee** 27 June 2023
	Report from the Corporate Director Finance and Resources

Investment Strategy Update

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One Appendix 1 Asset allocation as at 30 April 2023
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director, Finance and Resources minesh.patel@brent.gov.uk 020 8937 4043 Ravinder Jassar, Deputy Director of Finance ravinder.jassar@brent.gov.uk 020 8937 1487 Sawan Shah, Head of Pensions sawan.shah@brent.gov.uk 020 8937 1955

1.0 Purpose of the Report

1.1 The purpose of this report is to provide an update on the steps taken to transition to the investment strategy agreed at the February 2023 meeting.

2.0 Recommendation(s)

That the Pensions Fund Sub-Committee:

2.1 Notes the contents of the report generally.

2.2 Agrees to rebalance the equities portfolio by reducing the allocation to global equities and re-invest the proceeds into Multi-asset credit and Gilts moving towards the target allocation of 5% and 10% respectively as agreed during the investment strategy review in February 2023, in line with Brent's long term asset allocation strategy.

3.0 Detail

3.1 In February 2023, the Pension Fund Sub-Committee agreed to the investment strategy review undertaken by the Fund's investment advisors, Hymans Robertson.

3.2 In summary, the investment strategy review considered the following:

- Rebalance the equities portfolio by reducing the allocation to global equities by 6% and re-invest in multi-asset credit and gilts;
- Undertake a market review of low carbon global equity funds to replace the current LGIM global equity mandate;
- The Fund to continue to build its investments in infrastructure (15% target), private debt (5% target) and property (10% target), to move towards the long-term strategic allocation;
- That new investments will be needed to build the infrastructure allocation to the target allocation;
- The broad split between UK commercial, UK housing and Global property for the Fund's property allocation;
- Investigate options to maintain the target allocation to Private Debt;
- Review of the Protection portfolio to identify whether this can be refined to increase expected returns with only a marginal increase in risk.

3.3 It is acknowledged that transitioning to the targets agreed in February will be fluid in practice and will depend on numerous factors including market conditions, availability of suitable investment options and the attractiveness of investment opportunities in the relevant asset classes.

3.4 The table in Appendix 1 highlights that the Fund is currently c.9% overweight equities relative to the long-term target allocation (actual c.59% vs target 50%) Around 2% of this overweight position will naturally be corrected as the private equity mandate winds down over the next few years. The February 2023 investment strategy review recommended that the remaining c.6.5% is sold from the LGIM global equity mandate and re-invested in the existing multi-asset credit and gilts to increase these towards their target allocations.

3.5 These actions will rebalance risk levels within the Fund in the short term with a review of the long-term role of gilts to follow at a later date. The increasing interest rate environment during 2022 and the first half of 2023 has meant that bond yields increased significantly. This means investing in bonds is more attractive now than it has been for many years.

3.6 The investment strategy review recommended that the Committee reviews the current protection portfolio to assess how other opportunities such as corporate bonds could enhance returns while maintaining risk at or around current levels. In the short term, the priority action is to undertake the recommended rebalancing to restore the allocations to multi-asset credit and fixed-interest gilts towards their target allocations.

3.7 In transitioning to the agreed strategic target allocations, the 50% target allocation to equities is to be reached by selling down LGIM's Global equity and:

- Reinvest approximately 1.2% in Multi asset credit (though the existing LCIV MAC Fund).
- Reinvest approximately 5.3% in gilts (through the existing BlackRock passive mandate).

Officers will determine the exact amounts to be rebalanced near the investment date with reference to the latest available data and will carry out the rebalancing in multiple tranches.

3.8 The Fund's long term target allocation is to invest 10% in Gilts and 5% in Multi asset credit. At end of April 2023, the actual allocations were 4.7% and 3.8% respectively. The proposed rebalancing noted in this report would take the allocations to 10% for Gilts and 5% for Multi asset credit. Therefore, the Fund would be closely aligned to its long term targets.

3.9 In addition to this, as part of the Fund's net zero road map, the investment strategy review considered undertaking a market review of global equities to determine whether the Fund can continue to access global equity markets and also achieve a reduction in its carbon emissions. Officers will be holding a workshop with committee members to develop a framework with a view of selecting one or two funds to replace the current LGIM global equity mandate.

4.0 Financial Implications

4.1 These are discussed throughout the report.

5.0 Legal Implications

5.1 The Pension Fund Sub-Committee holds a key fiduciary responsibility to manage the Fund's investments in accordance with its investment strategy and in the best interests of the beneficiary members and the council tax payers, where the primary focus must be on generating an optimum risk adjusted return. It is vital that any investment decision must not negatively impact on this primary responsibility.

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 Subject to the above responsibilities and duties, the choice of investments and the sums invested are at the discretion of the Pension Fund Sub-Committee so long as that does not risk material financial detriment to the Fund.

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 documents for reference:
Investment Strategy Review, Pension Fund Sub-Committee, 20 February 2023

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources

Appendix 1 – Asset allocation as at 30 April 2023

Asset Class	Value as at 30 April 2023 £m	Actual Fund asset allocation (%)	Long-term Target (%)
Equities	**654.5**	**58.6**	**50.0**
Global	516.7	46.3	40.0
UK	72.1	6.4	5.0
Emerging Markets	41.9	3.8	5.0
Private Equity	23.8	2.1	0.0
Income	**336.3**	**30.2**	**35.0**
Diversified Growth	219.2	19.6	5.0
Infrastructure	57.5	5.2	15.0
Property	25.2	2.3	10.0
Private Debt	34.4	3.1	5.0
Protection	**124.8**	**11.2**	**15.0**
Multi Credit	42.3	3.8	5.0
Gilts	52.4	4.7	10.0
Cash	30.1	2.7	0.0
TOTAL	**1115.6**	**100.0**	**100.0**

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Agenda Item 8

Brent	**Pension Fund Sub-Committee** 27 June 2023 **Report from the Corporate Director, Finance and Resources**

Brent Pension Fund: Draft Annual Accounts 2022/23

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One: Appendix 1 Brent Pension Fund Draft Accounts 2022/23
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Ravinder Jassar, Deputy Director of Finance Ravinder.Jassar@brent.gov.uk 020 8937 1487 Sawan Shah, Head of Pensions Sawan.Shah@brent.gov.uk 020 8937 1955 Carlito Rendora, Finance Analyst Carlito.Rendora@brent.gov.uk 020 8937 2681

1.0 Purpose of the Report

1.1 This report presents the draft Pension Fund Annual Accounts for the year ended 31 March 2023.

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 2023.

3.2 The accounts have been prepared to meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) governing the preparation of the 2022/23 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 2023 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2023.

3.3 The main items to note are as follows:

- During 2022/23, the value of the Pension Fund's investments decreased to £1,116m (2021/22 £1,128m). This is largely due to the poor performance of pooled funds holdings (unit trusts, diversified growth funds) 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 £68m for the year, an increase on the previous year's £64m.

- Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, were £48m, an increase on the previous year's £47m.

- As in 2021/22, 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 informed at their meeting on 6 June 2023 due in part to the challenges created by the delayed completion of the 2021/22 audit, the Council was not ready to publish a set of accounts of appropriate quality by 31 May. Therefore, this has delayed the publication of the Pension Fund accounts. The accounts presented here will be formally published with the Council's accounts, at the time of writing this is expected to be by 30 June 2023.

3.6 To date, and as is the case for the Council, we have not received an external audit plan for the 2022/23 accounts. This is currently expected to be received in July. We have been informed that the Pension Fund accounts will be subject to a hot review - a hot file review features a detailed review of the accounts and audit working papers by a specialist team before the audit has been fully signed off. The purpose of such a review is to identify any key issues which need to be addressed before final completion.

3.7 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*** Corporate Director, Finance and Resources

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Brent Pension Fund Accounts

Pension Fund Accounts as at 31 March 2023

2021/22 £m		Notes	2022/23 £m
	Dealings with members, employers and others directly involved in the fund		
(64.1)	Contributions	7	(67.5)
(6.8)	Transfers in from other pension funds	8	(6.3)
(70.9)			**(73.8)**
46.8	Benefits	9	47.8
5.9	Payments to and on account of leavers	10	7.8
52.7			**55.6**
(18.2)	**Net (additions)/withdrawals from dealings with members**		**(18.2)**
4.3	Management expenses	11	4.1
(13.9)	**Net (additions)/withdrawals including management expenses**		**(14.1)**
	Returns on investments		
(1.1)	Investment income	12	(1.1)
0.0	Taxes on income	13	2.9
(88.1)	(Profits) and losses on disposal of investments and changes in the market value of investments	14	25.8
(89.2)	**Net return on investments**		**27.6**
(103.1)	**Net (increase)/decrease in the net assets available for benefits during the year**		**13.5**
(1,030.7)	**Opening net assets of the scheme**		**(1,133.8)**
(1,133.8)	**Closing net assets of the scheme**		**(1,120.3)**

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Net Assets Statement

31 March 2022 £m		Notes	31 March 2023 £m
1,127.7	Investment assets	14	1,116.1
0.0	Investment liabilities	14	0.0
1,127.7			**1,116.1**
8.6	Current assets	20	8.1
0.0	Non-current assets	20	0.0
(2.5)	Current liabilities	21	(3.9)
1,133.8	**Net assets of the fund available to fund benefits at the end of the reporting period**		**1,120.3**

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2023 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 19.

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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 (LGPS) 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 42 employer organisations with active members within the Brent Pension Fund at 31 March 2023, 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

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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
Barnardos
CATERLINK LTD
Conway Aecom Ltd
DB Services
FM Conway
Local Employment Access Project (LEAP)
National Autistic Society (NAS)
Prospects Services (BR)
Sudbury Neighbourhood Centre
Taylor Shaw
Veolia
Veolia (Ground Maintenance)

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31-Mar-22	Brent Pension Fund	31-Mar-23
44	Number of employers with active members	42
	Number of employees in scheme	
4,399	Brent Council	4,303
1,640	Other employers	1,758
6,039	**Total**	**6,061**
	Number of pensioners	
6,210	Brent Council	6,341
757	Other employers	819
6,967	**Total**	**7,160**
	Deferred pensioners	
7,188	Brent Council	7,218
1,280	Other employers	1,326
8,468	**Total**	**8,544**

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 2023. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. During 2022/23, the most commonly applied employer contribution rate within the Brent Pension Fund was 35.0% of pensionable pay.

d) Benefits

Since April 2014, the scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate 1/49th. Accrued pension is updated annually in line with the Consumer Price index.

For a summary of the scheme before April 2014 and details of a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits please refer to the LGPS website: www.lgpsmember.org

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 issued

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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 18-19 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.

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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.

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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 25.

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 19).

o) Additional voluntary contributions

Brent Pension Fund provides an additional voluntary contributions (AVC) scheme for its

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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 22).

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 2023 was £116m (£101m at 31 March 2022).

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 19. This estimate is subject to significant variances based on changes to the underlying assumptions.

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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 2023 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 19)	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 0.1% p/a decrease in the discount rate assumption would result in an increase in the pension liability of approximately £24m. A 0.1% increase in Pension Increase Rate (CPI) would increase the value of liabilities by approximately £23m, and a one-year increase in assumed life expectancy would increase the liability by around 4% (c. £55m).
Private equity / infrastructure / private debt	Private equity/infrastructure/private debt investments are valued based on the latest available information, updated for movements in cash where relevant. 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 £116m. There is a risk that this investment may be under- or overstated in the accounts.

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6. Events after the Reporting Date

There have been no events since 31 March 2023, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. Contributions receivable

By category

	2021/22 £m	2022/23 £m
Employees' contributions	9.7	10.6
Employers' contributions:		
Normal contributions	49.9	55.0
Deficit recovery contributions	1.7	0.0
Augmentation contributions	2.8	1.9
Total employers' contributions	54.4	56.9
Total	**64.1**	**67.5**

By authority

	2021/22 £m	2022/23 £m
Administering Authority	50.7	54.3
Scheduled bodies	11.9	12.7
Admitted bodies	1.4	0.5
Total	**64.1**	**67.5**

8. Transfers in from other pension funds

	2021/22 £m	2022/23 £m
Individual transfers	6.8	6.3
Total	**6.8**	**6.3**

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9. Benefits payable

By category

	2021/22 £m	2022/23 £m
Pensions	39.7	41.4
Commutation and lump sum retirement benefits	6.1	6.1
Lump sum death benefits	1.1	0.3
Total	**46.8**	**47.8**

By authority

	2021/22 £m	2022/23 £m
Administering Authority and Scheduled bodies	46.5	47.5
Admitted bodies	0.3	0.3
Total	**46.8**	**47.8**

10. Payments to and on account of leavers

	2021/22 £m	2022/23 £m
Refunds to members leaving service	0.2	0.2
Group transfers	0.0	0.0
Individual transfers	5.7	7.6
Total	**5.9**	**7.8**

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11. Management Expenses

	2021/22	2022/23
	£m	£m
Administration costs	1.6	1.4
Investment management expenses	2.5	2.5
Oversight and Governance costs	0.2	0.2
Total	**4.3**	**4.1**

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 £38k (£33k 2021/22).

a) Investment management expenses

	2021/22	2022/23
	£m	£m
Management fees	2.4	2.4
Custody fees	0.1	0.1
One-off transaction costs	0.0	0.0
Total	**2.5**	**2.5**

Fund Manager	2022/23 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	0.0	0.0	0.0	0.0
LCIV MAC	0.1	0.1	0.0	0.0
LCIV JP Morgan 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	0.0	0.0	0.0	0.0
LCIV Ruffer	0.7	0.8	0.0	0.0
London LGPS CIV LTD	0.1	0.1	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
UBS Triton	0.1	0.1	0.0	0.0
Northern Trust (Fund Custodian)	0.1	0.0	0.1	0.0
Cash	0.0	0.0	0.0	0.0
Total	**2.5**	**2.4**	**0.1**	**0.0**

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 JP Morgan 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
Total	**2.5**	**2.4**	**0.1**	**0.0**

12. *Investment income*

	2021/22	2022/23
	£m	£m
Dividend income from private equities/infrastructure/property	0.4	0.3
Interest income from private equities/infrastructure/private debt	0.7	0.5
Interest on cash deposits	0.0	0.3
Total	**1.1**	**1.1**

13. *Taxes on income*

	2021/22	2022/23
	£m	£m
Withholding tax	0.0	2.9
Total	**0.0**	**2.9**

14. Investments

Investments asset	Market value 31 March 2022	Market value 31 March 2023
Pooled investments	986.6	947.9
Pooled property investments	15.7	25.0
Private equity/infrastructure/private debt	101.3	115.7
	1,103.6	**1,088.6**

14a. Investments 2022/23	Market value 1 April 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2023
	£m	£m	£m	£m	£m
Pooled investments	986.6	13.0	(13.0)	(38.7)	947.9
Pooled property investments	15.7	0.0	0.0	9.3	25.0
Private equity/infrastructure /private debt	101.3	26.2	(15.4)	3.6	115.7
	1,103.6	**39.2**	**(28.4)**	**(25.8)**	**1,088.6**
Other investment balances: Cash Deposit	24.1				27.5
Investment income due	0.0				0.0
Net investment assets	**1,127.7**				**1,116.1**

Investments 2021/22	Market value 1 April 2021	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2022
	£m	£m	£m	£m	£m
Pooled investments	897.4	15.0	(1.6)	75.8	986.6
Pooled property investments	0.0	15.0	0.0	0.7	15.7
Private equity/infrastructure	81.1	37.8	(29.2)	11.6	101.3
	978.5	**67.8**	**(30.8)**	**88.1**	**1,103.6**
Other investment balances: Cash Deposit	53.8				24.1
Investment income due	0.0				0.0
Net investment assets	**1,032.3**				**1,127.7**

14b. Analysis of investments by category

	31 March 2022 £m	31 March 2023 £m
Pooled funds - additional analysis		
UK		
Fixed income unit trust	43.7	41.9
Unit trusts	145.1	124.2
Diversified growth funds	232.5	222.3
Overseas		
Unit trusts	565.3	559.5
Total Pooled funds	986.6	947.9
Pooled property investments	15.7	25.0
Private equity/infrastructure/private debt	101.3	115.7
Total investments	**1,103.6**	**1,088.6**

14c. Analysis of investments by fund manager

31 March 2022 £m	%	Market Value **Fund manager**	31 March 2023 £m	%
573.9	52.0%	Legal & General	557.9	51.2%
0.2	0.0%	London CIV	0.2	0.0%
43.8	4.0%	LCIV - JP Morgan	43.3	4.0%
36.2	3.3%	Capital Dynamics	27.0	2.5%
135.1	12.2%	LCIV - Baillie Gifford	123.7	11.4%
97.4	8.8%	LCIV - Ruffer	98.6	9.1%
43.7	4.0%	LCIV - MAC (CQS)	41.9	3.8%
21.4	1.9%	LCIV - Infrastructure	36.8	3.4%
20.3	1.8%	LCIV - Private Debt	34.8	3.2%
23.4	2.1%	Alinda	17.1	1.6%
15.7	1.4%	Fidelity UK Real Estate	13.7	1.3%
15.4	1.4%	Blackrock Low Carbon Global Equity	28.1	2.6%
77.1	7.0%	Blackrock	54.2	5.0%
0.0	0.0%	UBS Triton Property Fund	11.3	1.0%
1,103.6	**100.0%**		**1,088.6**	**100.0%**

The following investments represent over 5% of the net assets of the fund. All of these companies are registered in the United Kingdom.

Security	Market value 31 March 2022	% of total fund	Market value 31 March 2023	% of total fund
L&G - Global Equities	506.1	44.9%	488.1	43.3%
L&G - UK Equities	67.8	6.0%	69.8	6.2%
Blackrock - Over 15 year Gilts	77.1	6.8%	54.2	4.8%
LCIV - Baillie Gifford DGF	135.1	12.0%	123.7	11.0%
LCIV - Ruffer DGF	97.4	8.6%	98.6	8.7%

14d. Stock lending

The London Borough of Brent Pension Fund does not operate a Stock Lending programme.

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15. Fair Value – Basis of Valuation

The basis of the valuation of each asset class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cash flows, and by any differences between audit and unaudited accounts

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15a. 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 2023.

	Assessed valuation range (+/-)	Value at 31 March 2023	Value on increase	Value of decrease
		£m	£m	£m
Private equity	31.2%	24.4	32.0	16.8
Infrastructure	16.0%	56.5	65.5	47.5
Private debt	9.6%	34.8	38.1	31.5

15b. Fair value hierarchy

The valuation of financial instruments had been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and fund of hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Brent Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Transfers between levels will be recognised when there has been a change to observable mark data (improvement or reduction) or other change in valuation technique.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Financial assets				
Pooled investments		947.9		**947.9**
Pooled property investments		25.0		**25.0**
Private Equity/Infrastructure/Private Debt			115.7	**115.7**
Subtotal Financial assets at fair value through profit and loss	**0.0**	**972.9**	**115.7**	**1,088.6**
Cash	27.5			**27.5**
Investment Income due	0.0			**0.0**
Subtotal Loans and receivables	**27.5**	**0.0**	**0.0**	**27.5**
Total Financial assets	**27.5**	**972.9**	**115.7**	**1,116.1**
Financial liabilities				
Current liabilities	**(3.9)**			**(3.9)**
Subtotal Financial liabilities at amortised cost	**(3.9)**	**0.0**	**0.0**	**(3.9)**
Total Financial liabilities	**(3.9)**	**0.0**	**0.0**	**(3.9)**
Net Financial assets	**23.6**	**972.9**	**115.7**	**1,112.2**

Values at 31 March 2022	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial assets				
Pooled investments		986.6		**986.6**
Pooled property investments		15.7		**15.7**
Private Equity/Infrastructure/Private Debt			101.3	**101.3**
Subtotal Financial assets at fair value through profit and loss	**0.0**	**1,002.3**	**101.3**	**1,103.6**
Cash	24.1			**24.1**
Investment Income due	0.0			**0.0**
Subtotal Loans and receivables	**24.1**	**0.0**	**0.0**	**24.1**
Total Financial assets	**24.1**	**1,002.3**	**101.3**	**1,127.7**
Financial liabilities				
Current liabilities	**(2.5)**			**(2.5)**
Subtotal Financial liabilities at amortised cost	**(2.5)**	**0.0**	**0.0**	**(2.5)**
Total Financial liabilities	**(2.5)**	**0.0**	**0.0**	**(2.5)**
Net Financial assets	**21.6**	**1,002.3**	**101.3**	**1,125.2**

15c. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year

15d. Reconciliation of Fair Value Measurements within Level 3

	£m
Value at 31 March 2022	101.3
Transfers into Level 3	0.0
Transfers out of Level 3	0.0
Purchases	26.2
Sales	(15.4)
Issues	0.0
Settlements	0.0
Unrealised gains/losses	16.8
Realised gains/losses	(13.2)
Value at 31 March 2023	115.7

16. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

	31 March 2022				31 March 2023	
Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost		Fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost
£m	£m	£m		£m	£m	£m
			Financial assets			
986.6			Pooled investments	947.9		
15.7			Pooled property investments	25.0		
101.3			Private equity/ infrastructure/private debt	115.7		
	24.1		Cash		27.5	
	8.6		Debtors		8.1	
1,103.6	**32.7**	**0.0**	**Total Financial assets**	**1,088.6**	**35.6**	**0.0**
			Financial liabilities			
		(2.5)	Creditors			(3.9)
0.0	**0.0**	**(2.5)**	**Total Financial liabilities**	**0.0**	**0.0**	**(3.9)**
1,103.6	**32.7**	**(2.5)**	**Net Financial assets**	**1,088.6**	**35.6**	**(3.9)**

16a. Net gains and losses on Financial Instruments

31 March 2022		31 March 2023
£'000		£'000
88.1	Fair value through profit and loss	(25.8)
88.1	**Total**	**(25.8)**

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 2022			31 March 2023	
Carrying Value £m'000	**Fair Value £m'000**		**Carrying Value £m'000**	**Fair Value £m'000**
		Financial assets		
1,103.6	1,103.6	Fair value through profit and loss	1,088.6	1,088.6
32.7	32.7	Loans and receivables	35.6	35.6
1,136.3	**1,136.3**	**Total financial assets**	**1,124.2**	**1,124.2**
		Financial liabilities		
(2.5)	(2.5)	Financial liabilities at amortised cost	(3.9)	(3.9)
(2.5)	**(2.5)**	**Total financial liabilities**	**(3.9)**	**(3.9)**

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

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17. 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

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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 2022/23 reporting period. (Based on data as at 31 March 2023 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

Asset Type	31/03/2023 Value (£m)	Potential market movements (+/-)
Bonds	54.2	7.6%
Equities	629.5	19.3%
Other Pooled investments	264.2	10.7%
Pooled Property investments	25.0	15.5%
Private Equity	24.4	31.2%
Infrastructure	56.5	16.0%
Private debt	34.8	9.6%

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:

Asset Type	31/03/2023 Value (£m)	Potential value on increase (£m)	Potential value on decrease (£m)
Bonds	54.2	58.3	50.1
Equities	629.5	751.0	508.0
Other Pooled investments	264.2	292.5	235.9
Pooled Property investments	25.0	28.9	21.1
Private Equity	24.4	32.0	16.8
Infrastructure	56.5	65.5	47.5
Private debt	34.8	38.1	31.5
Total	**1,088.6**	**1,266.4**	**910.8**

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 2022 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2022	31 March 2023
	£m	£m
Cash balances	24.1	27.5
UK Fixed income unit trust	43.7	41.9
Total	**67.8**	**69.4**

Asset type	**Carrying amount as at 31 March 2023**	**+1%**	**-1%**
	£m		**£m**
Cash balances	27.5	0.3	(0.3)
UK Fixed income unit trust	41.9	0.4	(0.4)
Total	**69.4**	**0.7**	**(0.7)**

Asset type	**Carrying amount as at 31 March 2022**	**+1%**	**-1%**
	£m		**£m**
Cash balances	24.1	0.3	(0.3)
UK Fixed income unit trust	43.7	0.4	(0.4)
Total	**67.8**	**0.7**	**(0.7)**

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 2023 and as at the previous period end:

Currency risk exposure - asset type	**Asset value at 31 March 2022 £m**	**Asset value at 31 March 2023 £m**
Overseas unit trusts	565.3	559.5
Overseas pooled property investments	0.0	0.0
Overseas private equity/infrastructure/private debt	101.3	115.7
Total	**666.6**	**675.2**

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 2023**	**+1%**	**-1%**
	£m	**£m**	**£m**
Overseas unit trusts	559.5	5.6	(5.6)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	115.7	1.2	(1.2)
Total	**675.2**	**6.8**	**(6.8)**

Assets exposed to currency rate risk	**Asset value as at 31 March 2022**	**+1%**	**-1%**
	£m	**£m**	**£m**
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)
Total	**666.6**	**6.7**	**(6.7)**

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Pension Fund's cash balance is held in an interest-bearing instant access deposit account with NatWest plc, which is rated independently and meets Brent Council's credit criteria.

The Pension Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2023 was £27.5m (31 March 2022: £24.1m). This was held with the following institutions:

Credit risk exposure

	Rating	Balances at 31 March 2022	Balances at 31 March 2023
		£m	**£m**
Bank deposit accounts			
NatWest	A	0.9	0.8
Northern Trust - Aviva Cash		0.1	0.1
Money Market deposits	AAA	23.1	26.6
Other short-term lending			
Local authorities		0.0	0.0
Total		**24.1**	**27.5**

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c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it has adequate cash resources to meet its pensioner payroll costs and investment commitments.

The Pension Fund has immediate access to its cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. At 31 March 2023 the value of illiquid assets was £140.7m, which represented 12.6% (31 March 2022: £117.0m, which represented 10.4%) 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 2023 are due within one year."

Liquidity Risk

	31-Mar-22	%	31-Mar-23	%
Pooled investments	986.6	87.5%	947.9	84.9%
Cash deposits	24.1	2.1%	27.5	2.5%
Investment income due	0	0.0%	0.0	0.0%
Total liquid investments	**1,010.7**	**89.6%**	**975.4**	**87.4%**
Pooled property investments	15.7	1.4%	25.0	2.2%
Private Equity/ Infrastructure/private debt	101.3	9.0%	115.7	10.4%
Total illiquid investments	**117.0**	**10.4%**	**140.7**	**12.6%**
Total investments	**1,127.7**	**100.0%**	**1,116.1**	**100.0%**

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.

18. 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 2022. The next valuation will take place as at 31 March 2025 and results are scheduled to be released by 31 March 2026.

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 20 years from 1 April 2022 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 2022 actuarial valuation the Fund was assessed as 87% funded, which is a improvement to the 78% valuation at the 2019 valuation. This corresponded to a deficit of £162m (2019 valuation: £248m) at that time. As a result, a deficit recovery plan is in place which aims to achieve 100% funding over a period of 20 years from April 2022.

Contribution increases or decreases may be phased in over the three-year period beginning 1 April 2023 for both Scheme employers and admitted bodies. The most commonly applied employer contribution rate within the Brent Pension Fund is:

Year	Employers' contribution rate
2023/24	33.5%
2024/25	32.0%
2025/26	30.5%

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 2022 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 main actuarial assumptions used for the 2022 actuarial valuation were as follows:

Discount rate	4.3% p.a.
Pay increases	3.0% p.a.
Pension increases	2.7% p.a.

Demographic assumptions

Future life expectancy based on the Actuary's fund-specific review was:

Life expectancy at age 65	Male	Female
Current pensioners	22.1 years	24.8 years
Future Pensioners retiring in 20 years	23.4 years	26.3 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.

19. 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 18). 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 2023 was £1,380m (31 March 2022: £1,838m). 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 2022 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

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Financial assumptions

Inflation/pensions increase rate	3.00%
Salary increase rate	3.30%
Discount rate	4.75%

Longevity assumption

The average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.0 years	24.7 years
Future pensioners*	23.0 years	25.9 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.

Sensitivity Analysis

Sensitivity to the assumptions for the year ended 31 March 2023	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. decrease in the discount rate	2%	24
1 year increase in member life expectancy	4%	55
0.1% p.a. increase in the Salary Increase Rate	0%	2
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	23

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. £55m).

20. Assets

a) Current assets

	31 March 2022 £m	31 March 2023 £m
Debtors:		
- Contributions due – employees	0.2	0.2
- Contributions due – employers	0.9	1.2
- Sundry debtors	7.5	6.7
Total	**8.6**	**8.1**

Analysis of debtors

	31 March 2022 £m	31 March 2023 £m
- Central government bodies	0.8	0.9
- Other local authorities	6.1	5.8
- Other entities and individuals	1.7	1.4
Total	**8.6**	**8.1**

21. Current liabilities

	31 March 2022 £m	31 March 2023 £m
Group transfers	0.0	0.0
Sundry creditors	2.5	3.9
	2.5	**3.9**

Analysis of creditors

	31 March 2022 £m	31 March 2023 £m
Central government bodies	1.0	1.0
Other entities and individuals	1.5	2.9
Total	**2.5**	**3.9**

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22. Additional voluntary contributions

	Market value 31 March 2022 £m	Market value 31 March 2023 £m
Clerical Medical	1.3	1.1
Prudential	0.7	0.7
	2.0	**1.8**

	Contributions 31 March 2022 £m	Contributions 31 March 2023 £m
Clerical Medical	0.0	0.0
Prudential	0.1	0.1
	0.1	**0.1**

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.

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23. 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 £1.30m (2021/22: £1.24m) 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 £43.9m to the Fund in 2022/23 (2021/22: £41.0m)

Governance

One member of the Pension Fund Sub-committee is in receipt of pension benefits from the Brent Pension Fund (chair Cllr R Johnson). 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, Corporate Director Finance and Resources (s.151 officer), Corporate Director Governance, Deputy Director of Finance and the Head of Finance (Pensions). The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below:

	31st March 2022	**31st March 2023**
	£m	**£m**
Short Term Benefits	0.040	0.091
Post-Employment Benefits	0.012	0.000
Termination Benefits	0.000	0.030
Total Remunerations	**0.052**	**0.121**

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24. Contingent liabilities

Outstanding capital commitments (investments) at 31 March 2023 totalled £60.5m (31 March 2022 £82.1m)

	31st March 2022	31st March 2023
	£m	£m
Capital Dynamics	12.9	13.5
Alinda Fund II	2.5	2.4
Alinda Fund III	8.1	9.1
London CIV Infrastructure Fund	28.9	17.1
London CIV Private Debt Fund	29.7	18.4
Total	**82.1**	**60.5**

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.

25. Contingent Assets

Contingent assets

One non-associated admitted body employers in the Brent Pension Fund held 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. The admission agreement was signed during the year 2022/23.

	31st March 2022	31st March 2023
	£m	£m
Ricoh	0.1	0.0
	0.0	0.0
Total	**0.1**	**0.0**

26. Impairment Losses

The Fund had no Impairment Losses at 31 March 2023.

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Brent	**Pension Fund Sub-Committee** 27th June 2023
	Report from the Corporate Director Finance and Resources

Local Authority Pension Fund Forum Engagement Update

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	One: Appendix 1 - LAPFF Engagement Report - Q1 2023
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director, Finance and Resources minesh.patel@brent.gov.uk 020 8937 4043 Ravinder Jassar, Deputy Director of Finance ravinder.jassar@brent.gov.uk 020 8937 1487 Sawan Shah, Head of Pensions sawan.shah@brent.gov.uk 020 8937 1955 George Patsalides, Finance Analyst george.patsalides@brent.gov.uk 020 8937 1137

1.0 Purpose of the Report

1.1 This report is for noting and presents members with an update on engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Fund. The Fund's commitment with LAPFF and its work demonstrates its commitment to Responsible Investment and engagement as a way to achieve its objectives.

2.0 Recommendation

2.1 The Committee is recommended to note this report.

3.0 Background of LAPFF

3.1 LAPFF (the Local Authority Pension Fund Forum) has 87 members, 6 pools and combined assets exceeding £350bn. With investments widespread in many sectors, LAPFFs aim is to act together with the majority of the UK's local authority pension funds and pool companies to promote the highest standards of corporate governance in order to protect the long-term value of local authority pension funds.

3.2 Leading the way on issues such as campaigns against excessive executive pay, environmental and human rights campaign, reliable accounting and a just transition to a net zero economy, the Forum engages directly with company chairs and boards to affect change at investee companies. LAPFF engages with companies and its stakeholders, such as employees and local communities, to understand their views on a company's behaviour and risks. Some issues extend beyond the behaviour of individual companies to the way markets function. The engagement is member led and on behalf of the Brent Pension Fund and other local authorities, LAPFF are able to challenge regulators and deliver reforms that advance corporate responsibility and responsible investment.

3.3 In October 2019, the Pension Fund Sub-committee approved Brent Pension Fund's membership into LAPFF. Members of the Pension Sub-committee are welcome to attend meetings of the Forum. As a member of LAPFF, Brent Pension Fund are entitled to contribute to and participate in the work plan organised by the Forum around issues of common concern.

4.0 Engagement Report

4.1 The LAPFF policy on confidentiality requires that all company correspondence (letters and meeting notes) remain confidential; however, LAPFF produce a Quarterly Engagement report to give an overview of the work undertaken. A summary of key engagement work has been provided in this report. However, the full report is attached in Appendix 1 and highlights the achievements during the most recent quarter.

Engagements Conducted by LAPFF

Say on Climate

4.2 Despite the financial risks posed to investors by climate change, shareholders do not have a specific vote at AGMs on a company's approach regarding the transition to net zero. This is an issue raised by LAPFF through a joint letter to the FTSE All-Share ahead of the 2022 AGM season, requesting that boards provide the opportunity for shareholders to support their greenhouse emission reduction strategies with an appropriate resolution on AGM agendas. This includes a 'Say on Climate' vote, an initiative for firms to establish robust net zero transition plans with shareholder feedback.

4.3 In response to LAPFF's joint letter most firms did not intend to hold a Say on Climate vote, outlining their existing climate plans and shareholder engagement, however, other firms stated their intention to hold a vote every three years to approve their triennial climate plan. LAPFF will continue to engage with companies so that shareholders can express their views about their climate strategies.

McDonald's

4.4 LAPFF met with McDonald's as part of a coalition of investors to discuss the company's approach to managing environmental risks across its agricultural supply chain. The Valuing Water Finance Initiative (VWFI) have identified McDonald's as a company with significant exposure to water-related risks, prompting a water risk assessment which the company had undertaken in 2020. To date, they have failed to disclose the results of their investigation. LAPFF have since pushed McDonald's to disclose their findings, with the aim of providing key stakeholders with a better understanding of material risks facing the company.

4.5 The 203 VWFI benchmark established by the Valuing Water Finance Initiative will be used by LAPFF to measure the company performance of McDonald's and the extent to which its disclosure on the issue will improve.

Nestlé

4.6 Nestlé has a crucial role to play in many parts of its operations, on issues such as the climate crisis, plastics, nutrition and human rights. Chair of Nestlé, Paul Bulcke, hosted a roundtable with investors in March, providing a high-level overview of the company's financial and ESG strategies. LAPFF will continue to monitor Nestlé's progress in these areas and will continue to support ShareAction's Healthy Markets engagement as it progresses.

Amazon

4.7 Amazon has faced criticism in the press for not upholding adequate standards on freedom of association, which holds the right of everyone to form and to join trade unions for the protection of their mutual interests. Consequently, LAPFF signed a joint investor letter initiated by Canadian shareholder organisation, SHARE, to request that Amazon take steps to meet the requests on freedom of association set out in SHARE's shareholder resolution to Amazon's 2022 AGM.

4.8 LAPFF has participated in The Big Tent group of investors that have sought meaningful engagement with the company, and LAPFF will seek to continue to engage through this group to obtain progress in this area.

General Motors

4.9 Road transportation is a major contributor to global emissions, with the industry facing tightening regulation on emissions standards as a result. Consequently, investors are seeking to ensure that car companies are managing these risks effectively by setting targets and taking action to shift production to electric vehicles. LAPFF is a member of the CA100+ transport group which engages with the largest emitters from the automotive sector.

4.10 LAPFF participated in a CA100+ meeting with General Motors, which addressed the impact of the US Inflation Reduction Act and how GM will reach its targets in line with public policy which includes having capacity in excess of one million electric vehicle units in both North America and China by 2025.

5.0 Financial Implications

5.1 Not applicable.

6.0 Legal Implications

6.1 Not applicable.

7.0 Equality Implications

7.1 Not applicable.

8.0 Consultation with Ward Members and Stakeholders

8.1 Not applicable.

9.0 Human Resources

9.1 Not applicable.

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources

Quarterly Engagement Report

January-March 2023

Local Authority Pension Fund Forum

Say on Climate, Brazil, Volvo, Constellation Brands, Water Stewardship

COMPANY ENGAGEMENTS

Say on Climate

Objective: Despite the financial risks that climate change poses to investors, shareholders do not have a specific vote at AGMs on a company's approach to transitioning to net zero. This is an issue that LAPFF has raised with companies including through a joint letter ahead of the 2022 AGM season. Since then, HM Treasury has established the UK Transition Plan Taskforce, which is developing a 'gold standard' for climate transition plans. A central principle of transition plans is that they should be integral to a company's overall strategy. Yet despite such developments shareholders are generally not given a 'Say on Climate' vote at AGMs to approve their climate plans.

To address this gap, LAPFF, alongside Sarasin & Partners, CCLA, and the Ethos Foundation, wrote to the FTSE All-Share (excluding investment trusts) requesting that boards provide shareholders with the opportunity to support their greenhouse gas emission reduction strategy by putting an appropriate resolution on the AGM agenda.

Achieved: The letter highlighted the importance of the issue with companies across the FTSE All-Share. Some companies responded by stating that they were planning to have an annual Say on Climate vote while others noted that there would be a vote every three years to approve their triennial climate plan. However, most companies said that they did not intend to hold Say on Climate votes, with many outlining their climate plans and noting their engagement with shareholders.

Alongside raising the issue with the companies, the letter received coverage in the press which widened awareness of the role a Say on Climate could play in supporting companies' transition to net zero.

In Progress: Although some companies have committed to Say on Climate votes they are in a minority. LAPFF will continue to engage with companies so that shareholders can express their views specifically about climate strategies – something which will become more important with the introduction of transition plans and as the financial risks of climate change become even clearer.

Rio Tinto

Objective: LAPFF joined Rio Tinto's full year results call ahead of the company's April AGM to understand better how Rio Tinto is integrating environmental, social, and governance considerations into its operations, and issued a voting alert ahead of the April AGM. LAPFF then attended a meeting with Rio Tinto Chair, Dominic Barton.

Achieved: LAPFF was pleased to hear that Rio Tinto has had yet another fatality-free year. It was also good to see that the company has concluded a number of agreements with Indigenous groups and continues to focus on partnerships, co-design, and co-management with affected communities. It would have been useful to have more discussion on community relationships in relation to the company's Oyu Tolgoi, Jadar, and Simandou projects, as well as some of the remaining engineering challenges at Oyu Tolgoi.

On the climate side, Rio Tinto's commitment to making climate a strategic objective is welcome. It appears that more work on Scope 3 emissions is needed. Recognising the importance of Rio Tinto's minerals for a green transition, LAPFF is also keen to hear more from the company on its plans for a just transition. LAPFF probed these issues in more detail in the meeting with Mr. Barton.

In Progress: LAPFF will continue to engage both the company and its affected stakeholders, including workers and community members, to assess progress in both the human rights and climate areas because LAPFF deems this range of engagement and issues financially material.

COMPANY ENGAGEMENTS

McDonald's

Objective: LAPFF has been pushing for McDonald's to publicly disclose the findings of a water risk assessment and physical risk scenario analysis undertaken by the company in 2020. In order for investors to fully understand the water-related risks facing the company, the disclosure should provide information relating to how the findings inform timebound and quantifiable mitigation efforts for key commodities and regions.

Achieved: LAPFF met with McDonald's as part of a coalition of investors to discuss the company's approach to managing environmental risks across its agricultural supply chain. The 2020 water risk assessment used the WRI Aqueduct Water Risk tool to identify high risk areas, but the company has, to date, failed to release the results. LAPFF requested that the company disclose the findings to facilitate a better understanding of the material risks.

McDonald's was also questioned about updating its emissions reduction targets, following the release of the Science-Based Target initiative's (SBTi) FLAG guidance. The company has committed to reducing greenhouse gas emissions (GHG) by 36percent by 2030 from a 2015 base. This is an absolute target that covers Scopes 1, 2 and 3 emissions, the latter including upstream emissions from operational waste and downstream emissions from delivery-related waste and franchisee operations.

To achieve SBTi verification, the new FLAG guidance requires a commitment to eliminate deforestation from agricultural supply chains by 2025, which would require an acceleration of existing commitments.

In Progress: McDonald's has been identified by the Valuing Water Finance Initiative as a company with significant exposure to water-related risks and therefore included the company in the 203 VWFI benchmark. This benchmark will be used by LAPFF to measure company performance and the extent to which disclosure on the issue improves.

Constellation Brands

Objective: LAPFF wanted Constellation Brands to set timebound, contextual targets, goals or policies to address the impacts on water availability in water scarce areas across the sections of the value chain, for which water is most material.

Achieved: LAPFF Executive member John Anzani met with the US-listed beverage manufacturer to discuss its approach to water stewardship. This engagement followed on from an introductory meeting held in 2022 in which the company had committed to undertaking a water risk assessment covering its entire value chain. Constellation Brands subsequently conducted an initial assessment, and as a result highlighted a number of facilities operating in regions of high water stress. LAPFF encouraged the company to set targets that would prevent it from negatively impacting water availability in water-scarce areas across its value chain.

In Progress: As part of the Valuing Water Finance Initiative LAPFF is a co-lead investor for Constellation Brands. The company has been included in the 2023 VWFI benchmark, owing to the impact it has on freshwater resources. This benchmark will be used by LAPFF to measure company performance, with the expectation that a meaningful target is set to help mitigate impact on regions of high water stress.

Volvo

Objective: The acceleration in moving to electric vehicles is being seen globally, as auto manufacturers seek to meet net zero targets and reduce the carbon footprint in the life cycle of their vehicles. In this vein, LAPFF sought to meet some heavy goods vehicle (HGV) manufacturers to discuss their role in this transition.

Achieved: LAPFF met with Volvo to discuss its approach to climate change and a net zero transition. The company provided a promising dialogue, giving an in-depth overview of its approach.

In Progress: As legislation tightens in Europe with the Corporate Sustainability Due Diligence Directive, companies will

COMPANY ENGAGEMENTS

have to do further due diligence on their supply chains and will need to ensure greater oversight of their supply chains. LAPFF continues to impress upon vehicle manufacturers the benefits of transparent reporting and enhanced due diligence, whilst seeking to better understand how companies are managing a just transition.

Pay Letters

Objective: How companies distribute capital and reward both their executive directors and wider workforce is important information for investors. In January, the Financial Times published an article looking at real term pay cuts in the FTSE100 but cited a few companies that had paid wage increases to their lowest pay staff above soaring inflation.

Achieved: LAPFF wrote to BT, Vodafone, and Kingfisher, as companies that provided salary increases for their lowest paid members of staff above that of inflation. LAPFF seeks to better understand the considerations around these increases as well as to discuss executive remuneration in the context of the cost-of-living crisis.

In Progress: Kingfisher has responded to LAPFF's request for engagement and a meeting is being organised for the second quarter of 2023.

Occupied Palestinian Territories

Objective: LAPFF members remain concerned about the investment risks associated with companies operating in the Occupied Palestinian Territories (OPT). LAPFF maintains a position that companies considered to have business activities in this area should commission independent human rights risk impact assessments, given that operating in a conflict zone carries heightened human rights, and consequently, business risks.

Achieved: LAPFF wrote to four companies on its target engagement list which it deems to have not engaged in a meaningful manner (or not engaged at all): Mizrahi Tefahot Bank, Isarel Discount Bank, and Bank Hapoalim. LAPFF wrote to all four regarding voting considerations at their respective 2023 AGMs. The Forum is now in dialogue with Bank Leumi.

In Progress: LAPFF will monitor these engagements and consider voting alerts for LAPFF members accordingly.

Chipotle

Objective: LAPFF has engaged with Chipotle Mexican Grill (Chipotle) on its approach to water stewardship since 2019. The initial engagement objective was met during 2022, with the company undertaking an ingredient level water risk assessment to identify areas of water stress within the supply chain. The risk assessment found that a significant percentage of the company's suppliers operate in areas of high water stress. Given the degree of exposure Chipotle has to water risk, LAPFF now considers it imperative the company utilise the results of this risk assessment to set time-bound and context-based targets for water use, focusing on regions it has identified as water stressed from its operations.

Achieved: During March, LAPFF met with Chipotle to discuss the outcome of its water risk assessment undertaken in 2022. This was a direct response to the resolution co-filed by the Greater Manchester Pension Fund, a LAPFF member fund, in 2020. The company had made some notable progress, including the completion of a water stress evaluation for the current state of its supply chain, forecasting the impact of water stress to 2040, and developing a mitigation roadmap to establish water stewardship throughout its operations.

In Progress: LAPFF is the lead investor for Chipotle as part of the Valuing Water Finance Initiative. During 2023, Chipotle will be benchmarked against peers on its approach to water stewardship. LAPFF will leverage the findings of the benchmark in order to work with the company to develop relevant water use targets and to utilise the results of this risk assessment to set time-bound and context-based targets for water use, focusing on regions it has identified as water stressed from its operations.

Nestlé

Objective: As one of the largest food and beverage companies in the world, Nestlé has a crucial role to play in many parts of its operations, on issues such as the climate crisis, plastics, nutrition, human rights, and a fair and just transition.

Achieved: Chair Paul Bulcke hosted a roundtable with investors in March. He provided a high-level overview of the company's financial and ESG strategies before taking questions from investors. LAPFF asked about the company's approach to reducing Scope 3 emissions, which as demonstrated in its reporting has a large focus on regenerative farming. The company also talked about a fair and just transition in its net zero roadmap, as well as plastics, ShareAction's Healthy Markets campaign (which LAPFF also supports), and executive compensation.

In Progress: LAPFF will continue to monitor Nestlé's progress in these areas and will continue to support ShareAction's Healthy Markets engagement as it progresses.

COLLABORATIVE ENGAGEMENTS

COLLABORATIVE ENGAGEMENTS

SHARE: Amazon

Objective: Amazon has faced criticism in the press for not upholding adequate standards and practices on freedom of association. LAPFF has also heard from Amazon workers on various investor calls about their concerns relating to Amazon's practices on freedom of association. Consequently, LAPFF signed a joint investor letter initiated by Canadian shareholder organisation, SHARE, requesting that Amazon take steps to meet the requests on freedom of association set out in SHARE's shareholder resolution to Amazon's 2022 AGM.

Achieved: LAPFF last year recommended a vote in favour of the SHARE resolution. The company provided what was in LAPFF's view a less than satisfactory response. Notably, in LAPFF's view, the company has completely misconstrued the definition of freedom of association to meet its own interests rather than the standards set out in international labour law. For example, Amazon has cited its compliance with US labour law, which has notoriously poor standards on freedom of association. Over the course of its existence the ILO Committee on Freedom of Association has heard 44 cases against the US and/or individual US states for their laws and practices on this topic.

In Progress: LAPFF's attempts to meaningfully engage with Amazon have failed. In the past, LAPFF has participated in The Big Tent group of investors that have sought meaningful engagement with the company, and LAPFF will seek to continue to engage through this group to obtain progress in this area.

PRI Advance

Objective: LAPFF is pleased to have been selected to join the Principle for Responsible Investment (PRI) Advance working groups for Anglo American and Vale. The initiative is aimed at improving human rights standards in the mining and renewable energy industries.

LAPFF recognises the leverage that collaborative engagements can bring to its own engagements, which are themselves collaborative. Given LAPFF's extensive work over the last few years on mining and human rights, LAPFF's aim is to help create investor leverage to improve human rights performance at Anglo American and Vale. In LAPFF's experience, improved human rights performance create the conditions for sustainable long-term shareholder returns.

Achieved: LAPFF has now participated in the initial meetings for both the Anglo American and Vale groups. These meetings were structured to identify short, medium, and long-term objectives for the engagements with each company.

It was interesting to hear the different ideas and objectives within each of the groups. It is clear that each working group will structure itself quite differently and will be tailored to a given company's characteristics and challenges. However, members of both groups seemed equally enthusiastic and keen to make progress, so LAPFF is optimistic that this initiative will help to improve human rights practices within the mining industry.

In Progress: LAPFF will continue to work with other investor members in each working group to solidify company objectives, engage with the companies selected for the programme, and liaise with stakeholders affected by the companies' operations.

A General Motors EV1 electric car

CA100+: General Motors

Objective: LAPFF is a member of the CA100+ transport group which is engaging with the largest emitters from the automotive sector. Road transportation is a major contributor to global emissions, the industry faces tightening regulation on emissions standards and some countries have set dates after which the sales of new petrol vehicles will be banned. As such, investors are seeking to ensure that car companies are managing these risks by setting targets and taking action to shift production to electric vehicles.

Achieved: LAPFF participated in a CA100+ collaborative meeting with General Motors. The meeting covered the impact of the Inflation Reduction Act in the US, GM's targets and how GM is planning on reaching its ambitions. The company plans to have capacity in excess of one million EV units in both North America and China by 2025.

In Progress: LAPFF will continue to engage carmakers on their targets, plans, investment, and delivery of targets as well as their approach to public policy engagement.

Asia Research and Engagement (ARE): MUFG and UOB

Objective: LAPFF continues to support company engagements in Asia's financial markets, focusing on carbon and coal

COLLABORATIVE ENGAGEMENTS

risks at financial institutions, as well as coal-exposed power companies.

Achieved: LAPFF joined collaborative calls with both Mitsubishi UFJ Financial Group (MUFG) and United Overseas Bank (UOB). ARE's continued dialogue with Asia's financial institutions provides in-depth conversations about company climate approach and provide valuable insight into how the companies are approaching carbon reduction measures.

In Progress: LAPFF will continue to engage through the ARE, with regular meetings being held each quarter.

Initiative for Responsible Mining Assurance (IRMA)

Objective: During engagements with electric vehicle manufacturers on their approach to responsible mineral sourcing and supply chain due diligence, IRMA has come up in conversation with many of these companies. LAPFF sought a meeting with IRMA to discuss their certification standard for industrial scale mine sites.

Achieved: LAPFF met with Aimee Boulanger, IRMA's Executive Director, and Rebecca Burton, IRMA's Director of Corporate Engagement, to discuss IRMA's standard in greater depth. LAPFF was subsequently invited to, and attended, a finance sector deep dive, held in-person at Anglo Americans office.

In Progress: Both of these meetings with IRMA provided insight into the value of greater due diligence at mine sites and how this can be achieved, in particular through effective multi-stakeholder engagement. It has provided talking points and considerations for engagements with a range of industries going forward, including the mining sector and auto-manufacturers which are being engaged by LAPFF.

Valuing Water Finance Initiative (VWFI)

LAPFF Executive member John Anzani facilitated the first VWFI Task Force meeting of the year. LAPFF is a founding member of the initiative and currently co-chairs the initiative. The meeting was attended by institutional investors from around the world to discuss updates and progress of the initiative to date. With both company engagement and benchmarking work streams making good progress, LAPFF is well positioned to be at the forefront of driving positive change in this area in 2023.

Investor Initiative for Responsible Care: EU Commissioner

Objective: LAPFF is a member of the Investor Initiative for Responsible Care a coalition of 138 responsible and long-term investors in the care sector with $4.4 trillion in assets under management. The coalition has been established to address specific investment risks within the sector including around staffing, safety, wages, freedom of association and quality of care. These risks were very apparent in events over the past year at Orpea, the listed French care provider. The group is seeking to engage companies both regarding disclosure but also improving their practices.

Achieved: LAPFF has written to two Real Estate Investment Trusts (REITs) seeking clarification around data and metrics as part of a group initiative to request such information from other care providers and REITs. Alongside engagement with companies, the group has also been engaging public policymakers, including a meeting with the EU Commissioner responsible for care this quarter. The meeting came off the back of a new EU care strategy, and discussions focused on how implementation of the strategy could support the aims of responsible investors in the sector to improve care quality and employment standards to help deliver sustainable returns.

In Progress: LAPFF will continue to participate in the initiative and engage care providers, REITs operating in the sector and where relevant with policymakers.

Follow This

Objective: As an activist investor, Follow This has been filing shareholder resolutions at the oil and gas majors' AGMs since 2016. Having recommended votes in favour of two Follow This resolutions in 2022, at both the Shell and BP AGMs, LAPFF sought a meeting with Follow This representatives to discuss the organisation's ongoing work.

Achieved: LAPFF met with Mark Van Baal, founder of Follow This, to discuss the organisation's plans for development, both in the immediate future and looking further forward.

In Progress: Follow This has published its resolutions for 2023 and will be considered for voting alerts throughout the year.

Market Forces

Objective: LAPFF has met with Market Forces a number of times over the past couple of years. It is an environmental advocacy project which primarily focuses on financial institutions, although it has published guidance for other sectors.

Achieved: After recommending votes in favour of Market Forces' resolutions at Barclays and Rio Tinto AGMs in 2021, LAPFF met with representatives from the organisation to discuss plans for development in 2023.

In Progress: LAPFF will monitor Market Forces' resolutions and work as the year progresses.

Taskforce on Social Factors

LAPFF is a member of the Taskforce on Social Factors that has been established by the DWP. The taskforce chaired by Luba Nikulina from IFM has been established to look at how investors can best address and manage social factors, including by identifying reliable data and metrics.

The main objectives of the Taskforce are to:

- Identify reliable data sources and other resources, which could be used by pension schemes to identify, assess, and manage financially material social risks and opportunities.
- Monitor and report on developments relating to the International Sustainability Standards Board (ISSB) and other international standards.
- Develop thinking around how trustees can identify, assess, and manage the financial risks posed by modern slavery and supply chain issues.

The taskforce was established by DWP

COLLABORATIVE ENGAGEMENTS

Construction workers in Doha, Qata

following a consultation on the issue. LAPFF responded to the consultation highlighting the importance of social factors in our work and outlining some of the engagements that the Forum has undertaken on social issues for over three decades. The taskforce is comprised of people from the industry and, alongside the DWP, includes observers from the Financial Conduct Authority, Financial Reporting Council, HM Treasury and the Pensions Regulator.

30% Investor Club

Objective: LAPFF continues to support the 30% Club Investor Group, a coalition of investors pushing for women to represent at least 30% of boardroom and senior management positions at FTSE-listed companies. The group has extended its remit globally and has been engaging in different markets, encouraging companies to join regional charters and looking at other aspects of diversity in company practices.

Achieved: LAPFF joined two collaborative engagements this quarter, with Otsuka Corporation and Marubeni Corporation. Both are domiciled in Japan, and neither are currently members of the Japanese 30% Club charter. Whilst they have some way to go in their approaches to gender diversity at board and executive level, both companies provided promising outlooks regarding their approach to supporting women throughout their organisations.

In Progress: The Group is continuing to extend its outreach to companies outside of the UK and is looking at regional considerations for other markets. LAPFF is part of the Group's Global Workstream subgroup and will be contributing to engagements throughout the year.

Rathbones Votes Against Slavery

Objective: Rathbones undertakes an annual analysis of compliance by FSTE350 companies with section 54 of the Modern Slavery Act. LAPFF views compliance of this piece of legislation as an indicator of how seriously a company takes modern slavery in its operations. The engagement seeks compliance from those that currently do not meet this standard.

Achieved: LAPFF co-signed letters to 29 companies sent by Rathbones. At the time of publication, this engagement has brought about compliance from 14 of the companies approached, with a number in the process of making changes.

In Progress: LAPFF will monitor compliance levels as the engagement progresses and will join collaborative calls during the year to further explore company approaches to modern slavery.

New York City Comptroller: Migrant Child Labour

Objective: An investigative report published by the New York Times in February 2023 provided evidence that a collection of US companies may be profiting from the use of American suppliers that illegally employ underage migrant

POLICY ENGAGEMENTS

children. Ensuring that companies have controls and processes in place to manage such risks and hold suppliers accountable is an investment imperative for LAPFF.

Achieved: LAPFF co-signed a letter to this group of companies seeking a response and further detail on the allegations around the use of child labour.

In Progress: LAPFF will monitor the response and will support engagements as appropriate.

CONSULTATION RESPONSES

Transition Plan Taskforce

Objective: In 2022, HM Treasury launched the Transition Plan Taskforce (TPT) with the objective of developing the gold standard for climate transition plans. The UK government and the Financial Conduct Authority are involved with the Taskforce with the intention that they will draw on the recommendations to strengthen disclosure requirements.

Done in the right way, transition plan disclosures could enable investors to better understand a company's approach to decarbonising their business model. They are also designed to help companies and investors with regard to developing plans that are integral to company's overall strategy. Given their potential importance, LAPFF responded to a TPT consultation regarding its draft disclosure framework.

Achieved: In LAPFF's previous TPT response, the Forum recommended that just transition implications should be included in the TPT's guidance. It was welcome that just transition issues were included in the draft disclosure framework. LAPFF welcomed this development but considered there to be further scope to integrate these just transition factors across the framework.

LAPFF's response stated that if it was to be a gold standard and in line with UK government policy then transition plans would need to be consistent with a 1.5°C scenario. To ensure consistency and comparability between transition plans, the response also called for a focus on absolute rather than relative emission reductions and greater clarity on definitions of Scope 3 emissions and what is meant and included within the 'value chains' concept.

In Progress: LAPFF will where possible continue to engage with the TPT, including around the issue of further integrating the just transition into its recommendations.

LAPFF WEBINARS

All-Party Parliamentary Group

The LAPFF-supported All-Party Parliamentary Group for Local Authority Pension Funds held a meeting on affordable housing and the LGPS. The meeting came off the back of government calls for the LGPS to increase local investment and the chancellor has stated that the government will consult on requiring LGPS funds to consider illiquid asset investment opportunities. There have also been other calls for the LGPS funds to scale up place-based investment and invest more in social and affordable housing.

To discuss the issues, the speakers at the meeting, chaired by Clive Betts MP, were Cllr John Gray (Vice-Chair, Local Authority Pension Fund Forum); Paddy Dowdall (Assistant Executive Director at Greater Manchester Pension Fund); Helen Collins (Head of Affordable Housing, Savills); and John Butler (Finance Policy Lead, National Housing Federation).

The discussion covered housing investments that LGPS funds were already making as well as some of the barriers to doing more. The meeting highlighted challenges of scaling up investment in affordable or social housing without additional government funding as well as issues around scale and the lack of investible projects.

MEDIA COVERAGE

Water Risk

ESG Investor: Investors Seek to Turn the Tide on Water Risk

Say on Climate

IPE: Investors call for voting on 'Say on Climate'
Pensions Age: LAPFF calls for shareholder vote on greenhouse emissions
ESG Investor: Investors demand 'Say on Climate' at FTSE Listed Firms
Net Zero Investor: Investors demand vote on climate transition plans at FTSE firms
Investment Week: Shell directors sued over 'flawed' climate plan
Lexology: Investors step up pressure on boards to keep pace with climate targets in upcoming AGM season
The MJ: Public sector pension funds call for 'Say on Climate' vote
The Actuary: Public-sector pension funds seek carbon vote
ESG Investor: New Ideas, Better Teamwork in Pursuit of Paris Goals
Local Gov: Public sector pension funds call for 'Say on Climate' vote

LAPFF Executive

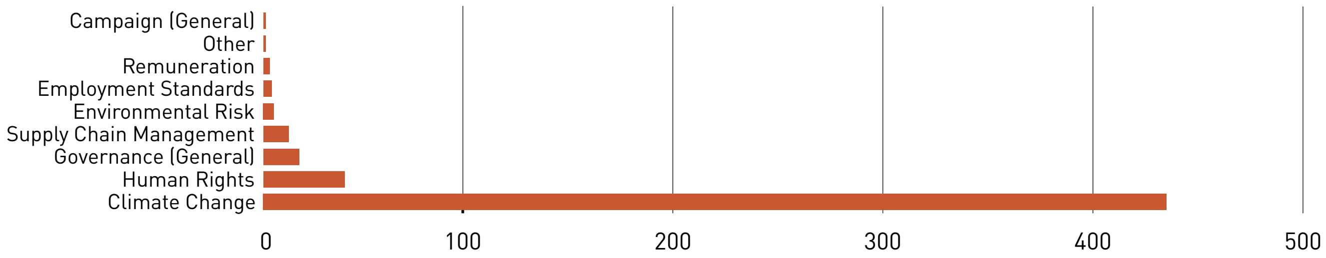
Local Government Chronicle: Rodney Barton receives LGC Investment lifetime achievement award

Social Factors

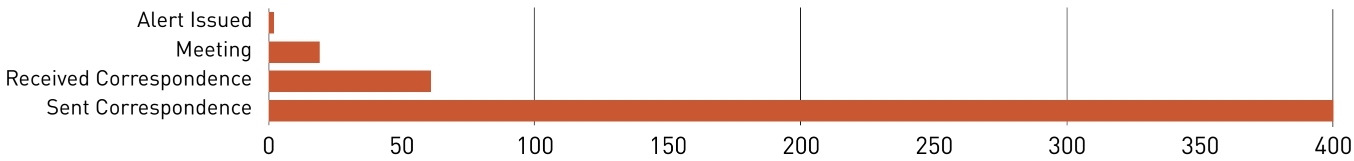
Pensions Age: Taskforce on Social Factors launched with DWP support
Professional Pensions: DWP launches social factors taskforce for industry
ESG Clarity: UK pensions social taskforce launches to address data gap
Pensions and Investments: UK task force sets out to help asset owners with social considerations

ENGAGEMENT DATA

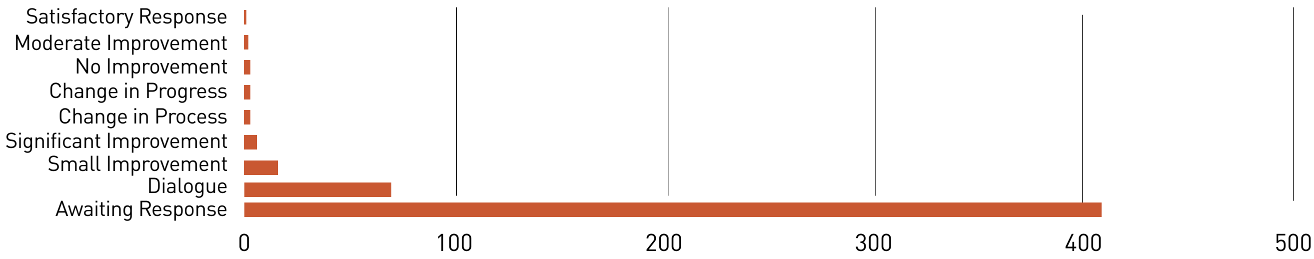
ENGAGEMENT TOPICS



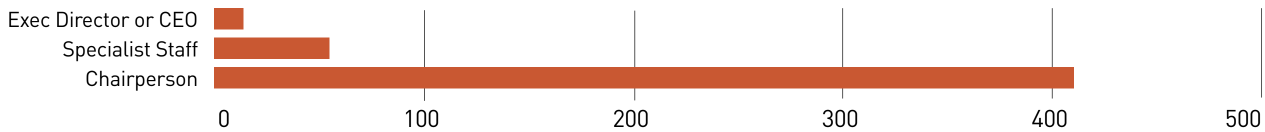
ACTIVITY



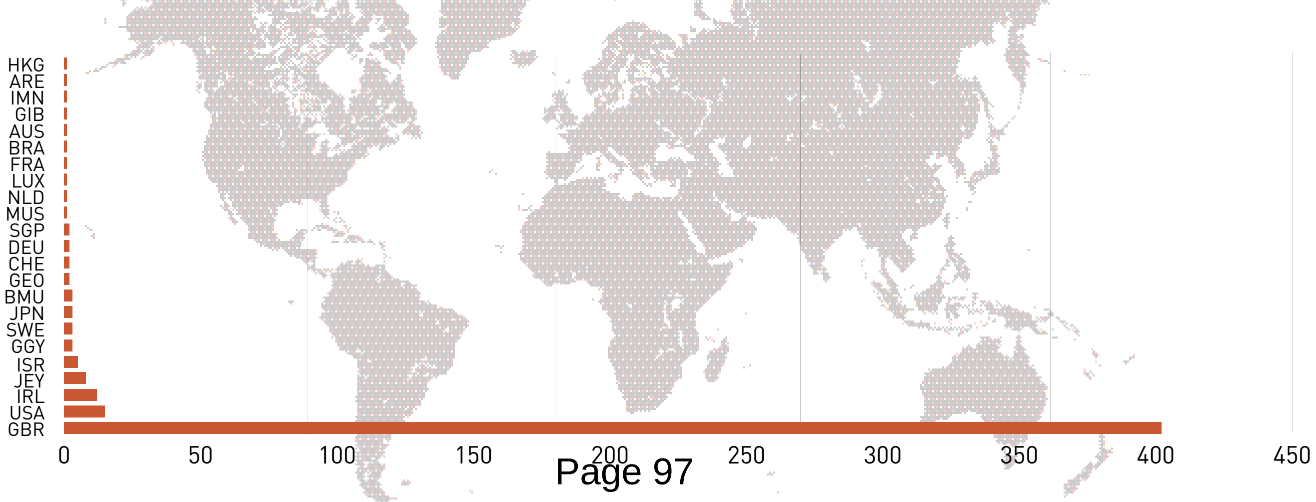
MEETING ENGAGEMENT OUTCOMES



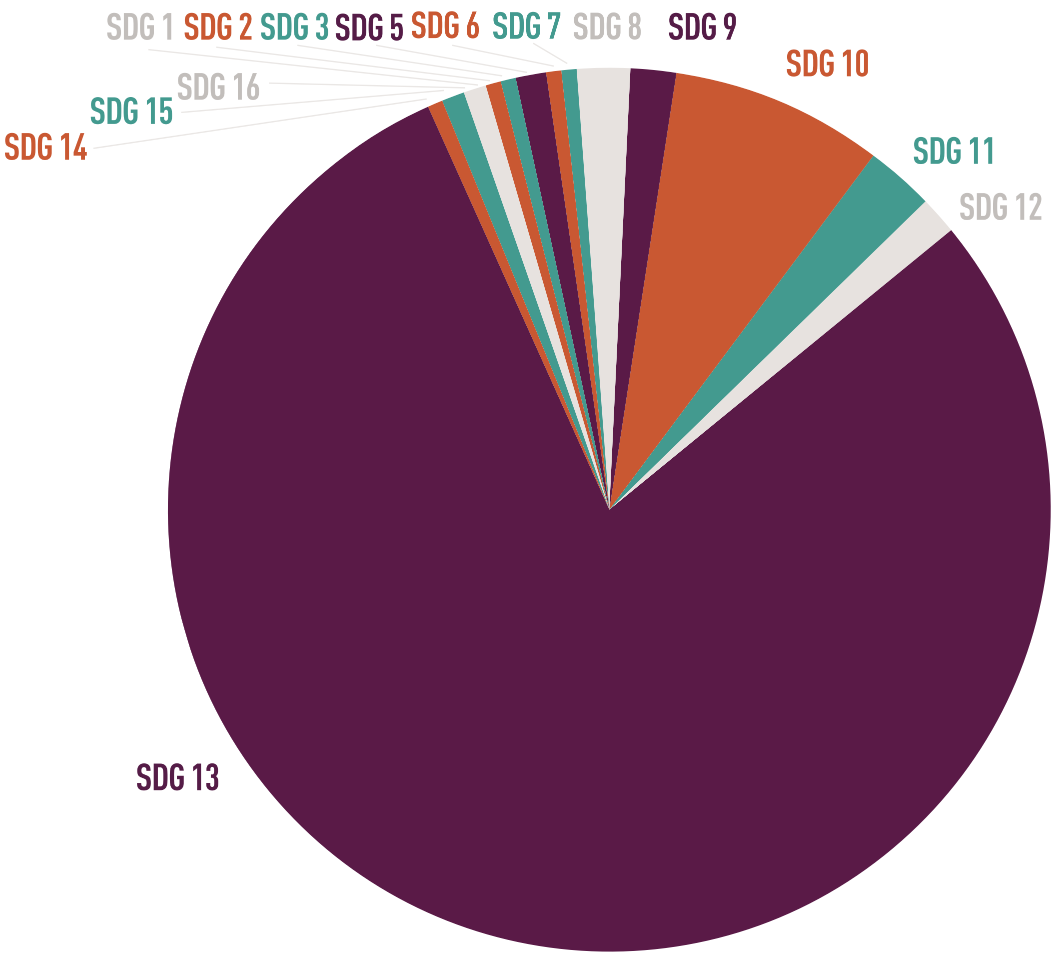
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	1
SDG 2: Zero Hunger	3
SDG 3: Good Health and Well-Being	3
SDG 4: Quality Education	0
SDG 5: Gender Equality	5
SDG 6: Clean Water and Sanitation	4
SDG 7: Affordable and Clean Energy	3
SDG 8: Decent Work and Economic Growth	10
SDG 9: Industry, Innovation, and Infrastructure	9
SDG 10: Reduced Inequalities	38
SDG 11: Sustainable Cities and Communities	10
SDG12: Responsible Production and Consumption	7
SDG 13: Climate Action	426
SDG 14: Life Below Water	3
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	4
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

COMPANY PROGRESS REPORT

397 companies were engaged over the quarter. This number includes 368 letters sent to the FTSE All Share on presenting a climate transition plan to shareholders for approval at their AGMs. Letters were not sent to investment trusts. Excluding this engagement, LAPFF engaged with 54 companies.

Company/Index	Activity	Topic	Outcome
ADIDAS AG	Sent Correspondence	Human Rights	Awaiting Response
AIA GROUP LTD	Meeting	Climate Change	Awaiting Response
AIRTEL AFRICA PLC	Received Correspondence	Governance (General)	Dialogue
AMAZON.COM INC.	Sent Correspondence	Human Rights	Awaiting Response
ASSOCIATED BRITISH FOODS PLC	Sent Correspondence	Human Rights	Awaiting Response
BANK HAPOALIM B M	Sent Correspondence	Human Rights	Awaiting Response
BANK LEUMI LE-ISRAEL BM	Sent Correspondence	Human Rights	In Dialogue
BARCLAYS PLC	Sent Correspondence	Climate Change	Awaiting Response
BERKSHIRE HATHAWAY INC.	Sent Correspondence	Human Rights	Awaiting Response
BIFFA PLC	Received Correspondence	Governance (General)	Significant Improvement
BRITVIC PLC	Meeting	Campaign (General)	Dialogue
BT GROUP PLC	Sent Correspondence	Remuneration	Awaiting Response
CENTAMIN PLC	Received Correspondence	Governance (General)	Change in Progress
CHIPOTLE MEXICAN GRILL INC	Meeting	Environmental Risk	Small Improvement
CLS HOLDINGS PLC	Sent Correspondence	Governance (General)	Awaiting Response
CONSTELLATION BRANDS INC.	Meeting	Environmental Risk	No Improvement
DIRECT LINE INSURANCE GROUP PLC	Received Correspondence	Governance (General)	Dialogue
DRAX GROUP PLC	Received Correspondence	Environmental Risk	Small Improvement
FORD MOTOR COMPANY	Sent Correspondence	Human Rights	Awaiting Response
FRASERS GROUP PLC	Sent Correspondence	Governance (General)	Awaiting Response
GENERAL MILLS INC	Sent Correspondence	Human Rights	Awaiting Response
GENERAL MOTORS COMPANY	Meeting	Climate Change	Change in Process
GENUIT GROUP PLC	Received Correspondence	Governance (General)	Significant Improvement
GRAFTON GROUP PLC	Received Correspondence	Governance (General)	Significant Improvement
HENNES & MAURITZ AB (H&M)	Sent Correspondence	Human Rights	Awaiting Response
HILL & SMITH PLC	Received Correspondence	Governance (General)	Dialogue
ICADE	Meeting	Employment Standards	Dialogue
ISRAEL DISCOUNT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response
JBS SA	Sent Correspondence	Human Rights	Awaiting Response
JD SPORTS FASHION PLC	Received Correspondence	Governance (General)	Significant Improvement
JTC PLC	Received Correspondence	Governance (General)	Change in Progress
KINGFISHER PLC	Sent Correspondence	Remuneration	Awaiting Response
MARUBENI CORP	Meeting	Diversity Equity and Inclusion	Small Improvement
MCDONALD'S CORPORATION	Meeting	Supply Chain Management	No Improvement
MITSUBISHI UFJ FINANCIAL GRP	Meeting	Climate Change	Dialogue
MIZRAHI TEFAHOT BANK LTD	Sent Correspondence	Human Rights	Awaiting Response
NCC GROUP PLC	Received Correspondence	Governance (General)	Significant Improvement
NESTLE SA	Meeting	Climate Change	Small Improvement
NEXT PLC	Sent Correspondence	Human Rights	Awaiting Response
OTSUKA CORPORATION	Meeting	Diversity Equity and Inclusion	Small Improvement
PEPSICO INC.	Sent Correspondence	Human Rights	Awaiting Response
RIO TINTO PLC	Alert Issued	Climate Change	Dialogue
RPS GROUP PLC	Received Correspondence	Governance (General)	Dialogue
SHELL PLC	Sent Correspondence	Climate Change	Awaiting Response
STANDARD CHARTERED PLC	Sent Correspondence	Climate Change	Awaiting Response
STARBUCKS CORPORATION	Alert Issued	Social Risk	Dialogue
THE KRAFT HEINZ COMPANY	Meeting	Other	No Improvement
TP ICAP GROUP PLC	Received Correspondence	Governance (General)	Significant Improvement
UNILEVER PLC	Sent Correspondence	Human Rights	Awaiting Response
UNITED OVERSEAS BANK LTD	Meeting	Climate Change	Moderate Improvement
VIDENDUM PLC	Received Correspondence	Governance (General)	Change in Progress
VODAFONE GROUP PLC	Sent Correspondence	Remuneration	Awaiting Response
VOLVO AB	Meeting	Environmental Risk	Dialogue
WALMART INC.	Sent Correspondence	Human Rights	Awaiting Response

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund
Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hillingdon Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kensington and Chelsea (Royal Borough of)
Kent Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund
Rhondda Cynon Taf Pension Fund
Scottish Borders Council Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members
Border to Coast Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership

Brent

MINUTES OF THE PENSION BOARD
Held as an online meeting on Wednesday 22 March 2023 at 6.00 pm

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

ALSO PRESENT (in remote attendance): Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources & Reform)

1. **Apologies for absence**

Apologies for absence were received from Sunil Gandhi (Employer Member – Non Brent Council).

2. **Declarations of interests**

The Chair, David Ewart, declared a personal interest as a member of the Chartered Institute of Public Finance and Accountancy (CIPFA) and as a member of another local authority pension fund.

3. **Minutes of the previous meeting**

The minutes of the previous meeting held on Wednesday 9 November 2022 were agreed as an accurate record.

4. **Matters arising (if any)**

None.

5. **Pensions Administration Update**

Sawan Shah (Head of Pensions, Brent Council) introduced the report, which updated the Pension Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund. The Board firstly focussed on the Pensions Administration Performance Report, which reviewed the performance of the Local Pensions Partnership Administration (LPP) contract against agreed Service Level Agreements (SLAs) during October to December 2022. Members noted that the full Q3 2022-23 Performance Report was attached as Appendix 1 to the report.

As an initial introduction, Sawan Shah provided an overview of the membership statistics for the Brent Pension Fund, which as of December 2022, consisted of 5,999 active members, 7,138 pensioners (including dependants), and 10,065 deferred beneficiaries. Regarding these numbers, the Board noted that membership did not tend to vary significantly from quarter to quarter. Sawan Shah explained that the majority of the working age active members fell into the 31 to 60 age groups while 51 to 60 was the banding with the highest number of deferred members. For pensioner and dependant members, the Board were informed that the number of members in the under 65, 65 to 69, and 70 to 74 bands was broadly the same, with membership numbers declining progressively into the older bands.

Regarding LPP performance in comparison to SLAs, the Board were notified that on 11 November 2022 the Brent Pension Fund had completed migration to a new pension administration system called Universal Pension Management (UPM). The migration process had impacted pension administration performance, with the quarterly average percentage of cases processed on time being 84.0%, which was below the usual contractual SLA target of 95%. However, due to disruption caused by the UPM migration, revised SLAs had been agreed with the Fund, with a target of 90% of payment cases being processed on time and 70% for other case types. In addition to the underperformance compared to contractual SLAs of case processing, the Fund saw significant increases in its average Help Desk wait times. In October 2022, the average wait time was 3 minutes and 58 seconds, in November this increased to 4 minutes and 55 seconds, and in December this increased again to 9 minutes and 2 seconds. Overall, average wait times across the quarter were approximately 6 minutes with the last two months of the quarter above the target time of 4 minutes. Once again, this was attributed to an increase in calls and caseload spikes related to the UPM migration. Sawan Shah reassured the Board that monthly meetings were held between the Fund and LPP to monitor performance and review trends.

Before handing over to John Crowhurst (Commercial Director, LPP) to provide a more detailed review of pension administration performance, Sawan Shah highlighted the complaints data since the last Pension Board meeting in November 2022. 13 new complaint cases had been received, which included 4 new complaints in November 2022, 7 new complaints in December 2022, and 2 new complaints in January 2023. Out of the 13 cases, 6 related to delays, 6 related to general service and 1 related to payments. No Internal Dispute Resolution Procedure ("IDRP") complaints were received. The Board were informed that Brent and LPP were taking action to ensure that these cases were resolved quickly, although the complex nature of some cases had impacted on resolution timescales. Furthermore, following the completion of each case, a process was undertaken to ensure any lessons learned were reviewed and, if necessary, processes and procedures would be updated.

Following Sawan Shah's introduction, the Chair welcomed John Crowhurst to the Pension Board, who provided a detailed overview of the Q3 2022-23 Performance Report. John Crowhurst echoed Sawan Shah's earlier statement that Q3 performance was largely attributable to the UPM migration. It was explained that prior to the migration there was a 'blackout' period where work could not be processed which created spikes in workload. The Board were informed that Q4 performance was still below SLAs, but performance had improved in comparison to Q3. John Crowhurst stated that for the next Pension Board meeting in July 2023 LPP would provide 6 months' worth of performance data, spanning January to June 2023. This would provide the Board with a more accurate trend of administrative performance. In addition to the UPM migration, staff turnover had been a particular challenge at LPP. The Board heard that this was being mitigated through extensive recruitment campaigns and the introduction of a new training programme to upskill new starters.

Regarding performance data, throughout 2022 the average Help Desk call wait time varied from a high of 17 minutes and 19 seconds in April, to a low of 2 minutes and 47 seconds in July. In December 2022, the average wait time was 9 minutes and 2 seconds, but the Board was informed that performance was expected to improve in the near future. The reduction in performance had also resulted in a reduction in customer satisfaction scores, with only 34% of the customers going through the retirement process being satisfied in December 2022, compared to 58.4% in November 2022. Help Desk satisfaction was up in December 2022 at 67.1%, compared to 62.2% in October 2022 and 61.1% in November 2022, although this was below the year-high achieved in September 2022 of 71.6%. The Board were advised that as workload spikes due to blackouts were cleared, customer satisfaction scores were expected to increase.

After the conclusion of John Crowhurst's overview of the Performance Report, the Chair invited questions from Board Members, with questions and responses summarised below:

- Regarding the implications of performance targets not being met, Sawan Shah reiterated that the final quarter of 2022 was forecasted to be difficult due to the UPM migration. However, the Board were reassured that issues caused as a result of associated processing delays would be taken into account as part of any final outcome and payment arrangements. The Board heard that officers would continue to monitor administration performance in order to ensure that performance returned to contractual SLAs, with performance likely to improve since the completion of the UPM migration. John Crowhurst expressed confidence that performance would improve in the long-term, returning to levels prior to the UPM migration. Furthermore, the Board were informed of other future LPP initiatives such as the McCloud Remedy and the monthly return function, allowing employers to submit data monthly rather than annually, which was hoped to improve future performance.

- Concerning feedback on the Help Hub and News Hub, John Crowhurst stated that whilst customer feedback was limited to date a summary of engagement activity following the launch of the Hubs could be provided. The Hubs would be utilised more once the monthly return process had been implemented.

- In response to a query about potential face-to-face training with employers, the Board were informed that at the time of the meeting all training was scheduled to be held online as it was currently felt to be more accessible, although that would not preclude face-to-face sessions being held. John Crowhurst explained that, so far, half of all employers had booked onto the online training, with further engagement planned with the other 50% of employers. In addition to training, a dedicated phoneline for employers was available to support with any queries from employers.

- In referencing section 5 of the report, 'LPP Business Update', the Board enquired about attendance at the Employers Forum held in November 2022. Sawan Shah stated that attendance details could be provided separately, with the Chair advising that attendance and engagement had been positive.

- Regarding preparation for year-end and the Annual Benefit Statement (ABS), John Crowhurst informed the Board that for some employers, this year would be the first year-end using UPM. Responding to learning from last years' experience, LPP had been communicating to ensure that employers were aware of the differences in process. The Employer Engagement Team were available to support employers with submitting year-end files and progress would be tracked in advance of the final submission deadline in April which would be communicated to officers. It was reiterated that the Fund, LPP, and employers were jointly responsible for ensuring that year-end files were submitted on time.

- In responding to a question concerning the support available for employers submitting monthly returns, John Crowhurst highlighted the Employer Help Desk, Help Hub, and Employer Engagement Team. If employers were consistently missing submissions, escalation to the Fund was an option. Prior to the implementation of the monthly returns, training sessions were available for employers using payroll suppliers.

- The Board were advised that the graphs on page 38 of the agenda pack, titled 'Members Registered', illustrated the number of Fund members registered for PensionPoint for each quarter. Clarification was provided that the additional graph illustrated the percentage of active, deferred, and pensioner members registered in each quarter. John Crowhurst stated that spikes in members registering was expected around 'bulk activity', such as the ABS in August.

Following the discussion of the Performance Report, Sawan Shah spoke on section 6 of the report which focused on external payroll providers. The Board were informed that over the last few months, officers had been concerned about a particular payroll provider that was used by many of Brent's schools causing issues across the Local Government Pension Scheme (LGPS) and Teachers' Pensions. The issues the Council had faced included non-receipt of data returns by the relevant deadlines, errors on data returns and inability to resolve issues due to a lack of communication. In addition, the issue had also caused complications in relation to the audit of the Council's Teachers' Pensions End of year certificate 2021/22 which had been brought to the attention of the Council's Audit and Standards Advisory Committee. Sign-off of the certificate had been delayed beyond the deadline of 30 November 2022 due to delays in receiving evidence requested by the external auditors from the payroll provider.

The Board were advised that the Council had written to schools in the borough who used this payroll provider's services, highlighting the need to ensure that their payroll provider was fulfilling all of their responsibilities, in addition to reiterating the need to maintain appropriate contract management. Clarification was provided that as schools were the contract holders, it would be their responsibility to monitor payroll provider performance. The Council had also highlighted the consequences of the issues including interest charges, the inability to update member pension records and the potential for incorrect pension calculations. In noting the sanctions available to the Fund the Board recognised and supported the pragmatic approach being taken in an attempt to resolve the issues identified and in supporting employer organisations. Furthermore, the Council was aware that some schools had already reviewed their arrangements with the provider and elected to move to another provider in the coming months.

In thanking Sawan Shah for the update, the Chair welcomed questions from Board members, with questions and responses summarised below:

- Regarding alternative sanctions and mitigations to ensure timely data returns, Sawan Shah stated that the main mitigation fell on employers to hold regular meetings with payroll providers to monitor performance and receive regular update reports. The Board were advised that the Fund wanted to avoid the use of financial penalties wherever possible, however, this remained an option within the regulatory strategy, if required.

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.

6. **LGPS Update**

Ravinder Jassar (Deputy Director of Finance, Brent Council) introduced the report providing an update 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.

In considering the report the Board noted the following updates:

- In October 2022, the Department for Levelling Up, Housing and Communities (DLUHC) had published the LGPS statistics for 2021/22. Highlights were as follows:
    - ➢ Total expenditure was £14.4 billion, an increase of 6.6% cent on 2020/21. This was driven in part by an increase in lump-sum retirement payments.
    - ➢ Total income was £15.9 billion, a decrease of 8.1% on 2020/21.
    - ➢ Employer contributions decreased by 24.3 per cent on 2020/21 to £7.8 billion. This decrease in total income and employer contributions was common in the final year of the three-year valuation cycle due to employers making early payment of contributions in the previous two years.
    - ➢ The market value of LGPS funds on 31 March 2022 was £364 billion, an increase of 8%.
    - ➢ There were 6.3 million scheme members as of 31 March 2022, comprising of 2 million active members, 1.9 million pensioners and 2.3 million deferred members.

- The announcement in relation to the 2023/24 employee contribution bands, which would be effective from 1 April 2023. These were calculated by increasing the 2022/23 employee contribution bands by the September CPI figure of 10.1%. As the employee contribution bands were being uplifted by a higher rate than the average pay award, there was likely to be more members of staff dropping into a lower band than in previous years. This would reduce the contributions payable to the Fund by members. The Board were advised that this would have a small negative impact on the cashflow position of the Fund in the short term, however, higher inflation expectations had been factored into the 2022 valuation therefore it was not a cause for concern in the longer term.

- Ravinder Jassar explained that DLUHC had issued a consultation on changing the in scheme revaluation date from 1 to 6 April, with effect from 1 April 2023 and thereafter on each 6 April. The proposed change would remove the impact of high inflation on the annual allowance (AA) and reduced the number of members incurring a tax charge. The consultation had run for two weeks and closed on 24 February 2023. The board were informed that the Fund's actuarial advisors had produced a briefing note on this subject which was attached in Appendix 6 of the report.

- Lee Rowley MP, Minister for Local Government, had responded to a letter written to him in August 2022 by the Scheme Advisory Board regarding the separation of main authority accounts and pension fund accounts. Currently the two accounts were tied together which had caused delays in signing off pension fund accounts when authority accounts were awaiting audit sign off. Officials within central government had been asked to consider the scope for developing this further, although the separation of the accounts was not foreseen to occur any time soon.

As no further issues were raised the Board **RESOLVED** to note the recent developments in the LGPS, as detailed within the report.

7. **Brent Risk Register**

Carlito Rendora (Senior Finance Analyst, Brent Council) presented the report, which updated the Board on the Risk Register, attached as Appendix 1 of the report, for the Brent Pension Fund Pensions Administration Service. The Board were advised that one key change to the Risk Register had occurred, a new risk had been added in response to significantly higher than expected inflation (highlighted as item 9.7 within the Risk Register attached as Appendix 1 to the report). Other changes made to the Risk Register to keep the document up to date had been outlined in section 3.6 of the main report. In addition, the Board received and noted the Risk Strategy for the Fund, attached as Appendix 2 of the report.

In thanking Carlito Rendora for the for the overview, the Chair welcomed questions and contributions from Board members. Contributions, questions, and responses were as follows:

- Regarding the impact of the downsizing and closure of primary schools, the Board were informed that if this were to occur it would have an effect on the Fund's cashflow, since fewer staff resulted in fewer members and less contributions. Nevertheless, Sawan Shah (Head of Pensions, Brent Council) reassured the Board that the Fund's actuary advisers had recently modelled the maturity of the Fund, doing so at every triennial evaluation, with the issue not being a significant concern at the time of the meeting.

- Ravinder Jassar (Deputy Director of Finance, Brent Council) advised the Board that the external auditors, Grant Thornton, were placing the Pension Fund under 'hot review', which was a further detailed review of the Fund's accounts before year-end closure. As a result of the 'hot review', the Board noted the potential for delays in closing the accounts on which a further update was requested at the next Board meeting.

- Concerning the review dates of the items included in the Risk Register, the Board heard that the items with 2023 stated as the next review date were reviewed annually, whereas it was noted on the Risk Register where items were reviewed on a more frequent basis. Furthermore, Sawan Shah informed the Board that some actions were Council-wide, such as GDPR training which was completed by all officers on an ongoing basis. Sawan Shah advised that he would ensure a further review was undertaken to ensure that all information was accurate and up to date

- The Board were advised that the scores on the Risk Register reflected the likelihood and impact of the risk without the control in place. The control was influenced by the risk score, with higher risk scores resulting in a higher level of control attached to it. The Board noted that the control-adjusted risk scores were not currently included as part of the Risk Register.

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 of the report.

8. **Investment Strategy Review**

Before moving on to remaining items on the agenda the Chair reminded Board members that agenda items 8, 9, 10, 11, 12, and 14 were reports referred to the Pension Board for information following their consideration at the Brent Pension Fund Sub-Committee.

The Board received an update on the review undertaken by the Fund's investment advisor, Hymans Robertson, of the current investment strategy, following on from the Fund's 2022 valuation. The purpose of the review was to evaluate the current investment strategy and analyse the ability of alternative strategies to meet the Fund's strategic objectives and followed the report having been considered in detail at the Brent Pension Fund Sub Committee on 20 February 2023.

In receiving the update, the Board noted that it was best practice to periodically review the Fund's investment strategy to allow for the consideration of recent data and to review the performance of assets. The Board were advised that the Fund's 2019 investment strategy was deemed as still valid, with recommendations to rebalance asset holdings to move towards long-term allocation targets. The next steps following on from the review was to prioritise actions over the next three years, with the investment in the London CIV UK Housing Fund and the rebalancing of the Fund's equity holdings likely to be considered priorities.

After the conclusion of the update, the Chair invited contributions from Board members, with questions, responses and comments summarised below:

- In responding to a question raising concerns over the three year time period between reviews due to recent economic volatility, Sawan Shah stated that the Fund was a long-term investor meaning current volatility was expected to have less of a long term impact. The Board were informed that the performance of the Fund was reviewed quarterly but the three year investment strategy review, which was resource-intensive, struck a good balance between short-term and long-term monitoring.

- Regarding the recommendation to reduce global equity holdings by 6%, the Board were advised that the decision was largely a defensive measure. The Board noted that the Fund's maturity was growing, meaning the Fund was well funded and was able to make gains in less risky assets. In addition, income assets, such as property and infrastructure, were better protected from inflation, resulting in a number of funds advising greater allocations to these holdings.

Members welcomed the update and with no further issues raised, it was **RESOLVED** to note the Investment Strategy Review, including the exempt information included within Appendix 2 of the report.

9. **Investment Monitoring Report – H2 2022**

The Board received an update on the Brent Pension Fund H2 2022 Investment Monitoring Report, which reviewed the Fund's performance over the second half of 2022.

In noting that the report had been subject to detailed review at the Brent Pension Fund Sub Committee on 20 February 2023 and covered monitoring performance up to 31 December 2022, the Board **RESOLVED** to note the H2 2022 Investment Monitoring Report without any further detailed comment.

10. **Housing Allocation Report**

The Board received a report updating members on the London CIV UK Housing Fund, which included the Product Assurance Review (PAR) conducted by the Fund's investment advisors (Hymans Robertson) and their recommendations for investment and implementation. The Board were informed that both London CIV and Hymans Robertson had attended the Pension Fund Sub-Committee on 20 February 2023 in order to present the proposal in further detail. The Sub-Committee had agreed, in principle, to a commitment of 2.8% of total Fund assets (circa £30m) to the London CIV UK Housing Fund.

Following the introduction to the report, the Chair welcomed questions and comments from Board members. The subsequent discussion is summarised below:

- In response to a comment about the potential reliance on central government funding in relation to social housing provision and the associated impact in terms of exposure of the London CIV UK Housing Fund, the Board were assured that the associated risks had been identified and recognised. The Fund identified for Brent's investment did not include exposure to the private rented market and was not specifically aimed at properties in Brent having a national focus instead.

Members welcomed the report and as no further issues were raised it was **RESOLVED** to note the update provided and investment identified, including the exempt information included within Appendix 1 of the report.

11. **Triennial Valuation Results and Funding Strategy Statement**

The Board received a report providing an update on the results of the 2022 triennial actuarial valuation and the associated policies, which included the Funding Strategy Statement. In noting that the report had been subject to detailed consideration at the Brent Pension Fund Sub Committee on 20 February 2023, the Board received a further update on key actions that had occurred since the last Pension Board meeting in November 2022. These included issuing draft employer results schedules to employers, which showed the contribution rate for each employer for the next three years. In addition, an employer's forum had been held in November 2022, in which the process for determining the contribution rate was explained and employers questioned officers and the fund actuary on the valuation process. The Board also noted that the Council expected the final version of the draft valuation report, attached in Appendix 1 of the report, to be completed before the 31 March deadline.

Members welcomed the update and as no further issues were raised it was **RESOLVED** to note the update provided on the draft Valuation report and associated Funding Strategy Statement, including the exempt information included within Appendix 5 of the report.

12. **Procurement of Investment Management Services**

The Board received a report which summarised the outcome of the investment management services tender. The Board were informed that Hymans Robertson LLP were re-appointed to provide investment management services for the Brent Pension Fund. In welcoming the update, the Chair praised the 60% weighting given to the quality criteria during the procurement process.

With no further issues raised it was **RESOLVED** to note the update on the procurement of investment management services and reappointment of Hymans Robertson LLP as presented to the Brent Pension Fund Sub Committee on 20 February 2023.

13. **Exclusion of Press and Public**

At this stage in proceedings the Pension Board was asked to consider whether they wished to exclude the press and public for consideration of the final report on the agenda. Given the following item had been submitted for information and it was felt could be considered without the need to disclose any information likely to be classified as exempt it was **RESOLVED** not to exclude the press and public from the remainder of the meeting.

The meeting then continued in open session.

14. **Employer Exit from the Pension Fund**

The Board received a final report providing an update on the funding position and the process for an employer's exit from the Fund. The Board were advised that the matter had been considered in detail at the Brent Pension Fund Sub Committee on

20 February 2023 with the impact of the employer leaving the Fund not expected to create a significant impact.

The Board therefore **RESOLVED** to note the update provided without any further comment.

15. **Date of Next Meeting**

The Board noted that the provisional dates for the next meetings were as follows, with meetings (at this stage) scheduled to continue online:

- Monday 24 July 2023 at 6pm
- Wednesday 8 November 2023 at 6pm
- Monday 25 February 2024 at 6pm

16. **Any Other Business**

None.

The meeting closed at: 7:11pm

MR. DAVID EWART
Chair

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