



Pension Board

Monday 24 July 2023 at 6.00 pm

This will be held as an online virtual meeting

Membership:

Members

David Ewart

Representing

Independent Chair

Councillor Members

Councillor Akram

Councillor Kabir

Brent Employer Representative

Brent Employer Representative

Co-opted Members

Bola George

Sunil Gandhi

Chris Bala

Robert Wheeler

Member Representative (Unison)

Employer Member (Non-Brent Council)

Pension Scheme Members Representative

Member Representative (GMB Trade Union)

For further information contact: Adam Woods, Governance Officer
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: www.brent.gov.uk/democracy

The press and public are welcome to attend this meeting as an online virtual meeting. The link to attend and view proceedings is available online via the following link: [WEBCAST LINK](#)

Notes for Members - Declarations of Interest:

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

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

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

***Disclosable Pecuniary Interests:**

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

****Personal Interests:**

The business relates to or affects:

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

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

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

or

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

- You yourself;

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

Agenda

Item	Page
1 Apologies for Absence	
2 Declarations of Interests	
Members are invited to declare at this stage of the meeting, the nature and existence of any relevant disclosable pecuniary or personal interests in the items on this agenda and to specify the item(s) to which they relate.	
3 Minutes of the Previous Meeting	1 - 10
To approve the minutes of the previous meeting held on Wednesday 22 March 2023 as a correct record.	
4 Matters Arising (If Any)	
To consider any matters arising from the minutes of the previous meeting.	
Pension Board Reports	
5 Pensions Administration Update	11 - 68
This report updates the Pension Board on various pensions administration matters as part of its remit to oversee the administration of the Brent Pension Fund.	
6 Chair's Annual Report	69 - 74
The Chair's Annual Report to the Pension Board for 2022/23 provides an update on the work carried out by the Board during the year.	
7 Communications Policy	75 - 92
This report presents the revised Communications Policy for the Brent Pension Fund.	
8 Pensions Administration Strategy	93 - 116
This report presents the revised Pensions Administration Strategy for the Brent Pension Fund.	

9	Risk Register	117 - 136

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

10	Local Government Pension Scheme Update	137 - 262

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

Reports Referred from the Brent Pension Fund Sub-Committee

11	Investment Monitoring Report - Quarter 1 2023	263 - 286

To receive the Brent Pension Fund Q1 2023 Investment Monitoring Report.

12	Investment Strategy Update	287 - 292

This report provides the Board with an update on the steps taken to transition to the investment strategy agreed at the 20 February 2023 Brent Pension Fund Sub-Committee meeting.

13	Draft Pension Fund Year End Accounts 2022/23	293 - 334

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

14	Local Authority Pension Fund Forum Engagement Update	335 - 350

This report updates the Board on engagement activity undertaken by LAPFF (the Local Authority Pension Fund Forum) on behalf of the Brent Pension Fund.

15	Meeting Dates for 2023/24	

To note that the dates of the Pension Board meetings for the 2023/24 municipal year are as follows:

- Wednesday 8 November 2023 at 6:00pm
- Monday 25 March 2024 at 6:00pm

16	Exclusion of the Press and Public	

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

“Information relating to the financial or business affairs of and particular person (including the authority holding that information).”

17 London CIV Update

351 - 476

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

18 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.

Date of the next meeting: Wednesday 8 November 2023

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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

	Pension Board 24 July 2023
	Report from the Corporate Director, Finance and Resources
Pensions Administration 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:	Two: Appendix 1 - Q4 2022-23 Performance Report Appendix 2 - Brent Pension Fund Administration Report - Annual Appendix
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

1.0 Purpose of the Report

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

2.0 Recommendation(s)

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

3.0 Pensions Administration Performance Report

3.1 This report reviews the performance of the LPPA contract against agreed Service Level Agreements (SLA's) during January to March 2023.

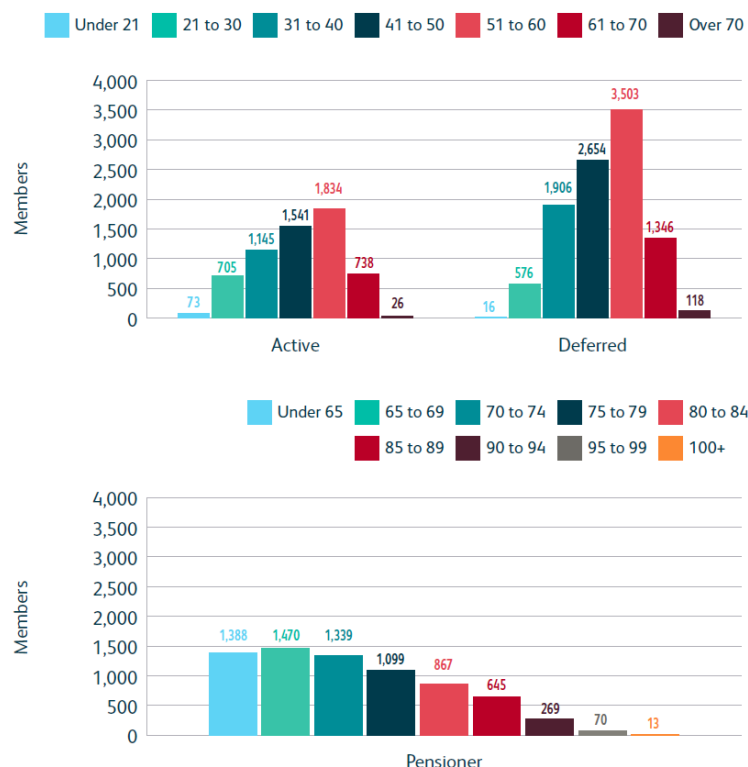
3.2 Overall, the service delivered by LPPA continued to have challenges through the final quarter of 2022/23 – LPPA have acknowledged this and are committed to improving their service. The Pensions administration team hold monthly meetings with LPP to monitor the performance of the contract looking at both the individual month and trends across months. Full details on the Q4 2022-23 performance are set out in Appendix 1. The annual summary for the 2022-23 year is attached in Appendix 2.

3.3 As of 31 March 2023, the Brent Pension Fund had 23,341 members, which was made up of:

- 6,062 active members
- 7,160 pensioners (including dependants)
- 10,119 deferred beneficiaries.

3.4 Figure 1 shows the current age demographic of the Brent Pension Fund members. This is broken down between active, deferred and pensioner members.

Figure 1:



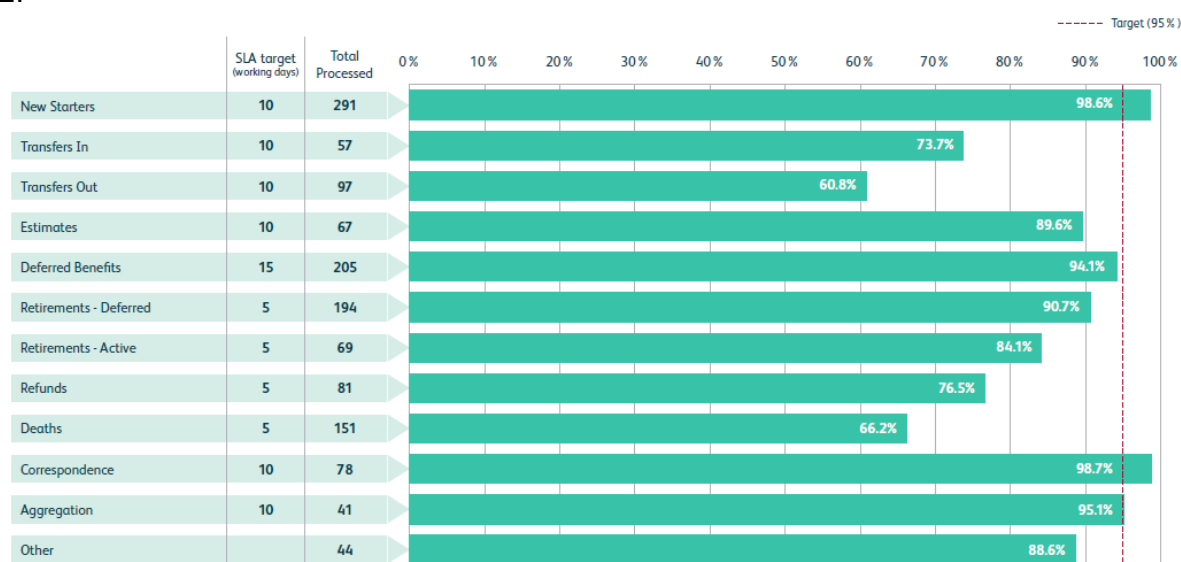
3.5 This shows that the majority of the working age active members fall into the 31 to 60 age groups while, as would be expected, 51-60 is the banding with the highest number of deferred members. For pensioner and dependant members, the number

of members in the under 65, 65 to 69 and 70 to 74 bands is broadly the same. Number of members declines progressively into the older bands.

3.6 The quarterly average percentage of cases processed on time was 86.7%, which is below the contractual SLA target of 95% however relaxed SLAs were agreed with the Fund during the Universal Pensions Management (UPM) migration period up to end of January 2023: 90% for payment cases; 70% for other case types. Casework performance for the period was impacted as the casework teams clear the spikes in work relating to the final Phase 2 Project Pace migrations which included the Brent Fund. LPPA are working to a plan to return performance to within the contractual SLA by end of September 2023 at the latest.

3.7 Figure 2 provides detail on the number of cases that have been processed grouped by category.

Figure 2:



3.8 Helpdesk call performance measures the average wait time and calls answered. The Fund had a significant increase in its wait times with performance of 10 minutes 29 seconds in January, 10 minutes 4 seconds in February and 6 minutes 19 seconds in March, all of which were above the target time of 4 minutes. The wait times across all three months is largely due to an increase in volumes of inbound calls.

3.9 The Helpdesk implemented a new call handling system in March which allows improved call routing. As a result, LPPA are able to train additional Helpdesk advisors more quickly and reduce the average wait time. Initial data from April and May 2023 shows that helpdesk call wait times are now near the target time of 4 minutes.

3.10 The average calls answered should be 95%. Over the last quarter, 89.4% of calls were answered in January, 90.0% in February and 92.9% in March.

- 3.11 Employer and member engagement activity delivered for the quarter included developments on the website for topics including new joiners¹, retirement guide for leavers² and member contribution rates for 23/24³. Several bite-sized video FAQs⁴ were developed to help answer some of the more popular member questions, including opting out, and information on the 50:50 option. FAQ's were added to the LPPA website, following the Spring Budget.
- 3.12 Scheduled updates in the coming months include Annual Benefit Statements (ABS) scheduled for delivery in line with statutory deadlines (by the end August), and the summer newsletter for active and deferred members will be issued.
- 3.13 Since the last Pension Board, 33 new complaint cases have been received. This included 10 new complaints in February, 8 new complaints in March, 7 new complaints in April and 8 new complaints in May. Out of the 33 cases, 17 related to delays, 15 related to general service and 1 payment. It is acknowledged that levels of complaints are high compared to the historical average and this is due the challenges in performance following the system migration.
- 3.14 No Internal Dispute Resolution Procedure ("IDRP") complaints were received during the period and one IRDP case was concluded. Brent and LPP are taking action to ensure that these cases are resolved swiftly. However, the complex nature of some cases means that this is not always possible. In addition, following the completion of each case, a process is undertaken to ensure any lessons learned are reviewed and consequently, if necessary, processes and procedures will be updated.
- 3.15 The Pension Regulator (TPR) acknowledges that complete, accurate scheme records are a vital part of the administrative function. The Regulator defines two types of data held in scheme records:

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

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

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

Figures 3 below displays the TPR scores achieved in regards to the accuracy of common and conditional data. As at 31 March 2023, Common data has a total

¹ <https://www.lppapensions.co.uk/new-to-the-scheme/>

² <https://www.lppapensions.co.uk/employers/guides-to-leavers/retirement/>

³ <https://www.lppapensions.co.uk/employers/employer-essentials/employer-responsibilities/contributions/>

⁴ <https://www.youtube.com/@LPPAdministration/videos>

accuracy rate of 96.5% compared with 96.6% in December while conditional data has a total accuracy rate of 89.6% compared with 86.0% in December.

Figure 3:

COMMON DATA				CLIENT SPECIFIC	
Data Item	Active	Deferred	Pensioner / Dependant		
Invalid or Temporary NI Number	3	78	24		
Duplicate effective date in status history	0	8	9		
Gender is not Male or Female	0	0	0		
Duplicate entries in status history	10	33	20		
Missing (or known false) Date of Birth	0	0	0		
Date Joined Scheme greater than first status entry	10	0	4		
Missing Surname	0	0	0		
Incorrect Gender for members title	0	0	0		
Invalid Date of Birth	5	0	0		
No entry in the status history	2	0	0		
Last entry in status history does not match current status	13	6	1		
Member has no address	22	527	32		
Missing Forename(s)	0	6	1		
Missing State Retirement Date	0	0	0		
Missing postcode	22	570	57		
Missing Date Joined Pensionable Service	1	0	0		
Total Fails	88	1,228	148		
Individual Fails	62	667	99		
Total Members	6,062	10,119	7,160		
Accuracy Rate	99.0%	93.4%	98.6%		
Total accuracy rate				96.5%	

CONDITIONAL DATA		CLIENT SPECIFIC	
Data Item	Fails		
Divorce Records	0		
Transfer In	105		
AVC's/Additional Contributions	25		
Deferred Benefits	8		
Tranches (DB)	0		
Gross Pension (Pensioners)	56		
Tranches (Pensioners)	0		
Gross Pension (Dependants)	78		
Tranches (Dependants)	78		
Date of Leaving	163		
Date Joined Scheme	167		
Employer Details	3		
Salary	219		
Crystallisation	280		
Annual Allowance	152		
LTA Factors	99		
Date Contracted Out	5		
Pre-88 GMP	699		
Post-88 GMP	532		
Total Fails	2,669		
Individual Fails	2,420		
Total Members	23,341		
Accuracy Rate	89.6%		

- 3.16 The Spring 2023 Newsletter for retired members has been published and is available on the LPPA website⁵. The edition provides updates on pension increases, 2023 pay dates, member stories about health and wellbeing in retirement and information on the benefits of using PensionPoint.

4.0 Annual Benefit Statements

- 4.1 It is a statutory responsibility for the scheme manager to issue an Annual Benefit Statement (ABS) to all eligible active and deferred members by 31 August each year.
- 4.2 Scheme employers are required to submit an end of year return in order to be able to produce an ABS. Following submission of the return, employers may be required to respond to queries to clarify any data on the return before an ABS can be produced. It is therefore important that end of year returns are received promptly. Therefore, delays in submission of returns can lead to a risk that the ABS are not issued by the deadline.
- 4.3 To support Fund employers with the submission of their year end return, 2 year end training sessions were held in April with a further 2 sessions held in May. Email communications were also sent to employers in advance of the deadline and after the deadline to those employers who were yet to submit their returns.
- 4.4 Fortnightly reports have been issued to Fund officers to update on training attendance and the submission of the annual return. At the time of dispatch of this report the latest report showed that, 13 employers, which represent 5% of members in the Fund, had not submitted their end of year return. While this number

⁵ <https://www.lppapensions.co.uk/news-hub/member-newsletters/retired-member-newsletter-2023/>

is higher than the Fund would want, it is a significant improvement from last year. The Fund and LPP are closely monitoring submission of returns and working together with employers to ensure the returns are received promptly. Fund officers are now in the process of escalating to senior management of employers (CEO/CFO, Headteachers and Governors/trustees) where returns are still outstanding and providing support to employers where required.

- 4.5 The Pensions Administration Strategy allows the scheme manager to take action against employers that do not comply with their statutory and legal obligations to the Pension Fund. These actions will be considered should employers not respond to requests for information in a timely manner.

5.0 Regulatory Projects

- 5.1 The Pensions Board has previously received updates on the McCloud case, an age discrimination court case involving the transitional protection arrangements introduced as part of the 2014 reforms of public sector pension schemes including the LGPS.
- 5.2 In 2020, the government issued a consultation to remedy age discrimination in the LGPS. On 30 May 2023, DLUHC issued a further Consultation “McCloud’ remedy in the LGPS – supplementary issues and scheme regulations’ together with draft Regulations for the whole ‘McCloud’ remedy. This Consultation closed on 30 June 2023. It is intended these Regulations come into force on 1 October 2023.
- 5.3 LPPA continue to work alongside the UPM system provider Civica to develop and implement functionality for the remedy throughout 2023. LPPA has also issued emails to employers in relation to data requirements for the McCloud exercise.
- 5.4 The pensions dashboard has been paused until further notice by Department of Work and Pensions to allow a more achievable timeline for the platform to be established.
- 5.5 John Crowhurst, the Commercial Director at LPP will be in attendance at the Pension Board meeting to provide a verbal business update.

6.0 Financial Implications

- 6.1 Not applicable.

7.0 Legal Implications

- 7.1 Not applicable.

8.0 Equality Implications

- 8.1 Not applicable.

9.0 Consultation with Ward Members and Stakeholders

9.1 Not applicable.

10.0 Human Resources

10.1 Not applicable.

Report sign off:

Minesh Patel
Director of Finance

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LPP

Local Pensions Partnership
Administration

Brent Pension Fund

Quarterly Administration Report

1st January – 31st March 2023

lppapensions.co.uk

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DEFINITIONS

Page 9

Total Fund Membership

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

Current Age Demographic

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

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

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

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

Page 11

Casework Performance Against SLA

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

Page 12

Casework Performance Against SLA

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

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

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

Page 14 & 15

Helpdesk Performance

Average wait time measures the time taken from the caller being placed into the queue, to them speaking with a Helpdesk adviser.

The percentage of calls answered does not include calls that are abandoned by the caller where the wait time is less than 2 minutes.

All figures reported in this section are non-client specific, as not all member calls are dispositioned at client level. This means that call volumes and wait times are not at client level - however, as calls are answered (through our various IVR options) in relation to wait time, performance across all LPPA clients is broadly the same

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

Page 17 & 18

Customer Satisfaction Scores

The overall Helpdesk and Retirement satisfaction scores includes the percentage of people who provided a satisfied or neutral response.

Page 20

Member Online Portal

The number and % of Members that are registered for the Member Online Portal, including a quarterly view.

Page 29

Common/Conditional Data Fails

The Pension Regulator requires Administrators to keep Member data up to date to ensure benefits are accurately paid. This is split by Common Data (details that are specific to the Member) and Conditional Data (data that is related to the pension).

Individual Fails shows the total number of unique Members that have a single or multiple number of Common Data or Conditional Data fails. On both charts, the Accuracy Rate (%) then compares the number of Individual Fails to the total number of Scheme Members.

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

OUR CORE VALUES

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

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

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



ANNUAL PLAN

✓ COMPLETED  DUE

Page 23

	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23
Annual Benefit Statement and Newsletter to Deferred Members		✓										
Pension Increases		✓										
Annual Benefit Statement and Newsletter to Active Members					✓							
Pension Saving Statements							✓					
HMRC Scheme Returns							✓					
IAS19 data			✓		✓				✓			✓

EXECUTIVE SUMMARY

Forward thinking...
Working together...
Doing the right thing...
Committed to excellence...

This performance report covers the reporting period of Q4 2022/23 (January – March 2023)

The second phase of the PACE migration to move to our new pensions administration system is now complete.

To help us manage this significant change programme, we agreed a period of temporary relaxed SLAs for all clients between March – May 2022 and then again between November – January 2023.

The usual overall SLA target is 95 %, and this target was relaxed as follows:

- High priority relaxed SLA for 3-months post go live (relaxed to 90 % target SLA)
- Other cases relaxed SLA for 3-months post go live (relaxed to 70 % target SLA – with the exception of no breach in statutory deadlines, disclosure or a guarantee period)
- Ill-health estimates/retirements prioritised
- Helpdesk call and web form wait times are likely to increase and we will manage this by proactively updating messages on our website, in the IVR when we receive calls and when a web-form is submitted to us

PRIORITY	CASE TYPE
HIGH	Deaths • Retirements deferred • Retirements active
OTHER	New Starters • Refunds • Transfers Out • Transfers In Divorce • Aggregation • Deferred Benefits • Estimates – member Estimates – employer • Correspondence

Payroll

No disruption to pensioner payroll or lump sum payments (this equates to over £100m, across all clients, in pension payments per month).

Statutory Deadlines

No statutory deadlines were due during the period.

Casework SLA Performance

Casework performance for the period was impacted by the final Phase 2 Pace migration, and this migration contained the largest number of clients in a single go live (5 clients). The spikes in work created by the migrations adversely impacts performance. Relaxed SLAs applied through to the end of January to support Pace transition.

As outlined in previous quarterly performance reports, casework performance measures to the end of Q3 from UPM were not directly comparable with how they were measured from the previous system and were in excess of contractual obligations. Significant activity has taken place to ensure that we can measure performance in line with contractual obligations. The Q4 performance report is now measuring performance in line with contractual obligations.

EXECUTIVE SUMMARY CONTINUED

Forward thinking...
Working together...
Doing the right thing...
Committed to excellence...

Satisfaction Scores

Helpdesk satisfaction scores has reduced slightly during the period. At the end of Q3, satisfaction was 80 %, at the end of Q4 satisfaction was 78 %.

Retirement satisfaction scores remained the same during the period. At the end of Q3, satisfaction was 64 %, at the end of Q4 satisfaction was also 64 %. Satisfaction scores have been impacted by the phase 2 migrations and spikes in work which we currently have plans in place to work through.

Pensions Helpdesk

Helpdesk performance for the period has seen average wait times remain slightly higher, average 9 minutes, than our non-contractual target of 4 minutes. In January the average wait peaked at 10 minutes as performance was adversely impacted by higher call volumes at the start of the month, driving up average wait times.



Fund Membership

In this section...

- Total Fund membership
- Current Age Demographic

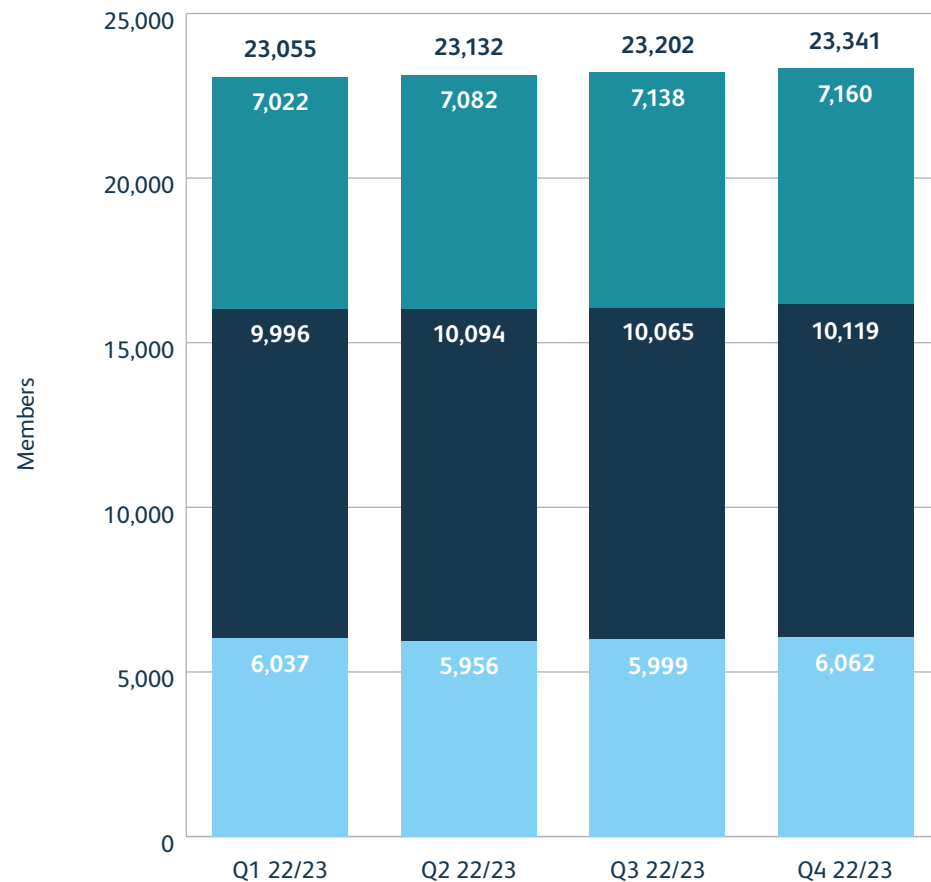
TOTAL FUND MEMBERSHIP



TOTAL FUND MEMBERSHIP

CLIENT SPECIFIC

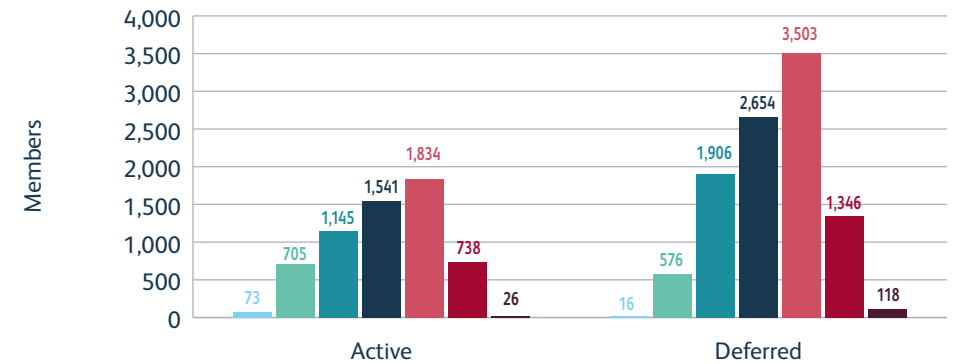
Active Contributors Deferred Beneficiaries Pensioners & Dependents



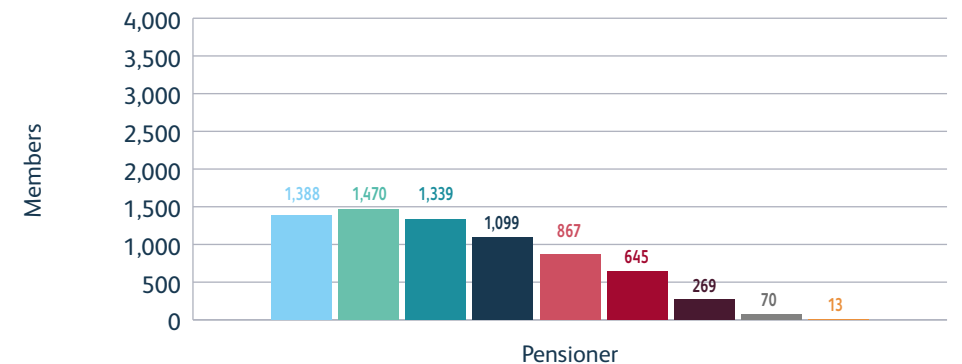
CURRENT AGE DEMOGRAPHIC

CLIENT SPECIFIC

Under 21 21 to 30 31 to 40 41 to 50 51 to 60 61 to 70 Over 70



Under 65 65 to 69 70 to 74 75 to 79 80 to 84 85 to 89 90 to 94 95 to 99 100+



Casework Performance Against SLA

In this section...

- Performance – All cases
- Performance Standard

CASEWORK PERFORMANCE AGAINST SLA

For annual data,
please see the
**Annual Appendix –
page 4**

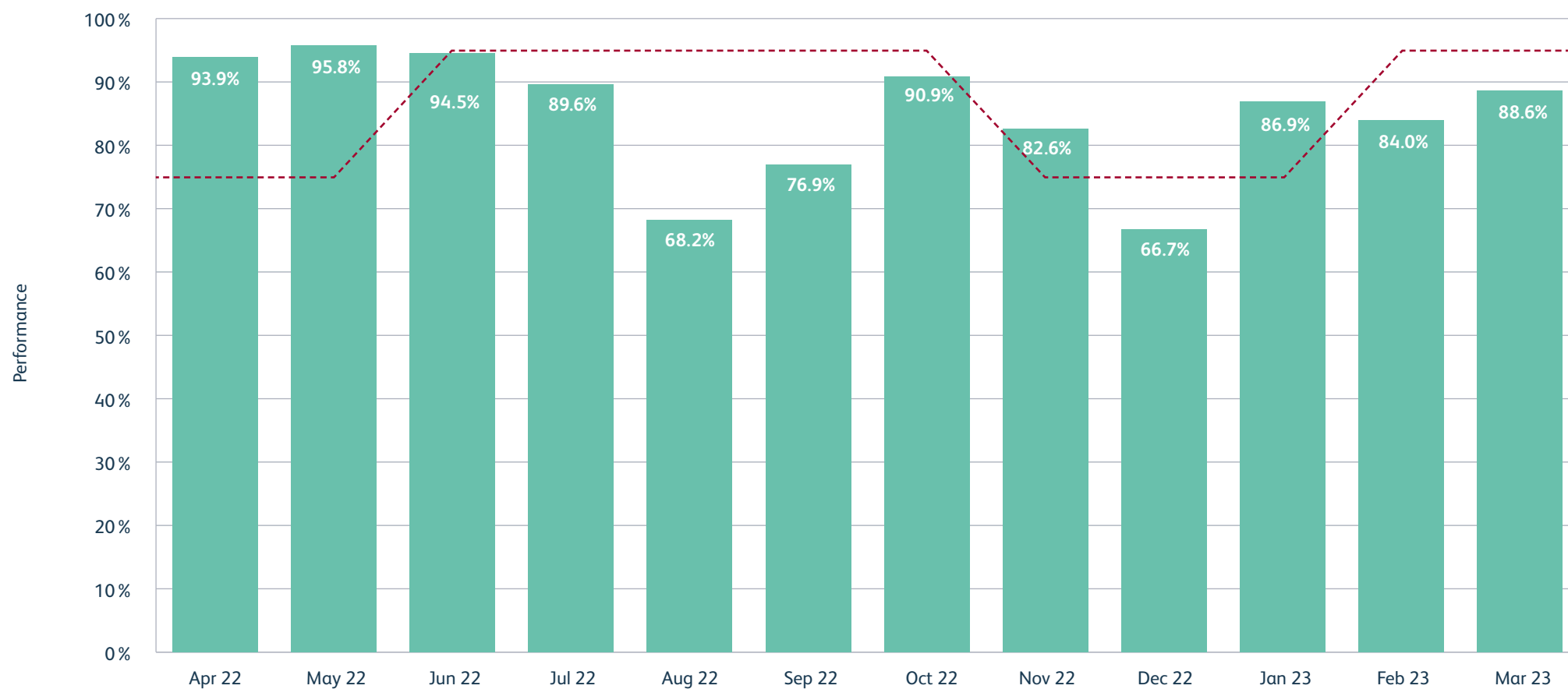


PERFORMANCE – ALL CASES

CLIENT SPECIFIC

--- Target

The quarterly SLA performance was 86.7%



CASEWORK PERFORMANCE AGAINST SLA

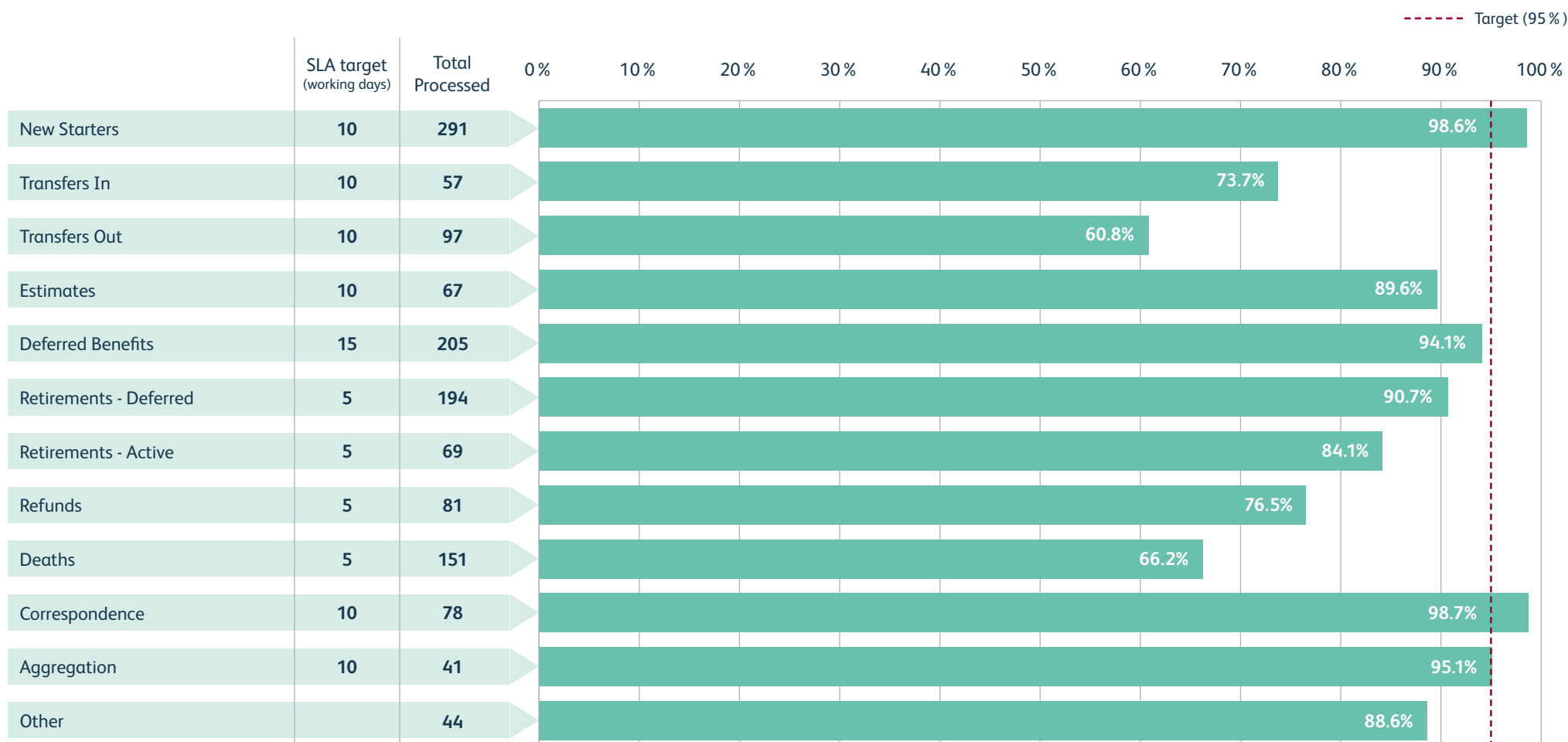
For annual data,
please see the
**Annual Appendix –
page 5**



PERFORMANCE STANDARD

CLIENT SPECIFIC

Page 30



Helpdesk Calls Performance

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

In this section...

- Wait time range
- Calls answered (%)
- Total calls

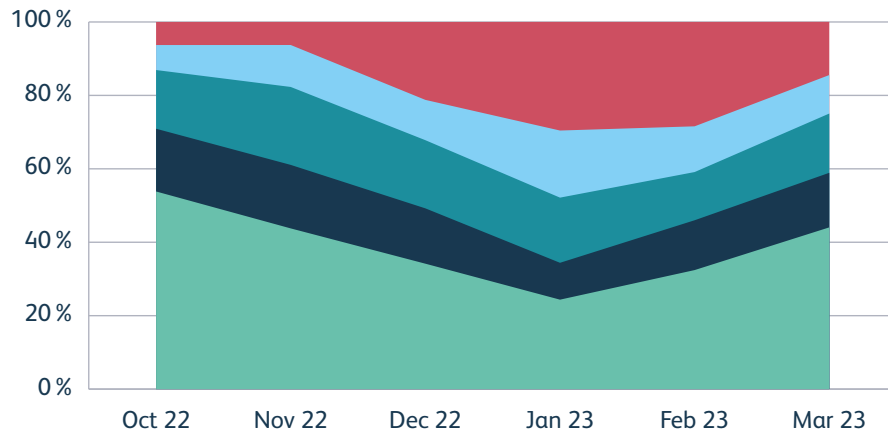
HELPDESK CALLS PERFORMANCE



WAIT TIME RANGE

ALL LPPA

Under 2 mins 2 to 5 mins 5 to 10 mins 10 to 15 mins Over 15 mins



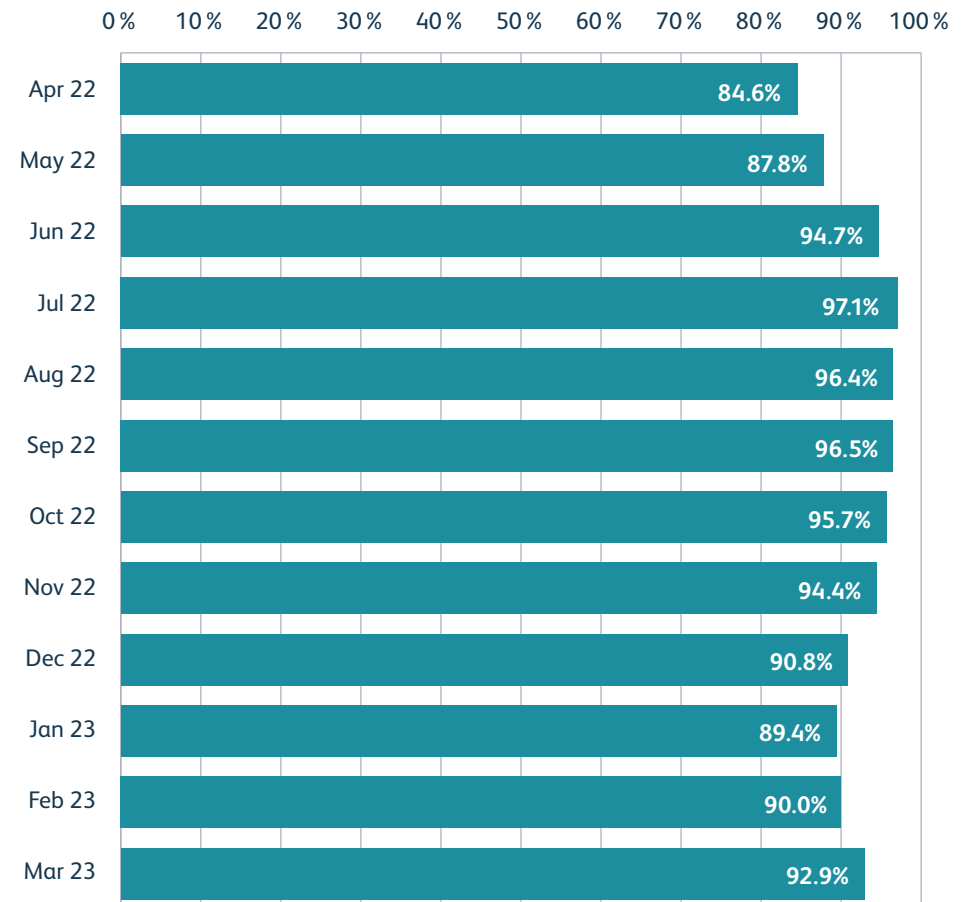
	Under 2 mins	2 to 5 mins	5 to 10 mins	10 to 15 mins	Over 15 mins
Oct 22	53.8%	17.1%	16.0%	6.8%	6.3%
Nov 22	43.8%	17.3%	21.2%	11.4%	6.3%
Dec 22	34.2%	15.1%	18.6%	11.0%	21.2%
Jan 23	24.4%	10.0%	17.8%	18.3%	29.6%
Feb 23	32.4%	13.6%	13.1%	12.5%	28.4%
Mar 23	44.1%	14.9%	16.1%	10.5%	14.5%



CALLS ANSWERED (%)

ALL LPPA

Performance

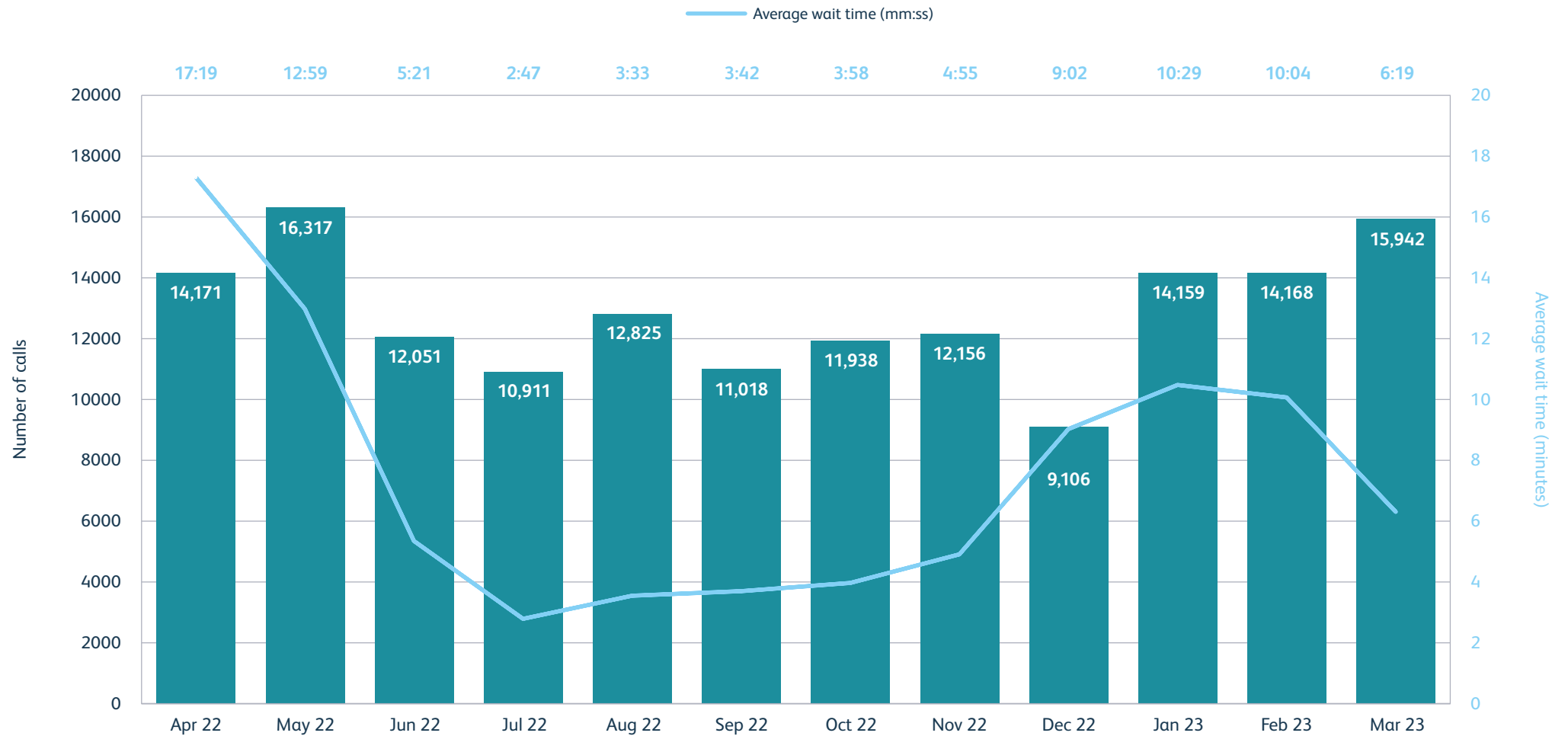


HELPDESK CALLS PERFORMANCE



TOTAL CALLS

ALL LPPA



Customer Satisfaction Scores

In this section...

- Helpdesk calls satisfaction
- Retirements

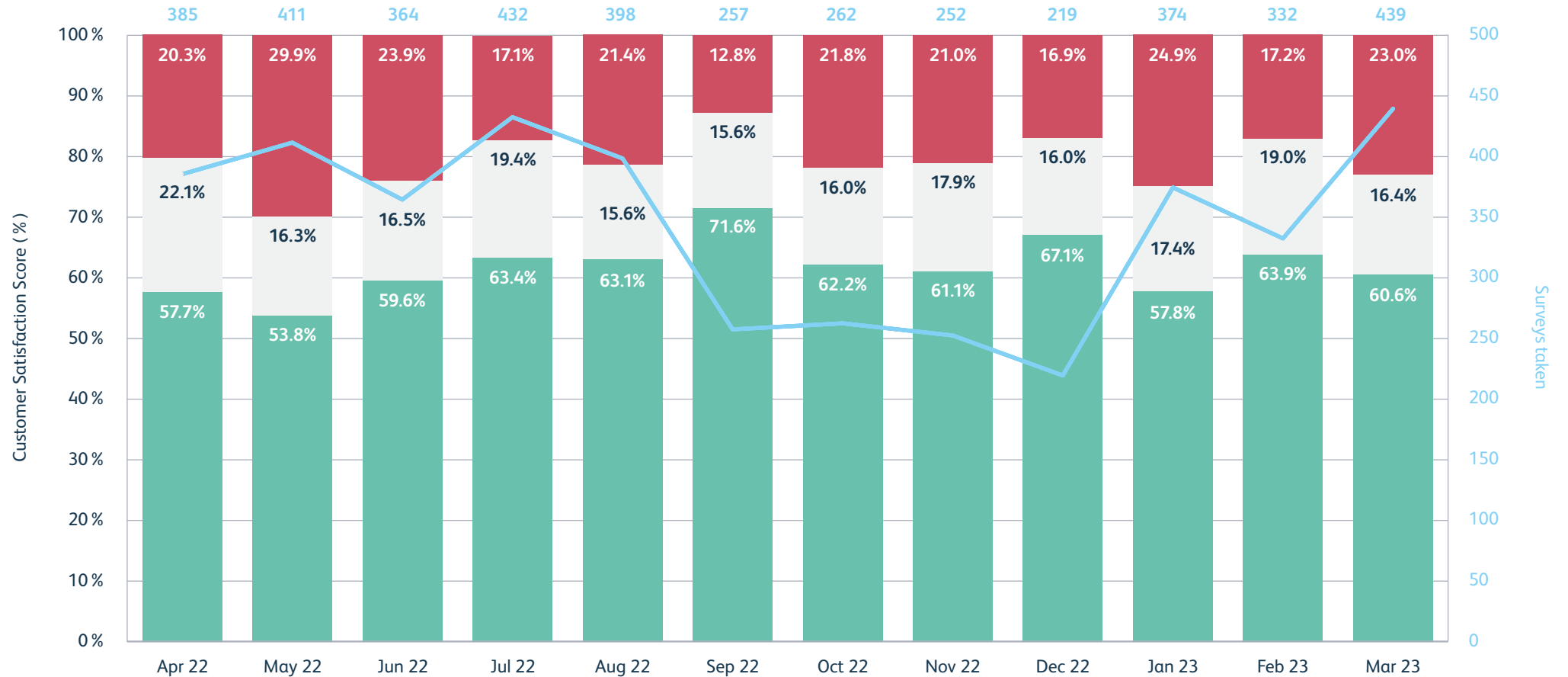
CUSTOMER SATISFACTION SCORES



HELPDESK CALLS SATISFACTION

ALL LPPA

Dissatisfied Neutral Satisfied Surveys taken



CUSTOMER SATISFACTION SCORES

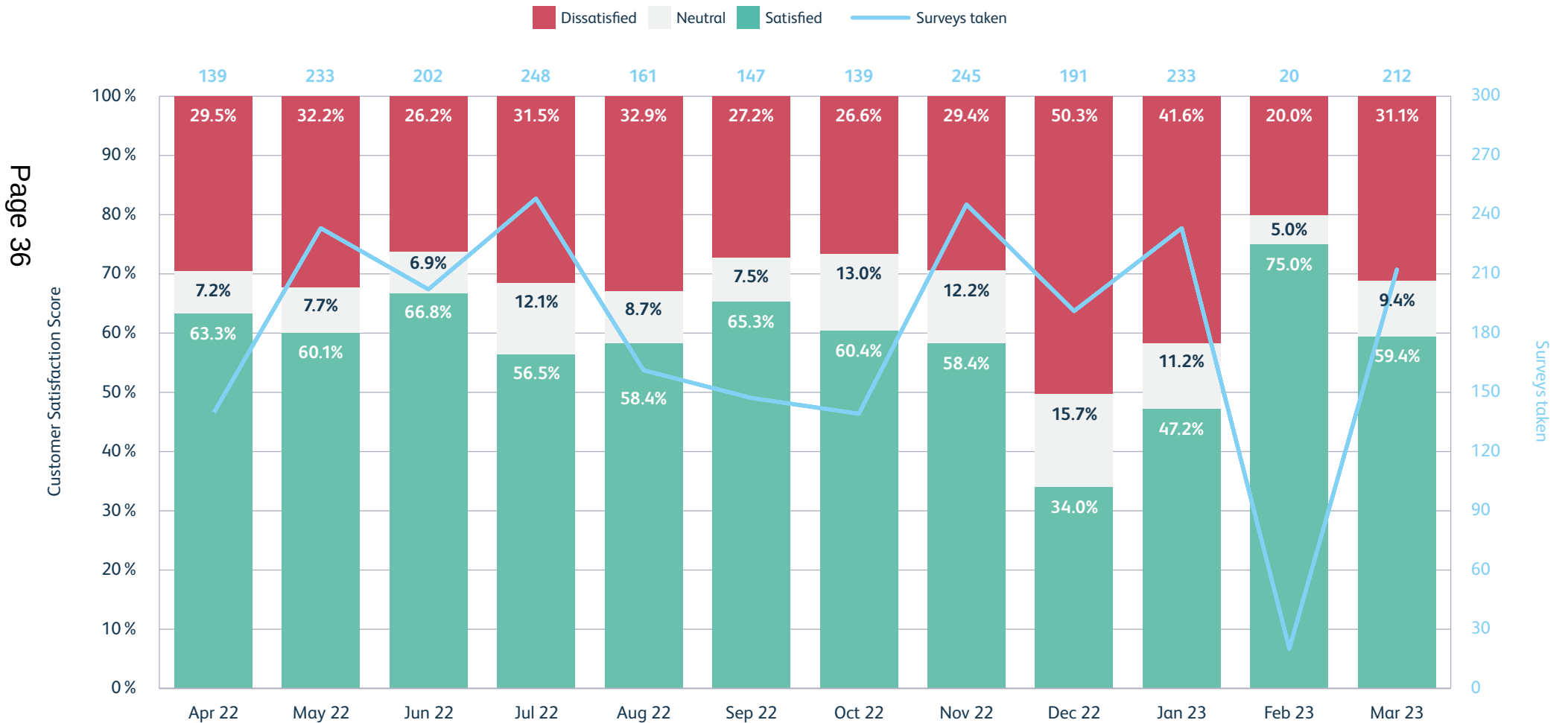
Please note:

Surveys were paused in February and reinstated in March, following a review of the process. Some surveys were being issued before payment had been made to the member – the timing of the survey has now been updated to correct this.



RETIREMENTS

ALL LPPA





PensionPoint

Member Online Portal

In this section...

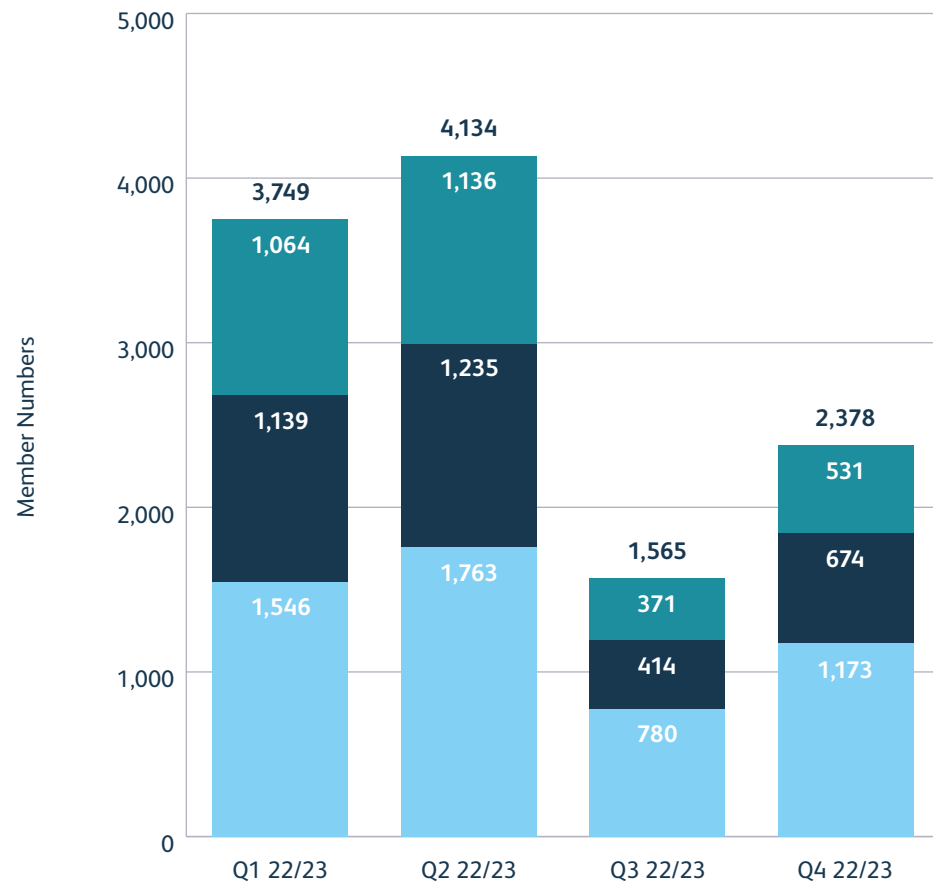
- Members registered



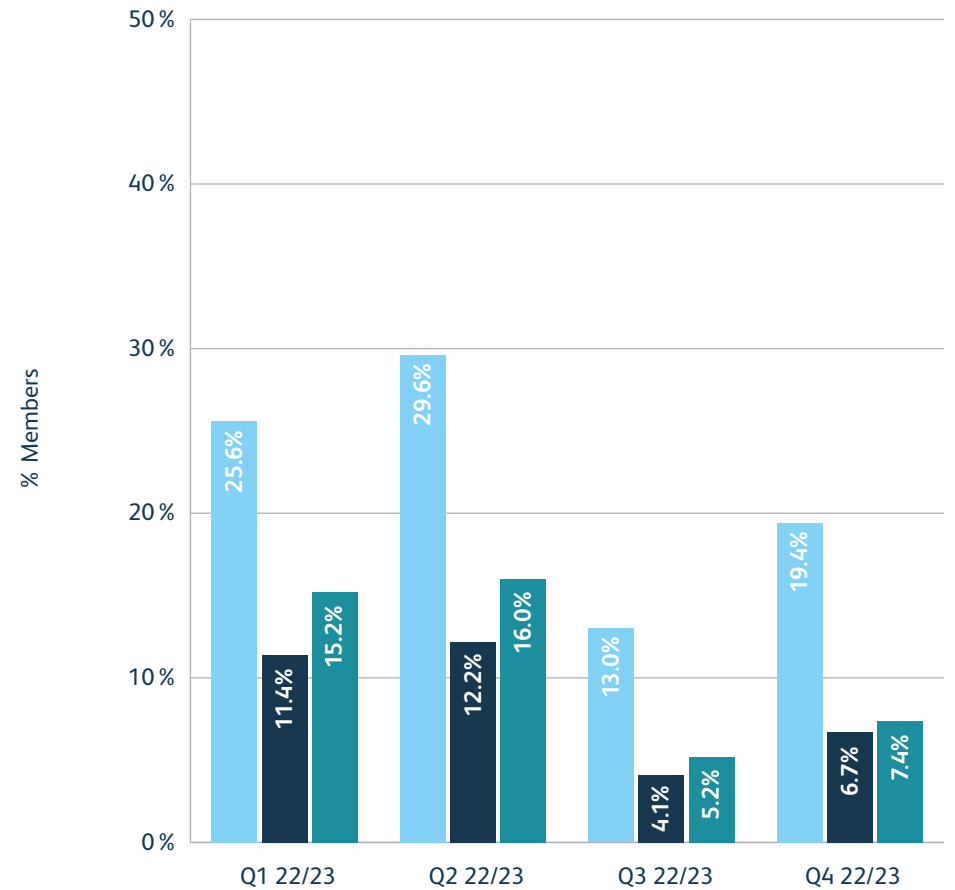
MEMBERS REGISTERED

CLIENT SPECIFIC

Active Deferred Pensioner



Active Deferred Pensioner



Employer Engagement & Communication Activity

In this section...

- Delivered
- Scheduled
- Engagement communications

For annual data,
please see the
**Annual Appendix –
pages 6-18**

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED

ALL LPPA

Page 40

1. A [member panel email](#) was issued, asking for feedback on the new LPPA Help Hub, which was launched in December on the LPPA website.
2. Emails, to a cross-section of members from all clients, inviting them to [join the member panel](#) were sent out in January.
3. A pension increases web page was created to update members on the latest pension increases.
4. Further website developments (additional pages) went live in Q4 including:
 - [New Joiners](#)
 - [Member contribution rates \(23/24\)](#)
 - [Additional Pension Contributions \(APC\)](#)
 - [Pension pay dates \(23/24\)](#)
 - [Updating Your Bank Details](#)
 - [Retirement Guide for Leavers](#) (updated)
 - [Tier 3 Ill Health Retirement](#) (updated)
5. In preparation for McCloud remedy, [further communications](#) were issued to fund employers to ensure that historic data submissions have been accurately supplied (specifically hours worked and service break data).
6. A [McCloud roadmap webpage](#) was also created for our clients.
7. [Several bite-sized video FAQs](#) were developed to help answer some of the more popular member questions, including opting out, and information on the 50:50 option.
8. New Frequently Asked Questions (FAQs) were added to the LPPA website, following the Spring Budget, [including updates on Lifetime Allowance \(LTA\) and annual allowance](#). A news story was also added to the [website](#).
9. The automated Helpdesk (recorded) message was updated to include details of how to access P60 documents for retired members (from April).
10. [A joint press release was issued with Civica](#), following the completed switch to the UPM administration platform.
11. LinkedIn posts were issued in Q1 covering a wide range of topics including:
 - Pension health checks
 - LPPA's Cyber Essentials Plus certification
 - Pension increases
 - Safer internet day
 - PensionPoint ('register to enjoy the benefits')
 - Employer Monthly Return training
 - LGBT history month
 - Chinese New Year
 - '100,000' members registered on PensionPoint
 - International Women's Day
 - LPPA Client forum
 - Spring Budget (2023)
 - Monthly Returns

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED CONTINUED

ALL LPPA

Page 41

- Happy Easter
- Happy Ramadan

12. [Pension Pulse bulletin](#) – a UPM special was issued to employers in January, followed by a '[financial year end](#)' special in March.
13. Employer training sessions were delivered with a focus on monthly returns and navigating the UPM employer portal, including:
 - UPM employer portal training (sessions to support with general navigation and submitting the monthly return data file)
 - Monthly Return Training – regular training sessions available for employers to attend, with a demonstration of the upload of Monthly Return file via UPM employer portal.
 - Remote employer visits conducted to support with navigating the UPM employer portal.
 - Employer visits (training sessions and support meetings) continue to be delivered remotely.

14. Member Sessions were delivered, all bookable via the LPPA Member Training page, including:

- Making Sense of your Pension (online sessions are aimed at members to help improve their knowledge of their pension, whether they have recently joined the scheme, or have been in the scheme a while).
- Making Sense of Retirement (sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claim their pension).

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



SCHEDULED

ALL LPPA

1. All employers will be required to provide monthly data submissions to LPPA from the 10 May 23 (previously only employers of specific funds supplied monthly data files), and training will continue to be delivered by the engagement team in support of this.
2. P60's will be uploaded to members online accounts (PensionPoint) before the end of May, and email notifications will be issued across the period April to May (paper copies will be mailed to members who have requested them).
3. The LPPA online Spring Newsletter for retired members will be issued around the same time as P60's.
4. ABS notification activity will be planned in Q1, with communications scheduled for delivery in line with statutory deadlines (by the end August).
5. The LPPA online Summer Newsletter for Active and Deferred retired members will be issued around the same time as ABS communications.

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



ENGAGEMENT COMMUNICATIONS

CLIENT SPECIFIC

- Monthly return training sessions were delivered and 6 employers were in attendance across the 2 sessions
- 3 Brent Pension Fund employers attended Scheme Leavers training for employers
- PensionPoint awareness training session was delivered and 1 employer attended
- Year End Training was delivered with 4 Brent Employers attending
- Monthly member sessions were delivered, with 2 Brent Pension Fund members attending the Making Sense of your Pension sessions and 2 attending Making Sense of your Retirement sessions

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EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



EMPLOYERS

CLIENT SPECIFIC

Date	Employer	Activity	Number in attendance
17 Jan	Curzon Cresent Childrens	Employer Visit	1
19 Jan	Michael Sobbel Sinai School	LGPS Scheme Essentials	1
19 Jan	Compass Group	LGPS Scheme Essentials	1
19 Jan	Brent Council	LGPS Scheme Essentials	2
02 Feb	Brent Council	Submitting Monthly Returns	1
02 Feb	Making The Leap	Submitting Monthly Returns	1
02 Feb	Park Lane School	Submitting Monthly Returns	1
22 Feb	Mazars	Submitting Monthly Returns	4
22 Feb	NAS	Submitting Monthly Returns	1
02 Mar	Mazars	Submitting Monthly Returns	1
02 Mar	Roe Green Junior	Submitting Monthly Returns	1
09 Mar	Michael Sobbel Sinai School	Scheme Leavers	1
09 Mar	Ark Academy	Scheme Leavers	1
09 Mar	Ark Franklin	Scheme Leavers	1
14 Mar	Brent Council	Submitting Monthly Returns	1
14 Mar	Brent BC	Submitting Monthly Returns	1
21 Mar	Brent Council	PensionPoint Awareness	1
23 Mar	Making The Leap	Year End training	1
23 Mar	Apleona	Year End training	1
23 Mar	Strictly Education	Year End training	1
23 Mar	Michael Sobbel Sinai School	Year End training	1



MEMBERS

CLIENT SPECIFIC

Date	Employer	Activity	Number in attendance
10 Jan	Brent Pension Fund Members	Making sense of your pension	1
07 Feb	Brent Pension Fund Members	Making sense of retirement	1
06 Mar	Brent Pension Fund Members	Making sense of your pension	1
09 Mar	Brent Pension Fund Members	Making sense of retirement	1

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY

For annual data,
please see the
**Annual Appendix –
pages 16-18**



EMAILS – EMPLOYERS

CLIENT SPECIFIC

January

- Pension Pulse (UPM Special)
- Monthly data returns training

February

- Annual returns / Important information on 2022 / 23 submissions

March

- Annual returns / Important information on 2022 / 23 submissions (Reminder)
- Monthly return / data file due
- Pension Pulse
- McCloud Data Collection (first)
- McCloud data file collection (follow up)



EMAILS – MEMBERS

CLIENT SPECIFIC

January

- Member training - Making Sense of Your Pension / Retirement

February

- Member panel / News Hub (small selection across multiple funds)

March

- Member panel / invitation (small selection across multiple funds)

Data Quality

In this section...

- Common data
- Conditional data

DATA QUALITY (TPR SCORES)



COMMON DATA

CLIENT SPECIFIC

Data Item	Active	Deferred	Pensioner / Dependant
Invalid or Temporary NI Number	3	78	24
Duplicate effective date in status history	0	8	9
Gender is not Male or Female	0	0	0
Duplicate entries in status history	10	33	20
Missing (or known false) Date of Birth	0	0	0
Date Joined Scheme greater than first status entry	10	0	4
Missing Surname	0	0	0
Incorrect Gender for members title	0	0	0
Invalid Date of Birth	5	0	0
No entry in the status history	2	0	0
Last entry in status history does not match current status	13	6	1
Member has no address	22	527	32
Missing Forename(s)	0	6	1
Missing State Retirement Date	0	0	0
Missing postcode	22	570	57
Missing Date Joined Pensionable Service	1	0	0
Total Fails	88	1,228	148
Individual Fails	62	667	99
Total Members	6,062	10,119	7,160
Accuracy Rate	99.0%	93.4%	98.6%
Total accuracy rate	96.5%		

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CONDITIONAL DATA

CLIENT SPECIFIC

Data Item	Fails
Divorce Records	0
Transfer In	105
AVC's/Additional Contributions	25
Deferred Benefits	8
Tranches (DB)	0
Gross Pension (Pensioners)	56
Tranches (Pensioners)	0
Gross Pension (Dependants)	78
Tranches (Dependants)	78
Date of Leaving	163
Date Joined Scheme	167
Employer Details	3
Salary	219
Crystallisation	280
Annual Allowance	152
LTA Factors	99
Date Contracted Out	5
Pre-88 GMP	699
Post-88 GMP	532
Total Fails	2,669
Individual Fails	2,420
Total Members	23,341
Accuracy Rate	89.6%

LPP

Local Pensions Partnership
Administration



LPP

Local Pensions Partnership
Administration

Brent Pension Fund

Administration Report – Annual Appendix

1st April 2022 – 31st March 2023

lppapensions.co.uk

CONTENTS

Section	Page
Casework Performance Against SLA	3
Employer Engagement & Communication Activity	6



Casework Performance Against SLA

In this section...

- Performance – All cases
- Performance Standard

CASEWORK PERFORMANCE AGAINST SLA

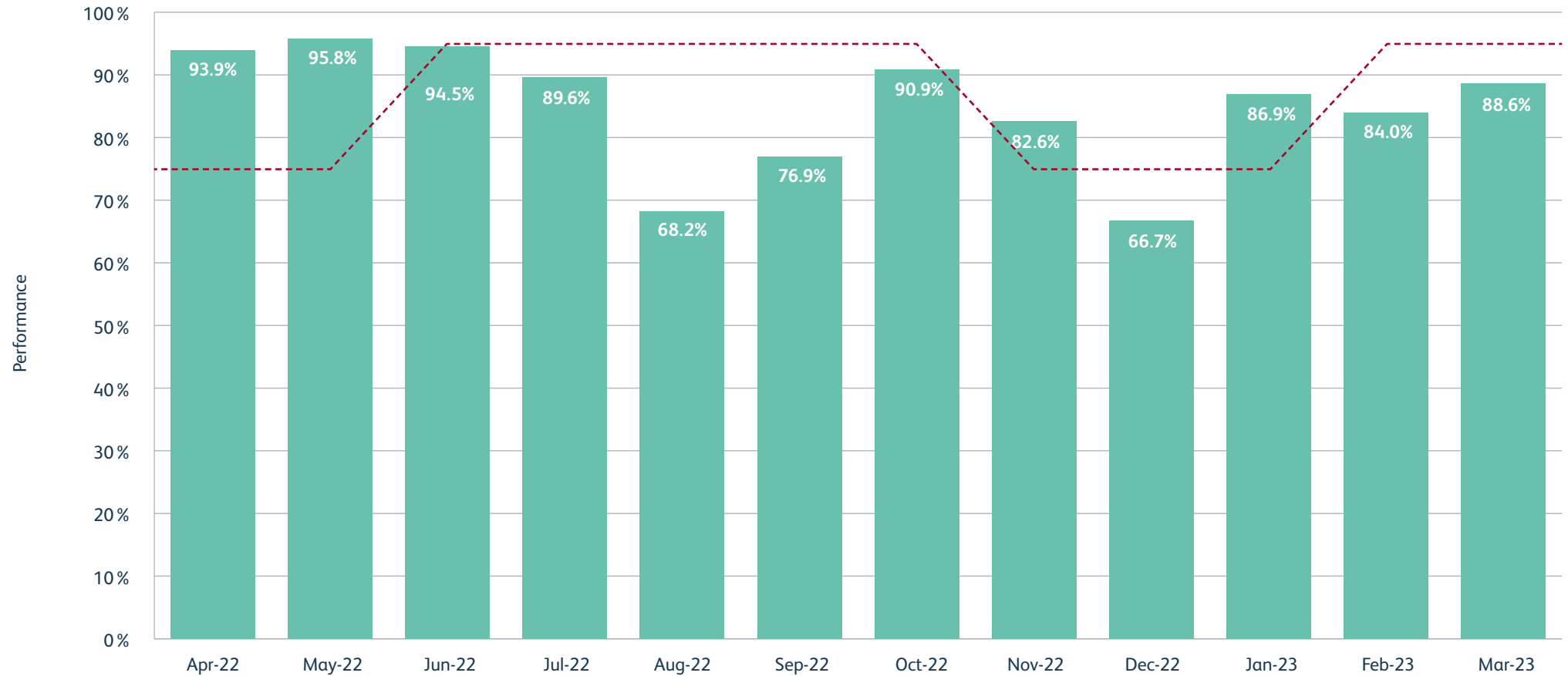


PERFORMANCE – ALL CASES

CLIENT SPECIFIC

--- Target

The annual SLA performance was 85.8%



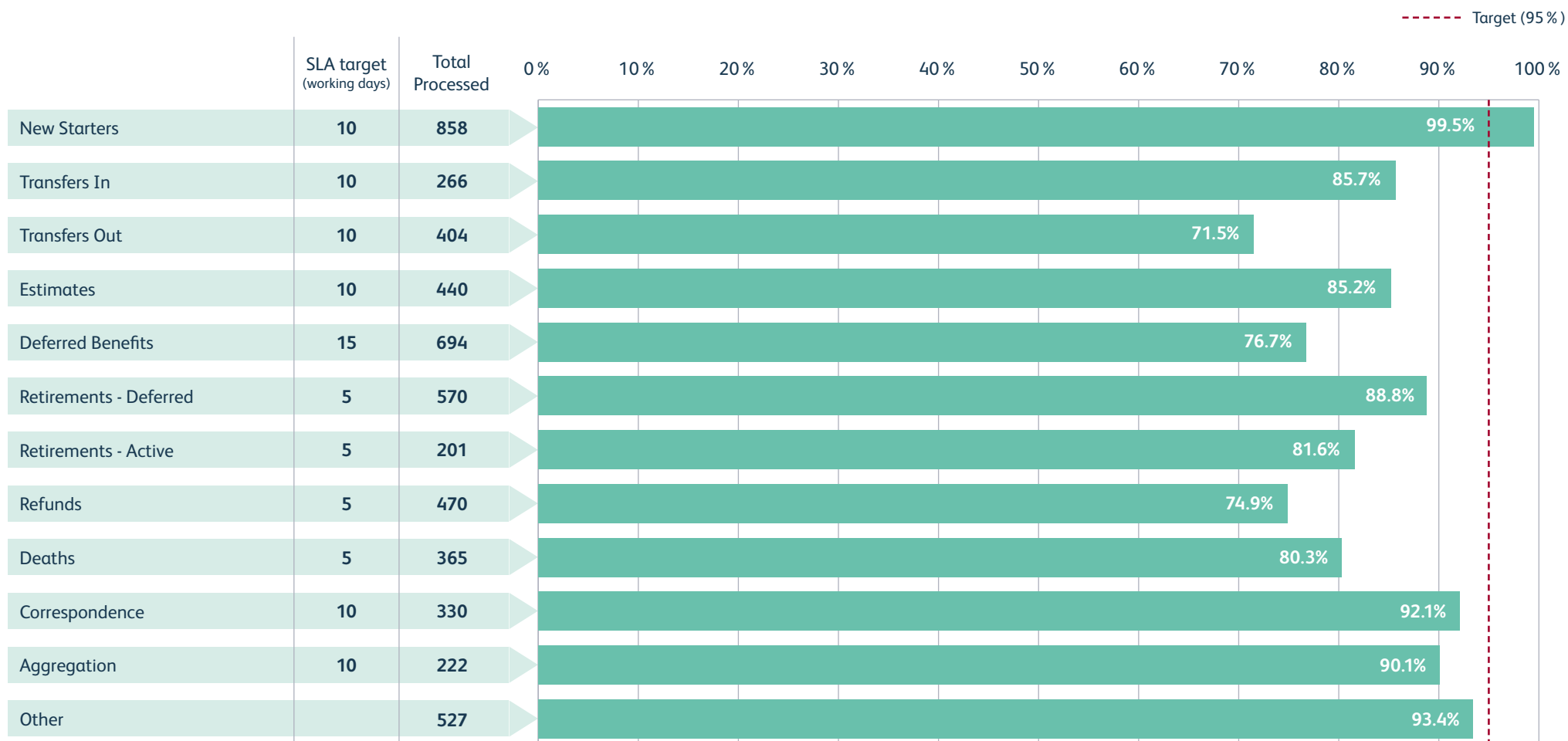
CASEWORK PERFORMANCE AGAINST SLA



PERFORMANCE STANDARD

CLIENT SPECIFIC

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Employer Engagement & Communication Activity

In this section...

- Delivered
- Engagement communications

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 1

ALL LPPA

1. Getting ready for retirement - an email is sent once we have received a member's intention to retire. It advises them of the process and gives them the option to download a retirement checklist and to watch LPPA's [retirement video](#)
2. Member surveys - emails are sent after retirement, helpdesk interactions, bereavements, and joining the scheme, to allow LPPA to gather feedback and continue to improve the experience across the processing teams
3. P60 emails have been issued to retired members, explaining that their P60s are available to view through their online portal (paper copies have been issued to members who requested them)
 - [Pension Point P60 email](#)
 - [My Pension Online email](#)
4. ABS emails for deferred members started to be issued in Q1, before active members are scheduled to receive them in Q2. The email explained that their Annual Benefit Statements is available to view in their online portal ([My Pension Online example](#))
5. Spring newsletter – this was made available in a new online format for retired members, and emailed to contactable retired members.
[View spring newsletter \(retirees\)](#)
6. [Additional member video guides](#) (LPPA website) – these have been added to the LPPA YouTube channel including 'How to use the PensionPoint Retirement calculators' (videos have been important in supporting the launch of PensionPoint, the new online member portal)
7. Welcome to the Engagement Team email – this was issued and introduced some new LPPA team members and how they can offer employer support.
[View Engagement Team email](#)
8. Pension Pulse employer newsletters sent out in April and May
 - [April Pension Pulse](#)
 - [May Pension Pulse](#)

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 1 CONTINUED

ALL LPPA

9. A new employer training page has been created and included on the LPPA website (making it easier for employers to book ongoing training sessions).

[View new training page](#)

The Employer Engagement team has continued to deliver employer support sessions including:

10. Scheme Leavers Essentials training – for any employers in need of support with submitting leaver details to LPPA, this session cover what to do and how to do it
11. LGPS Scheme Essentials – for any employer that wants more knowledge of the LGPS pension scheme and support with calculating final pay, CARE pay and Absence and Pensionable Pay
12. Year-end file submission training and support for UPM employers

There have also been training sessions delivered to members (all bookable via the LPPA website member training page) including:

13. Making Sense of your Pension (online sessions) - these are aimed at members to help improve their knowledge of their LGPS pension, whether they have recently joined the scheme, or have been in the scheme a while
14. Making Sense of Retirement (online sessions) – these are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claiming their LGPS pension

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 2

ALL LPPA

1. [Getting ready for retirement email](#) – issued when LPPA have received a member’s intention to retire. It advises them of the process and gives them the option to download a retirement checklist and watch LPPA’s retirement video.
2. Member survey emails – issued following completion of several processes including retirement, helpdesk interactions, bereavements, and joining the scheme, to allow LPPA to gather feedback and continue to improve the member experience across the business.
3. ABS activity (active and deferred members) – ABS communications activity with active and deferred members receiving email notification that their ABS was available via their online member portal. Those who chose to receive their ABS in the post, received them by the end of August 22 (statutory deadline).
4. [Active/deferred member newsletter](#) – in a new online format, which allows members to view and share articles in an easy-to-read, mobile-friendly format.
5. Member Sessions – all bookable via the LPPA Member Training page, including:

Making Sense of your Pension

These online sessions are aimed at members to help improve their knowledge of their pension, whether they have recently joined the scheme, or have been in the scheme a while.

Making Sense of Retirement

These sessions are aimed at Members who are reaching retirement age (55 and over) to help improve their knowledge of the retirement process and claim their pension.

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 2 CONTINUED

ALL LPPA

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6. Employer Communications - various emails have been sent to employers including:
 - [Teams training dates email](#) – promoting training sessions to help employers and members get a better understanding of pension processes
 - [Address reminder email](#) – reminder emails issued to employers (address to return member documents to LPPA, link to example is for Lancashire employers)
 - Various PACE planning emails, including [Road map](#) (Lancashire fund example) and [training dates](#) communications
 - Pension Pulse employer bulletin sent out in [July](#) and [September](#)
7. During Q2 the Engagement team supported several LG Fund clients in their valuation activities, as well as delivering training to employers in readiness for the Phase 2 launch of UPM and the new employer portal (from October through to December). This included:
 - UPM employer portal system navigation
 - Submitting monthly returns (process and new template)
8. The Employer Engagement Team launched an online Employer Panel, with employers registering to be part of the panel. The first panel meeting included discussions around the employer training requirements, and how the LPPA website can be used to support their activities.
9. Ongoing Website Development – updates to the LPPA website are ongoing, additional content in Q2 included:
 - [New PACE page created \(with timeline included\)](#)
 - [New submitting employer information page](#)

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 3

ALL LPPA

1. An [email](#) was issued to members of the LPPA member panel to share results of a survey focusing on the new online newsletter (active and deferred members), whilst also asking for feedback on the FAQ (Frequently Asked Questions) section of the LPPA website.
2. [Help Hub](#) was launched on the LPPA website, a new member help and support section that consolidates all resources (FAQ's, videos, forms and documents, training) into one easily accessible area. The 'search' function has also been improved so that members can access the information they need quicker and easier.
3. [News Hub](#) was launched at the same time, a website page that enables quick and simple access to all LPPA new articles, blogs and research stories. It also includes links to all the latest LPPA newsletters.
4. The [LPPA employer toolkit page](#) was made available to help all employers communicate the benefits of PensionPoint to their members in the workplace. This includes access to content for internal emails, posters and intranet articles.
5. Member Sessions were delivered, all bookable via the LPPA Member Training page, including:

Making Sense of your Pension

These online sessions are aimed at members to help improve their knowledge of their pension, whether they have recently joined the scheme, or have been in the scheme a while.

Making Sense of Retirement

These sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claim their pension.

6. [Emails](#) were issued to clients and employers to highlight planned maintenance days and details of system downtime (w/c 31 Oct, with reminders issued w/c 14 and 21 Nov).



EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 3 CONTINUED

ALL LPPA

7. [Pension Pulse](#) (employer newsletter) was issued in Q3, with features on UPM employer portal training, industry news and links to LGA bulletins.
8. [Training invites](#) were issued both to employers who are currently providing monthly data returns, as well as those which will be submitting from May 23 (training is scheduled every two weeks throughout 2023). The communication also provided employers with access to the monthly returns [online support page](#).
9. Details of the LPPA Christmas opening hours were provided to clients ([email](#)) and employers / members on the LPPA website.

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 4

ALL LPPA

Page 61

1. A [member panel email](#) was issued, asking for feedback on the new LPPA Help Hub, which was launched in December on the LPPA website.
2. Emails, to a cross-section of members from all clients, inviting them to [join the member panel](#) were sent out in January.
3. A pension increases web page was created to update members on the latest pension increases.
4. Further website developments (additional pages) went live in Q4 including:
 - [New Joiners](#)
 - [Member contribution rates \(23/24\)](#)
 - [Additional Pension Contributions \(APC\)](#)
 - [Pension pay dates \(23/24\)](#)
 - [Updating Your Bank Details](#)
 - [Retirement Guide for Leavers](#) (updated)
 - [Tier 3 Ill Health Retirement](#) (updated)
5. In preparation for McCloud remedy, [further communications](#) were issued to fund employers to ensure that historic data submissions have been accurately supplied (specifically hours worked and service break data).
6. A [McCloud roadmap webpage](#) was also created for our clients.
7. [Several bite-sized video FAQs](#) were developed to help answer some of the more popular member questions, including opting out, and information on the 50:50 option.
8. New Frequently Asked Questions (FAQs) were added to the LPPA website, following the Spring Budget, [including updates on Lifetime Allowance \(LTA\) and annual allowance](#). A news story was also added to the [website](#).
9. The automated Helpdesk (recorded) message was updated to include details of how to access P60 documents for retired members (from April).
10. [A joint press release was issued with Civica](#), following the completed switch to the UPM administration platform.
11. LinkedIn posts were issued in Q1 covering a wide range of topics including:
 - Pension health checks
 - LPPA's Cyber Essentials Plus certification
 - Pension increases
 - Safer internet day
 - PensionPoint ('register to enjoy the benefits')
 - Employer Monthly Return training
 - LGBT history month
 - Chinese New Year
 - '100,000' members registered on PensionPoint
 - International Women's Day
 - LPPA Client forum
 - Spring Budget (2023)
 - Monthly Returns

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



DELIVERED – QUARTER 4 CONTINUED

ALL LPPA

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- Happy Easter
 - Happy Ramadan
12. [Pension Pulse bulletin](#) – a UPM special was issued to employers in January, followed by a [‘financial year end’](#) special in March.
13. Employer training sessions were delivered with a focus on monthly returns and navigating the UPM employer portal, including:
- UPM employer portal training (sessions to support with general navigation and submitting the monthly return data file)
 - Monthly Return Training – regular training sessions available for employers to attend, with a demonstration of the upload of Monthly Return file via UPM employer portal.
 - Remote employer visits conducted to support with navigating the UPM employer portal.
 - Employer visits (training sessions and support meetings) continue to be delivered remotely.
14. Member Sessions were delivered, all bookable via the LPPA Member Training page, including:
- Making Sense of your Pension (online sessions are aimed at members to help improve their knowledge of their pension, whether they have recently joined the scheme, or have been in the scheme a while).
 - Making Sense of Retirement (sessions are aimed at Members who are reaching retirement age (age 55 and over) to help improve their knowledge of the retirement process and claim their pension).

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



ENGAGEMENT COMMUNICATIONS

CLIENT SPECIFIC

- Employer visits were held with 2 Brent Pension Fund employers
- Scheme Leavers Training was delivered and 5 employers within Brent Pension Fund attended
- 2 Brent Pension Fund employers attended an Employer Panel session
- 5 Brent Pension Fund employers attended LGPS Scheme Essentials training for employers
- UPM employer portal - monthly return sessions delivered and 11 Brent Pension Fund employers attended
- UPM employer portal - system navigation sessions delivered and 27 Brent Pension Fund employers attended
- PensionPoint awareness training session was delivered and 2 employers attended
- Year End Training was delivered with 4 Brent Employers attending
- Brent Employer Forum was supported with 30 employers in attendance
- Monthly member sessions were delivered, with 3 Brent Pension Fund members attending the Making Sense of your Pension sessions and 3 attended Making Sense of your Retirement sessions



EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



EMAILS – EMPLOYERS

CLIENT SPECIFIC

2022

April

- Year end bulletin
- Welcome to the Engagement Team
- My PensionOnline: Currently Unavailable
- Submitting your end of year data EOY
- Pension Pulse

May

- Pension Pulse
- Scheme leavers training invite
- Have your say with LPPA

June

- PensionPoint promotional email
- Project PACE - getting ready for our new pension administration system
- Update on end of year queries
- Employer Panel email
- LPPA address reminder

July

- Getting ready for your new pension administration system (PACE) / timelines
- UPM employer portal training
- Pension Pulse

August

- UPM employer portal training (reminder)
- Monthly returns submission (update)

September

- UPM employer portal training
- Pension Pulse

October

- Blackout period

November

- Welcome to UPM / UPM now live
- Important reminder about your move to UPM
- Planned maintenance reminder
- November Pension Pulse
- Essential system maintenance reminder
- Monthly return (update)

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



EMAILS – EMPLOYERS CONTINUED

CLIENT SPECIFIC

December

- December opening hours
- Invite: book on monthly returns training

2023

January

- Pension Pulse (UPM Special)
- Monthly data returns training

February

- Annual returns / Important information on 2022 / 23 submissions

March

- Annual returns / Important information on 2022 / 23 submissions (Reminder)
- Monthly return / data file due
- Pension Pulse
- McCloud Data Collection (first)
- McCloud data file collection (follow up)

EMPLOYER ENGAGEMENT & COMMUNICATION ACTIVITY



EMAILS – MEMBERS

CLIENT SPECIFIC

2022

April

- Pension Estimate: MPO

May

- Annual Benefit Statement
- Annual pension statement
- Member panel email and survey

July

- PensionPoint (live now - follow up)

August

- Summer newsletter (Active members)
- ABS: ready to view

September

- Help us improve PensionPoint

October

- PensionPoint (teaser)

December

- PensionPoint (go-live)

2023

January

- Member training - Making Sense of Your Pension / Retirement

February

- Member panel / News Hub (small selection across multiple funds)

March

- Member panel / invitation (small selection across multiple funds)

LPP

Local Pensions Partnership
Administration

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	Pension Board 24 July 2023
	Report from the Independent Chair of the Pension Board
Annual Report for 2022/23	

Wards Affected:	ALL
Key or Non-Key Decision:	N/A
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:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	David Ewart, Independent Chair of the Pension Board Sawan Shah, Head of Pensions (sawan.shah@brent.gov.uk) 020 8937 1955

1.0 Purpose of the Report

- 1.1 This is the Chair's Annual Report to the Board for 2022/23. It provides an update on the work carried out by the Board during the year.

2.0 Recommendation(s)

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

3.0 Detail

Background

- 3.1 To begin, I would like to reflect on the size of the Brent Pension Fund and Scheme, which held investments of £1,116m as at 31st March 2023 (a slight reduction on the £1,128m as at 31st March 2022), had 42 employer organisations with active members within the Fund and 6,061 active members, 7,160 pensioners and 8,544 deferred pensioners as at that date.

Overview

- 3.2 Before beginning a detailed review of the year, I would like to reflect on 2022/23 which has, in general, been a good year, but one which has put considerable strain on Brent's and its partners' pension service provider. The key achievements during the year being:
- a. The way the Council officers and partners responded to the demands of the Triennial valuation, and the very encouraging results of the valuation; and
 - b. The level of service being provided and quality of the data being maintained on the funds membership, being maintained, on the whole, despite the disruption caused by the upgrading to the administration system, although improvements are still required.
 - c. The issuing of Annual Benefit Statements to all members before the statutory deadline of 31st August 2022, which required significant project management and planning to deliver.
- 3.3 Although 2022/23 was a good year there is still a number of issues that need to keep on top of, particularly:
- a. The way the Council officers and partners responded to the demands of the Triennial valuation, and the very encouraging results of the valuation; and
 - b. The level of service being provided and quality of the data being maintained on the funds membership, being maintained, on the whole, despite the disruption caused by the upgrading to the administration system, although improvements are still required.
 - c. The issuing of Annual Benefit Statements to all members before the statutory deadline of 31st August 2022, which required significant project management and planning to deliver.

Board's working during 2022/23

- 3.4 The Board met three times during the year, in all case virtually, as the Board meets under specific, and different legislation from the Council. Despite not meeting in person, the Board continued with its work and considered a large number of matters.
- 3.5 At all three meetings the Board considered the following items:
- a. A Pension Administration Update giving details of the performance of Pension Fund in terms of the level of service to its members;
 - b. An Update from the Local Pensions Partnership Administration (LPPA) (the Council's pension administration partner) which included updates on their transfer to a new administration system (Project Pace) and complaints data;
 - c. An LGPS update which included;
 - i. The LGPC Bulletins provided by the Local Government Pension Committee (part of the LGA); and

- ii. DLUHC correspondences and similar information.
 - d. The Pension Fund risk register.
 - e. Items considered by the Sub Committee, including:
 - i. The Investment Management Update Report for each quarter;
 - ii. Low Carbon Investment reports and road map;
 - iii. An update on the London CIV (a confidential item).
- 3.6 Board members were invited to three training sessions during the year, covering a range of topical subjects such as investment matters, governance and administration.
- 3.7 Other items considered at the other meetings as well as those listed above included:
- a. At the first meeting on 25th July 2022 the following were considered:
 - i. The 2021/22 Chairs Annual Report;
 - ii. The Pension Board Terms of Reference and Conflicts of Interest policy;
 - iii. Items considered by the Sub Committee, including:
 - 1. Brent Business Plan for the Pension Fund
 - 2. The draft 2021/22 Statement of Accounts;
 - b. At the second meeting of the year on 9th November 2022 considered a slightly lighter agenda, which included:
 - i. Items considered by the Sub Committee, including:
 - 1. Brent Pension Fund: Annual Report and Accounts 2021/22;
 - 2. 2022 Valuation - Funding Strategy Statement Update;
 - 3. 2022 Valuation - Whole Fund Results; and
 - 4. 2022 Valuation - Employer Contribution Strategy.
 - c. At the third and final meeting on 22nd March 2023 considered:
 - i. Items from the Sub Committee:
 - 1. Investment Housing Allocation Recommendation;
 - 2. 2022 Triennial Valuation Results and Funding Strategy Statement;
 - 3. Procurement of Investment Management Services; and
 - 4. Employer Exit from the Pension Fund (a confidential item).
- 3.8 In summary, as in previous years, the board continues to receive high quality reports and regular updates on all those matters which enable it to fulfil its role in assisting the Council as scheme manager in ensuring that the scheme complies with the relevant legislation, policies and guidance. In particular:
- The Pension Administration providers, LPP, have been invited to attend meetings regularly to discuss their performance, improvements to the member experience, progress in increasing the quality of data and other

relevant items such as complaints, operational controls, risk and overall oversight.

- The main focus in 2022/23 has been to ensure the board receives regular updates on the transition to a new IT system and assurance around improvements planned to ensure performance is returned to high standards.
- The Board was pleased to note at its November meeting that for active and deferred members Annual Benefits Statements (ABS) had been issued to all members identified on year end returns from employers by the deadline. There were only a small number of records where queries from year end returns had not been resolved in time for members to receive an ABS. The board noted these outstanding queries are being monitored by LPPA and as soon as the queries are resolved an ABS will be issued.
- The Board received updates to the Terms of Reference and Conflicts of Interest policy and, continued to receive and review copies of the reports that had been considered by the Pensions Sub Committee.

My Thanks

- 3.9 I should like to end by thanking the other members of the Board for their support, understanding and bearing with me and meetings on Zoom for the whole of the year. I would also like to express my sincere thanks to the Council officers, particularly those from Finance and Democratic Services for their excellent support during the year.

4.0 Financial Implications

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

5.0 Legal Implications

- 5.1 Not applicable.

6.0 Equality Implications

- 6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.

8.0 Human Resources

- 8.1 Not applicable.

Report sign off:

Minesh Patel

Corporate Director Finance and
Resources

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	Pension Board 24 July 2023
	Report from the Corporate Director, Finance and Resources
Revised Brent Pension Fund Communications Policy	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
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 - Communications Policy
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 presents the revised Communications Policy for the Brent Pension Fund.

2.0 Recommendation(s)

2.1 The board is recommended to note the overall report.

3.0 Background

3.1 The communication policy is a statement designed to ensure that all key stakeholders are kept informed of developments within the Pension Fund and through the appropriate medium. The aim being to ensure an effective communication process is in place to help maintain the efficient and effective running of the Scheme and deliver better stakeholder and customer outcomes.

3.2 Brent's Pensions Communications Policy was last updated in 2019. Therefore, it is an opportune time to update the statement which has considered any relevant changes within the LGPS as well as provide further clarification on employer responsibilities.

3.3 The revised Communications Policy is attached in Appendix 1. Since the last policy update the following revisions have been made:

- Updates have been made throughout the document to account for the move from Altair to Civica's UPM and LPPA's PensionPoint self-service.
- An update has been made to include Section 7, which lists relevant staff contact details for members to direct queries and receive support.

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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LONDON BOROUGH OF BRENT PENSION FUND

MEMBER COMMUNICATIONS STRATEGY

2023

1. Introduction

This document sets out the communication policy for the London Borough of Brent Pension Fund (“the Fund”) and is subject to review every three years or following a material change in policy.

This communication policy is designed to ensure that all key stakeholders are kept informed of developments within the Pension Fund and through the appropriate medium. The aim being to ensure an effective communication process is in place to help maintain the efficient and effective running of the Scheme and deliver better stakeholder and customer outcomes.

The Communications Strategy is required by the provisions of Regulation 61 of the Local Government Pension Scheme Regulation 2013. The provision requires the Administering Authority to:

- (1) Prepare, Maintain and publish a written statement setting out its policy concerning communications with:
 - (a) Members
 - (b) Representatives of members
 - (c) Prospective members
 - (d) Scheme employers
- (2) In particular the statement must set out its policy on:
 - (a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers
 - (b) the format, frequency and method of distributing such information or publicity; and
 - (c) the promotion of the Scheme to prospective members and their employers

The Fund aims to use the most appropriate communications medium for the audiences receiving the information. This may involve using more than one method of communication. LPPA is committed to improving accessibility across its online platform and conforms to Level AA of Web Content Accessibility Guidelines.

2. Communications with Scheme Members

Our aims for communicating with our scheme members are:

- to better educate members of the benefits of the scheme to reduce the general queries being directed to the LPP administration team
- to encourage the use of the pension scheme website and registration to PensionPoint.

Key actions will be:

- continual review of employee communication methods to ensure they are effective and efficient
- on-going promotion of the Brent Pension Scheme website and Member Self Service
- working with LPPA to ensure communications are relevant and timely

Action	Audience	Media	End of Year Review 2023
Review and update the pension website Pensions Website	All	Web	
Review and update the pension website Pensions Website	All	Web	
Promote PensionPoint	Active and Deferred	Web	
Explore the development of PensionPoint – self-service for pensioner members	Active and Deferred	Web	
Ensure relevant, accurate and timely communications are sent to all members	All	Paper or electronic	

The pension scheme will provide the following communications as required, in addition to day-to-day individual communications with members.

Communication	Media	Frequency of Issue	Distribution	Audience
Pensions Website	Web	Continually available. Updated as required	Advertised on all communications	All
Scheme booklet	Web	Continually available. Updated as required	For viewing as required	All

Newsletters and scheme updates	Web or paper	As required	For viewing as required. Default distribution via website, members can opt out of paperless communications	All
Forms	Web or paper	As required	Available to download or post to home address	All
Annual Benefit Statement	Web or paper if opted out of online statements	Annually	For viewing as required. Members are informed of availability via personal email, email to employers or intranet	Active and deferred
Road shows/ Workshops	Face to face	When required	Advertised via email, Global News, Posters and employers	Active
Pensioner payslips	Paper	1 st pension payment and every April and May. Payslip sent if a variation in £3 or more	Post to home address	Pensioner
Notice of Pensions Increase	Paper / Electronic	Annually in April	Post to home address for those who opted out of e-communication and upload to the Pensions website	Pensioner
Internal Disputes Resolution Procedure	Paper or Web	Continually available. Updated as required	Post to home address or available to download	All
Annual Report and Accounts	Web	Continually available. Published annually	For viewing as required.	All

Explanation of communications

Pension Website - The website will provide scheme specific information, forms, documents (such as newsletters, reports and accounts), factsheets, links to related sites including PensionPoint and contact information. We continue to review and develop this site in partnership with LPPA.

Scheme booklet - A booklet providing detailed overview of the LGPS, including who can join, how much it costs, the retirement and death benefits and how to purchase additional pension.

Newsletters - Pensions Increase newsletters are sent annually in April to advise pensioner members of the increase to their pension.

Forms – Many of the required LGPS forms are available on the pension website such as [opt out form](#), [50:50](#) or Main Scheme election form and expression of wish form.

Annual Benefit Statements – Members can opt out of the online service and elect to receive a paper copy sent to their home address.

Active members receive their statements in August. These include the current value of benefits as well as the projected benefits to their normal retirement date. Associated death benefits are shown along with details of any individuals the member has nominated to receive the lump sum death grant.

Deferred members receive their statements at the end of April. These show the current value of the pension benefits, associated death benefits and details of any individuals the member has nominated to receive the lump sum death grant.

Pensioner pay slips – The payslips are sent when a member receives their first pension payment. They are posted to the pensioner's home address.

Internal Disputes Resolution Procedure – A formal notification of the procedure to follow in the event that a dispute cannot be resolved by the LPP pension administration team or the Brent Pensions Team.

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme-based information such as the number of scheme members and scheme employers. This is published and available on the Brent Pensions website.

3. Communications with Prospective Scheme Members

Our aims for communicating with our prospective scheme members are:

- to increase the take up of the LGPS
- to better educate members of the benefits of the scheme to reduce the general queries being directed to the LPPA administration team

Key actions will be:

- review of communication methods to ensure they are effective and efficient
- ensuring automatic enrolment and re-enrolment is well communicated

Action	Audience	Media	End of Year Review 2023
Ensure pension forms are included in starter packs	New employees	Electronic	
Review and update the pension website	All	Web	
Work with employer to ensure automatic enrolment is correctly communicated	Existing employee	Paper or electronic	

The pension scheme will work with employers to provide the following communication as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Pensions Joiner Option Form	Web	On commencing employment	Via employers	New employees
Pensions Website	Web	Continually available. Updated as required	Advertised on all communications	All
Scheme booklet	Web	Continually available. Updated as required	For viewing as required	All
Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All

Explanation of communications

Pensions Joiner Option Form – Form provided to all new employees which provides the details of the pension scheme website and allows them to advise of any previous pension entitlements.

Pension Website - The website will provide scheme specific information, forms, documents (such as newsletters and report and accounts), factsheets, links to related sites including PensionPoint and contact information. We continue to review and develop this site in partnership with LPP.

Scheme booklet - A booklet providing detailed overview of the LGPS, including who can join, how much it costs, the retirement and death benefits and how to purchase additional pension.

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme-based information such as the number of scheme members and scheme employers. This is published and available on the pensions website.

4. Communications with Scheme Employers

Our aims for communicating with our scheme employers are:

- to improve relationships
- to assist them in understanding their role as a scheme employer
- to assist them in understanding their funding/cost requirements
- to work together to achieve accurate scheme actuary data submissions
- to ensure smooth staff transfers

Key actions will be:

- offer induction meetings for all new scheme employers
- assist with the implementation of PensionPoint, the LPP's online submission portal
- on-going promotion of the employer section of the Brent pension website
- working with relevant parties to admit new employers to the fund

Action	Audience	Media	End of Year Review 2023
Meet with all new scheme employers to discuss responsibilities and requirements	Employers	Face to face/ Online	
Review and update the pension website	Employer	Web	

Work with LPPA and Scheme employers to implement PensionPoint.	Employer	Web	
Work with LPPA and Scheme employers to ensure accurate and timely data submissions	Employer	Email, phone calls or face to face	

The pension scheme will provide the following communication to employers as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Contact sheet	Electronic	Annually	By email	All
Pensions Website	Web	Continually available. Updated as required	Advertised on all communications	All
TUPE Manual and Admissions Policy	Web	Continually available. Updated as required	For viewing as required	Scheme employers and potential admitted bodies
Annual Report and Accounts	Web	Continually available. Replaced annually	For viewing as required.	All
Pension Fund Valuation reports	Electronic	Every three years	Via email	All
Funding Strategy Statement	Web	Continually available. Replaced every three years and updated as required	For viewing as required.	All

Explanation of communications

Contact sheet – A form distributed annually to all scheme employers to ensure contact details are kept up to date. Details are recorded on the ERM system on Altair

Pension Website - The website will provide scheme specific information, forms, documents (such as newsletters and report and accounts), factsheets, links to related sites including My Pension Online Member Self Service and contact information. We continue to review and develop this site in partnership with LPPA.

TUPE Manual and Admissions Policy – These documents are relevant to Letting Authorities that are looking to outsource a service to a third-party supplier

Annual Report and Accounts – Detailed document providing information regarding the value of the Pension Fund during the financial year, income, expenditure and other scheme-based information such as the number of scheme members and scheme employers. This is published and available on the pensions website

Pension Fund Valuation Reports – A report issued every three years setting out estimates assets and liabilities of the Fund as a whole and setting individual employer contribution rates for the next three-year period

Funding Strategy Statement – A summary of the Fund's approach to funding its liabilities, including reference to the Fund's other policies although it is not an exhaustive statement of policy on all issues.

5. Communications with Representatives of Members

Pensions Committee

Our aims for communicating with Pensions Committee are:

- to provide information to enable the Committee to make decisions delegated under the Council's constitution
- to provide information to ensure the Committee are kept informed of pension related matters
- to ensure the Committee are aware of their responsibilities in relation to the Scheme

Key actions will be:

- to submit Committee reports, which have been reviewed by the relevant Council business partners and senior manager
- To arrange training sessions when required

Action	Audience	Media	End of Year Review 2023
To submit Committee reports in line with the annual plan and as and when required	Pensions Committee Members	Paper and web	
To arrange required training as and when required	Pensions Committee Members	Face to Face/ Online	

The pension scheme will provide the following communication to Pensions Committee Members as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Pensions Committee Reports	Paper and Web	Quarterly and as and when required	By email and available on the brent.gov.uk website	Pension Committee Members and Trade Union representatives
Pensions Committee Briefings	Face to face	Quarterly and as and when required		Pensions Committee Members and Trade Union representatives
Training sessions	Face to	As and when required	By email	Pensions Committee Members and Trade Union representatives

Explanation of communications

Pensions Committee Reports – Formal reports written by Pension Fund officers and reviewed by Business Partners and a Senior Leadership Team member. Published on the Brent.gov.uk website

Pension Committee Briefings – Pension Fund officers attend all Committee meetings and provide a verbal briefing on each report

Training sessions – Provided by Pension Fund officers, advisors or external experts on investment or administration related matters. Training is shared with the Local Pension Board members where applicable

Pensions Board

Our aims for communicating with the Local Pensions Board are:

- to provide information to enable the board to assist the Scheme Manager in executing their duties
- to provide information to ensure the board are kept informed of pension related matters
- to provide training with regards to investment and administration matters

Key actions will be:

- to submit reports on areas identified for review by the Board.
- To arrange training sessions with Fund officers, advisors and external experts when required

Action	Audience	Media	End of Year Review 2023
To submit reports in line with the Board work plan and any additional areas identified at meetings	Local Pension Board	Paper and web	
To arrange required training as and when required	Local Pension Board	Face to Face and online	

The pension scheme will provide the following communication to the Pension Board as required.

Communication	Media	Frequency of Issue	Distribution	Audience
Pension Board Reports	Paper and Web	Quarterly and as and when required	By email and available on the brent.gov.uk website	Local Pension Board
Local Pension Board Briefings	Face to face	Quarterly and as and when required	Fund officers attend each meeting	Local Pension Board
Training sessions	Face to face and online	Before each board meeting. Continual self-development is also required	Face to face delivered by Fund officers and targeted online training	Local Pension Board

Explanation of communications

Pension Board reports – Written by Pension Fund officers to provide a formal update to a particular area of work

Pension Board briefings – Pension Fund officers attend each Board meeting to provide a verbal overview of written reports and to provide updates on any on-going work

Training sessions – Provided by Pension Fund officers, advisors or external experts on investment or administration related matters. Targeted training is also available for Local Pension Board members online via the Pensions Regulator website. Training is shared with the Pensions Committee members where applicable

6. Other Stakeholders

Pension Fund Manager (Finance)

The Pension Fund Manager (Finance) responds to staff, employer and other enquiries. Skills and knowledge are kept up to date through participation in seminars and conferences.

Local Pensions Partnership Administration

The scheme manager is responsible for monitoring the administration contract with the Local Pensions Partnership. Monthly client reviews take place to monitor the contract and check the service level agreements are being met. They are also responsible for maintaining relationships with scheme employers, trade unions and other relevant stakeholders.

Investment Fund Managers

Day to day contact between the Pension Fund Manager (Finance) and the investment fund managers is maintained. Each fund manager is required to present their performance reports to the Pensions Committee on a cyclical basis, unless performance concerns override this.

Trade Unions

Trade unions in the London Borough of Brent are valuable ambassadors for the Pension Scheme. They ensure that details of the Local Government Pension Scheme's availability are brought to their members' attention and assist in negotiations under TUPE transfers in order to ensure, whenever possible, continued access to the Scheme.

7. Member Contacts

Member Contacts - for general administrative queries:

Brent Pensions
LPPA
PO Box 1383
Preston
PR2 0WR

Telephone: 0300 323 0260

[Member contact form](#)

Employer Contacts – for queries on employer set up with LPPA:

Email: engagment@localpensionspartnership.org.uk

Telephone: 0300 323 0260

[Employer contact form](#)

London Borough of Brent Contact

Anna McCormack
Senior Pensions Officer
Brent Pensions
Brent Civic Centre
Engineers Way
Wembley. HA9 0FJ

Email: pensions@brent.gov.uk

Telephone: 020 8937 3190

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	Pension Board 24 July 2023
	Report from the Corporate Director, Finance and Resources
Revised Brent Pension Fund Administration Strategy	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
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 - Revised Brent Pension Fund Administration Strategy
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 presents the revised Pensions Administration Strategy for the Brent Pension Fund.

2.0 Recommendation(s)

- 2.1 The board is recommended to note the overall report, the revised strategy and that consultation with employers will be undertaken to obtain feedback.

3.0 Background

- 3.1 The Pensions Administration Strategy (PAS) is a statement that outlines the policies and performance standards towards providing a high quality, effective and efficient pensions administration service. The aim of the strategy is to ensure that both the Fund and its employers are fully aware of their responsibilities under the Scheme and to set acceptable levels of performance.
- 3.2 Delivery of such an administration service is not the responsibility of one person or one organisation, but is rather the joint working of a number of different stakeholders who are responsible for delivering the pensions administration service to meet the diverse needs of the membership. Therefore, it is important that it is developed in consultation with employers within the Fund to promote good working relationships, improve efficiency and ensure agreed standards in quality.
- 3.3 Brent's Pensions Administration Strategy was last updated in 2021. Therefore, it is an opportune time to update the statement which has considered any relevant changes within the LGPS as well as provide further clarification on employer responsibilities. The ultimate aim of this strategy is to educate employers to provide accurate and timely data to the Fund which will improve the service provided to scheme members. The administering authority will seek, at the earliest opportunity to work closely with employers in identifying areas of poor performance and provide the necessary training and development to put in place appropriate processes to improve the level of service in the future.
- 3.4 In the event of continued poor performance and a lack of sufficient evidence of measures being taken to achieve improvement by an employer, the Fund will seek to recover any additional costs arising and in some cases charge for other services (for example failure to pay over monthly contributions or failure to notify the Fund of key information such as starters and leavers). Charging is a last resort and the Fund reserves the right to levy a charge(s) on a scheme employer whose performance repeatedly falls short of expectations. In addition, it is The Pensions Regulators' expectation that actions such as this are taken for non-compliance of legal obligations.

4.0 Revised Pensions Administration Strategy

- 4.1 The revised PAS is attached in Appendix 1. Since the last update of the Brent's Pensions Administration Strategy was in 2021, the following revisions to the strategy have been made:
- An update has been made to Section 3.3 Administering Authority Functions, which outlines the new KPIs and timescales to which tasks must be completed.

- Updates have been made throughout the document to account for the move from Altair to Civica's UPM and LPPA's PensionPoint self-service.
- An update has been made to Section 4 Staff Charging Schedule. Given the last update to this strategy was in October 2021, the staffing charges have been reviewed and updated to reflect inflation as well as updated costing measures.

4.2 It is envisaged that the revised strategy will be consulted with employers of the Brent Pension Fund, following approval from the Board. A draft strategy will be sent to employers for feedback and presented in the employer forum in November 2023.

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

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Brent

London Borough of Brent

Pension Administration Strategy (PAS)

2023

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Appendix 1 – Regulation Extract

Appendix 2 – Employers Guide

London Borough of Brent Pension Administration Strategy (PAS)

1. Introduction

The Pension Administration Strategy has been updated to take account of changes to the LGPS regulations and the guidance from The Pensions Regulator. This revised Pension Administration Strategy applies to all employers, academies, and maintained schools (referred to as here as scheme employers or employers).

The aim of this Pension Administration Strategy is to set out the quality and performance standards expected of the Fund and its scheme employers. The Administration Strategy will assist in clarifying the roles and responsibilities of both the Administering Authority and the Employing Authorities, i.e. those employers who participate in the Pension Fund.

This Pension Administration Strategy ensures that the London Borough of Brent Pension Fund ("the Fund"), "the Administering Authority" (The London Borough of Brent), and employers work together to ensure that accurate data is submitted in a timely manner and member events are notified within the service level agreement set out in this document. The Fund's strategy is to work with employers to achieve this and to assist and support employers to do so.

A review of the strategy will take place at least every three years or as soon as possible following any material changes to the regulations, processes or procedures that affect this strategy. Such changes will be made following consultation with employers and will be reviewed and agreed by LBB. Employers may submit suggestions to improve any aspect of this strategy at any time.

2. Pension Administration Strategy Policy Statement

2.1 Pensions Administration Strategy Statement

The statement sets out the aims and objectives of the Pensions Administration Strategy and gives a summary of the major elements which make up the strategy.

2.2 Legislative context

- Local Government Pension Scheme (Benefits, Membership and Contributions)
- Regulations 2007 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008 (as amended)
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended)
- Local Government Pension Scheme Regulations 2013 (as amended)
- Local Government Pension Scheme (Transitional Provisions and savings) Regulations 2013.

Regulation 59(1) of the Local Government Pension Scheme Regulations 2013, enables a Local Government Pension Scheme Fund to prepare a written statement of the authority's policies ("it's pension administration strategy") as one of the tools which can help in delivering a high quality administration service to its scheme members and other interested parties.

In addition, Regulation 59(2)e of the 2013 regulations, allows a fund to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises, the fund is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

2.3 Aims

In making this strategy the Funds aims are:

- To clarify the roles and responsibilities of the “Fund” and scheme employers in administering the Local Government Pension Scheme
- To ensure the services provided by the “Fund” are equitable and transparent
- To assist employers in the effective provision of necessary data.

2.4 Objectives

The Pensions Administration Strategy has a number of specific objectives, including:

- Deliver an efficient, quality and value for money service to its scheme employers and scheme members
- Ensure payment of accurate benefits and collect the correct contributions from the right people in a timely manner
- Ensure the Fund’s employers are aware of and understand their role and responsibilities under the LGPS regulations and in the delivery of the administration function
- Maintain accurate records and communicate all information and data accurately, and in a timely and secure manner
- Set out clear roles and responsibilities for the Council and LPPA and work together to provide a seamless service to Scheme employers and scheme members
- Continuously review and improve the service provided

The Pension Administration Strategy will meet those objectives by introducing a service level agreement between the “Fund” and scheme employers. This will subsequently improve the flow of information between Employers and the Brent Pension Fund (as Administering Authority), ensuring that obligations are met, and ultimately that costs are kept to a minimum with scheme members receiving accurate and timely payment/notification of their entitlements.

Effective and efficient administration of the pension fund can be achieved where all parties meet their respective responsibilities outlined in the Pension Administration Strategy. This in turn provides benefits to all stakeholders in the Pension Fund, the Administering Authority, employers and scheme members. The following are some of the benefits to be had from having efficient pension scheme administration; the list is by no means exhaustive and is not in order of importance.

For the Administering Authority, effective administration means:

- It can fulfil its obligations under the regulations for administering the pension scheme
- Lower costs, improved use of resources
- Easier and swifter provision of services to employers and scheme members
- Improved communication between Administering Authority, employers and scheme members
- Improved monitoring of performance
- Clean data enabling faster and more accurate monitoring of the Pension Fund by the Fund actuaries
- Improved decision making in relation to policies and investments

For Employing Authorities, effective administration means:

- Greater understanding of the Pension Fund and its impact upon them as an employer
- Lower costs
- Improved communication
- Employee satisfaction
- Improved decision making for budgeting
- Fulfilling its obligations as an Employing Authority under the LGPS regulations

For Scheme members, efficient administration means:

- Accurate records of their pension benefits
- Earlier issuance of annual benefit statements

- Faster responses to their pension record queries
- Faster access to benefits at retirement
- Improved communications
- Enhanced understanding of the pension scheme and the benefits of being a member

2.5 Documents which make up the strategy

Together with this statement the strategy is set out in the following documents:

- **Pensions Administration Strategy - Service Level Agreement**

The service level agreement sets out the roles and responsibilities of the “Fund” and scheme employers.

- **Pensions Administration Strategy - Employer guide**

The guide sets out the processes and procedures employers should follow in order to comply with their legal responsibilities under the LGPS regulations.

3. Service Level Agreement

Pensions Administration Strategy - Service level agreement

3.1 Employer Functions

The following functions have been designated employer functions. This means that they are outside the responsibilities of the administering authority. The “Fund” provides these services for a fee (staffing charges applied by the day or per hour) and the amounts are set out in Annex 1.

There are no changes to these functions as a result of the revised strategy.

Task	Description
Redundancy and Severance	Calculation and payment of redundancy and/or severance payments
FRS 17	Provision of data required for FRS17 calculations
Cessation and interim valuation data	Provision of data required for interim and/or cessation valuations
Miscellaneous non LGPS	Any requests for advice or work which are outside of the requirements of an administering authority as defined by the LGPS regulations
Admission Agreements	Setting up and amendment of admission agreements
3 rd Party activity	Recharges will apply to any work for which a third party is required e.g lawyer or actuary, and the cost will be incurred by the employer

3.2 Actuarial Functions

The following functions have been designated actuarial functions that employers will require input from both the LPPA and the Fund's Actuary Hymans Robertson. This means that they are functions which if required, must be provided by the LPPA and/or Hymans Robertson.

As above, there are no changes to these functions as a result of the revised strategy.

Task	Description
Legal work & non-standard actuarial work	Any work in relation to this will require input from both LPPA, the Funds Actuary and/or the Fund's legal advisors.
Cessation valuations	Any work in relation to this will require input from both LPPA and the Funds Actuary
Employer actuarial valuations	Any work in relation to this will require input from both LPPA and the Funds Actuary
Academy conversion	Any work in relation to this will require input from both LPPA and the Funds Actuary
Valuation of unfunded liabilities	Any work in relation to this will require input from both LPPA and the Funds Actuary

3.3 Administering Authority Functions

The following functions have been designated administering authority functions since they relate directly to the core purpose of administering the scheme.

Also shown are the timescales we will complete the task within (from receipt of all information) and the on-time target for each task.

Key Performance Indicators (KPIs)

Case Type/Task	Timescale (working days)	Target (% within timescale)
Admissions	10	95%
Transfers In/Aggregation	10	95%
Transfer Out	15	95%
Estimates employee	10	95%
Retirements	5	95%
Deferred Benefits	15	95%
Refunds	5	95%
Deaths	5	95%
Correspondence	10	95%
Other queries to employer	10	95%

3.4 Employer Responsibilities

Employers will be responsible for the following functions/tasks to be performed/supplied in the manner and timescale set out below.

An employer guide can be found at Annex 2.

Payments of monies due	Monthly contributions – on time by the 22nd of the following month at the latest and the correct amount Capital Sums – on time by the 22nd of the following month at the latest and the correct amount Single payments of contributions - on time by the 22nd of the following month at the latest and the correct amount AVC contributions – to be paid to the AVC provider on time by the 22nd of the following month at the latest and the correct amount
Submission of year end return	Returns must be submitted each month from 1st April 2023 If you are unable to submit your return by month-end, LPPA and Brent Pensions should be informed of any delay, the reasoning and the likely time frame that you can provide the return
Monthly errors Examples of end of year errors • A missing joiner Form • A missing leaver Form • A missing change of hours • A missing notification of absence • Return from absence • Missing additional contributions • Significantly low/high pensionable remuneration compared to the previous year with no explanation as to the reason	Respond to errors within 10 working days of notification If you are unable to respond in ten working days, inform LPPA of the likely time frame that you can respond in and advise Brent Pensions of the delay

Response to other queries raised (e.g. by the LPPA Pensions Services or Brent Pensions teams) There are times where LPPA may need to confirm with you that a member's record is correct before issuing them with a benefit calculation. It is these types of queries that we are referring to	10 working days from notification by LPPA or Brent Pensions If unable to respond in 2 weeks, then inform LPPA of the likely timeframe that you can respond in and advise Brent Pensions of the delay
On-line access Employer LPPA portal "PensionPoint"	Use of online Forms for all relevant tasks
Submission of joiners/leavers	Notification of joiners within 1 month of joining the scheme Notification of leavers within 1 month of leaving the scheme Notification of retirement within 1 month prior to the last day of service
Notification of other changes during employment	Relevant changes e.g. change of hours, absence notification online within 1 month of the event
Correct admission of members into the Fund	You must ensure that you are correctly admitting members into the "Fund"
Up to date discretions policies in place	Discretionary policies to be in place and up to date
Customer Relationship Management contacts	LPPA and Brent Pensions to be notified of contact change or new contact within 1 month via the employers contact form

3.5 Notes to Employer Responsibilities

- 3.5.1 The employer will nominate a person to act as the 'employer representative' and Brent Pension Fund's primary contact. The employer will ensure that changes of nominated person are notified to Brent Pension Fund immediately.
- 3.5.2 Great care must be taken to avoid breaking The Occupational Pension Schemes (Disclosure of Information) Regulations 1996. For example, where a retirement takes place before age 65, leaver notification must be received by Brent Pension Fund no later

than one month after the date of retirement. The above timeframes therefore to allow us to ensure compliance with the Disclosure Regulations in relation to all scheme member matters.

- 3.5.3 Employers will provide LPPA with a monthly data return. The return must be balanced by the employer against the employee and employer contribution payments made for that financial year.

*Please note that in the year of the Triennial Valuation, this date may need to be brought forward. Any such change will be notified in advance to your nominated person.

- 3.5.4 Under the Pensions Act, the Pensions Regulator may be notified if contributions are not received in accordance with the regulators code of practice, as described above.

- 3.5.5 It is important that Employers ensure that their staff have the right level of skills and knowledge to support any changes, starting with a sound foundation of existing regulations and administrative processes. There is an ongoing need to continuously maintain the quality of member records and the administrative processes by improving the quality of information received from Employers.

- 3.5.6 The Fund in coordination with LPPA will keep stakeholders informed of new developments by sending emails and newsletters, and by providing training, forums and workshops for Employers when new Regulations are implemented or are under consideration.

4. Staff Charging Schedule

The Fund's staffing charges for work over and above the responsibilities of the administering authority as at July 2023.

VAT is charged on all applicable items.

Staffing level	Charge per day excluding VAT	Charge per hour excluding VAT
Admin Staff	£459.00	£65.00
Team Leader	£795.00	£113.00
Specialist	£850.00	£121.00
Manager	£1,175.00	£168.00
Senior Manager	£1,715.00	£245.00
Director	£2,021.00	£288.00

5. Pensions Administration Strategy - Charging

5.1 Why we need to charge

Whilst the vast majority of employers do provide accurate scheme data on time and process member pension events such as joiners and leavers, there remains a small cohort of employers who sometimes do not do so. The Pension Regulator is insistent that all employers comply with their legal duties and for the "Fund" to have in place a mechanism to impose a levy on employers who fail to do this. Following The Pension Regulator's guidance the "Fund" has incorporated levies for non-compliance of these duties.

5.2 Circumstances on when we would charge

The "Fund" has not set out to arbitrarily impose levies on employers for every minor infraction an employer makes in regards to providing scheme data and processing member's events. The aim

is for all employers to work together with the “Fund” and our pension administrator to comply with their legal duties. The service level agreement sets out the timeframes on how long particular functions should be completed by. The “Fund” recognises that there are times when this will not be met or be possible and it is not the Funds intention to automatically levy an employer for this, however employers are expected to remedy matters as soon as is practicable. Should it be the case that an employer persistently takes no regard of the Funds request to comply with their legal duties, and does not work with the Fund to overcome these shortcomings, then imposing a Levy on an employer would be considered (please note that it is the Funds aim is to actively engage with employers to provide them with support to bring them into line with meeting their legal duties before imposing a levy).

5.3 Monitoring after a Levy has been made on an employer

Should it be the case that the “Fund” has imposed a levy on an employer, then that employer will be encouraged and supported to meet its legal duties. Their performance will be monitored and if they are complying with and continue to comply with their legal duties, then consideration will be made by the “Fund” to refund the Levy imposed on them by the “Fund”.

6. Fees – Annex 1

As a last resort and after trying to assist the employer with support or training, the “Fund” reserves to right to levy a fee on an employer whose performance consistently falls short of the standards set out in this document.

Activities	Fees excluding VAT
Late payment of monthly contributions - electronically after 22 th Calendar month following deduction and 19 th for cheques (Required by law)	£70 plus interest calculated on a daily basis
Monthly Contributions – non provision of the correct schedule of payments in stipulated format and accompanying the respective contribution payment within stated timelines	£70 per occasion
Change Notification – failure to notify administrators of a change to a member’s working hours, leave of absence with permission (maternity, paternity, career break) or leave of absence without permission (strike, absent without permission) – within 1 month of the change of circumstances	£70 per occasion
Month End Data – failure to provide month end data by 10 th of the month following payroll	£70 per occasion
Month End Data Queries – failure to respond to the administrators requests for information to resolve data queries within the prescribed timescale	£70 initial fee then £30 for every month the information remains outstanding

New Starter - failure to notify the administrator of a new starter within 1 month of joining the scheme	£70 initial fee then £30 for every month the information remains outstanding
Leaver – failure to notify the administrator of any leaver within 1 month of leaving the scheme	£70 initial fee then £30 for every month the information remains outstanding
Retirees – failure to notify the administrators when a scheme member is due to retire within 1 month before the retirement date	£70 initial fee then £30 for every month the information remains outstanding
Late payment of pension benefits – if due to an employer's failure to notify the administrator of a scheme members retirement, interest becomes payable on any lump sum paid. The administrator will recharge the total interest paid to the employer	Interest charged in accordance with regulation 44 of the LGPS administration regulations Charged at Bank of England Base rate plus 1%
Change of employer contact details - The "Fund" not notified of contact change or new contact within 1 month of alteration	£70 per occasion

Appendix 1 - Regulation Extract

LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013

The Regulations in relation to the Pension Administration Strategy are contained in the Local Government Pension Scheme Regulations 2013, and are set out below:

Pension administration strategy

Regulation 59(1) of the Local Government Pension Scheme Regulations 2013, enables a Local Government Pension Scheme Fund to prepare a written statement of the authority's policies ("its pension administration strategy") as one of the tools which can help in delivering a high quality administration service to its scheme members and other interested parties.

In addition, Regulation 59(2)e of the 2013 regulations, allows a fund to recover additional costs from a scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the fund is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

59. (1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are-

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—

- (i) the setting of performance targets,
- (ii) the making of agreements about levels of performance and associated matters, or
- (iii) such other means as the administering authority considers appropriate;

(c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;

(d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;

(e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);

(f) the publication by the administering authority of annual reports dealing with—

- (i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and
 - (ii) such other matters arising from its pension administration strategy as it considers appropriate;
- and

(g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

(3) An administering authority must—

- (a) keep its pension administration strategy under review; and
- (b) make such revisions as are appropriate following a material change in its policies in relation to any of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish—

- (a) its pension administration strategy; and
- (b) where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.

Payment by Scheme employers to administering authorities

69. —(1) Every Scheme employer must pay to the appropriate administering authority on or before such dates falling at intervals of not more than 12 months as the appropriate administering authority may determine—

(a) all amounts received from time to time from employees under regulations 9 to 14 and 16 (contributions);

(b) any charge payable under regulation 68 (employer's further payments) of which it has been notified by the administering authority during the interval;

(c) a contribution towards the cost of the administration of the fund; and

(d) any amount specified in a notice given in accordance with regulation 70 (additional costs arising from Scheme employer's level of performance).

(2) But—

(a) a Scheme employer must pay the amounts mentioned in paragraph (1)(a) within the prescribed period referred to in section 49(8) of the Pensions Act 1995(41); and

(b) paragraph (1)(c) does not apply where the cost of the administration of the fund is paid out of the fund under regulation 4(5) of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 2009 (management of pension fund)(42).

(3) Every payment under paragraph (1)(a) must be accompanied by a statement showing—

(a) the total pensionable pay received by members during the period covered by the statement whilst regulations 9 (contributions) applied (including the assumed pensionable pay members were treated as receiving during that period),

(b) the total employee contributions deducted from the pensionable pay referred to in sub-paragraph (a),

(c) the total pensionable pay received by members during the period covered by the statement whilst regulation 10 applied (including the assumed pensionable pay members were treated as receiving during that period),

(d) the total employee contributions deducted from pensionable pay referred to in sub-paragraph (c),

(e) the total employer contributions in respect of the pensionable pay referred to in sub-paragraphs (a) and (c),

(f) the total additional pension contributions paid by members under regulation 16 (additional pension contributions) during the period covered by the statement, and

(g) the total additional pension contributions paid by the employer under regulation 16 (additional pension contributions) during the period covered by the statement.

(4) An administering authority may direct that the information mentioned in paragraph (3) shall be given to the authority in such form, and at such intervals (not exceeding 12 months) as it specifies in the direction.

(5) If an amount payable under paragraph (1)(c) or (d) cannot be settled by agreement, it must be determined by the Secretary of State.

Additional costs arising from Scheme employer's level of performance

70. (1) This regulation applies where, in the opinion of an administering authority, it has incurred additional costs which should be recovered from a Scheme employer because of that employer's level of performance in carrying out its functions under these Regulations.

(2) The administering authority may give written notice to the Scheme employer stating-

(a) the administering authority's reasons for forming the opinion mentioned in paragraph (1);

(b) the amount the authority has determined the Scheme employer should pay under regulation 69(1)(d) (payments by Scheme employers to administering authorities) in respect of those costs and the basis on which the specified amount is calculated; and

(c) where the administering authority has prepared a pension administration strategy under regulation 59, the provisions of the strategy which are relevant to the decision to give the notice and to the matters in sub-paragraphs (a) or (b).

Background

- (A) The Administering Authority is an administering authority. It administers and maintains the Fund in accordance with the Regulations.
- (B) The Employer is a transferee admission body listed in Schedule 2 of the Administration Regulations.
- (C) In accordance with Regulation 59 of the Administration Regulations, the Administering Authority has prepared the Pension Administration Strategy Statement setting out amongst other things the Service Level Agreement.
- (D) In preparing the Pension Administration Strategy Statement, the Administering Authority consulted the employing authorities in the Fund (including the Employer), the Pensions Board, and such other persons it considered appropriate.

The Administering Authority published the Pension Administration Strategy Statement and sent a copy of it to each of the employing authorities in the Fund (including the Employer) and to the Secretary of State.

- (E) The Administering Authority will keep the Pension Administration Strategy Statement (including the Service Level Agreement) under review and will make such revisions as are appropriate following any material change in its policies in relation to any of the matters contained in the Pension Administration Strategy Statement.
- (F) The Administering Authority and the Employer have agreed to enter into this Agreement to document their agreement to comply with and be bound by the terms of the Service Level Agreement.

Now it is agreed as follows:

1. Interpretation

1.1 The following expressions have the following meanings:

“1997 Regulations”	the Local Government Pension Scheme Regulations 1997 (to the extent applicable by reason of the Transitional Regulations)
“Administration Regulations”	The Local Government Pension scheme Regulations 2013 in force now or as amended and in force at any future date and the Local Government Pension Scheme (Transitional Protection) Regulations 2014
“Core Scheme Functions”	the functions identified in the Service Level Agreement as being core Scheme functions
“Fund”	the Pension Fund

“Pension Administration Strategy Statement”	the Administering Authority’s statement prepared in accordance with Regulation 59 of the Administration Regulations as revised from time to time in accordance with that Regulation
“Regulations”	The Local Government Pension scheme Regulations 2013 in force now or as amended and in force at any future date and the Local Government Pension Scheme (Transitional Protection) Regulations 2014 and previous regulations as they still have effect in part.
“Scheme”	the Local Government Pension Scheme established by the Regulations made by the Secretary of State under sections 7 and 12 of the Superannuation Act 1972
“Service Level Agreement”	the section of the Pensions Administration Strategy Statement setting out the levels of performance which the Administering Authority and its employing authorities are expected to achieve in carrying out their Scheme functions including performance targets. The Service Level agreement may be revised from time to time as part of the Pensions Administration Strategy Statement. A copy of the Service Level Agreement current as at the date of this Agreement is included in the documentation
“Transitional Regulations”	the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 & 2014

1.2 Expressions have the same meaning as in the Regulations, except where the context otherwise requires.

1.3 Any reference in the Agreement to any law or piece of legislation shall include any subsequent amendment to it and any ancillary legislation made under it.

2. The Service Level Agreement

2.1 With effect from the date of this Agreement, the Administering Authority and the Employer agree to use their best endeavours to comply with and be bound by the terms of the Service Level Agreement.

2.2 In consideration of this Agreement the Administering Authority will charge the Employer a contribution towards the cost of the administration of the Fund which reflects the fact that compliance with the Service Level Agreement will result in greater efficiencies and lower administration costs for the Fund.

2.3 If in the opinion of the Administering Authority the Employer has not complied with the terms of the Service Level Agreement the Administering Authority may charge the Employer a higher contribution towards the cost of the administration of the Fund.

2.4 When considering whether to charge the Employer a higher contribution towards the cost of the administration of the Fund in accordance with Clause 2.3 the Administering Authority shall take into account any failure on its own part to comply with the terms of the Service Level Agreement.

- 2.5 Clause 2.3 shall not affect the Administering Authority's ability under Regulation 70 of the Administration Regulations to give written notice to the Employer where it has incurred additional costs which should be recovered from the Employer because of the Employer's level of performance in carrying out its functions under the Regulations or the Service Level Agreement.
- 2.6 The Employer acknowledges that the Service Level Agreement may be revised from time to time by the Administering Authority in accordance with Regulation 59 of the Administration Regulations and that the Employer will comply with and be bound by the terms of the revised Service Level Agreement.

3. Other Charges

- 3.1 The Employer acknowledges that the contribution it is required to pay towards the cost of the administration of the Fund is to cover the cost of meeting the Core Scheme Functions.
- 3.2 Where the Employer requests that the Administering Authority provides services beyond these functions the Administering Authority reserves the right to charge the Employer for the provision of such services. Non-core services include by way of example and without limitation the provision of FRS17 reports, bulk redundancy calculations, bulk information requests, member presentations, site visits and the payment of compensatory added year's benefits. Such services will be provided on terms agreed at the time with the Administering Authority and the Employer.

4. Notices

Any notices under this Agreement shall be in writing and shall be served by sending the same by first class post, fax, facsimile or by hand or leaving the same at the headquarter address of the Employer or the headquarter address of the Administering Authority.

5. Waiver

Failure or neglect by the Administering Authority to enforce at any time any of the provisions of this Agreement shall not be construed nor shall be deemed to be a waiver of the Administering Authority's rights nor in any way affect the validity of the whole or any part of this Agreement nor prejudice the Administering Authority's rights to take subsequent action.

6. More than one Counterpart

This Agreement may be executed in more than one counterpart, which together constitute one agreement. When each signatory to this Agreement has executed at least one part of it, it will be as effective as if all the signatories to it had executed all of the counterparts. Each counterpart Agreement will be treated as an original.

7. Laws

This Agreement will be governed by and interpreted in accordance with the laws of England and Wales.

Any rights that a third party may have under the Contracts (Rights of Third Parties) Act 1999 are excluded.

Appendix 2 – Employer Guide

Employer Guide

What the “Fund” and the LPPA needs from you to administer your employees’ pensions, with accuracy and efficiency.

Clean and accurate data

This means that we need to know details of all changes to your employees regarding their pension.

This includes:

- Joining the scheme
- Changing their working hours and/or working weeks
- Any unpaid leave (i.e. authorised absences, whether maternity/paternity/adoption leave, or ordinary unpaid leave)
- Any unauthorised absences (these are automatically entered as breaks in service as the member is not allowed to repay pension contributions for that period)
- Any strike periods
- Any reductions in pay
- Leaving the scheme (whether opting out, normal leaver or retiring).

The above changes can be notified by completing the relevant online Form.

We also need accurate data for the monthly returns. This enables us to identify any missing data in our records quickly, thus enabling accurate valuation of the fund and thereby keeping employer contribution rates down.

Brief Summaries of Actions needed

Joining the scheme

The online Joining Form must be completed with the following information:

- date from which the member first had contributions deducted
- the contribution rate
- the weekly hours the member works, and, if appropriate, the weeks per year that they work
- what pensionable pay the member receives, and, if appropriate, the full-time equivalent pensionable pay
- confirmation that the member has a contract of employment that lasts at least three months.

Change of hours

The online Change of Hours Form must be completed when you need to inform the LPPA that a member has changed their weekly working hours, their working weeks per year, or both. We will need to know the hours (and/or weeks) they are changing to, and also the hours (and/or weeks) that they have changed from to enable us to check that our records are completely up to date.

Sick Leave

The LPPA does not need to be informed if a member of the scheme is placed on reduced pay, or no pay due to sick leave.

Unauthorised Absence

It is not common for an employee to have a leave of absence that is not authorised by their employer. However, if a member does have such a period, the LPPA need to be informed as this period will not count towards the calculation of their benefits and they will not have the opportunity to repay the contributions for that period. Therefore, please complete the Unauthorised Absence online Form if such a situation occurs.

Unpaid leave (Including maternity/paternity/adoption leave)

Any period of ordinary unpaid leave (or leave on reduced pay) that lasts less than 31 days does not need to be notified to LPPA, although the member must have contributions for that period deducted from his pay on his return, and employer contributions must also be paid.

If the ordinary unpaid leave (or leave on reduced pay) lasts 31 days or more, then the LPPA must be informed. The online Notification of Absence and Return from Absence Forms must be completed.

A strike period must be treated differently to ordinary unpaid leave, but it is not classified as unauthorised absence. The online Notification of Absence and Return from Absence Forms must be completed.

A member who goes on parental leaves must continue to have contributions deducted, but on the pay that they are actually receiving (including any statutory entitlement), not the pay they would have received, but for being on leave.

Once the member goes onto unpaid parental leave, the online Notification of Absence Form must be completed.

The LPPA do not need to be informed if a member has a period of leave to enable them to perform jury service, but the contributions for that period must be paid by both employer and employee and must be based upon the pay that the member would have received if not performing jury service.

Leaving the scheme

It is essential that the LPPA receives accurate, timely information regarding a member's pay when they cease to contribute to the pension scheme. When a member leaves the scheme, please complete the online Leaver Form. The appropriate online Ill Health Declaration Form, must also be completed if the member is retiring on the grounds of ill-health.

A member who opts-out of the scheme with less than three months membership must have their pension contributions refunded to them and will be treated as never having been in the scheme. In such cases, please complete the online Leaver Form.

If a member leaves your employment with less than three months membership, their contributions will be refunded to them. Please complete the online Leaver Form.

Monthly remittance/end of year returns

Each month a schedule of contributions paid must be completed with details of:

- Total pensionable remuneration against which contributions calculated
- The total employees' contributions
- The total employer's contributions
- Any cash payments that may be due from the employer

- The payment method and date.

The completed schedule of contributions paid and the contributions must be received by the Fund within 21 days of the end of the month, or 19 days for cheques, within which they were deducted from the employees' pay.

At the end of each month, a full submission of contributions must be submitted by each employer.

Please note that late submission of returns will result in delayed annual benefit statements being sent to your employees, and could result in the Fund being incorrectly valued, leading to an increase in your employer contribution rate.

Using online Forms

To fully co-operate with the terms of the Pension Administration Strategy, online Forms must be used. To enable you to do this, a member of staff must be nominated to be your "Site Administrator" who will be able to/responsible for:

- Set up new users and determine their access levels
- Reset usernames and password
- Unlock locked accounts
- Disable user accounts
- Keeping your organisation's contact details up to date.

In this way, you can retain control over who has access to the site and is able to input the information required. The Site Administrator will also be our first contact for any news on updates to the website.

Nothing in this guide can override the information given in the Employer's Guide, the provisions of the Pension Regulations, or related legislation. The guide was up-to-date at the time of publication in 2023. It is for general use and cannot cover every personal circumstance, nor does it cover specific protected rights that apply to a very limited number of employees. In the event of any dispute over a member's pension benefits, the appropriate legislation will prevail as this guide does not confer any contractual or statutory rights and is provided for information purposes only. The Fund will not be held responsible for any loss, damage or inconvenience caused as a result of any inaccuracy or error.

Online Forms

Online Forms must be completed and the details immediately forwarded to the LPPA to enter onto the relevant LPPA systems. Any errors or inconsistencies in the data can be quickly identified and can be remedied.

	Pension Board 24 July 2023
	Report from the Corporate Director, Finance and Resources
Brent Risk Register	

Wards Affected:	N/A
Key or Non-Key Decision:	N/A
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:	Two: Appendix 1 – Risk Register Appendix 2 – Brent Risk Management Strategy
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 This report presents the updated Risk Register for the Brent Pension Fund Pensions Administration Service.

2.0 Recommendation(s)

- 2.1 The board is asked to note the overall report including the key changes set out in section 3.5.

3.0 Background

- 3.1 Effective risk management is the foundation of sound corporate governance and for the LGPS the focus should be on all aspects of the scheme's operation, not just investment matters. Having a strategy and register in place is a way for the scheme manager to identify and manage scheme risks and it is considered good practice to have a strategy and register in place alongside established reporting mechanisms.
- 3.2 Using guidance from The Pensions Regulator and CIPFA, together with Brent's internal risk management resources, a process was undertaken in 2018 to produce a risk management strategy that was unique to Brent's circumstances. This involved a workshop that identified all of the relevant risks, assessed those risks in terms of likelihood, understanding risk management and contingency planning, monitoring risks and documentation in a register.
- 3.3 It is recognised that risk management works well when the administering authority, the Pension Board and employers work together. All parties then understand each other's capacity and appetite for risk. Key elements of this strategy were discussed at a working party set up with the scheme manager, administrator and select employers for feedback and comment. The current Risk Strategy is attached to this report in Appendix 2 and it is proposed to review this later this year.
- 3.4 It has been agreed in previous Board meetings that the Risk Register would become a standing agenda item at these meetings, with new risks and any changes to classifications of risks being reported to the Board.
- 3.5 Key changes to the Risk Register:
- No new risks have been added.
- 3.6 There have been other changes made to the Risk Register at Appendix 1 to keep the document up to date. The changes are:
- Item 2.1 – update to the comment;
 - Item 5.5 – risk re-named to impact of future pandemics;
 - Item 9.3 – update to the comment;
 - Item 9.11 – update to the comment;
 - Item 9.6 – update to the comment;
 - Item 9.6.1 and Item 9.6.2 – update to the comment;
 - Item 9.7 – update to the comment;
 - Next review dates are continually updated.
- 3.7 The Board is asked to notify the scheme manager if it disagrees with these classifications and present any new risks that they would like to be considered.
- 3.8 The revised Risk Register is attached at Appendix 1 and it is proposed to present any changes or updates to this document to the Pension Board at every meeting.
- 4.0 Financial Implications**
- 4.1 There are no specific financial implications associated with this report.
- 5.0 Legal Implications**

5.1 None arising directly from this report

6.0 Equality Implications

6.1 None arising directly from this report

7.0 Consultation with Ward Members and Stakeholders

7.1 Not applicable for this report.

8.0 Human Resources/Property Implications (if appropriate)

8.1 None arising directly from this report

Report sign off:

Minesh Patel

Corporate Director Finance and
Resources

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The London Borough of Brent Pension Fund Risk Register 2023										
Index	A	B	C	D	E	F	G	H	I	J
1	Risk Area Disaster Recovery	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
1.1	Operational Disaster Recovery Plans Brent	Loss of or unable to access admin systems for: a) Pensions b) Payroll c) Pensioner payroll	1	10	10	Brent Council Business Continuity Procedures	Brent	Annual	2023	Brent Council disaster recovery plan in place
1.11		Pension Systems I.T.	1	10	10	Database of all: a) Advisors b) Suppliers c) Contracts	Brent	Annual	2023	Held as hard copy by Brent Council's Legal Department
1.2	Operational Disaster Recovery Plans LPP	Loss of or unable to access LPP admin systems for pensions	1	6	6	LPP Shared Service Agreement.	LPP	Annual	2023	From 1 October 2018 LPP disaster recovery plan in place as part of their Shared Service Agreement with Brent Council
1.21		LPP Pensions Admin System (Altair) used by Brent Council Employers, Maintained Schools and Academies	1	6	6	LPP Shared Service Agreement	LPP	Annual	2023	LPP have a recovery plan in place for their pension admin platform UPM (External provider Civica)
2	Risk Area Business Continuity Planning	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
2.1	Business Continuity	LPP Financial Standing	1	10	10	LPP Service Contract	Brent	Quarterly	Q2 2023/24	Brent Council discuss LPP budget at regular contract monitoring meetings. Full year 2022/23 reviewed, update awaited from LPPA for Q1 2023/24.
3	Risk Area Risk Planning	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
3.1	Risk Planning And Monitoring	Not monitoring: a) Risk and the risk plan b) And amending it as required c) Or adding new areas of risk as they appear Will lead to the risk plan being: a) Inaccurate b) Known risks not being accounted for c) No plans to address these risks	1	10	10	Risk Plan	Brent	Quarterly	Q2 2023/24	The Risk Register is monitored and reviewed by the Scheme Manager and the Pensions Board. Areas of risk are when required: a) Updated b) Amended c) New risks added if identified
4	Risk Area Data Security	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
4.1	Data Security	External attack, loss of data, locked out of data, poor internal procedures can lead to an increased risk of attack from: a) outside b) or internal fraud	2	10	20	Brent Council Data Security Procedures	Brent	Annual	2023	Procedures on data security in place, systems kept up to date with latest security updates
4.12		Not backing up data regularly using secure backup systems	2	10	20	Data Back Up Procedures.	Brent	Annual	2023	Data is backed up on an incremental basis daily and fully backed up weekly, data kept in secure sites.
4.13		a) Clean desk polices not being adhered to: b) Cabinets left open or not locked c) Documents left out overnight d) Documents left on colleagues desk when they are away e) Computer not locked when operator leaves their desk	2	5	10	Brent Council Data Security Procedures	Brent	Annual	2023	Possibility of: a) Sensitive data being seen by unauthorised persons b) Data theft c) GDPR breached e) Brent Council's reputation put at risk
4.14		Taking laptops away from desk that are not password protected with encryption, using them on public transport Not storing laptops in secure location when not in use	1	5	5	Brent Council Data Security Procedures	Brent	Annual	2023	This can lead to: a) Large losses of sensitive data b) Unauthorised people seeing sensitive data while on public transport c) Breach of GDPR d) Breach of Council's policies and dismissal from service
4.2	General Data Protection Regulations	General Data Protection Regulations (GDPR) came into effect 25 May 2018, failure to comply with GDPR will lead to: a) Complaints b) Data breaches c) Possible fines d) Loss of reputation	1	10	10	Brent GDPR Policies	Brent	Annual	2023	Brent has GDPR policies in place and publishes GDPR privacy notices: a) Online b) Yammer c) In news letters d) In communications to its members, employers, academy's, maintained schools
4.21		Sending sensitive data by email ensuring it will be sent to the right recipient and encrypted, or using a secure transmission system	2	8	16	Brent GDPR Policies	Brent	Annual	2023	Sensitive data being sent to an unauthorised person or business leading to breach of GDPR
4.3	Cyber Security	Unlawful cyber access or attacks could be serious for a scheme and its members, and could in the end result in identity theft, loss of data or even loss of financial assets	3	10	30	Brent Council Data Security Procedures LPP Cyber Security Procedures	Brent	Annual	2023	Both Brent and LPP have significant cyber security policies and procedures in place to prevent and deter cyberattacks. The impact of a cyber attack could be significant, so it is important for these to be permanently up to date. Brent Officers periodically review the current cyber security strategy ensuring that extensive measures are in place and up to date in order to safeguard the integrity, confidentiality and availability (ICA) of information.
5	Risk Area Pension Administration	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
5.1	(Scheme Data) Scheme Data Provided to LPP by Capita for: Maintained Schools Academies Employers	Missing common and Scheme Specific data not provided by employers, maintained schools and academies leads to delay in progressing administration for members	5	10	50	LPP Data Check	Brent	Quarterly	Q2 2023/24	LPP run a test of the data each quarter. These scores are included in the administration update report taken to each Pension Board meeting.

5.2	Record Keeping Planning	Not updating the record keeping plan to take into account changes of circumstances thorough the year could lead to a failure to take corrective action leading to a drop in the quality of scheme data or delays in processing member benefits	3	7	21	TPR Data Scores, Data cleanse project	Brent	Quarterly	Quarterly	Brent record keeping plan have been created to deal with poor common data and scheme. Phase 2 of data cleanse project was completed in Q4 2021/22. 1,385 missing leaver queries were identified within the scope of the project. A total of 1,219 queries have been resolved (88%). Of the outstanding 166 cases, 55 are now active cases within "business as usual" and the remaining 111 cases have been passed over to Brent and will be followed up with employers at the 2021-22 year end. Data quality has improved and is now being monitored quarterly.
5.3	(Employer Data) Maintained Schools Academies Employers Supplied Data to Capita	Failure by Maintained Schools, Academies, Employers to provide data accurately and on time to the LPP results in poor scheme data held by the LPP	5	10	50	Employer Engagement Employers Forum PAS 2021	Brent	Annual	2023	Employers to export data annually to LPP system highlighting data problems by import validation, also reporting from the admin systems of missing files leads to early indication of employers having data problems. Monthly returns planned for FY 2023/24 to improve timeliness of data. Training to be provided to employers by the LPP on using the systems and what LPP requires from employers. The Pensions Administration Strategy allows the scheme manager to take action against employers that do not comply with their statutory and legal obligations to the Pension Fund. These actions will be considered should employers not respond to requests for information in a timely manner.
5.4	Loss of Key Staff Members	Specialist nature of the work means there are relatively few staff members with knowledge of the Local Authority Pensions Regulations and Pensions Administration requirements. Significant knowledge gap left if specialist staff leave, likely to cause short-term disruption.	4	8	32	Training Plan Knowledge sharing and transfer	Brent	Annual	Ongoing	Key Officers to ensure processes are documented and knowledge is being passed on to other members of the team, to ensure limited disruption in the event of an unexpected absence or leaving the position. Training events delivered by external parties are available and staff are encouraged to attend External Support is available to mitigate this risk, both from external advisors and LPP who manage the fund's administration
5.5	Impact of Future Pandemics	Increase in staff who are unwell leading to: a) Delays in administrative processing and increase in backlog cases b) Member benefits being delayed c) Increase in complaints d) Difficulties in meeting key deadlines such as year-end Delays in implementing the agreed investment strategy due to volatile financial markets.	5	2	10	Brent Council Business Continuity Procedures LPP Business Continuity Procedures Hymans Robertson Business Continuity Plan (as Fund Actuary and Investment Advisors)	Brent	Ongoing	Ongoing	Situation is being monitored on an ongoing basis. Staff to observe Government and NHS guidance. Increased use of flexible and remote working technologies are now in place to enable staff to operate in an efficient and effective manner. The Pensions Administration and Finance team are able to work from home and in offices.
5.6	Transfer of LPP Administration System from Heywoods to Civica	Risk in transferring of LPP Admin systems from Heywoods to Civica: a) Delays in timely completion of transfer leading to delayed administrative processing b) Inaccurate transfer of scheme data from one system to the other leading to incorrect calculations of member benefits c) Members benefits being delayed d) Increase in complaints e) Places an unwarranted and costly drain on Brent resources of providing service to its members	1	7	7	Risk and Project Plan	LPP	Ongoing	Ongoing	LPPA have rolled out a new pension administration system which is made by Civica and called Universal Pensions Management (UPM). The UPM system replaced 5 different systems including Altair, LPP's workflow management system (CMS), both YourFund employer portals and the My Pension Online member self-service portal. The overall project is called project PACE. Project PACE is being delivered by a dedicated team of project managers and ringfenced project roles to ensure no impact to the day to day performance of the business. LPPA has successfully migrated all 18 clients on to the UPM platform. The Brent Fund went live on 11th November 2022. Performance has been impacted due to spikes in work created by the phase 2 migrations and a project has been launched to ensure that performance is returned to targets as soon as possible. LPP are providing Brent officers with regular updates in monthly meetings. Updates are also being provided to the Pension Board.
5.7	Data Migration	The data is not transferred across or is transferred across incorrectly leading to: a) Delays in the calculation of member benefits b) Member payments being delayed c) Increase in complaints d) Difficulty in meeting key deadlines e) Reputational damage to the fund	1	8	8	Regular meetings with LPP	LPP	Ongoing	Ongoing	LPPA completed five separate data cuts for the migration of data from Altair into UPM. Each data cut was completed and signed off before the next data cut is completed. The data will be fully reconciled before UPM go live.
6	Risk Area Plan Events	Risk Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
6.1	Pension Plan Events Planning	Plan events such as: a) Annual benefits statements b) Year end reporting to the TPR c) Accounting d) Pension increases e) Plan valuations	4	10	40	Plan Calendar	Brent	Annual	2023	Plan Calendar to identify events: a) What work is required b) What recourses will be used c) Completion and sign off
6.12		Pension projects such as: a) Changes in legislation that needs to be actioned b) GMP equalised for men and woman	5	10	50	Plan Calendar	Brent	Annual	2023	To allow longer term planning for items such as: a) New legislation coming in to effect b) Ensure Plan events are completed on time c) Prepare for GMP equalisation
6.2	Annual Benefits Statements 2022/23	Failure to have the necessary correct and accurate data will lead to: a) Statements not being sent b) Possible delay sending statements whilst this data is obtained and systems updated	6	10	60	LLP Shared Service Agreement and PAS	Brent	Annual	2023	It is a statutory responsibility for the scheme manager to issue an annual benefit statement (ABS) to all eligible active and deferred members by 31 August each year. Scheme employers are required to submit an end of year return in order to be able to produce an ABS. Following submission of the return, employers may be required to respond to queries to clarify any data on the return before an ABS can be produced. It is therefore important that end of year returns are received promptly. Delays in submission of returns can lead to a risk that the ABS are not issued by the deadline. Where returns have not been promptly received, Brent and LPP will work together directly with employers to ensure prompt and accurate submission of end of year returns.

6.21		Annual Benefits Statement dependant on: a) Common Data b) Scheme Specific data c) Data being improved from the Record Keeping Plan (RKP)	5	10	50	LLP Shared Service Agreement	Brent	Annual	2023	Improvement to common and Scheme Specific data being carried out under RKP.
6.3	Deferred Member Benefit Statements 2022/23	Incorrect Statuses, no address, missing data to calculate leads to: a) Statements not being issued b) Statements inaccurate c) Incorrect valuation and liabilities for the Plan.	5	10	50	LLP Shared Service Agreement	Brent	Annual	2023	Member data is being dealt with under the Record keeping Plan.
6.4	Year End Return	Failure to complete year end return and submit on time leads to fines	4	10	40	PAS Employer Training Sessions	Brent	Annual	2023	End of year process for 2023 has been communicated to employers. Pro active action to get employers to provide data on time is in place. Training sessions are provided to employers to assist completion.
6.5	Admission Agreements	Failure to process an admission agreement within the time frames set on in LGPS regulations can lead to transferring employers pension entitlements being delayed, legal issues stopping the agreement from being implemented and costs incurred that can not be recovered	5	10	50	Internal Controls	Brent	Quarterly	2023	Admission agreements are regularly reviewed by officers in finance and legal to resolve issues encountered in the admission agreement process and progress to completion.
6.52		Not having procedures and processes to processes and monitor agreements are on track and any reason for delayed identified and acted on could lead to delays in implementation of the agreement	5	10	50	Internal Controls	Brent	Quarterly	2023	Admission agreements are regularly reviewed by officers in finance and legal to resolve issues encountered in the admission agreement process and progress to completion.
6.53		Oversight of the legal team and ensuring that they are processing the legal agreements in the time set out in the procedures and requirements of admission agreements is a major factor on processing an admission agreement on time	5	10	50	Internal Controls	Brent	Quarterly	2023	Overseeing of the legal team on admission agreement by the Scheme Manager to ensure no delays and prompt processing of agreement becomes a priority
6.54		Failure to keep to rules and regulation on admission agreement will require this failure to be reported to the TPR	5	10	50	Internal Controls	Brent	Quarterly	2023	Breaches log to bring attention of failing and lessons learned in processing admission agreements
7	Risk Area Auto Enrolment	Risk Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
7.1	Auto Enrolment	Failure to process auto enrolment on time leads to: a) Member complaints b) Members unable to opt out or in c) Delayed administration d) Possible action by the regulator to improve or be fined	1	10	10	Auto Enrolment Procedures	Brent	Ongoing	Ongoing	Auto enrolment checked monthly for: a) Enrolment b) Opt outs c) Opt Ins d) Auto Enrol Renewal, as part of Brent procedures for pensions and payroll
8	Risk Area Regulatory	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
8.1	Anti Fraud Initiatives Mortality Existence	Benefits paid to people not entitled to benefits from the LGPS	2	5	10	2019 Anti Fraud Plan	Brent	Annual	2023	Administration processes check for fraud
8.2	Pension Board Training	Pension Board members not having the appropriate degree of knowledge and understanding to perform their duties. Pension Board member not having the right knowledge to make informed decisions and challenge Officers of the Council.	1	5	5	Pension Board Training Plan	Brent	Annual	2023	Regular training is provided via a training programme for Pension Board members All Pensions Board members to complete and pass the TPR public pensions course online
8.3	Pension Board Conflict Of Interest	Conflicts of interest must be declared in the Register of Interests Failure to declare an interest can lead to serious consequences and pose a risk to the Plan and possibly member	1	5	5	Conflict of Interest Register	Brent	Annual	2023	The register of interests and other relevant documents are circulated to the Pension Board for ongoing review and are published on the Brent Council's website
8.4	Governance	Failure to have good governance plans in place which are reviewed and monitored can lead to: a) Poor administration b) Increased administration costs c) Poor investment outcomes d) Increased levels of risk e) Not understanding what the risks are and having plans to manage the risk f) Statutory requirements not being met such as: g) Annual benefits statements not being produce and sent out h) Pension saving statements not being produce and sent out i) Year end returns being done late	1	3	3	Multi areas cover governance: a) Plan Rules b) Business Plan c) PAS 2018 d) Scheme Manager e) Pensions Board f) Pensions Sub Committee.	Brent	Ongoing	2023	Governance is monitored by: a) Scheme Manager b) Pensions Board c) Pensions Sub Committee d) Internal and External Controls
8.5	Failure to make provision for oversight of the administration of the Plan	Failure to ensure that overall oversight is in place and carried out can lead to: a) Breaches of the law b) Poor administration and record keeping c) Unauthorised payments d) Poor administration being allowed to continue e) Failure to meet deadline on time f) Possible fines g) Fraud to occur h) Loss of confidence and reputation for the Council	1	2	2	The Pension Board assists the Scheme Manager in the provision of oversight of how the Plan is administered	Brent	Ongoing	2023	The oversight of the plan is carried out by the Scheme manager with assistance from the Pension Board
8.6	Discretions	A decision to add pension or disregard a reduction on pension for early payment leads to increased costs to the employer	1	5	5	Corporate Director, Finance and Resources	Brent	Annual	2023	Discretions under review on early retirement with actuarial reduction, Discretions are covered under LGPS Rule 30 (2&5) In preparing such a statement the Council must have regard to the extent to which the discretions are exercised to avoid a loss of confidence in the service provided.
8.7	Data Protection Breaches	Breaches not recorded and failure to report a breach to the regulator can lead to fines and loss of reputation	3	6	18	Breaches Log	Brent	Monthly	Monthly	Breaches log to monitor all breaches and report of breached to the regulator

9	Risk Plan Funding & Accounting	Risk & Outline	Likelihood	Impact	Score	Control	Owner	Test	Next Review	Comment
9.1	The Fund's Assets Insufficient to Meet Long Term Liabilities	Pension Fund Assets not sufficient to pay: a) Pension benefits b) Transfers c) Death benefits d) Could lead to raising of pensions contributions e) Plan has to reduce benefits f) Reassessment of the funding strategy	2	10	20	Public Sector Payroll Controls	Brent	Monthly	Monthly	Contributions are checked on a monthly basis Overdue Contributions: Employers Academies Maintained Schools Are actively chased
9.11			1	10	10	The Funding Strategy Statement	Brent	Triennial	2025	A report on the 2022 Triennial Review (including the Funding Strategy Statement) was presented to the Pension Board at the March 2022 meeting. Next triennial valuation 2025.
9.12			1	10	10	Fund's Funding Level Assessment	Brent	Monthly	Monthly	The Fund receives regular performance reports on its investments from the custodian. The Fund actuary, Hymans Robertson, completes a valuation of liabilities every 3 years. Draft Whole Fund results for the 2022 valuation presented to the Pension Sub-committee in October 2022 and the proposed final valuation report was presented to the Pension Sub-committee in February 2023.
9.2	Investments in Russia, Belarus and Ukraine	Due to the impact of the UK government sanctions on the Ukraine invasion by Russia, the exposure of the Brent Pension Fund to Russian, Ukrainian and Belarusian assets is set out below: Total Fund Value (31/1/22) £1.1 billion Total Exposure £1.6 million Exposure 0.14% The Fund has relatively minimal exposure to Russian, Ukrainian and Belarusian holdings.	2	1	2	The Fund holds a well-diversified portfolio of assets, which has been invested in line with the investment strategy statement	Brent	Ongoing	Ongoing	Officers, in conjunction with our investment advisors, fund managers, London CIV and actuary, are monitoring the situation on an ongoing basis and continually assessing risks. It is understood that most Russian, Ukrainian and Belarusian holdings have been removed from the relevant indexes and have been written down to zero.
9.3	Impact of McCloud judgement on Long Term Liabilities	Court of Appeal ruling that transitional protections were unlawful on the grounds of age discrimination could increase employer contributions.	8	6	48	Triennial valuation/ Funding Strategy Statement	Brent	Quarterly	Ongoing	Following the close of the McCloud consultation, Brent Officers have now provided a response to MHCLG following discussions with the Fund's actuary, Hymans Robertson and the Fund's admin provider LPP. At this stage, it is likely that greater admin resource will be required and it is expected that there will be a cost to the Pension Scheme. Development work is being carried out by Civica to implement functionality for the remedy. Employers have been contacted in relation to data requirements for the McCloud exercise. Draft regulations issued May 2023.
9.4	Exit Pay Reforms	There is potential for new legislation to be introduced which will alter the way redundancy benefits are carried out for members aged 55 and over.	2	6	12	Governance & Compliance	Brent	Quarterly	Ongoing	On 12 February 2021, The Chancellor of the Exchequer determined that the Restriction of Public Sector Exit Payments Regulations 2020 Regulations should be withdrawn, this was revoked on the 25th February 2021. On 8 August 2022, HM Treasury (HMT) launched a new consultation on public sector exit payments proposing to introduce an expanded approvals process for employee exits and special severance payments, and additional reporting requirements. In light of this, Brent Officers will continue to monitor such updates, liaise with the Fund actuary and update the Pensions Board accordingly.
9.5	Pension Contributions not Paid by:	Effects the Plans abilities to: a) Pay out benefits b) Braking the law on pension contribution collections c) Unnecessary costs for chasing for contributions d) Continuing non payment for pension contributions will lead to: e) Breaches for the payment of pension contribution regulations f) Being reported for breaches as required by law g) Delay benefits beginning paid h) Can lead to delays in accounting for pension contributions	2	10	20	PAS	Brent	Ongoing	Ongoing	Procedures in place to deal with pension contributions not being made or late
9.51	Maintained Schools Academies Employers		2	10	20	PAS	Brent	Annual	2023	Engaging with: a) Employers b) Academies c) Maintained Schools d) With working parties and employer forums e) LPP to provide more support in this area
9.52	a) On time b) Or not at all c) Refusal to pay		2	10	20	PAS	Brent	Annual	2023	Contributions are monitored on a monthly basis and late or non payers reported. 2018 Revised PAS includes fines for non compliers.
9.6	Pension Plan Accounting	Failure to comply with accounting regulations will lead to serious consequences: a) Possible fines b) Loss of reputation	2	10	20	Annual audit	Brent	Annual	2023	Draft accounts for 2022/23 have been published and are currently in the process of being audited
9.61			1	10	10	Triennial valuations	Brent	Triennial	2025	2022 triennial completed. Next triennial valuation 2025
9.62			1	10	10	The Funding Strategy Statement	Brent	Triennial	2025	A report on the 2022 Triennial Review (including the Funding Strategy Statement) was presented to the Pension Board at the March 2022 meeting. Next triennial valuation 2025.
9.63			1	10	10	Fund's Funding Level Assessment	Brent	Annual	Annual	The Fund receives regular performance reports on its investments from the custodian. A valuation of assets and liabilities on an accounting basis is completed annually. The Fund actuary, Hymans Robertson, completes a valuation of liabilities every 3 years.
9.7	Inflation is higher than expected	Price inflation is significantly more than anticipated in the actuarial assumptions. High inflation: a) increases the Fund's liability as pensions in payment are linked to CPI inflation b) places short-term pressure on the Fund's cashflows to meet increased benefit payments and increase the demand for investment income.	10	4	40	Triennial valuations Investment Strategy Cashflow modelling	Brent	Ongoing	Ongoing	Inflation has risen significantly over the last 2 years due labour shortages, supply chain issues, and high energy prices. Inflation is reviewed at each triennial valuation and the actuary is challenged as required. The Fund's investment strategy is routinely reviewed and the Fund is a long-term investor and takes a long-term view on market conditions and inflation. A significant proportion of the Fund's assets are growth assets which are expected to outperform inflation over the longer term. The pension fund completed a review of its investment strategy following the 2022 valuation.

Risk Matrix

Risk level Reasoning		Likelihood	Impact	Score	Risk Types	Risk Planning	Expected Outcomes
Risk level	%	1 Least Likely 10 Most Likely	1 Least Likely 10 Most Likely	Likelihood Times Impact			
Low	1 to 20	1	10	10	Risk known	Planned for in advance	Countered by plans and procedures in place if needed
Low to Medium	21 to 50	2	10	20	Risk possible concerns	Monitored	Monitored and plans in action or more actions will be put in place if required
Medium to High	51 to 75	5	10	50	Risk manageable	Managed	Active and pro active longer term plans in place, subject to close monitoring and rapid action if required
High	76 to 100	8	10	80	Risk having a major impact	Planned actions in place	Action plans in place, monitored weekly, longer term before risk will reduce

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Brent

London Borough of Brent Risk Strategy

Brent Risk Strategy July 2018

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1. Introduction

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

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

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

2. Strategy objectives

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

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

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

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

3. Purpose of the strategy

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

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

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

4. Effective date

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

5. Review

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

6. Scope

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

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

7. Risk Management Philosophy

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

7.2 In managing risk, the Administering Authority will:

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

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

8. CIPFA and the Pensions Regulator's Requirements

8.1 CIPFA Managing Risk Publication

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

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

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

249B Requirement for internal controls: public service pension schemes

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

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

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

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

The risk assessment should begin by:

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

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

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

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

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

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

9. Responsibility

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

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

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

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

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

10.2 Risk identification (1)

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

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

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

10.3 Risk analysis (2)

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

Risk level Reasoning		Likelihood	Impact	Score	Risk Types	Risk Planning	Expected Outcomes
Risk Level	%	1 Least Likely 10 Most Likely	1 Least Likely 10 Most Likely	Likelihood Times Impact			
Low	1 to 20	1	10	10	Risk known	Planned for in advance	Countered by plans and procedures in place if needed
Green Low							
Low to Medium	20 to 50	2	10	20	Risk possible concerns	Monitored	Monitored and plans in action or more actions will be put in place if required
Yellow Low to Medium							
Medium to High	50 to 75	5	10	50	Risk manageable	Managed	Active and pro active longer term plans in place,
Orange Midium to High							
							subject to close monitoring and rapid action if required
High	75 to 100	8	10	80	Risk having a major impact	Planned actions in place	Action plans in place, monitored weekly, longer term before risk will reduce
Red High							

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

10.4 Risk control (3)

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

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

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

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

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

10.5 Risk monitoring (4)

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

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

11. Reporting and monitoring

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

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

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

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

12. Key risks to the effective delivery

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

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

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

13. Risk Register Appendix A

The Risk Register Appendix A :

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

End

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	Pension Board 24 July 2023
	Report from the Corporate Director, Finance and Resources
LGPS 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:	Seven: Appendix 1 - Next steps on investments consultation – summary of key proposals Appendix 2 - LGPC Bulletin – Annual Revaluation Appendix 3 - LGPC Bulletin – Annual Update March 2023 Appendix 4 - LGPC Bulletin – March 2023 Appendix 5 - LGPC Bulletin – April 2023 Appendix 6 - LGPC Bulletin – May 2023 Appendix 7 - LGPC Bulletin – June 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

1.0 Purpose of the Report

- 1.1 The purpose of this report is to update the committee on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment

and any recent consultations issued which would have a significant impact on the Fund.

2.0 Recommendation(s)

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

3.0 Detail

Annual revaluation date change

- 3.1 On 9 March 2023, the Department for Levelling Up, Housing and Communities (DLUHC) laid the LGPS (Amendment) Regulations 2023.
- 3.2 The changes, consulted on in February 2023, remove the impact of high inflation on the annual allowance (AA) and reduce the number of members incurring a tax charge. The regulations move the annual revaluation date from 1 April to 6 April. The regulations are effective from 31 March 2023.
- 3.3 From the tax year 2023/24 onwards, the inflationary increase used in the AA calculation and the annual revaluation will both use the same CPI inflation figure. For the tax year 2023/24 this will be 10.1 per cent. Bulletin 234A is a special bulletin which focuses on this issue.

State Pension age review

- 3.4 On 30 March 2023, the Department of Work and Pensions (DWP) published its 2023 review of the State Pension age. The State Pension age is currently age 66 and will rise to age 67 between 2026 and 2028 before rising again to age 68 between 2044 and 2046.
- 3.5 The 2023 review confirms the rise to age 67 between 2026 and 2028 is still appropriate and plans to have a further review within two years of the next Parliament to consider whether the rise to age 68 should occur earlier. Currently, the date at which you can take your LGPS pension is linked to the State Pension age.

Gender pensions gap report

- 3.6 On 29 March 2023, the Scheme Advisory Board (SAB) published a report¹ on the gender pensions gap in the LGPS from the Government Actuary's department. The report provides an initial overview of the gender pensions gap in the LGPS, based on data from the 2020 scheme valuation.
- 3.7 This has shown that the difference between men and women as to their accrued benefits in the Local Government Pension Scheme is 34.7% for benefits in the reformed CARE scheme and 46.4% for benefits in the legacy final salary scheme (in favour of men). The Board notes that these findings need to be

¹ https://lgpsboard.org/images/Reports/2023/GADGenderPensionGapReport_Jan2023.pdf

interpreted with caution and will do further work to understand the data and investigate causes, as well as considering possible next steps.

LGPS Consultation on next steps on investments

- 3.8 The Department for Levelling Up, Housing and Communities (DLUHC) published its consultation on proposals relating to the investments of the LGPS on 11 July 2023.
- 3.9 This consultation seeks views on the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.
- 3.10 A summary of the proposals included in the consultation has been attached as Appendix 1 to this report. The full consultation is available on DLUHC's website.²
- 3.11 This consultation will last for 12 weeks from 11 July 2023 to 2 October 2023. Officers, in consultation with the Fund's advisors, intend respond to the consultation on behalf of the Brent Pension Fund before the consultation closes. Members of the board are invited to note this development and offer any comments they may have.

4.0 Financial Implications

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

5.0 Legal Implications

- 5.1 Not applicable.

6.0 Equality Implications

- 6.1 Not applicable.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.

8.0 Human Resources

- 8.1 Not applicable.

² <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/local-government-pension-scheme-england-and-wales-next-steps-on-investments>

Report sign off:

Minesh Patel

Corporate Director Finance and
Resources

Consultation on Local Government Pension Scheme (England and Wales): Next steps on investments

A summary of the key proposals in the consultation are provided in the table below:

Area	Proposal
Pooling	To revise ISS guidance to include requirements to transfer listed assets to the pool by 31 March 2025, and to set out in the ISS: - assets which are pooled, under pool management and not pooled, and - to provide a rationale, value for money and date for review for assets which are under pool management or not pooled To revise pooling guidance so as to set out fully how funds and pools should interact and promote a model of pooling which includes the characteristics described above including on delegation of manager selection, strategy implementation, advice, governance, transition of assets, new investments outside the pool and reporting. To implement a requirement in guidance for administering authorities to have a training policy for pensions committee members and to report against the policy To revise guidance on annual reports to require greater clarity on progress of pooling including a summary asset allocation (including investment in infrastructure and levelling up), a comparison between actual and strategic asset allocation, and a report of the net savings from pooling. We also seek views on whether there should be an additional requirement for funds to report net returns for each asset class against a consistent benchmark, and if so how this requirement should operate For the Scheme Advisory Board to expand their Scheme Annual Report to provide a report on the progress on pooling and on asset allocation across the LGPS. To make changes to LGPS official statistics to provide greater transparency on asset allocation and the proportion of assets which have been pooled.
Investment in levelling up	To amend regulations to require funds to set a plan to invest up to 5% of assets in levelling up the UK, and to report annually on progress against the plan.
Investment in private equity	To revise ISS guidance to require funds to consider such investments to meet the government's ambition of a 10% allocation to private equity in the LGPS.
Investment consultancy services	To amend regulations to set requirements funds with respect to investment consultants in line with the CMA order.

Definition of investment	To amend investment regulations to correct an inconsistency in the definition of investment.

LGPC Bulletin 234A – annual revaluation

This is a special bulletin for Local Government Pension Scheme (LGPS) administering authorities in England, Wales and Scotland. It looks at the impact of the annual revaluation date change.

On 9 March 2023, the Department for Levelling Up, Housing and Communities (DLUHC) laid the LGPS (Amendment) Regulations 2023 ('the regulations'). The regulations move the annual revaluation date from 1 April to 6 April. The regulations are effective from 31 March 2023. The consultation, responses and regulations can be found on the [Scheme consultations page](#) of www.lgpsregs.org.

On 14 March 2023, the Scottish Public Pensions Agency (SPPA) launched a consultation on making identical changes in Scotland. The consultation closes on 27 March 2023. If SPPA proceed, the regulations will come into force in May 2023, with backdated effect to 31 March 2023. This bulletin assumes SPPA implements the proposals. You can find the consultation documents on the [Scheme consultations page](#) of www.scotlgpsregs.org.

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Changes in brief

The regulations remove the impact of inflation on the annual allowance calculation. They do so by changing the annual revaluation date from 1 to 6 April 2023, and thereafter on each 6 April, for all members. There is no change in the outcome for:

- all members whose benefits in payment would have increased on 1 April
- death grants of deferred and pensioner members who die in the period 1 to 5 April.

In tax year 2022/23, the annual allowance (AA) calculation does not include any scheme revaluation. This is because the tax year runs from 6 April 2022 to 5 April 2023 and the revaluation date is now 6 April 2023.

From the tax year 2023/24 onwards, the inflationary increase used in the AA calculation and the annual revaluation will both use the same CPI figure. For the tax year 2023/24 this will be 10.1 per cent.

The Scheme year is not changing, it remains 1 April to 31 March. The revaluation that applies on 6 April applies on the CARE balance at 31 March in the previous Scheme year.

Although the change is being introduced to take inflation out of scope of the annual allowance calculation, there are other impacts. These are explained in this bulletin.

Reason for the change

The annual allowance (AA) should reflect the increase in a member's pension benefits above inflation. However, since HM Treasury realigned the period over which pension growth is measured with the tax year in 2015/16, inflationary increases are taken into account.

As things currently stand, the allowance for inflation in the AA calculation does not match the annual revaluation applied to pension accounts. To date the imbalance has been negligible because inflation has been relatively low and consistent.

However, the imbalance for tax year 2022/2023 is 7 per cent. This is the difference between the allowance for inflation in the AA calculation of 3.1 per cent and the annual revaluation of 10.1 per cent. Without changes to scheme regulations, there would be a significant increase in the number of LGPS members breaching the annual allowance and potentially incurring a tax charge.

By moving the annual revaluation to 6 April, the imbalance is removed. Both the AA inflation and the annual revaluation will use the same September CPI, meaning that inflation will be taken out of scope of the annual allowance calculation.

Actions for administering authorities

Pension software changes

Discuss the changes with your pensions administration software provider to understand when they will make changes to calculations.

Consider whether you need to put processes in place to perform some calculations manually in the short term. You will need to consider calculations that should now exclude the revaluation if it would have applied on 1 April. These include:

- AA calculations – you should ensure the 10.1 per cent revaluation is not included in calculations for the 2022/23 tax year. However, the 10.1 per cent revaluation is included for leavers from 6 April 2023 for the 2023/24 tax year.
- non-club transfers out with a guarantee date between 1 and 5 April
- club transfers with a guarantee date between 1 and 5 April – see the [inner club transfer section](#)
- cash transfer sums where the member left active membership between 1 and 5 April
- all divorce calculations where the relevant date is between 1 and 5 April
- flexible retirement where the notional last day of active membership falls between 1 and 5 April - see [flexible retirement section](#)
- trivial commutations with a calculation date between 1 and 5 April
- interfund adjustments with a relevant date between 1 and 5 April.

Where we refer to 'between 1 and 5 April', this includes all the days in that period.

Governance

It is important you keep your pensions committee and local pensions board up to date. Make sure both parties are aware of the changes and any decisions that need to be made in relation to the policy change.

Communications

In our view the change to the annual revaluation date is not a material change under regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 ('the Disclosure regulations').

The change is about when the revaluation increase is applied. It does not change the method of the calculation; therefore, there is not a material change to the information listed in Part 1 of Schedule 2 of the Disclosure regulations – which is essentially the information included in the brief scheme guide.

We asked Eversheds Sutherland for their view on this point and Gary Delderfield (Partner) agrees that the change is not a material change.

Having said that, it is still good practice to let members and beneficiaries know about the change. We recommend you do this by including information in annual benefit statements, newsletters, on websites and other communications.

Retirements

Where a member is entitled to further revaluation after their pension becomes payable, the further revaluation uses up lifetime allowance. In our view, the member can elect to commute some of the extra pension for tax-free cash (subject to normal limits).

Therefore, where the initial BCE 2 for the pension (and, if applicable, the BCE 6 for the lump sum) occurs before the relevant 6 April, there will be a further BCE 2 (and potentially a further BCE 6) for the revaluation adjustment. Where the initial and further BCEs are close to each other, they can be processed at the same time. You need to make sure:

- your systems correctly record the separate BCEs
- you comply with disclosure requirements for the BCEs, and
- the member is given the opportunity to elect to commute some of the revaluation adjustment for extra tax-free cash.

This is an existing requirement. We have included this information for completeness.

We have previously raised a query with DLUHC about whether the member should be able to commute some of the extra pension for lump sum - see page 29 of the [technical query list](#). We do not believe this change will be made any time soon, so administering authorities should work on the basis set out above.

Where the initial BCE(s) occur on or after the relevant 6 April, there will be no further BCEs for the revaluation adjustment. The revaluation adjustment will be included:

- in the amount that crystallises under the initial BCEs, and

- when considering the tax-free cash limit at the initial BCE.

Last pension input period

When a member is first paid all their benefits under the Scheme, the first pension input period (PIP) during when this occurs is the member's last PIP. Unless the member's benefits were calculated incorrectly or anti-avoidance measures apply, the member does not have any more PIPs, regardless if there are any further BCE 2s or BCE 6s.

Any revaluation to the member's benefits on the following 6 April will not result in further annual allowance tests.

Inner club transfers

Revaluation date

The regulations provide that revaluation is applied to earned pension credited to the LGPS from an inner club transfer on 6 April. This is irrespective of whether the sending scheme applies revaluation on 1 April. You will still use the sending scheme's revaluation rate.

Transfers with a relevant date between 1 and 5 April

Where the relevant date for a transfer value is between 1 April and 5 April, the member could miss out on revaluation for a year if:

- the sending scheme applies revaluation on 6 April and the receiving scheme applies it on 1 April
- both the sending and receiving schemes apply revaluation on 6 April.

This is because when the sending scheme calculates the transfer value it excludes the revaluation due on 6 April. The receiving scheme applies revaluation to the balance in the pension account on 31 March. On 31 March the pension account does not contain the earned pension credited from the transfer value.

DLUHC is aware of this issue and is working with the Cabinet Office to make changes to the club memorandum. Until the club memorandum can be updated, a simple solution for club schemes with a revaluation date of 6 April is to always use a relevant date of between 6 April to 31 March when calculating an inner club transfer value. That way the revaluation due on 6 April will always be included within the transfer value. We recommend administering authorities adopt this approach.

[Example 8 shows how revaluation is missed](#) where the relevant date is between 1 and 5 April from a club scheme with a revaluation date of 6 April.

Scotland

Amending regulations in Scotland are likely to come into force in May 2023. When they do, they will have backdated effect to 31 March 2023. Administering authorities will need to take a view on how to proceed in the interim period.

You may wish to take into account that although the existing regulations still require you to apply revaluation on 1 April, the [Public Service Pensions Revaluation Order 2023](#) has effect from 6 April 2023 in respect of the LGPS. This means the increase on the CARE balance at 31 March 2023 can still only be applied on 6 April 2023 (with backdated effect to 1 April in accordance with the existing regulations).

You will also need to consider any guidance that SPPA provides.

Active, deferred and deferred refund members

The revaluation that applies on 6 April 2023, and each 6 April thereafter, continues to apply to CARE accounts built up to the previous 31 March. This means the opening value of members CARE accounts on 1 April does not include that April's revaluation, because this is not effective until 6 April.

In the examples section, we set out how the change impacts active and deferred members' pension accounts. We also show an example of the impact on the annual allowance calculation for active members:

[Example 1 shows the impact](#) for an active member.

[Example 2 shows the impact](#) on the annual allowance calculation for an active member.

[Example 4 shows the impact](#) for a deferred member.

Pensioner members

The regulations protect pensioners whose benefits would have increased on 1 April, by backdating the payment of revaluation applied on 6 April, to the 1 April or date of payment if later.

This protection applies from April 2023 onwards.

[Example 5 shows there is no impact](#) to a pensioner member.

Flexible retirement

On flexible retirement, administering authorities open a flexible retirement pension account. Unless the member opts out, their active pension account remains open. The balance in the active pension account is reduced by the amount transferred into the flexible retirement pension account.

If a member opts out, as they will have met the vesting period and will also continue in their relevant employment, the administering authority must close the active pension account and open a deferred member's pension account. The regulations still require this even where the balance in the deferred pension account is £nil (though most authorities choose not to do so).

Where flexible retirement occurs between 1 and 5 April, the balance in the active pension account at the previous 31 March will not have been revalued. On the next revaluation date, the regulations provide that the revaluation on that balance is added to the active pension account (or, as the case may be, the deferred pension account). It is not added to the flexible retirement pension account. This means the active/deferred pension account will receive revaluation in respect of pension that has been transferred to the flexible retirement pension account. DLUHC has confirmed that this is the intention.

[Example 3 shows the impact](#) where an active member elects for flexible retirement between 1 and 5 April.

Survivor members

The regulations protect survivor benefits by providing there is no change in the outcome where the member dies:

- before 1 April, by backdating the payment of revaluation effective on 6 April to 1 April
- between 1 and 5 April, by deeming the effective date of revaluation to be the date of death.

[Example 7 shows there is no impact](#) to partner's benefits.

Death grants

The regulations protect the payment of death grants paid in respect of deferred and pensioner members who die between 1 and 5 April, having left active membership on or after the previous 1 April. They deem the effective date of revaluation to be the date of death.

[Example 6 shows there is no impact](#) on the value of a death grant.

Frequently asked questions (FAQs)

FAQ 1. Are there protections for members / survivors / beneficiaries who might be worse off as a result of the changes?

Yes. Protection is provided for all members and survivors whose benefits in payment would have increased on 1 April and for death grants paid in respect of deferred and pensioner members who die between 1 and 5 April.

FAQ 2. Is assumed pensionable pay (APP) affected?

No, revaluation applied to APP continues to apply on 1 April.

FAQ 3. Are non-club transfers out affected?

Yes, if the guarantee date is between 1 and 5 April and the member left active membership on or after the previous 1 April. The cash equivalent transfer value will not include revaluation that would have applied on 1 April. However, revaluation will apply to the partner's pension included in the transfer value – see [FAQ 7](#).

FAQ 4. Are cash transfer sums affected?

Yes. Cash transfer sums are always calculated on the date the member leaves active membership. Therefore, it will exclude any revaluation due after that date.

Where the member left active membership between 1 and 5 April, the cash transfer sum will not include the revaluation that would have applied on 1 April. However, revaluation will apply to the partner's pension included in the cash transfer sum – see [FAQ 7](#).

FAQ 5. Are club transfers out affected?

Yes, if the relevant date is between 1 and 5 April and the member left active membership on or after the previous 1 April. The cash equivalent transfer value will not include revaluation that would have applied on 1 April.

We recommend you do not use a relevant date of 1 to 5 April for club transfers. See the [inner club transfer section](#) for more information. However, revaluation will apply to the partner's pension included in the transfer value – see [FAQ 7](#).

FAQ 6. Are interfund adjustments (IFA) affected?

Yes, if the relevant date of the IFA is between 1 and 5 April and the member left active membership on or after the previous 1 April.

The value of the IFA will not include revaluation that would have applied on 1 April. However, the receiving administering authority will apply the revaluation to the earned pension credited from the IFA, on 6 April. However, revaluation will apply to the partner's pension included in the transfer value – see [FAQ 7](#).

FAQ 7. Does the partner's CARE pension included in transfer calculations include revaluation due on the next 6 April where the calculation date is between 1 and 5 April?

Yes, when calculating the partner's pension, administering authorities will assume the member died on the calculation date.

The regulations provide that where a member dies between 1 and 5 April (inclusive) and revaluation would have been due on the next 6 April, the survivor pension is deemed to include that revaluation.

FAQ 8. Is the change a material change under the Disclosure Regulations?

In our view the change is not a material change under regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. See the [communications section](#) for more information.

FAQ 9. Are pension credit members affected?

No, because a pension credit only increases by pensions increase.

FAQ 10. Is member trivial commutation affected?

Yes, if the calculation date of the trivial commutation payment is between 1 and 5 April and the member left active membership on or after the previous 1 April.

The payment will not include revaluation that would have applied on 1 April. This applies where the payment is derived from both crystallised and uncrystallised benefits. The protection for pensions in payment mentioned in FAQ 1 does not

apply because the trivial commutation is calculated before the revaluation is effective on 6 April. However, revaluation will apply to the partner's pension included in the trivial commutation value.

If the commutation payment is a trivial commutation lump sum and the nominated date is between 1 and 5 April, revaluation will not be included when determining the commutation limit. This replicates the position before the regulations were laid - where the commutation limit is determined before the application of the revaluation on 1 April.

FAQ 11. Is survivor trivial commutation affected?

If the date the trivial commutation payment is calculated is between 1 and 5 April and the deceased member left active membership on or after the previous 1 April and died between the:

- previous 1 April and 31 March. The payment will not include the revaluation that would have applied on the following 1 April. This is a change to the current position.
- 1 and 5 April. The payment will include revaluation. This replicates the current position.

FAQ 12. In what order are annual increases applied?

Revaluation is applied first, followed by increases to the Post 88 GMP (where appropriate) – both increases will apply on 6 April. If the pensions increase date is also 6 April, pensions increase is applied last.

FAQ 13. Is additional pension purchased with AVCs affected?

No, additional pension only increases by pensions increase.

FAQ 14. When are annual allowance offsets applying to post April 14 (15 for Scotland) benefits first revalued?

The relevant date for annual allowance offsets coincides with the end of the relevant pension input period (ie 5 April). Administering authorities should revalue the offset between the relevant date and the member's eventual retirement.

Before the changes, the first revaluation was on the next 1 April. After the changes, the first revaluation is on the second 6 April after the relevant date. It is not on the first 6 April, as this is calculated on the balance before the relevant date.

FAQ 15. If a member leaves between 1 and 5 April is any revaluation due for that period?

There is no revaluation due. The revaluation that applies on the 6 April immediately after the date of leaving only applies to the value of the pension account at 31 March. On the following 6 April, the member will be entitled to the full amount pension increase and no revaluation.

Regulation corrections

In our response to the annual revaluation date change consultation, we raised a number of existing issues with how revaluation is applied by the LGPS Regulations 2013. DLUHC confirmed that, due to time pressures, they were not able to address these issues in the amending regulations.

This bulletin assumes the issues have been corrected and the regulations apply in line with policy intent.

We have updated the [technical query list](#) with the errors.

Examples

All calculations have been rounded up or down for simplicity. Again, for simplicity where pay is pro rata, we have applied number of days over 365.

Example 1. Active member simple revaluation

Date joined scheme

- 1 October 2020

Annual revaluation

- 1 April 2021 – 0.5%
- 1 April 2022 – 3.1%
- 6 April 2023 – 10.1%
- 6 April 2024 – 7.5% estimated from ONS
- 6 April 2025 – 5% estimated
- 6 April 2026 – 3% estimated

Pensionable pay from NJC pay structures using SCP 32:

- 1 October 2020 to 31 March 2021 – $\text{£}35,745 / 2 = \text{£}17,873$
- 1 April 2021 to 31 March 2022 – $\text{£}36,371$
- 1 April 2022 to 31 March 2023 – $\text{£}38,296$
- 1 April 2023 to 31 March 2024 - $\text{£}39,445$ (includes estimated 3% rise)
- 1 April 2024 to 31 March 2025 - $\text{£}40,234$ (includes estimated 2% rise)

- 1 April 2025 to 30 September 2025 - £40,838 (includes estimated 1.5% rise) / 2 = £20,419

Earned pension

- 1 September 2020 to 31 March 2021 – £17,873 / 49 = £365
- 1 April 2021 to 31 March 2022 – £36,371 / 49 = £742
- 1 April 2022 to 31 March 2023 – £38,296 / 49 = £782
- 1 April 2023 to 31 March 2024 – £39,445 / 49 = £805
- 1 April 2024 to 31 March 2025 - £40,234 / 49 = £821

Table 1 - Active member simple revaluation

Scheme year starts	Earned pension	Scheme year ends	Annual revaluation	Annual revaluation date	Opening balance for next scheme year
1 April 2020	£365	31 March 2021	$£365 \times 0.5\% = £2$	1 April 2021	$£365 + £2 = \text{£367}$
1 April 2021	£742	31 March 2022	$(£367 + £742 = £1,109) \times 3.1\% = £34$	1 April 2022	$£1,109 + £34 = \text{£1,143}$
1 April 2022	£782	31 March 2023	None	None	$£1,143 + £782 = \text{£1,925}$
Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	
1 April 2023	$£1,925 \times 10.1\% = £194$	6 April 2023	£805	31 March 2024	$£1,925 + £194 + £805 = \text{£2,924}$
1 April 2024	$£2,924 \times 7.5\% = £219$	6 April 2024	£821	31 March 2025	$£2,924 + £219 + £821 = \text{£3,964}$

Example 2. Active member annual allowance calculations from 2021 to 2024

Table 2 - active member annual allowance calculations using the data from example 1

Pension input amount for:	Tax year 2021/2022	Tax year 2022/2023	Tax year 2023/2024
CARE pot on 31 March	£365 (2021)	£1,109 (2022)	£1,925 (2023)
Annual revaluation	£2 (1 April 2021)	£34 (1 April 2022)	-
CARE pension 1 to 5 April	$£742 \times 5/365 = £10$ (2021)	$£782 \times 5/365 = £11$ (2022)	$£805 \times 5/365 = £11$
Total	£377	£1,154	£1,936
Apply AA factor of 16	£6,032	£18,464	£30,976
Increase by AA CPI	0.5% (September 2020)	3.1% (September 2021)	10.1% (September 2022)
Opening balance	£6,062 – 6 April 2021	£19,036 – 6 April 2022	£34,105 – 6 April 2023
CARE pot on 31 March	£1,109 (2022)	£1,925 (2023)	£2,730 ¹ (2024)
Annual revaluation	£34 (1 April 2022)	-	£194 (6 April 2023)
CARE pension 1 to 5 April	$£782 \times 5/365 = £11$ (2022)	$£805 \times 5/365 = £11$ (2023)	$£821 \times 5/365 = £11$ (2024)
Total	£1,154	£1,936	£2,935
Apply factor of 16	£18,464	£30,976	£46,960
Closing balance	£18,464 – 5 April 2022	£30,976 – 5 April 2023	£46,960 – 5 April 2024
Pension input amount	£12,402	£11,940	£12,855

¹ For example purposes only, the CARE pot on 31 March 2024 excludes the revaluation that would have been applied on 6 April 2023.

Example 3. Flexible retirement member

Scheme membership starts

- 1 October 2020

Flexible

- Following their employer's consent, member elects for immediate payment of all their benefits on 2 April 2024

Opt out

- Member gives their employer notice to opt out of the scheme on 2 April 2024

Annual revaluation

- 1 April 2021 – 0.5%
- 1 April 2022 – 3.1%
- 6 April 2023 – 10.1%
- 6 April 2024 – 7.5% estimated from ONS
- 6 April 2025 – 5% estimated
- 6 April 2026 – 3% estimated

Pensionable pay

- 1 October 2020 to 31 March 2021 – $\text{£}35,745 / 2 = \text{£}17,873$
- 1 April 2021 to 31 March 2022 – $\text{£}36,371$
- 1 April 2022 to 31 March 2023 – $\text{£}38,296$
- 1 April 2023 to 31 March 2024 - $\text{£}39,445$
- 1 April 2024 to 31 March 2025 - $\text{£}40,234 \times (2/365) = \text{£}220$

Earned pension

- 1 September 2020 to 31 March 2021 – $\text{£}17,873 / 49 = \text{£}365$
- 1 April 2021 to 31 March 2022 – $\text{£}36,371 / 49 = \text{£}742$
- 1 April 2022 to 31 March 2023 – $\text{£}38,296 / 49 = \text{£}782$
- 1 April 2023 to 31 March 2024 – $\text{£}39,445 / 49 = \text{£}805$
- 1 April 2024 to 2 April 2024 - $\text{£}220 / 49 = \text{£}4$

Table 3 - active member

Scheme year starts	Earned pension	Scheme year ends	Annual revaluation	Pension account adjustment	Annual revaluation date	Opening balance for next scheme year
1 April 2020	£365	31 March 2021	$\text{£}365 \times 0.5\% = \text{£}2$	£0	1 April 2021	$\text{£}365 + \text{£}2 = \textbf{£367}$
1 April 2021	£742	31 March 2022	$(\text{£}367 + \text{£}742 = \text{£}1,109) \times 3.1\% = \text{£}34$	£0	1 April 2022	$\text{£}1,109 + \text{£}34 = \textbf{£1,143}$
1 April 2022	£782	31 March 2023	None	£0	None	$\text{£}1,143 + \text{£}782 = \textbf{£1,925}$

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension		Scheme year ends	
1 April 2023	£1,925 x 10.1% = £194	6 April 2023	£805	£0	31 March 2024	£1,925 + £194 + £805 = £2,924
1 April 2024	Nil	6 April 2024	£4	- £2,928 (£2,924 + £4)	31 March 2025	£2,924 + £4 - £2,928 = £0

Table 4 - flexible member

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Value of annual deferred benefit on 6 April 2024
1 April 2024	£2,928 x Nil = £0	6 April 2024	Nil	31 March 2025	£2,928

- no revaluation is added to the flexible retirement account where the member elects for payment between 1 and 5 April in line with DLUHC policy – the revaluation due on 6 April 2024 is added to the active pension account or if this is closed the deferred pension account (even if the deferred balance is Nil)

Table 5 – flexible member application of pensions increases on 7 April 2025

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual deferred pension on 7 April 2025
1 April 2025	$\text{£}2,928 \times 5\% = \text{£}146$	7 April 2025	31 March 2026	$\text{£}2,928 + \text{£}146 =$ £3,074

Table 6 – Deferred member application of revaluation on 6 April 2024

Scheme year starts	Annual revaluation	Annual revaluation date	Balance transferred from active account	Scheme year ends	Value of annual deferred benefit on 6 April 2024
1 April 2024	$\text{£}2,928 \times 7.5\% =$ £220	6 April 2024	Nil	31 March 2025	£220

- revaluation is added to the deferred pension account where the member elects for payment between 1 and 5 April in line with D LUHC policy
- tweak does not apply on 6 April 2024 because no pensions increase is due on 8 April 2024 due to the date of leaving

Table 7 - deferred member application of pensions increases on 7 April 2025

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual deferred pension on 7 April 2025
1 April 2025	$\text{£}220 \times 5\% = \text{£}11$	7 April 2025	31 March 2026	$\text{£}220 + \text{£}11 = \text{£}231$

Example 4. Deferred members

Scheme membership

- 1 October 2018 – 30 September 2022

Annual revaluation

- 1 April 2019 – 2.4%
- 1 April 2020 – 1.7%
- 1 April 2021 – 0.5%
- 1 April 2022 – 3.1%
- 6 April 2023 – 10.1%

Pensionable pay:

- 1 October 2018 to 31 March 2019 – $\text{£}75,000 / 2 = \text{£}37,500$
- 1 April 2019 to 31 March 2020 - $\text{£}76,500$
- 1 April 2020 to 31 March 2021 - $\text{£}77,265$
- 1 April 2021 to 31 March 2022 – $\text{£}77,265$
- 1 April 2022 to 30 September 2022 – $\text{£}79,583 / 2 = \text{£}39,792$

Earned pension

- 1 October 2018 to 31 March 2019 – $\text{£}37,500 / 49 = \text{£}765$
- 1 April 2019 to 31 March 2020 - $\text{£}76,500 / 49 = \text{£}1,561$
- 1 April 2020 to 31 March 2021 - $\text{£}77,265 / 49 = \text{£}1,577$
- 1 April 2021 to 31 March 2022 – $\text{£}77,265 / 49 = \text{£}1,577$

- 1 April 2022 to 30 September 2022 – £39,792 / 49 = £812

Table 8 - active member to deferred member

Scheme year starts	Earned pension	Scheme year ends	Annual revaluation	Annual revaluation date	Opening balance for next scheme year
1 April 2018	£765	31 March 2019	$£765 \times 2.4\% = £18$	1 April 2019	$£765 + £18 =$ £783
1 April 2019	£1,561	31 March 2020	$(£783 + £1,561 =$ $£2,344) \times 1.7\% =$ $£40$	1 April 2020	$£2,344 + £40 =$ £2,384
1 April 2020	£1,577	31 March 2021	$(£2,384 + £1,577$ $= £3,961) \times 0.5\%$ $= £20$	1 April 2021	$£3,961 + £20 =$ £3,981
1 April 2021	£1,577	31 March 2022	$(£3,981 + £1,577$ $= £5,558) \times 3.1\%$ $= £172$	1 April 2022	$£5,558 + £172 =$ £5,730
1 April 2022	£812	31 March 2023	None	None	$£5,730 + £812 =$ £6,542

Value of annual deferred pension upon leaving active membership on 30 September 2022

- £6,542

Table 9 - deferred member application of revaluation after leaving active membership

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Value of annual deferred benefit on 6 April 2023
1 April 2023	£6,542 x tweak = £314.49	6 April 2023	Nil	31 March 2024	£6,542 + £314.49 = £6,856.49

Calculation of the tweak

- $£6,542 \times 110.1\% = £7,202.74$
- $(£7,202.74 / 105.05) \times 100 = £6,856.49$
- $£6,856.49 - £6,542 = £314.49$

Table 10 - deferred member application of pensions increases on 10 April 2023

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual deferred pension on 10 April 2023
1 April 2023	£6,856.49 x 5.05% = £346.25	10 April 2023	31 March 2024	£6,856.49 + £346.25 = £7,202.74

Example 5. Pensioner member

Data

- As per example 4

Date benefits brought into payment

- 31 January 2023

Value of annual deferred pension upon leaving active membership on 30 September 2022 and upon payment on 31 January 2023

- £6,542 pa

Table 11 - pensioner member application of revaluation after leaving active membership payable from 1 April 2023

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Value of annual pension in payment on 1 April 2023
1 April 2023	£6,542 x tweak = £314.49	6 April 2023 backdated 1 April 2023	Nil	31 March 2024	£6,542 + £314.49 = £6,856.49

Table 12 - pensioner member application of pensions increases payable from 10 April 2023

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual pension in payment on 10 April 2023
1 April 2023	£6,856.49 x 5.05% = £346.25	10 April 2023	31 March 2024	£6,856.49 + £346.25 = £7,202.74

Example 6. Deferred member death grant

Data

- As per example 4

Date of death

- 2 April 2023

Value of annual deferred pension upon leaving active membership on 30 September 2022

- £6,542

Table 13 - deferred member application of revaluation after death

Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Value of annual deferred benefit on 2 April 2023
1 April 2023	£6,542 x tweak = £314.49	Deemed to be 2 April 2023	Nil	31 March 2024	£6,542 + £314.49 = £6,856.49

Deferred member death grant

- $£6,856.49 \times 5 = £34,282.45$

Example 7. Partner's benefits

Data

- As per example 4

Date of death

- 2 April 2023

Partner earned pension

- 1 October 2018 to 31 March 2019 – $\text{£}37,500 / 160 = \text{£}234$
- 1 April 2019 to 31 March 2020 - $\text{£}76,500 / 160 = \text{£}478$
- 1 April 2020 to 31 March 2021 - $\text{£}77,265 / 160 = \text{£}483$
- 1 April 2021 to 31 March 2022 – $\text{£}77,265 / 160 = \text{£}483$
- 1 April 2022 to 30 September 2022 – $\text{£}39,792 / 160 = \text{£}249$

Table 14 – partner's annual pension

Scheme year starts	Earned pension	Scheme year ends	Annual revaluation	Annual revaluation date	Opening balance for next scheme year
1 April 2018	£234	31 March 2019	$£234 \times 2.4\% = £6$	1 April 2019	$£234 + £6 = \textbf{£240}$
1 April 2019	£478	31 March 2020	$(£240 + £478 = £718) \times 1.7\% = £12$	1 April 2020	$£718 + £12 = \textbf{£730}$
1 April 2020	£483	31 March 2021	$(730 + £483 = £1,213) \times 0.5\% = £6$	1 April 2021	$£1,213 + £6 = \textbf{£1,219}$
1 April 2021	£483	31 March 2022	$(£1,219 + £483 = £1,702) \times 3.1\% = £53$	1 April 2022	$£1,702 + £53 = \textbf{£1,755}$
1 April 2022	£249	31 March 2023	None	None	$£1,755 + £249 = \textbf{£2,004}$
Scheme year starts	Annual revaluation	Annual revaluation date	Earned pension	Scheme year ends	Opening balance for next scheme year
1 April 2023	$£2,004 \times \text{tweak} = £96.33$	6 April 2023	Nil	31 March 2024	$£2,004 + £96.33 = \textbf{£2,100.33}$

Calculation of the tweak

- $£2,004 \times 110.1\% = £2,206.40$
- $(£2,206.40 / 105.05) \times 100 = £2,100.33$
- $£2,100.33 - £2,004 = £96.33$

Value of partner's pension after revaluation deemed to apply on 2 April 2023

- £2,100.33 (payable from 3 April 2023)

Table 15 - partner's pension application of pensions increases payable from 10 April 2023

Scheme year starts	Pensions increase	Pensions increase date	Scheme year ends	Value of annual pension in payment on 10 April 2023
1 April 2023	$£2,100.33 \times 5.05\% = £106.07$	10 April 2023	31 March 2026	$£2,100.33 + £106.07 =$ £2,206.40

Example 8. Inner club transfer

Data

- relevant date - 1 April 2023
- sending scheme – National Health Service Pension Scheme (NHSPS)
- sending scheme revaluation date – 6 April
- sending scheme annual addition – 1.5 %
- earned pension credited from the transfer value - £1,000, the transfer value excludes the revaluation in April 2023 because the effective date of revaluation in the NHSPS is 6 April 2023 and the relevant date is 1 April

Impact

The example in table 12 shows that on:

- 6 April 2023 the balance in the pension account at the end of the last scheme year (ie 31 March 2023) is revalued - this balance excludes the earned pension credited from the club transfer because the relevant date is 1 April 2023
- 6 April 2024 the balance in the pension account at the end of the last scheme year (ie 31 March 2024) is revalued - this balance includes the earned pension credited from the club transfer with a relevant date of 1 April 2023.
- Result – the earned pension credited from the transfer value misses revaluation of 10.1 percent plus 1.5 per cent, on 6 April 2023

Table 16 - inner club transfer from the NHSPS

Scheme year starts	Earned pension	Scheme year ends		Annual revaluation	Annual revaluation date	Opening balance for next scheme year
1 April 2022	£782	31 March 2023		None	None	£782
Scheme year starts	Annual revaluation	Annual revaluation date	Inner Club transfer from NHSPS – relevant date 1 April 2023	Earned pension	Scheme year ends	Opening balance for next scheme year
1 April 2023	£782 x 10.1% = £79	6 April 2023	£1,000 (does not include 6 April 2023 revaluation)	£805	31 March 2024	£782 + £79 + £1,000 + £805 = £2,666
1 April 2024	£1,666 x 7.5% = £125 £1,000 x (7.5% + 1.5%) = £90	6 April 2024		£821	31 March 2025	£1,666 + £125 + £1,000 + £90 + £821 = £3,702

LGPS pensions section contact details

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 07766 252847

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Steven Moseley (Pensions Adviser – LGPC Secretariat)

Telephone: 07780 227059

Email: steven.moseley@local.gov.uk

Further information

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Local Government Pensions Committee
Secretary, Lorraine Bennett

LGPC Bulletin 235 – Annual update March 2023

This bulletin sets out the rates and bands that apply from April 2023 for various purposes. Please email steven.moseley@local.gov.uk with any comments about the contents of this bulletin. You can find LGPC contacts at the end of this document.

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Employee contribution rates – England and Wales

The table below shows the pay ranges and corresponding employee contribution rates that apply to the LGPS in England and Wales from 1 April 2023.

Table 1: Employee contribution bands England and Wales 2023/24

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

Employers must determine the employee contribution rate for each employee from 1 April 2023 and inform payroll. The process for allocating contribution rates may have been automated on the payroll system. Employers must ignore any reduction in pensionable pay due to sickness, child related leave, reserve forces services leave or other absence from work when setting the employee contribution rate.

An employer may decide to change an employee's contribution rate during a Scheme year if their pay changes. You can read more about allocating an employee to a contribution rate each April and when their pay changes in section 10 of the HR guide and section 5.1 of the Payroll guide. You can find both guides on the [Employer guides and documents](https://www.lgpsregs.org) page of www.lgpsregs.org.

Employee average contribution rates – Scotland

Employers must determine the contribution rate for each of their employees and councillors. When doing so, the employer must have regard to statutory guidance. In an annex to the guidance, the Government sets out the average contribution rates. Table 2 below reproduces the average contribution rates to be used from 1 April 2023.

Table 2: Average contribution rates Scotland 2023/24

Contribution rate	Actual Pay Min	Actual Pay Max
5.5%	0	26,044
5.6%	26,045	27,671
5.7%	27,672	29,516
5.8%	29,517	31,330
5.9%	31,331	32,558
6.0%	32,559	33,887
6.1%	33,888	35,329
6.2%	35,330	36,900
6.3%	36,901	38,616
6.4%	38,617	40,500
6.5%	40,501	42,550
6.6%	42,551	44,043
6.7%	44,044	45,645
6.8%	45,646	47,367
6.9%	47,368	49,225
7.0%	49,226	51,234
7.1%	51,235	53,414
7.2%	53,415	55,788
7.3%	55,789	57,424
7.4%	57,425	58,686
7.5%	58,687	60,005
7.6%	60,006	61,385
7.7%	61,386	62,829
7.8%	62,830	64,343
7.9%	64,344	65,932
8.0%	65,933	67,601
8.1%	67,602	69,357
8.2%	69,358	71,206
8.3%	71,207	73,157
8.4%	73,158	75,218
8.5%	75,219	77,398
8.6%	77,399	79,708
8.7%	79,709	82,161
8.8%	82,162	84,769
8.9%	84,770	87,549
9.0%	87,550	90,516
9.1%	90,517	93,692

Contribution rate	Actual Pay Min	Actual Pay Max
9.2%	93,693	97,100
9.3%	97,101	100,764
9.4%	100,765	104,715
9.5%	104,716	108,989
9.6%	108,990	113,627
9.7%	113,628	118,677
9.8%	118,678	124,197
9.9%	124,198	130,256
10.0%	130,257	136,935
10.1%	136,936	144,337
10.2%	144,338	152,585
10.3%	152,586	161,833
10.4%	161,834	172,274
10.5%	172,275	184,155
10.6%	184,156	197,796
10.7%	197,797	213,620
10.8%	213,621	232,195
10.9%	232,196	254,309
11.0%	254,310	281,078
11.1%	281,079	314,147
11.2%	314,148	and above

* Contribution rates will increase beyond 11.2% of pay for higher salaries, but SPPA were not asked to provide bands above 11.2%.

For members in the 50/50 section, divide the appropriate rate by two.

Employers must determine the average contribution rate for each employee (including for councillors) from 1 April 2023 and inform payroll. The process for allocating contribution rates may have been automated on the payroll system. The employer must ignore any reduction in pensionable pay due to sickness, child related leave, reserve forces services leave or other absence from work when setting the employee contribution rate.

An employer must review an employee's or councillor's average contribution rate during a Scheme year if there is a permanent material change to the terms and conditions of their employment that affects their pensionable pay.

You can access the current version of the statutory guidance on [the SPPA circulars and guidance](https://www.scotlgpsregs.org) page of www.scotlgpsregs.org or on www.pensions.gov.scot. You can also find more information in section 10 of the HR

guide and section 5.1 of the Payroll guide. Both guides are available on the [Employer guides and documents](http://www.scotlgpsregs.org) page of www.scotlgpsregs.org.

Additional pension limit for 2023/24 in England and Wales

Regulations 16(6) and 31(2) of the LGPS regulations 2013 state that the additional pension limit increases on 1 April each year as if it were a pension beginning on 1 April 2013 to which the Pensions (Increase) Act 1971 applied.

The increase due on 1 April 2023 is the increase that applied on 11 April 2022 (as the 2023 increase does not take effect until 10 April 2023). The additional pension limit of £7,352 that applied in 2022/23 is increased by 3.1% to £7,579 from 1 April 2023.

Additional pension limit for 2023/24 in Scotland

Regulations 16(6) and 30(2) of the LGPS (Scotland) Regulations 2018 state that the additional pension limit is increased on 1 April each year as if it were a pension beginning on 1 April 2015 to which the Pensions (Increase) Act 1971 applied. The pensions increase due on 1 April 2023 is that from 11 April 2022 (as the 2023 increase does not take effect until 10 April 2023).

The additional pension limit under regulation 16(6) of £7,075 is increased by 3.1% to £7,294 from 1 April 2023.

The additional pension limit under regulation 30(2) of £5,444 is increased by 3.1% to £5,612 from 1 April 2023.

Annual and lifetime allowance limits

On 15 March 2023, the Chancellor of the Exchequer announced in [the 2023 Spring Budget](#) that, from 6 April 2023, the standard lifetime allowance will remain at £1,073,100 but nobody will face a lifetime allowance charge for 2023/24 onwards. From April 2024, the lifetime allowance will be abolished entirely. We will provide further information in due course.

The Chancellor also announced that, from 6 April 2023:

- the standard annual allowance will increase from £40,000 to £60,000
- the money purchase annual allowance will increase from £4,000 to £10,000
- the adjusted income for the tapered annual allowance will increase from £240,000 to £260,000
- the minimum tapered annual allowance will increase from £4,000 to £10,000.

Table 3: Tapered annual allowance (AA) limits

	Definition	Limit in 2023/24
Threshold income	Broadly, taxable income	£200,000
Adjusted income	Threshold income plus pension input amount	£260,000
Minimum AA	If AA is tapered, the minimum AA that can apply	£10,000

Automatic enrolment earnings bands

Employers will need to know the earnings bands that apply for 2023/24 for the purposes of automatic enrolment under the Pensions Act 2008. The Government announced in its [review of the automatic enrolment earnings trigger for 2023/24](#) that the earnings trigger will remain at its current level of £10,000. This is unchanged since the 2014/15 year. The tables below show the position for the 2023/24 year.

Table 4: Automatic enrolment (AE) earnings bands 2023/24

Earnings*	Age 16-21	Age 22 to <SPA**	Age SPA** to <75
Under lower earnings threshold (£6,240)	Entitled worker	Entitled worker	Entitled worker
Between £6,240 and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

* Earnings: separate contracts are treated separately

** State Pension Age

Table 5: AE earnings bands per period

Pay reference period	Lower earnings threshold	Earnings trigger for automatic enrolment
Annual	£6,240.00	£10,000.00
6 months	£3,120.00	£4,998.00
3 months	£1,560.00	£2,499.00
1 month	£520.00	£833.00
4 weeks	£480.00	£768.00
2 weeks	£240.00	£384.00
1 week	£120.00	£192.00

National Insurance (NI) thresholds

The NI limits and thresholds for 2023/24 are shown in the table below.

The Government announced at [Autumn Statement 2022](#) that:

- the lower earnings limit (LEL) will be fixed at its current rate for 2023/24, and
- the rest of the thresholds in Table 6 are fixed at their current rate until April 2028.

Table 6: Class 1 National Insurance thresholds 2023/24

Class 1 National Insurance thresholds	Threshold per period
Lower earnings limit (LEL)	£123 per week £533 per month £6,396 per year
Primary threshold (PT)	£242 per week £1,048 per month £12,570 per year
Secondary threshold (ST)	£175 per week £758 per month £9,100 per year
Upper secondary threshold (under 21) (UST)	£967 per week £4,189 per month £50,270 per year
Apprentice upper secondary threshold (apprentice under 25) (AUST)	£967 per week £4,189 per month £50,270 per year
Upper earnings limit (UEL)	£967 per week £4,189 per month £50,270 per year

Table 7: Class 1 National Insurance rates, employee (primary) contribution rates

National Insurance category letter	Earnings at or above LEL up to and including PT	Earnings above PT up to and including UEL	Balance of earnings above UEL
A	0%	12%	2%
B	0%	5.85%	2%
C	nil	nil	nil
H (Apprentice under 25)	0%	12%	2%

National Insurance category letter	Earnings at or above LEL up to and including PT	Earnings above PT up to and including UEL	Balance of earnings above UEL
J	0%	2%	2%
M (under 21)	0%	12%	2%
Z (under 21 – deferment)	0%	2%	2%

Table 8: Class 1 National insurance rates, employer (secondary) contribution rates

National Insurance category letter	Earnings at or above LEL up to and including ST	Earnings above ST up to and including UEL/UST/AUST	Balance of earnings above UEL/UST/AUST
A	0%	13.8%	13.8%
B	0%	13.8%	13.8%
C	0%	13.8%	13.8%
H (Apprentice under 25)	0%	0%	13.8%
J	0%	13.8%	13.8%
M (under 21)	0%	0%	13.8%
Z (under 21 – deferment)	0%	0%	13.8%

Annual Revaluation Order

The full year increase to be applied at one second after midnight on 5 April 2023 to the career average pension earned up to 31 March 2023 is 10.1%. This is set out in [The Public Service Pensions Revaluation Order 2023](#) [SI 2023/252]. You can view the Order on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland.

The LGPS (Amendment) Regulations 2023 move the annual revaluation date from 1 to 6 April in England and Wales. The regulations take effect from 31 March 2023.

SPPA is currently consulting on moving the annual revaluation date from 1 to 6 April. The consultation closes on 27 March 2023. If they proceed, the regulations will come into force in May with backdated effect to 31 March 2023.

Annual Pensions Increase

LGPS administering authorities must increase a qualifying pension from 10 April 2023. Employers who pay their own annual compensation benefits, which relate to historical awards of compensatory added years, must also increase qualifying pensions from 10 April 2023.

The increase that applies to a pension that began (ie has a pensions increase date) before 11 April 2022 is 10.1%. The percentage and part year percentage increases are detailed in [The Pensions Increase \(Review\) Order 2023](#) [SI2023/338]. You can find the Order and the multiplier tables on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland.

Retail Prices Index (RPI) Increase

The annual increase that applies to any additional pension purchased under an Additional Regular Contributions contract that started between 1 April 2008 (2009 in Scotland) and 31 March 2012 is based on RPI in the previous September. The increase that applies on 10 April 2023 is 12.6%.

Annual GMP increase

An increase of 3% should be applied on 6 April 2023 to the post-5 April 1988 GMP element of a pension in payment.

Some members will be entitled to a further increase to the post-5 April 1988 GMP on 10 April 2023 under the Pensions Increase (Review) Order 2023 if they reached State Pension age after 5 April 2016. If the Pensions Increase date is 25 April 2022 or earlier, a further increase of 7.1% is due to bring the total increase on the post-5 April 1988 GMP to 10.1%. The increase on 10 April 2023 is 7.1% of the post-5 April 1988 GMP in payment on 5 April 2023. The same increase will apply to the post-5 April 1988 GMP on 10 April 2023 if the individual reached State Pension age before 6 April 2016 and AC is less than GMP, ie paragraphs 3 to 6 of the [HMT Direction on section 59A of the Social Security Pensions Act 1975](#) apply.

If the individual reached State Pension age after 5 April 2016, a 10.1% increase applies on 10 April 2023 to the pre-6 April 1988 GMP element of the pension in payment. A pro-rata increase will apply if the member's PI date is after 25 April 2022. The same increase will apply to the pre-6 April 1988 GMP on 10 April 2023 if the individual reached State Pension age before 6 April 2016 and AC is less than GMP,

ie paragraphs 3 to 6 of the [HMT Direction on section 59A of the Social Security Pensions Act 1975](#) apply.

The post 5 April 1988 GMP increase is set out in [The Guaranteed Minimum Pension Increase Order 2023](#) [SI2023/270]. You can view the Order on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland.

You can find out more about how increases are applied to pensions in payment in the Pensions Increase Technical guide published by the LGPC. You can find the guide on the:

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

The Social Security Revaluation of Earnings Factors Order 2023

The [Social Security Revaluation of Earnings Factors Order 2023](#) [SI 2023/266] comes into force on 6 April 2023. The earnings factors are used to calculate a Scheme member's GMP. The percentage increase for the tax year 2023/24 is 7.0%. The increase is based on the increase in the general level of earnings in Great Britain. You can view the Statutory Instrument on the:

- [Related legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related legislation](#) page of www.scotlgpsregs.org – LGPS Scotland.

Redundancy payments

[The Employment Rights \(Increase of Limits\) Order 2023 \[SI 2023/318\]](#) comes into force on 6 April 2023. It increases the maximum week's pay for calculating a statutory redundancy payment from £571 to £643 per week if the appropriate date is after 5 April 2023. In the case of entitlement to a redundancy payment by virtue of section 135(1)(a) of the Employment Rights Act 1996 (dismissal by reason of redundancy), the appropriate date means the relevant date as defined by section 145 or 153 of that Act.

Actions for administering authorities

Administering authorities may wish to update Scheme literature and guides for employees and employers to reflect the updates in this bulletin. The LGPC leaflets and guides will be updated in the coming weeks. Administering authorities may also wish to send this bulletin to Scheme employers, or direct them to the:

- [LGPC bulletins page](#) of www.lgpsregs.org – LGPS England and Wales, or
- [LGPC bulletins page](#) of www.scotlgpsregs.org – LGPS Scotland.

Other information

Useful links

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

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

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

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

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

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

[LGPS Discretions](#) - lists all the potential discretions available within the LGPS in England and Wales

[LGPS Discretions](#) - lists all the potential discretions available within the LGPS in Scotland

[The Timeline Regulations for Final Salary Schemes](#)

[The Timeline Regulations for the current scheme in England and Wales](#)

[The Timeline Regulations for the current scheme in Scotland](#)

Pensions Section contact details

Joanne Donnelly (Head of Pensions)

Telephone: 07464 532613

Email: joanne.donnelly@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 07766 252847

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 07827 307003

Email: rachel.abbey@local.gov.uk

Steven Moseley (Pensions Adviser – LGPC Secretariat)

Telephone: 07780 227059

Email: steven.moseley@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Lisa Clarkson (Pensions Adviser (Employer) – LGPC Secretariat)

Telephone: 07464 532596

Email: lisa.clarkson@local.gov.uk

Jeremy Hughes (Senior Pensions Secretary - LGPS Scheme Advisory Board (E&W))

Telephone: 07960 513946

Email: jeremy.hughes@local.gov.uk

Ona Ehimuan (Pensions Secretary (Governance and Digital) – LGPS Scheme Advisory Board (E&W))

Telephone: 07501 088144

Email: ona.ehimuan@local.gov.uk

Gareth Brown (Research and Data Analyst – Pensions)

Telephone: 07785 407657

Email: gareth.brown@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 07909 988968

Email: elaine.english@local.gov.uk

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LGPC Bulletin 236 – March 2023

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

- [SCAPE discount rate](#) – update processes and communications
- [spring budget 2023](#) – update processes and communications
- [England & Wales](#) and [Scotland](#) annual revaluation date change – update processes and communications
- [commentary on the tax rules for McCloud](#) – consider the actions
- [knowledge and skills framework survey](#) – complete by 19 April 2023
- [apprenticeship and qualification survey](#) – complete by 21 April 2023
- [teachers' pensions survey](#) – complete by 30 April 2023

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

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LGPS England & Wales Scheme Advisory Board (SAB)

Knowledge and skills framework survey

On 22 March 2023, Gareth Brown emailed administering authorities asking them to complete [a survey regarding the knowledge and skills framework](#).

The SAB is reviewing and updating the CIPFA guidance on the [Knowledge and Skills Framework](#) for committee members and officers. Feedback from the survey will aid this process. The survey closes on 19 April 2023.

Action for administering authorities

Complete the survey by 19 April 2023.

McCloud data issues guidance

On 3 March 2023, Lorraine Bennett emailed administering authorities letting them know the SAB has published guidance to help them with McCloud data issues.

The guidance sets out what options administering authorities may consider if they are unable to collect data needed to implement the McCloud remedy. It covers both missing data and data the authority is not confident is accurate. The guidance should be read in conjunction with the legal advice provided by Eversheds on McCloud data issues – this is referenced within the guidance document.

The SAB thanks members of the working group who helped prepare the guidance.

The SABs in Scotland and Northern Ireland will decide whether to publish similar guidance.

You can view the guidance on the [Administrator guides and documents](#) page of www.lgpsregs.org.

SAB responds to cost management consultation

On 6 March 2023, the SAB responded to the consultation on changes to their cost management process. The response is generally supportive of the Department for Levelling Up, Housing and Communities' (DLUHC) approach. See [bulletin 233](#) for more information.

The consultation documents, including SAB's response, are on the [Scheme consultations](#) page of www.lgpsregs.org.

Updates

You can use the links below to find out about the work of the SAB and its committees:

- [SAB meeting and agenda papers](#)
- [committee meetings and agenda papers](#)
- [Responsible Investment Advisory Group meetings and agenda papers](#)
- [news items](#).

LGPS England & Wales

Annual revaluation date change

On 9 March 2023, the Department for Levelling Up, Housing and Communities' (DLUHC) published its response to the consultation on changing the annual revaluation date. On the same day, they laid [the LGPS \(Amendment\) Regulations 2023](#), effective on 31 March 2023.

On 17 March 2023, Lorraine Bennett emailed administering authorities and pension software suppliers confirming we have published [bulletin 234A](#). The bulletin covers the changes in detail, including examples.

You can find links to all the documents on the [Scheme consultations page](#) of www.lgpsregs.org.

We will update the [timeline regulations](#) shortly.

Action for administering authorities

Make sure your processes and communications are in line with the changes.

Apprenticeships and qualifications survey

On 30 March 2023, Lisa Clarkson emailed administering authorities with an [apprenticeship and qualification survey](#). The survey will close on 21 April 2023.

We are looking at ways to assist administering authorities with pension administration apprenticeships and/or qualifications. To help us to understand the issues and requirements, we are gathering information on how apprenticeships and external qualifications are currently used. We are also interested in ideas for future development in this area.

The survey should be completed by the organisation that provides the pensions administration. If administration is outsourced, the third party administrator should complete it. If administration is provided by a shared service provider, the provider should complete it. If the third party or shared service provider completes the survey, only complete one survey on behalf of all the administering authorities they look after.

Action for administering authorities

Complete the survey by 21 April 2023.

GAD 2022 data request

We reported in [bulletin 234](#) that GAD would be requesting membership data as at 31 March 2022 for the 2022 Section 13 project from administering authorities.

On 30 March 2023, GAD emailed pension managers with a formal request for that data. If you are a pensions manager and did not receive the request, please email datazone@gad.gov.uk by 1 April 2023.

GAD will be using a secure online data transfer system to facilitate the data collection process. Please read the formal request carefully as it contains important information about access to the data transfer facility and the data that you must supply, and the timescales. The deadline for submitting data is 5 May 2023.

The plan and timescales are set out below:

- 30 March 2023: GAD requested data from pension managers
- by 7 April 2023: authorities to confirm scheme contact or provide an alternative contact(s) for data submission by email to datazone@gad.gov.uk
- by 12 April 2023: GAD will send invitations to submit data to scheme contacts
- by 5 May 2023: authorities to submit full membership data for their fund via the GAD central data zone – do not send any membership via email
- by 5 May 2023: respond to the questionnaire using either the questionnaire link or the Word template.

Action for administering authorities

Email datazone@gad.gov.uk by 7 April 2023 to let them know your scheme contact(s) for data submission.

Local Government structural changes

On 1 March 2023, [the Local Government \(Structural Changes\) \(Supplementary Provision and Amendment\) Order 2023](#) was made. It is effective on 1 April 2023.

The order amends the LGPS regulations, reflecting structural changes in Cumbria, North Yorkshire and Somerset. It ensures no exit payments or credits are due in respect of councils winding up because of those structural changes.

As Cumbria County Council is winding up, the Order specifies the new Westmorland and Furness Council will become the administering authority for the Cumbria LGPS fund. It also reflects the name change from North Yorkshire County Council to North Yorkshire Council.

We will shortly update [the timeline regulations](#).

Teachers' pensions survey reminder – McCloud remedy and the LGPS

Teachers' Pensions need help from administering authorities with the group of teachers who will be retrospectively eligible for the LGPS as part of the McCloud remedy in the Teachers' Pension Scheme (TPS).

Please provide the information below by completing the [survey](#):

- your contact information
- the local authority areas that fall within your remit
- clarification about whether certain establishments are LGPS employers.

Affected TPS members are those with a part time employment in addition to a full time employment who are being rolled back into the TPS legacy scheme as part of the McCloud remedy. See [bulletin 229](#) for more information.

Action for administering authorities

Complete the [TPS survey](#) by 30 April 2023.

LGPS Scotland

Consultation on the annual revaluation date change

On 14 March 2023, the Scottish Public Pensions Agency (SPPA) published a consultation and draft regulations on changing the annual revaluation date in the

LGPS. If laid, the regulations will come into force on 25 May 2023, with backdated effect to 31 March 2023.

The draft regulations replicate the changes made to the LGPS (England and Wales) Regulations 2013. On 21 March 2023, we responded to the consultation.

The consultation closed on 27 March 2023. You can find our response on the [Scheme consultations page](#) of www.scotlgpsregs.org.

On 17 March 2023, Lorraine Bennett emailed administering authorities, SPPA and pension software suppliers confirming we have published [bulletin 234A](#) covering the proposals in detail.

Action for administering authorities

Consider the impact of the proposals on your processes and communications.

SAB publishes March 2023 bulletin

On 27 March 2023, the SAB published '[Bulletin March 2023](#)'. The bulletin outlines key decisions it took at its last meeting on 8 February 2023 covering:

- cost transparency
- actuarial support costs
- LGPS structures
- National Care Service.

Section 13 report published

On 24 March 2023, the Government Actuary's Department (GAD) published [the section 13 report on the valuations as at 31 March 2020](#). GAD consider whether the following aims were achieved:

- compliance
- consistency
- solvency
- long-term cost efficiency.

DWP

Expansion of auto enrolment

On 3 March 2023, the Department for Work and Pensions (DWP) issued a [press release](#) confirming it will support the private members bill expanding auto

enrolment. The [Pensions \(Extension of Automatic Enrolment\) \(No.2\) Bill 2023](#) proposes to give Government regulatory powers to:

- abolish the Lower Earnings Limit for contributions – currently £6,250, and
- reduce the age of auto enrolment for eligible jobholders from 22 to 18.

Government has not given a timetable for when they intend to use these new powers.

State Pension age review

On 30 March 2023, DWP [published its 2023 review of the State Pension age](#). The Government is required to undertake a regular review of the State Pension age in accordance with the Pensions Act 2014.

State Pension age (SPa) is currently age 66 and will rise to age 67 between 2026 and 2028 before rising again to age 68 between 2044 and 2046. At the first review in 2017, the Government accepted the recommendation that the State Pension age should rise to age 68 over the period 2037 to 2039; however, it outlined this would be subject to further review.

The 2023 review confirms the rise to age 67 between 2026 and 2028 is still appropriate. However, the Government does not intend to change existing legislation to implement the recommendation of the 2017 review at the current time. It plans to have a further review within two years of the next Parliament to consider whether the rise to age 68 should occur earlier. The Government must publish the report no later than 29 March 2029.

HMT

Spring budget 2023

On 15 March 2023, [the Chancellor of the Exchequer delivered his Spring budget](#). See [HMRC's newsletter 148](#) and [Policy paper](#) for more information.

The [Finance \(No.2\) Bill 2022/23](#) was published on 23 March 2023. With effect from 6 April 2023, the Bill proposes to enact some of the changes announced at the Spring budget. In particular:

- increasing the annual allowance (AA) from £40,000 to £60,000
- increasing the money purchase AA from £4,000 to £10,000
- increasing the adjusted income level for the tapered AA from £240,000 to £260,000
- increasing the minimum tapered AA from £4,000 to £10,000

- abolishing lifetime allowance (LTA) charges arising in relation to benefit crystallisation events (BCE) occurring on or after 6 April 2023
- allowing members to accrue new pension benefits, join new arrangements or transfer, without losing enhanced protection or fixed protection where the protection was applied for before 15 March 2023
- changing the taxation of the LTA excess lump sum, so that it is taxed as pension income (ie taxable at marginal rate rather than 55 per cent)
- ensuring that payments of (or any part of) serious ill-health lump sums defined benefit lump sum death benefits or an uncrystallised funds lump sum death benefits that would have incurred an LTA charge remain taxable payments, with the excess taxed as pension income (ie taxable at marginal rate rather than 55 per cent).

The LTA will be abolished completely from the 2024/2025 tax year. This will be done through a future Finance Bill.

Except where protections apply, the maximum pension commencement lump sum (PCLS) a member can take remains the lower of 25 per cent of:

- the capital value of the pension benefits the member is taking, or
- their remaining LTA (the standard LTA is £1,073,100 and 25 per cent of this is £268,275).

Administering authorities will need to continue to operate lifetime allowance checks in the 2023/24 tax year when paying benefits; however, there will be no requirement to report LTA charges on the accounting for tax return.

An administering authority assesses a member for the LTA at the date of the benefit crystallisation event (BCE). A BCE for a scheme pension occurs when the member has an actual right to the pension without having to fulfil any further conditions or take any further actions. The BCE for the PCLS occurs immediately before then. This means that even if a member elected to take payment of their benefits before 6 April 2023, if the BCE does not take place until after 5 April 2023, the member will not pay an LTA charge. See [PTM088200](#) for more information.

HMRC lifetime allowance guidance newsletter

On 27 March 2023, HMRC published a [Lifetime allowance guidance newsletter](#). The newsletter provides further information on:

- PCLSs and LTA protections, including examples
- how to pay and report lump sums that would have incurred an LTA charge that are now taxable as pension income

- the opportunity to join an LTA working group.

The examples in the newsletter do not refer to individual protection because there is no change in how it operates. Individual protection is not lost if a member continues to build up pension savings. The member is allowed to take a PCLS up to 25 per cent of their protected LTA.

Lifetime allowance statutory guidance

We have asked DLUHC and SPPA to instruct GAD to update the LTA statutory guidance to take account of the changes.

[Paragraph 2.21 of the England & Wales guidance](#) and [paragraph 2.22 of the Scotland guidance](#) set out the options if a member's post-commutation pension is above the remaining available LTA. It is our understanding, as the guidance currently stands, a member is still able to commute the pension for further lump sum. This will be paid as an LTA excess lump sum and subject to tax at the member's marginal rate.

Paragraph 2.28 of the England and Wales guidance confirms the amount of pension commuted must satisfy the contracting-out requirements. These are set out in the Occupational Pension Schemes (Schemes that were Contracted-out) (No 2) Regulations 2015. The regulations do not permit a member to commute contracted-out pension for an LTA excess lump sum. This means a member cannot commute their GMP or any Section 9(2B) rights for an LTA excess lump sum.

Action for administering authorities

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

SCAPE discount rate and impact on actuarial factors

On 30 March 2023, Lorraine Bennett emailed administering authorities in England and Wales letting them know the superannuation contributions adjusted for past experience (SCAPE) discount rate reduced on 30 March 2023 to the consumer price index (CPI) plus 1.7 per cent. This is a change from CPI plus 2.4 per cent. This was announced in [a written ministerial statement](#) by the Chief Secretary to the Treasury.

On 31 March 2023, the Scottish Public Pensions Agency (SPPA) sent a similar email to administering authorities in Scotland.

The SCAPE discount rate is used to set the employer contribution rates in the unfunded public service pension schemes (PSPS) and determine the actuarial factors across all PSPS. New employer contribution rates will be implemented

across the unfunded PSPS from April 2024. The Government has committed to funding these increases for employers who are centrally funded through departmental expenditure.

The Government also published its [response](#) to the June 2021 consultation on the methodology used to set the SCAPE discount rate. See [bulletin 211](#) for more information. The response confirms the rate will continue to be based on the expected long-term gross domestic product (GDP) growth figures. Going forward, the Government will aim to review the level of the discount rate once per scheme valuation cycle (four years) rather than every five years.

All the documents relating to the consultation are on the non-scheme consultation pages of www.lgpsregs.org and www.scotlgpsregs.org.

Impact to actuarial factors

The reduced SCAPE discount rate is effective from 30 March 2023. DLUHC and SPPA have confirmed the following calculations should be immediately suspended until new factors are issued:

- certain non-club transfers and interfund / intrafund calculations
- certain non-club cash transfer sums
- all cash equivalent values (CEV) for divorce.

SCAPE tables for [England & Wales](#) and [Scotland](#), setting out the transitional arrangements in detail, accompanies this bulletin. We have updated the table to include cash transfers sums and contribution refunds.

We understand DLUHC and SPPA will issue new transfer factors in April / May. They have also confirmed the remainder of the Scheme's actuarial factors will be amended in due course. Their intention is to introduce revised factors over a four-month period starting in April 2023.

We recommend administering authorities:

- communicate the impending changes to actuarial factors to members, when providing retirement quotations with an effective date on or after 1 April 2023
- notify the court where they have provided a CEV for divorce purposes but a pension sharing order has not yet been made. This will allow for the change in the CEV to be taken account in the financial settlement.

Action for administering authorities

Make sure your processes and communications are in line with the changes.

HMRC

Pension schemes newsletter 148

On 16 March 2023, HMRC published [pension schemes newsletter 148](#). It contains articles on the Spring Budget 2023, net pay arrangements for low earners, accounting for tax returns and event reporting.

The newsletter also confirms where unfunded public service pension schemes operate final salary and CARE scheme as different arrangements, the Government will introduce legislation later this year treating them as one arrangement when calculating the annual allowance.

Pension schemes newsletter 147

On 28 February 2023, HMRC published [pension schemes newsletter 147](#). It contains articles on public service pensions remedy and accounting for tax returns.

The newsletter confirms there will be new questions on the accounting for tax returns when reporting and paying charges. The questions apply to public service pension schemes impacted by the McCloud remedy. As a consequence, the bulk upload templates will also change for annual allowance and lifetime allowance.

Pension dashboards ('dashboards')

DWP announce delays to dashboards connection deadlines

On 2 March 2023, Jayne Wiberg forwarded an email to stakeholders on behalf of the Pensions Regulator (TPR). The email confirms the Government's intention to legislate to amend schemes' connection deadlines. This follows a [written ministerial statement](#) issued by DWP announcing the delays. The statement says delays are necessary to give the Pensions Dashboards Programme (PDP) the time it needs to meet the challenges in developing the digital architecture. DWP will provide an update on dashboards to Parliament before summer recess.

It is not clear if connection deadlines for public service pension schemes will change.

TPR confirms it:

- will write to those schemes affected by the announcement to confirm when new deadlines are set – [example communication](#)
- has [published updated guidance and checklist](#) to help schemes focus on what they should be doing now to prepare for their dashboard duties

- will produce a ‘content toolkit’ with key messages for administering authorities to use, as appropriate, in their communications.

GAD blog on dashboards

On 22 March 2023, the Government Actuaries Department (GAD) [published a blog](#) on matching members for dashboards. The blog looks at the questions administrators need to ask when deciding what matching data to use. It also emphasises the need for regular data quality reporting and cleansing.

Latest news

In March 2023, PDP published their latest news on dashboards. This can be found [on their homepage](#). There are articles on:

- DWP’s written ministerial statement on pensions dashboards connection times
- FAQs on connection deadlines and revised timeline
- pensions dashboards myth busting videos
- signing up for a new FAQs newsletter
- new PDP website homepage.

PASA dashboards guidance

On 29 March 2023, the Pensions Administration Standards Association (PASA) [released two new pieces of dashboards guidance](#).

The first covering communications for savers. The second looks at matching without a national insurance number and possible match responses.

TPR

Blog from chief executive

In March 2023, Charles Counsell stood down from the role of Chief Executive at the Pensions Regulator (TPR). On leaving, Charles [published a blog](#), reflecting on developments since becoming Chief Executive in 2019.

The blog also confirms TPR expect to launch its long-awaited single code of practice later this spring. The code will be called the ‘General Code of Practice’.

Nausicaa Delfas has replaced Charles as the Chief Executive.

EDI guidance published

On 28 March 2023, TPR published guidance, which aims to help pension schemes to improve equality, diversity and inclusion (EDI) of their scheme’s board.

The guidance is also aimed at scheme managers and pension board members of public service pension schemes.

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

Other news and updates

Bulletin 235 – annual update

On 22 March 2023, we published bulletin 235 setting out the rates and bands that apply from April 2023 for various purposes.

The bulletin can be found on the Bulletin pages of www.lgpsregs.org and www.scotlgps.org.

LGPC minutes published

On 6 March 2023, the draft minutes of the LGPC meeting held on 20 February 2023 were published. The minutes will be agreed at the next meeting on 22 May 2023.

Topics discussed include:

- unpaid subscriptions
- regulatory updates
- Teachers Pensions McCloud remedy and the LGPS
- pensions dashboards.

The minutes can be found on the LGPC minutes page of www.lgpsregs.org and www.scotlgpsregs.org.

McCloud - commentary on tax rules

On 6 February 2023, the

[Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations](#) 2023 were laid. They apply to relevant public service pension schemes and are in force on 6 April 2023. See [bulletin 231](#) for more information.

[A commentary on the impact of the changes](#) accompanies this bulletin.

Action for administering authorities

Consider the actions set out in the commentary.

McCloud – Judgment on cost cap mechanism handed down

On 10 March 2023, [the High Court ruled](#) that HM Treasury's decision to include the McCloud remedy in the cost cap mechanism was not unlawful. The unions consulting with their legal team regarding any appeal.

National LGPS Technical Group minutes published

On 27 March 2023, the minutes of the National LGPS Technical Group meeting held on 10 March 2023 were published. Topics discussed include:

- dashboards
- McCloud remedy
- transfer out process where a member holds multiple records
- additional voluntary contributions.

The next meeting will be held on 9 June 2023.

The minutes can be found on the Technical group pages of www.lgpsregs.org and www.scotlgpsregs.org.

PSIG interim practitioner guide published

On 20 March 2023, the Pension Scams Industry Group (PSIG) published version 3 of [the Practitioner guide on Combating Pension Scams](#) ('the guide') and a [short summary](#). The guide takes effect immediately.

The guide has been updated to reflect the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 ('[the regulations](#)'). It is published as an interim guide because of the mismatch between the DWP stated policy intent and the regulations. The areas of greatest concern to the PSIG are the inclusion of widely defined 'overseas' investments in the receiving scheme as an amber flag and the broad definition of an 'incentive' as a red flag. A further version of the guide will be issued when the key regulatory issues are resolved.

The guide forms part of [the Code of Good Practice on Combating Pension Scams](#). It summarises the regulations, setting out information on how schemes can comply with them, including practical steps for sending schemes.

We will update our non-club transfers out technical guide in due course. You can find it on the Administrator guides and documents pages of www.lgpsregs.org and www.scotlgpsregs.org.

Action for administering authorities

Review the interim guide and consider amending your processes and communications.

Reporting concerning transfer requests

The Financial Conduct Authority (FCA) wants to hear from administering authorities who have serious concerns about a pension transfer.

In particular, it wants authorities to tell it about:

- individuals who provide unauthorised advice on transfers
- increases in the volume of transfers advised by the same adviser
- if a member requested a transfer following a cold call or unsolicited contact
- if the member has been offered an incentive to make a transfer
- if the receiving scheme has high risk or unregulated investments
- if the receiving scheme's charges are unclear or high
- if the receiving scheme's investments structure is unclear, complex or unorthodox
- potential scam activity.

For more information, including what information authorities should provide and helpful things to consider, [see the relevant page of their website](#).

Training

Training programme 2023

All available training courses can be booked on the [LGA events website](#). The link for each course contains course details and how to book.

Bookings are on a first come, first served basis. For fairness, each course is capped at five delegates per organisation.

If you are unable to book a place on a course, email training.lgps@local.gov.uk with details of the course you would like to attend. Include how many places you require and the format - online or in person. If you require in person training, state the location you would prefer. We will keep a waiting list and will consider running additional training if the demand is high enough.

Survivor benefits training (England and Wales)

- [25 April 2023 - London](#)
- [10 May 2023 - Liverpool](#)

Employer role training (England and Wales)

- [25 April 2023 - Online](#)
- [1 June 2023 - Online](#)
- [20 June 2023 - London](#)
- [31 August 2023 - Online](#)
- [26 September 2023 - Online](#)
- [24 October 2023 - Online](#)

- [7 November 2023 - Online](#)
-

Wider landscape

McCloud remedy consultations

Over the last month, relevant Government departments published consultations setting out the proposed McCloud remedy for the:

- [Armed Forces Pension Scheme](#) - closes on 29 May 2023
 - [Firefighters Pension Scheme](#) – closes on 23 May 2023
 - [National Health Service Pension Scheme](#) - closes on 6 June 2023
 - [Police Pension Scheme](#) - closes on 23 May 2023
 - [Principle Civil Service Pension Scheme](#) - closes on 14 May 2023
 - [Teachers' Pension Scheme](#) - closes on 4 June 2023.
-

LGPS pensions team

Raising a query

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

Team contacts

Joanne Donnelly (Head of Pensions)

Telephone: 07464 532613

Email: joanne.donnelly@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 07766 252847

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 07827 307003

Email: rachel.abbey@local.gov.uk

Steven Moseley (Pensions Adviser – LGPC Secretariat)

Telephone: 07780 227059

Email: steven.moseley@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Lisa Clarkson (Pensions Adviser (Employer) – LGPC Secretariat)

Telephone: 07464 532596

Email: lisa.clarkson@local.gov.uk

Jeremy Hughes (Senior Pensions Secretary - LGPS Scheme Advisory Board England & Wales)

Telephone: 07960 513946

Email: jeremy.hughes@local.gov.uk

Ona Ehimuan (Pensions Secretary (Governance and Digital) – LGPS Scheme Advisory Board England & Wales)

Telephone: 07501 088144

Email: ona.ehimuan@local.gov.uk

Gareth Brown (Research and Data Analyst – Pensions)

Telephone: 07785 407657

Email: gareth.brown@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 07909 988968

Email: elaine.english@local.gov.uk

Statutory instruments

- [The LGPS \(Amendment\) Regulations 2023](#) [SI 2023/279]
- [The Local Government \(Structural Changes\) \(Supplementary Provision and Amendment\) Order 2023](#) [SI 2023/187]

Useful links

[LGA Pensions page](#)

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

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

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

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

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

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

[Public Sector Transfer Club](#)

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

Further information

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LGPC Bulletin 237 – April 2023

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

- [updated guides](#) (England and Wales) – inform your employers and update your local versions
- [new versions of employee guides published](#) (Scotland) - update your versions
- [update on death grant process](#) – update your process
- [TPR authorises first CDC scheme](#) - update your transfer out process
- [backdated pay award FAQs for employers](#) – inform your employers.

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

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LGPS England & Wales Scheme Advisory Board (SAB)

SAB website updated

[The SAB's website](#) has recently been updated. The content remains the same, though the look of the site has changed. The SAB encourages users to visit the site.

You can use the links below to find out about the work of the SAB and its committees:

- [SAB meeting and agenda papers](#)
- [committee meetings and agenda papers](#)
- [Responsible Investment Advisory Group meetings and agenda papers](#)
- [news items](#).

The SAB secretariat would like to highlight two key news stories this month:

Statement on FOI requests on climate advice and data

On 30 March 2023, the Board published [a statement on Freedom of Information \(FOI\) requests on climate advice and data](#).

The Board is aware of the increasing prevalence of information requests about responsible investment policies. These may come from interested scheme members or activist groups and can be “round robin” requests that are made to all administering authorities with a view to collating information across the scheme and making comparisons between authorities’ responses.

The statement provides advice on dealing with these requests.

Gender pensions gap report

On 29 March 2023, the Board published [a report on the gender pensions gap in the LGPS](#) from the Government Actuary’s department.

The report provides an initial overview of the gender pensions gap in the LGPS, based on data from the 2020 scheme valuation. It shows the difference (in men’s favour) is 34.7 per cent in the CARE scheme and 46.4 per cent in the final salary scheme. The Board notes that these findings need to be interpreted with caution.

The Board will do further work to understand the data and investigate causes, as well as considering possible next steps.

LGPS England & Wales

Government responds to McCloud consultation

On 6 April 2023, the Department for Levelling Up, Communities and Housing (DLUHC) published their response to the consultation on amendments to the underpin.

The consultation proposed changes to the underpin to address the discrimination found in the McCloud judgment and to ensure that it works effectively and consistently for all qualifying members. The consultation ended on 8 October 2020.

Alongside the response, in collaboration with the Scheme Advisory Board, DLUHC published a [factsheet summarising the remedy for members](#). We have added a link to the factsheet on [the McCloud FAQs](#) page of www.lgpsmember.org.

DLUHC expects to launch a further consultation this spring. The consultation will seek views on:

- issues that, because of the consultation responses, they have not yet made a final decision on (such as aggregation and flexible retirement),
- issues not included in the original consultation (such as compensation, interest and excess teacher service), and
- updated draft regulations.

DLUHC will finalise the regulations after considering the responses to the further consultation. These will come into force on 1 October 2023, with backdated effect to 1 April 2014.

You can access the consultation documents on the [Scheme consultations](#) page of www.lgpsregs.org.

Updated guides

On 21 April 2023, Lisa Clarkson emailed administering authorities letting them know we have published the following:

- version 4.4 of the payroll guide
- version 4.4 of the HR guide.

The new versions have been amended to reflect the annual updates for 2023/24.

You can find these on the [employer guides and sample documents](#) page of www.lgpsregs.org.

We have since also published clean and tracked versions of the following:

- version 2.4 of the employee brief guide
- version 1.4 of the retirement planning guide.

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

We have published Word versions of the employee guides so that you can add contact information and any other details specific to your authority.

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

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

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

We will update the councillor, AVC and annual allowance member guides in the next few weeks.

Action for administering authorities

Let your employers know about the new versions of the HR and payroll guides and update your local versions of the employee and retirement planning guides.

New LGPS employers in Wales

The Government recently made [The Local Government and Elections \(Wales\) Act 2021 \(Corporate Joint Committees\) \(Consequential Amendments\) Order 2023](#). The Order came into force on 1 April 2023.

The Order extends the LGPS to employees of:

- Mid Wales Corporate Joint Committee
- North Wales Corporate Joint Committee
- South East Wales Corporate Joint Committee
- South West Wales Corporate Joint Committee.

The Order also specifies the appropriate administering authority for each one.

We have updated [the timeline regulations](#).

LGPS Scotland

New versions of employee guides published

On 27 April 2023, Steven Moseley emailed administering authorities letting them know we have published version 2.3 of the employee brief guide, version 2.2 of the councillor brief guide and version 1.2 of the retirement planning guide.

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

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

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

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

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

Action for administering authorities

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

HMRC

Newsletter 149

On 26 April 2023, HMRC published [newsletter 149](#). The newsletter contains articles on:

- the annual allowance calculator – currently members cannot use it for tax year 2023/24
- Pension Scheme Returns
- reminding schemes to use the Managing Pension Schemes service to submit any new Accounting for Tax returns for any quarter beginning on or after 1 April 2020
- an update on submitting Event Reports.

Update on death grant process

On 6 April 2023, Lorraine Bennett forwarded an email from HMRC.

HMRC confirms that schemes can continue the current process when paying death grants that may exceed the lifetime allowance (LTA).

Under this process, the member's personal representative identifies if there is an excess amount after the administering authority has paid the death grant and, if so, reports this to HMRC, who then assesses the tax due. This process will continue until HMRC develop a longer-term position for the full abolition of the LTA from 6 April 2024.

The [LTA guidance newsletter](#) had set out a different process. Under this, administering authorities would liaise with the personal representative before paying a death grant to determine whether it was taxable and, if so, tax the excess as if it was pension income. Concerns were raised about this at the first LTA working group held on 4 April 2023, after which the new process was withdrawn.

HMRC repeated the information in the email in [newsletter 149](#).

Action for administering authorities

Ensure your process is in line with HMRC's email.

Pensions dashboards ('dashboards')

TPR dashboard webinar

The Pensions Regulator held a webinar on dashboards on 30 March 2023.

The webinar covered data preparation duties and the steps schemes need to take to ensure their data is accurate, complete, up-to-date and digitally accessible.

You can watch [a recording of the webinar on their website](#).

TPR

Corporate plan 2023/24

On 21 April 2023, TPR published [its Corporate Plan for 2023/24](#).

The plan outlines TPR's key priorities for the year. These include:

- working with the Financial Conduct Authority and DWP to develop a value for money framework

- launching the new defined benefit funding code
- laying foundations for a significant increase in addressing quality outcomes in defined contribution schemes
- increasing its attention on tackling scammers
- supporting schemes to prepare for dashboards.

The document also includes TPR's plans beyond March 2024.

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

LDI guidance published

On 24 April 2023, TPR published new guidance on liability driven investments (LDI). The guidance sets out further practical steps schemes should take to manage risks.

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

TPR authorises first CDC scheme

On 13 April 2023, TPR authorised the UK's first collective defined contribution (CDC) scheme: the Royal Mail Collective Pension Plan. See [TPR's press release](#) for more information.

Transfers to CDC schemes listed as authorised by TPR satisfy 'the First condition' for the purposes of The Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021. You can find [the list of authorised CDC schemes](#) on TPR's website.

Action for administering authorities

Update your transfer out process to account for the new list of CDC schemes.

Other news and updates

Backdated pay award FAQs for employers

Lisa Clarkson has recently emailed administering authorities letting them know that we have published frequently asked questions (FAQs) on backdated pay awards for employers.

You can find the FAQs on the:

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

Action for administering authorities

Let your employers know about the FAQs.

Non club transfers out technical guide

On 14 April 2023, Jayne Wiberg emailed administering authorities letting them know we published version 2.4 of the Non-Club Transfers Out Technical Guide.

Changes are made to refer to the:

- publication of [version 3.0 of Pension Scams Industry Group \(PSIG\) interim code of good practice](#)
- new requirement to report transfer requests of concern to the Financial Conduct Authority.

Minor changes to the text have also been made. These are not shown in track changes because they do not change the meaning.

You can find clean and tracked versions of the guide on the administrator guides and documents pages of www.lgpsregs.org and www.scotlgpsregs.org.

Prudential online event – 18 May 2023

Prudential recently sent a ‘save the date’ email to its LGPS AVC clients in England, Scotland and Wales to let them know about an online event it will be holding on 18 May 2023. The email was sent to their primary contact(s) at each client.

The event will run from 10.30am to 12pm and will be repeated at 2.30pm to 4pm. A variety of subjects will be covered, including service performance and regulatory changes.

Prudential has since sent a further email with the formal registration link. A link to the MS Teams meeting will be issued before the event.

Anyone who didn’t receive the emails and would like to be added to the event can email their interest to corporate.pension.enquiries@prudential.co.uk.

Training

Training programme 2023

All available training courses can be booked on the [LGA events website](#). The link for each course contains course details and how to book.

Bookings are on a first come, first served basis. For fairness, each course is capped at five delegates per organisation.

If you are unable to book a place on a course, email training.lgps@local.gov.uk with details of the course you would like to attend. Include how many places you require and the format - online or in person. If you require in person training, state the location you prefer. We will keep a waiting list and will consider running additional training if the demand is high enough.

Survivor benefits training (England and Wales)

- [10 May 2023 - Liverpool](#) (7 places available at the time of writing)

Employer role training (England and Wales)

- [20 June 2023 - London](#)
- [26 September 2023 - Online](#)
- [24 October 2023 - Online](#)
- [7 November 2023 - Online](#)

Wider landscape

McCloud remedy consultation – Welsh firefighters

The Welsh Government has published [a consultation setting out the proposed McCloud remedy](#) for the Welsh Firefighters' Pension Scheme. The consultation closes on 23 June 2023.

Retained firefighters' consultation

On 31 March 2023, the Home Office launched a [consultation on retained firefighters' pensions](#) in England. The consultation closes on 9 June 2023.

The proposals will allow retained firefighters employed between 7 April 2000 and 5 April 2006 to buy their pre-July 2000 service for pension purposes.

Voluntary NI contributions deadline extended

In [a written ministerial statement](#) published on 7 March 2023, the Government announced it was extending the deadline to pay voluntary National Insurance (NI) contributions from 5 April 2023 to 31 July 2023. This applies for tax years 2006/07 to 2016/17.

Paying voluntary NI contributions enables individuals to fill gaps in their NI record to boost their State Pension.

For more information, see [the policy paper](#) the Government published on 24 March 2023.

Legislation

- The Local Government and Elections (Wales) Act 2021 (Corporate Joint Committees) (Consequential Amendments) Order 2023 [[SI 2023/402](#)].
-

Useful links

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

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

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

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

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

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

[Public Sector Transfer Club](#)

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

LGPS pensions team

Raising a query

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

Team contacts

Joanne Donnelly (Head of Pensions)

Telephone: 07464 532613

Email: joanne.donnelly@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 07766 252847

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 07827 307003

Email: rachel.abbey@local.gov.uk

Steven Moseley (Pensions Adviser – LGPC Secretariat)

Telephone: 07780 227059

Email: steven.moseley@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Lisa Clarkson (Pensions Adviser (Employer) – LGPC Secretariat)

Telephone: 07464 532596

Email: lisa.clarkson@local.gov.uk

Jeremy Hughes (Senior Pensions Secretary - LGPS Scheme Advisory Board England & Wales)

Telephone: 07960 513946

Email: jeremy.hughes@local.gov.uk

Ona Ehimuan (Pensions Secretary (Governance and Digital) – LGPS Scheme Advisory Board England & Wales)

Telephone: 07501 088144

Email: ona.ehimuan@local.gov.uk

Gareth Brown (Research and Data Analyst – Pensions)

Telephone: 07785 407657

Email: gareth.brown@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 07909 988968

Email: elaine.english@local.gov.uk

Further information

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LGPC Bulletin 238 – May 2023

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

- 2023 updates to guides, factsheets and leaflets [England](#) / [Scotland](#) – update local version(s)
- [Guarantee for academy trusts outsourcing arrangements](#) – update process and notify employers
- [McCloud remedy consultation](#) – review consultation documents
- [SCAPE discount rate and impact to actuarial factors update](#) – look out for email containing revised factors and transitional table
- [Automatic enrolment call for evidence](#) – notify employers
- [Consultation on second set of rectification regulations](#) – review the regulations – consider participating in round table discussions
- [Remedy newsletter May 2023](#) – consider participating in guidance testing
- [Club transfers](#) – update processes
- [Your LGPS contacts May 2023 elections](#) – review political and finance contacts.

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

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LGPS England & Wales Scheme Advisory Board (SAB)

Code of transparency roadshows

The SAB is running a series of free, in person training sessions on investment cost transparency. The training is aimed at local pension board and committee members, as well as administering authority officers. Session dates and locations are listed below. Click on the location for a link to the booking page on the [LGA's website](#).

21 June	London
11 July	Manchester
20 July	Bristol
12 Sept	Wolverhampton
13 Sept	Leeds
26 Sept	Cardiff

The sessions will provide:

- an explanation of the purpose and background of SAB's ground-breaking code of transparency
- a case study from an LGPS fund on how investment cost information has been used
- a troubleshooting session on how to use the online reporting system – for officers only
- a facilitated discussion on the information that fund officers should be receiving and how this information should be reported to pension boards and committees – for officers only.

If you are asked for a purchase order number when you book, please use SAB2023.

New Board support and policy officer

We are very pleased to welcome a new board support and policy officer supporting the Scheme Advisory Board (England and Wales) in May. Becky Clough joined the team in May from Shropshire Pension Fund. You can find contact details for Becky and the rest of the team in the [LGPS Contacts section](#) below.

Review of climate risk reporting in the private sector

The Pensions Regulator (TPR) has published a [review of climate-related disclosures by occupational pension schemes](#). It sets out TPR's preliminary observations and feedback to industry. This is based on their review of a selection

of climate-related disclosures published by occupational pension schemes. The review relates to private pensions schemes but contains observations which may be useful for LGPS funds ahead of the implementation of Task Force on Climate-Related Financial Disclosures (TCFD) reporting.

Sharia compliance report commissioned

The SAB received [legal advice](#) suggesting it should instruct an expert in Islamic finance to provide evidence on a range of issues around sharia compliance in the LGPS. The SAB has commissioned expert advice from Amanah Associates and their report will be due around three months' time.

Website updated

[The SAB's website](#) has recently been updated. The content remains the same, though the look of the site has changed. The SAB encourages users to visit the site.

Use the links below to find out about the work of the SAB and its committees:

- [SAB meeting and agenda papers](#)
- [committee meetings and agenda papers](#)
- [Responsible Investment Advisory Group meetings and agenda papers](#)
- [news items](#).

LGPS England & Wales

2023 updates to guides, factsheets and leaflets

On 23 May 2023, Rachel Abbey emailed administering authorities confirming we have published updated versions of:

- Councillors full guide - version 2.3
- Annual allowance factsheet for members - version 1.10
- AVC member guide - version 2.4
- April 2014 update for councillors in England - version 2.3
- Introductory leaflet for councillors in Wales - version 2.0.

The new versions, plus versions showing tracked changes, can be found on the [Administrator guides and documents page](#) of www.lgpsregs.org.

The guides are published in Word so administering authorities can add contact information and any other specific details.

Additional steps may be needed if the documents are converted to PDF for publication, to ensure they comply with [the Public Sector Bodies \(Websites and](#)

[Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) - see [Bulletin 190](#) for more information. For example, any tables will need tagging correctly.

You can find more information online about:

- how to [create accessible PDFs](#)
- [creating accessible PDFs in Adobe Acrobat](#).

Action for administering authorities

Update any local versions of the guides, factsheets and leaflets.

Changes to the SAB's cost management process

On 11 May 2023, the Department for Levelling Up, Housing and Communities (DLUHC) [published its response](#) to the consultation on changes to the SAB's cost management process. See [bulletin 233](#) for more information.

Also on 11 May 2023, the Government laid [the Local Government Pension Scheme \(Amendment\) \(No.2\) Regulations 2023](#) ('the regulations'). These come into force on the 1 June 2023.

The changes better align the SAB's cost management process with HM Treasury's (HMT's) reformed cost control process. They give the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a breach.

DLUHC's response helpfully re-iterates the SAB process operates before HMT's cost control mechanism. However, it leaves open for further discussion the link with the new "economic check" in HMT's process.

You can find all the documents on the [Scheme consultations](#) page of www.lgpsregs.org.

Guarantee for academy trusts outsourcing arrangements

On 17 May 2023, [the Department for Education \(DfE\) published their policy](#) for guaranteeing the outsourcing arrangements of academy trusts. This applies to England only.

Education and Skills Funding Agency (ESFA) approval is no longer required by academy trusts seeking pass-through arrangements with their administering authorities for outsourcing contracts for employees covered by the DfE Guarantee policy. The DfE Guarantee covers employees eligible for the LGPS who:

- are working for the academy trust, who are transferred to a contractor or on future re-tenders as part of an outsourcing contract

- were working for the local authority in a maintained school, then transferred to a contractor under TUPE, prior to the school becoming an academy, and where the outsourcing contract has passed to the academy trust following conversion to an academy
- are working for the local authority, which is providing services to the academy trust under a contract, and the trust decides to outsource this contract to a third-party provider. Therefore, the employees transfer from the local authority to the new contractor.

Key points

1. Provided the circumstances of an outsourcing contract match one or more of the scenarios outlined in [the policy document](#) the academy trust does not need to seek ESFA approval for pass-through arrangements.
2. If the circumstances of an outsourcing contract are not covered in the policy document, the academy trust must seek ESFA approval using the [Education and Skills Funding Agency enquiry form](#).
3. All contracting arrangements currently in place that meet the criteria outlined in the policy document are eligible for pass-through under the DfE Guarantee.
4. Where academy trusts have already entered arrangements that do not meet the criteria outlined in the policy document, they may discuss alternative options with the relevant administering authority.
5. Under a pass-through arrangement, if the contractor external to the academy trust ceases to trade, then the LGPS liabilities will remain with the trust. The trust may then choose to seek a new provider or bring services in-house.
6. The policy means the administering authority should no longer require a bond for pension liabilities. However, if they insist, that would be for the external contractor to provide, as an academy trust cannot provide a bond for LGPS pension liabilities. Where this happens, academy trusts should notify ESFA through the [Education and Skills Funding Agency enquiry form](#).

Action for administering authorities

Provided [the conditions in the DfE policy document](#) are met, you do not need to request evidence of ESFA approval for pass-through arrangements. Update your processes and notify your academy trusts.

McCloud remedy consultation

On 30 May 2023, [DLUHC published a consultation and draft regulations](#) concerning the McCloud remedy. The consultation closes on 30 June 2023.

The consultation seeks views on proposals to address discrimination found by the courts in the McCloud case. This follows the Government's response published in April 2023. See [bulletin 237](#) for more information.

DLUHC is consulting on new approaches in certain areas that reflect responses to the 2020 consultation and more closely align the LGPS to policies adopted by other public service pension schemes. DLUHC is seeking views on the following proposals:

- No aggregation requirement: underpin protection will extend to a new pension account that started before 1 April 2022, even if the earlier period of membership is not aggregated, as long as there has not been a disqualifying break.
- Previous membership of another public service pension scheme on or before 31 March 2012: a member will qualify for underpin protection because of earlier membership of another public service pension scheme, even if the pension rights from the other scheme have not been transferred to the LGPS, as long as there has not been a disqualifying break.
- Flexible retirement: a member with underpin protection who takes flexible retirement before 1 April 2022 will also have underpin protection on any benefits built up after flexible retirement and before the end of the underpin period. The consultation also considers how the underpin will operate when a member takes partial flexible retirement.

The consultation covers topics that were not included in the 2020 consultation. These include:

- policies for individuals with excess teacher service - see [Bulletin 229](#) for background information on this group
- when a member may be paid compensation if they have suffered a loss relating to the discrimination found in the McCloud case or the McCloud remedy
- the interest terms that will apply when payments are made late due to the McCloud discrimination.

We will respond to the consultation in due course and let you know we have done so. You can access the consultation documents on the [Scheme consultations](#) page of www.lgpsregs.org.

Action for administering authorities

Review the consultation documents and respond by 30 June 2023.

SCAPE discount rate and impact to actuarial factors - update

In [bulletin 236](#) we let you know certain transfer calculations and cash equivalent values for divorce should be immediately suspended following the change to the SCAPE discount rate in March 2023.

On 25 May 2023, we met with DLUHC to discuss the publication of the revised factors. We can confirm we are expecting these imminently.

We will publish the new factors on the [Actuarial guidance page](#) of www.lgpsregs.org together with a revised transitional table. We will also email administering authorities to let them know the new factors are available.

Action for administering authorities

Look out for an email containing revised factors and transitional table.

LGPS Scotland

2023 updates annual allowance factsheet

On 23 May 2023, Rachel Abbey emailed administering authorities confirming we have published an updated version of the annual allowance factsheet - version 1.10.

The new version, plus a version showing tracked changes, can be found on the [Administrator guides and documents page](#) of www.scotlgpsregs.org.

The factsheet is published in Word so administering authorities can add contact information and any other specific details.

Additional steps may be needed if the document is converted to PDF for publication, to ensure it complies with [the Public Sector Bodies \(Websites and Mobile Applications\) \(No. 2\) Accessibility Regulations 2018](#) - see [Bulletin 190](#) for more information. For example, any tables will need tagging correctly.

You can find more information online about:

- how to [create accessible PDFs](#)
- [creating accessible PDFs in Adobe Acrobat](#).

Action for administering authorities

Update any local versions of the annual allowance factsheet.

SAB February 2023 meeting

On 10 May 2023, the Scottish Scheme Advisory Board (SAB) published [the minutes of its meeting held on 8 February 2023](#).

At the meeting, the SAB discussed the following:

- cost transparency reporting tool
- GAD request for costs for LGPS services
- Scottish Public Pensions Agency (SPPA) update
- training workshop
- National Care Service
- additional specialist support
- workplan.

SPPA letter regarding 2023 valuation

On 28 April 2023, Iain Coltman sent a letter to administering authorities. The letter sets out SPPA's position on the following three aspects for authorities to consider when undertaking the 2023 triennial valuation:

- McCloud remedy
- cost cap valuation
- Section 13 report – recommendations.

DWP

Automatic enrolment - call for evidence

On 15 May 2023, the Department for Work and Pensions (DWP) [published a call for evidence](#) on the alternative quality requirement used by defined benefit schemes for automatic enrolment (AE). The call for evidence closes on 19 June 2023.

The existing requirements allow for simpler alternative tests to be used so the scheme can demonstrate it is of sufficient quality to be used by employers to fulfil their AE duty. The call for evidence aims to conclude whether the government's policy in this area continues to be achieved.

Action for administering authorities

Notify your employers of this call for evidence.

HMRC

Consultation on second set of rectification regulations

On 22 May 2023, HMRC launched a consultation on The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) (No.2) Regulations 2023.

The draft regulations supplement [The Public Service Pension Schemes \(Rectification of Unlawful Discrimination\) \(Tax\) Regulations 2023](#) ('first set of regulations'), which came into force on 6 April 2023.

The first set of regulations modifies various tax legislation, so the correct tax treatment is applied when public service schemes implement the McCloud remedy. For more information, see [the commentary](#) we provided on these. The draft regulations propose further modifications.

HMRC will shortly publish guidance on the draft regulations.

As part of the consultation, HMRC will hold several round tables. These will provide an opportunity to raise any technical points on the draft regulations. If you would like to be involved, email policypensions@hmrc.gov.uk, putting 'Public service pensions remedy tax regulations round tables' in the subject line.

The consultation closes on 19 June 2023.

For more details on the consultation, see the non-scheme consultations pages of www.lgpsregs.org and www.scotlgpsregs.org.

Action for administering authorities

Review the regulations and consider whether you wish to respond to the consultation.

Consider if you would like to be part of the round table discussions.

Remedy newsletter – May 2023

On 23 May 2023, HMRC published [Remedy newsletter May 2023](#). The newsletter provides information on the following topics:

- Draft regulations: summarises the draft rectification regulations mentioned in the previous article.
- HMRC processes: HMRC is developing processes it will need to support the McCloud remedy. As part of this, they will provide a single point of contact for each public service organisation. The newsletter also asks for details of a named contact within each organisation to set up initial meetings to help

develop the processes. We have contacted HMRC to clarify if the named contact is at a local or national level.

- Guidance: HMRC is drafting McCloud remedy guidance, which they hope to publish in Autumn 2023. In advance of this, they would like to test some of the guidance with users to make sure it is covering what is needed. If you would like to volunteer, email publicservicepensionsremedy@hmrc.gov.uk and put 'Guidance testing' in the subject line.

Action for administering authorities

Consider whether to volunteer to assist HMRC.

HMT

Public Service Pensions – cost control mechanism and reformed scheme only design

On 15 May 2023, HM Treasury (HMT) published a [written ministerial statement](#) and [further detail](#), on the cost control mechanism and reformed scheme only design.

The publications confirm only the reformed scheme design will be included in the cost control mechanism. Any cost increases associated with final salary benefits and the impact of the underpin will be excluded.

Pensions dashboards ('dashboards')

Consent and authorisation wording for dashboards

The Pensions Dashboards Programme (PDP) commissioned Ipsos to undertake [research to help develop consent and authorisation wording](#) for dashboards.

A research group covering a range of ages, income levels and pension types was asked to provide feedback on draft versions of consent and authorisation wording that would appear on dashboards. The wording explained what the Money and Pensions Service would and would not do with users' data and asked for consent for these uses. The feedback was positive and will be used to further shape the wording.

Latest news

In May 2023, PDP [published their Progress update report on dashboards](#). There are articles on:

- the Department for Work & Pensions (DWP's) written ministerial statement on pensions dashboards connection times confirming that there will be an update before parliamentary recess in July
- programme reset following the written ministerial statement – reset got underway on 20 March and more information will be available before parliamentary recess in July
- consent comprehension research - a research into users' understanding of how their data will be used during the dashboards journey
- preparing for dashboards – connection, data, matching, awareness and understanding legal and regulatory obligations
- updates from DWP, the Financial Conduct Authority and the Pensions Regulator
- useful resources
- subscribing to PDP's newsletter.

Pensions Dashboards (Prohibition of Indemnification) Act 2023

On 2 May 2023, the [Pensions Dashboards \(Prohibition of Indemnification\) Act 2023](#) received Royal Assent.

The Act will prohibit trustees and managers of occupational and personal pension schemes from being reimbursed out of scheme assets for any penalties imposed on them under [the dashboard regulations](#).

The Act applies to the United Kingdom and comes into force on a date determined by the Department for Work and Pensions (or, in the case of Northern Ireland, the Department for Communities).

TPO

'Where to go for help with your pension complaint' factsheet

On 27 April 2023, The Pensions Ombudsman (TPO) published a factsheet titled ['Where to go for help with your pension complaint'](#).

The factsheet helps members to decide if to refer their complaint to TPO or the Financial Ombudsman Service.

TPR

Blog on refreshed guidance for trustees in challenging times

On 10 May 2023, [TPR published a blog](#) on refreshed guidance for trustees in challenging times.

TPR have refreshed their guidance to support trustees dealing with employer stress or distress during economic challenges. They urge trustees to revisit this guidance, and, where appropriate, take action and engage with TPR at an early stage.

Blog on why ignoring ESG is no longer an option

On 17 May 2023, [the Pensions Regulator \(TPR\) published a blog](#) on why ignoring environmental, social and governance (ESG) factors is no longer an option for trustees.

The blog discusses developments in government policy, increased regulations, industry initiatives and greater industry awareness of the implications for life.

Capita cyber security incident

On 12 May 2023, [the Pensions Regulator \(TPR\) updated its website](#) with a page covering the Capita cyber security incident. This follows a security breach where it is now known that some data has been exfiltrated from Capita's servers.

TPR encourages all administrators who use Capita's services to check whether their pension scheme data could be affected.

Other news and updates

Club transfers – extending the 12-month time limit

On 26 April 2023, the Cabinet Office clarified a Club transfer may take place outside the 12 month time limit, in exceptional circumstances and providing both the sending and receiving schemes agree. Colin Hennem (Pensions Technical Manager) confirmed:

“[the Club Memorandum](#) requires a transfer to be calculated on Club terms if the member confirms in writing that they wish the transfer to proceed within 12 months of joining the new Club scheme. The Club Memorandum is silent on what should happen if that confirmation is sent outside the 12 month time limit. However, it has long been our policy that the two schemes involved may agree to a Club transfer outside the 12 month time limit (ie a belated Club transfer) if there are exceptional circumstances that prevented the member from sending the confirmation within the 12 month time limit - eg if there were delays in providing the necessary quotes that were outside the member's control. In the past, when the additional cost of the more generous Club transfer terms was met by the receiving scheme, our view was that it

was only necessary for the receiving scheme to agree to a belated Club transfer. However, under the 'inner' Club arrangements, the additional cost of the more generous terms is spread more evenly between the two schemes. Therefore, I think it is appropriate that a belated Club transfer can only proceed if both the sending and receiving schemes agree to this. The Cabinet Office (as Secretary to the Club) has no authority to compel the schemes in question to agree to a belated Club transfer.”

Action for administering authorities

Incorporate this clarification into your Club transfer process.

Club transfers – new factors and revised memorandum

On 16 May 2023, Cabinet office let us know they plan to issue new Club factors and a revised memorandum. It is intended these will come into force on 1 October 2023.

The new factors take account of the change to the superannuation contributions adjusted for past experience (SCAPE) discount rate made in March 2023.

The revised memorandum will contain instructions for members affected by McCloud and have minimal impact on members not affected by McCloud.

The new factors and revised memorandum will be shared before 1 October 2023 to allow administering authorities to prepare before they come into force.

Your LGPS contacts – May 2023 elections

Administering authorities are responsible for updating their own contacts using the 'Your LGPS contacts' system. Following the May 2023 elections, we have received a high volume of undeliverable messages to political contacts. We also have a high level of undelivered messages to finance contacts.

We would be grateful if all administering authorities would review their political and finance contacts as soon as possible. This is in addition to regularly reviewing all contact information to ensure it remains up to date.

Action for administering authorities

Review your political and finance contacts on the 'Your LGPS contacts system' as soon as possible.

Training

Annual governance conference 2024

Our annual governance conference retains its popular lunchtime to lunchtime schedule. It will take place on Thursday 18 and Friday 19 January 2024 at the Principal Hotel in York. We are finalising the programme and securing speakers. Booking will open in July 2023.

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

Focus group minutes

[The minutes of the Training focus group meeting held on 4 January 2023](#)

accompany this bulletin. Topics discussed include:

- an update on training events since the last meeting and forthcoming events
- views on LGPS qualification / apprenticeship.

The next meeting will be held on 20 July 2023.

Fundamentals training 2023

Our Fundamentals training for 2023 is now open for booking.

Fundamentals is a three-day training course predominately aimed at elected members and others who attend pension committees and local pension boards. Past delegates have also included trade union and employer representatives, and officers who support committees and boards. The course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS. All sessions are delivered by experts in their field. See the [course programme](#) for full details – the timings shown only apply to the in person sessions.

We are running the in person training in two locations - London and Manchester, and online.

We have listened to feedback and will be delivering each day of the online sessions over two days. You only need to complete one booking per day – this will automatically book you on both of the half days. It is not possible to book for a half day. The online sessions will be delivered using Zoom.

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

Cost

In person - £280 plus VAT per session. The price is inclusive of lunch and refreshments.

Online - £240 plus VAT per session.

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

Day one

- [5 October](#) – Manchester, Piccadilly Hotel
- [12 October](#) – Westminster, LGA offices
- [19/26 October](#) – online.

Day two

- [2 November](#) - Westminster, LGA offices
- [8 November](#) - Manchester, Piccadilly Hotel
- [16/23 November](#) – online.

Day three

- [5 December](#) - Westminster, LGA offices
- [13 December](#) - Manchester, Piccadilly Hotel
- [11/19 December](#) – online.

Wider landscape

Annual revaluation date change

On 17 May 2023, the Department for Communities made the Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2023. The regulations change the annual revaluation date in the LGPS in Northern Ireland. The regulations came into force on 12 June 2023, with backdated effect to 1 April 2023.

The regulations make similar changes to those made to the LGPS in England and Wales. See [bulletin 234A](#) for more information.

NHS Pension Scheme consultation: changes to contribution thresholds

On 3 May 2023, the Department of Health and Social Care launched a consultation about uplifting member contribution thresholds in the NHS Pension Scheme 2015 (England and Wales) for 2023/24. The consultation closed on 17 May 2023.

On 25 May 2023, the Department responded to the consultation, confirming they will proceed with the changes.

You can access the consultation documents on [the relevant page of gov.uk](#).

Legislation

- Pensions Dashboards (Prohibition of Indemnification) Act 2023 [[2023 c.14](#)]
 - The Local Government Pension Scheme (Amendment) (No.2) Regulations 2023 [[SI 2023/522](#)]
 - The Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2023 [[SR 2023/81](#)]
-

Useful links

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

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

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

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

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

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

[Public Sector Transfer Club](#)

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

LGPS pensions team

Raising a query

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

Team contacts

Joanne Donnelly (Head of Pensions)

Telephone: 07464 532613

Email: joanne.donnelly@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 07766 252847

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 07827 307003

Email: rachel.abbey@local.gov.uk

Steven Moseley (Pensions Adviser – LGPC Secretariat)

Telephone: 07780 227059

Email: steven.moseley@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Lisa Clarkson (Pensions Adviser (Employer) – LGPC Secretariat)

Telephone: 07464 532596

Email: lisa.clarkson@local.gov.uk

Jeremy Hughes (Senior Pensions Secretary - LGPS Scheme Advisory Board England & Wales)

Telephone: 07960 513946

Email: jeremy.hughes@local.gov.uk

Ona Ehimuan (Pensions Secretary (Governance and Digital) – LGPS Scheme Advisory Board England & Wales)

Telephone: 07501 088144

Email: ona.ehimuan@local.gov.uk

Becky Clough (Board Support and Policy Officer – LGPS Scheme Advisory Board England & Wales)

Telephone: 0207 6643044

Email: becky.clough@local.gov.uk

Gareth Brown (Research and Data Analyst – Pensions)

Telephone: 07785 407657

Email: gareth.brown@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 07909 988968

Email: elaine.english@local.gov.uk

Further information

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Disclaimer

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

LGPC Bulletin 239 – June 2023

This bulletin contains updates for all LGPS stakeholders. It includes important articles on the following which need action by administering authorities:

- [SCAPE discount rate and impact to actuarial factors update](#) (England and Wales) – update factors and processes
- [McCloud remedy consultation](#) (Scotland) - review the consultation documents and respond by 31 July 2023
- [SCAPE discount rate and impact to actuarial factors update](#) (Scotland) – update factors and processes
- [Governance manager added to 'Your LGPS Contacts'](#) - add contact details for your governance manager.
- [Retirements training open for booking](#) (England and Wales) – consider your training needs and discuss with your POG, if appropriate.

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

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LGPS England & Wales Scheme Advisory Board (SAB)

Economic Activity of Public Bodies (Overseas Matters) Bill

On 23 June 2023, the Board responded to the recently published Economic Activity of Public Bodies (Overseas Matters) Bill. [See later article](#) for more information on the Bill.

“The Board will consider this Bill, and what briefing it offers to parliamentarians on the questions raised by it, when it meets on 17 July.

However, we would point out that LGPS is a well-funded and well-run scheme. Administering authorities take their statutory and fiduciary duties around the investment of pension funds very seriously. They also take very seriously their duties under the Equality Act to foster good relations between different communities and to eliminate discrimination. As far as the Board is aware, there is no evidence that any LGPS fund has instituted inappropriate politically motivated boycott or divestment policies.”

Cost transparency roadshows

The Board’s secretariat is currently running a series of free in person training sessions on investment cost transparency. These are aimed at local pension board and committee members as well as fund officers.

The sessions will provide:

- an explanation of the purpose and background of SAB’s ground-breaking code of transparency
- a case study from an LGPS fund on how investment cost information has been used
- a troubleshooting session on how to use the online reporting system – for officers only
- a facilitated discussion on the information that fund officers should be receiving and how this information should be reported to pension boards and committees – for officers only.

The first session took place in London on 21 June 2023. Informal feedback was very positive. The Board encourages people to attend.

Five more sessions are planned, and places are still available. You can book online through the [LGA events page](#). Links to the individual sessions are below:

- [11 July 2023](#) – Manchester

- [12 September 2023](#) – Wolverhampton
- [13 September 2023](#) – Leeds
- [21 September 2023](#) – Edinburgh
- [26 September 2023](#) – Cardiff.

Scheme Annual Report 2022

On 26 June 2023, the Board published its [tenth Annual Report](#).

The report provides a single source of information about the status of the LGPS for its members, employers and other stakeholders. Continually improving key information about the Scheme as a whole is one of the top priorities of the Board.

The report combines information supplied in 86 fund annual reports, as at 31st March 2022.

Key highlights for 2022 are:

- total membership of the LGPS increased slightly, growing by 161,871 (2.6 per cent) to 6.39 million members in 2022 from 6.23 million in 2021
- total assets of the LGPS increased to £369 billion (a change of 7.8 per cent), invested in
 - pooled investment vehicles – 67%
 - public equities – 12%
 - bonds – 3%
 - direct property – 3%
 - other asset classes – 15%
- local authority return on investment over 2021/22 was 8.1 per cent. This compares to UK CPI year on year inflation of 8.8 per cent (Sept to Sept)
- the Scheme maintained a positive cash-flow position overall, including investment income
- over 1.95 million pensioners were paid over the year
- life expectancy rebounded to pre-covid levels with an increase of 0.8 years for males and 0.6 years for females (2021 figures versus 2022)
- total management charges increased by £385 million (22.5 per cent) from £1,711 million. This was primarily driven by a £381 million (25.6 per cent) rise in investment management charges, while administration and oversight and governance costs remained broadly stable.

SAB Website

[The SAB's website](#) provides information about the Board's work. Use the links below to find out more about:

- [latest news](#) – including articles on
 - a letter from the Minister on the implementation of climate risk reporting
 - audit issues
 - an update to the employer flexibilities guidance documents
 - [SAB meeting and agenda papers](#)
 - [committee meetings and agenda papers](#)
 - [Responsible Investment Advisory Group meetings and agenda papers.](#)
-

LGPS England & Wales

McCloud remedy consultation

On 28 June 2023, we published our draft response to DLUHC's consultation and draft regulations on the McCloud remedy. See [bulletins 237 and 238](#) for more information.

You can access the consultation documents and our response on the [Scheme consultations](#) page of www.lgpsregs.org.

SCAPE discount rate and impact on actuarial factors – update

In June 2023, we emailed administering authorities with version 2023-01 of the Government Actuary's Department (GAD) factor spreadsheet and a covering letter from DLUHC. See [Bulletin 236](#) for information about why the factors have changed.

The new factors are effective from 1 June 2023 and impact the calculations listed below. The June 2023 transitional measures set out when to apply the new factors and / or how to process cases on hold:

- non-club cash equivalent transfer values – new factors in tables x-201 to x-208 and x-219
- club cash equivalent transfer values – new factors in table x-219
- cash equivalent values (CEVs) on divorce for active and deferred members who are under normal pension age – new factors in tables x-201 to x-208 and x-219
- pensioner CEVs on divorce and CEVs on divorce for active and deferred members who are at or over their normal pension age - new factors in tables x-301 to x-304
- pension credits – new factors in tables x-305 to x-309
- pension debits where the debited member retires on ill health – new factors in tables X-314 to x-316.

All remaining factors are extant.

You can find the new factors and the June 2023 transitional measures on the [Actuarial guidance](#) page of www.lgpsregs.org.

Action for administering authorities

Update factors and processes.

LGPS Scotland

McCloud remedy consultation

On 26 June 2023, the Scottish Government published a consultation and draft regulations concerning the McCloud remedy. The consultation closes on 31 July 2023.

The consultation seeks views on proposals to address discrimination found by the courts in the McCloud case. This follows the consultation the Scottish Government ran in 2020.

The Scottish Government is consulting on new approaches in certain areas that reflect responses to the 2020 consultation and more closely align the LGPS to policies adopted by other public service pension schemes. They are seeking views on the following proposals:

- No aggregation requirement: underpin protection will extend to a new pension account that started before 1 April 2022, even if the earlier period of membership is not aggregated, as long as there has not been a disqualifying break.
- Previous membership of another public service pension scheme on or before 31 March 2012: a member will qualify for underpin protection because of earlier membership of another public service pension scheme, even if the pension rights from the other scheme have not been transferred to the LGPS, as long as there has not been a disqualifying break.
- Flexible retirement: a member with underpin protection who takes flexible retirement before 1 April 2022 will also have underpin protection on any benefits built up after flexible retirement and before the end of the underpin period. The consultation also considers how the underpin will operate when a member takes partial flexible retirement.

The consultation covers topics that were not included in the 2020 consultation. These include:

- policies for individuals with excess teacher

- when a member may be paid compensation if they have suffered a loss relating to the discrimination found in the McCloud case or the McCloud remedy
- the interest terms that will apply when payments are made late due to the McCloud discrimination.

We will respond to the consultation in due course and let you know we have done so. You can access the consultation documents on the [Scheme consultations](#) page of www.scotlgpsregs.org.

Action for administering authorities

Review the consultation documents and respond by 31 July 2023.

SCAPE discount rate and impact on actuarial factors – update

On 30 May 2023, Craig Finlay, Policy Officer at the Scottish Public Pensions Agency, emailed administering authorities with version 2023-01 of the Government Actuary's Department (GAD) factor spreadsheet. See [Bulletin 236](#) for information about why the factors have changed.

The new factors are effective from 30 May 2023 and impact the calculations listed below. The May 2023 transitional measures set out when to apply the new factors and / or how to process cases on hold:

- non-club cash equivalent transfer values – new factors in tables x-201 to x-208 and x-219
- cash equivalent values (CEVs) on divorce for active and deferred members who are under normal pension age – new factors in tables x-201 to x-208 and x-219
- pensioner CEVs on divorce and CEVs on divorce for active and deferred members who are at or over their normal pension age - new factors in tables x-301 to x-305
- club transfers out – new critical retirement age factors in x-219
- pension credits – new factors in tables x-306 to x-310
- pension debits where the debited member retires on ill health – new factors in tables x-316 and 318.

All remaining factors are extant.

The new factors and the May 2023 transitional measure are on the [Actuarial guidance page](#) of www.scotlgpsregs.org.

Action for administering authorities

Update factors and processes.

DWP

Report on pension scam regulations published

On 21 June 2023, DWP published a review of the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021.

DWP agreed to publish the review within 18 months of the regulations being operational. The review considered the following questions:

- are the regulations effective?
- are there any unintended consequences?
- what does the pension fraud landscape look like following the regulations?
- are the red and amber flags still appropriate?

The report concludes that the original policy intent remains appropriate. However, there is concern about applying the regulations, in particular regarding the incentive red flag and overseas investment amber flag. DWP will work with industry and TPR to consider if changes could be made to the regulations to improve the transfer experience, without undermining the policy intent.

You can read the full report on [the relevant page of Gov.uk](#).

HMRC

Consultation on second set of rectification regulations

On 19 June 2023, we published our response to HMRC's consultation on The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) (No.2) Regulations 2023.

In the response, we said that the regulations do not deal with tax issues in relation to teachers' excess service.

HMRC consulted on the regulations between 22 May 2023 and 19 June 2023. We covered the consultation in [Bulletin 238](#). On 26 June 2023, HMRC published [guidance on the draft regulations](#).

You can access the consultation documents and our response on the non-scheme consultations pages of www.lgpsregs.org and www.scotlgpsregs.org.

Pension schemes newsletter 150

On 31 May 2023, HMRC published [pension schemes newsletter 150](#). The newsletter includes information on the Managing Pension Schemes service.

Pension schemes newsletter 151

On 30 June 2023, HMRC published [pension schemes newsletter 151](#). The newsletter confirms that the annual allowance calculator can now be used for the 2023/24 tax year. The newsletter also includes information on the Managing Pension Schemes service.

Remedy newsletter – May 2023

On 12 June 2023, Steven Moseley emailed administering authorities letting them know about clarification we have received regarding the following article in [Remedy newsletter May 2023](#):

“HMRC processes

We are currently developing the processes that will be needed to support the public service pensions remedy. As part of this work, we will be providing a single point of contact for each public service organisation, with the aim being to work together on how the processes will impact you and the day to day running of remedy.

Email us at publicservicepensionsremedy@hmrc.gov.uk with details of a named contact within your organisation that we can use to set up some initial meetings.”

We asked whether the named contact should be at local or national level.

HMRC confirmed they would like each administering authority to provide a named contact.

Action for administering authorities

Provide a named contact to HMRC for your administering authority.

Pensions dashboards ('dashboards')

DWP push back dashboard deadline

On 8 June 2023, Laura Trott, Parliamentary Under Secretary of State for Pensions, published a [written ministerial statement](#) giving an update on dashboards.

The statement confirms the Department for Work and Pensions (DWP) has laid the draft [Pension Dashboards \(Amendment\) Regulations 2023](#) before each House of

Parliament for approval. Neither house has set a date to debate and approve the regulations. The regulations will apply to England, Scotland and Wales.

The draft regulations remove the phased staging timeline, replacing it with a single connection deadline of 31 October 2026. The regulations will allow the DWP and the Money and Pensions Service (MaPS) to issue guidance setting out a staged connection timeline for individual schemes, to which administering authorities should have regard. MaPS will consult the industry on establishing the timeline.

PASA publishes dashboards value data guidance

On 8 June 2023, the Pensions Administration Standards Association (PASA) published [value data guidance](#).

The guidance provides pension schemes with ‘good practice’ approaches to providing value data to dashboards. It is designed for use by both defined benefit and defined contribution schemes and covers twenty topics. It includes possible approaches for dealing with issues such as late retirements, underpins, partial retirements and split normal retirement ages.

The LGPC secretariat contributed to this guidance. We ensured there are specific recommendations for public service pension schemes which we hope will help administering authorities. Further guidance is expected over the coming months.

The Pensions Regulator (TPR) encourages administering authorities to read and consider the guidance to provide a consistent approach across schemes.

PDP latest news

In June 2023, the Pensions Dashboards Programme (PDP) published its [Latest news on dashboards](#). There are articles on:

- DWP’s written ministerial statement on pensions dashboards connection times, confirming there will be an update before parliamentary recess in July – additional guidance will be published in due course
- frequently asked questions on the new approach to connection.

TPR dashboard blog

On 14 June 2023, TPR published [a blog ‘Make time to get your data dashboard-ready’](#).

The blog encourages pension schemes to continue working on their data to ensure they are ready for dashboards. It also sets out what schemes should be considering as part of their preparations.

TPR responds to dashboard delay

TPR has amended its [dashboard guidance](#) following DWP's [written ministerial statement](#) on 8 June 2023.

TPR expects administering authorities to continue to prepare for dashboards. Administering authorities should continue engaging with parties who are supporting them with their dashboard duties. This may include third-party administrators (if appropriate), software/ISP providers, employers, AVC providers.

They should:

- assess the potential impact of these changes on their fund and to agree a practical delivery plan
- continue activity on getting to grips with members' data, and
- avoid competing demands on capacity and other resources.

These expectations are reinforced in [TPR's new dashboards content toolkit](#) published on 14 June 2023. The toolkit contains key messages for administering authorities.

TPO

TPO expands network of volunteers

The Pensions Ombudsman (TPO) is expanding its network of volunteer advisers. It currently has a network of around 200 pension professionals, who in 2022 helped to close 1,390 cases.

If you are interested you can [apply to be a volunteer](#), or email TPO's Network Manager Paul Day at paul.day@pensions-ombudsman.org.uk. For more information, see the [press release](#).

TPR

Blog on protecting savers from economic volatility

On 6 June 2023, the Pensions Regulator (TPR) published [a blog on protecting savers from economic volatility](#). Although there are signs of recovery from some financial markets, TPR reminds trustees to stay focussed to protect savers.

The impact on defined benefit schemes appears to have settled, though trustees must remain vigilant. TPR reminds trustees to continue to act on their guidance on managing risks in liability-driven investments.

Other news and updates

Economic Activity of Public Bodies (Overseas Matters) Bill

On 19 June 2023, the UK Government introduced into Parliament the [Economic Activity of Public Bodies \(Overseas Matters\) Bill](#).

The Bill aims to prevent public bodies from being influenced by political or moral disapproval of foreign states when taking certain economic decisions, subject to certain exceptions. The Bill will extend to LGPS investment decisions. The Pensions Regulator will be given power to enforce the ban on LGPS administering authorities.

The Bill will apply to England, Northern Ireland, Scotland and Wales and is scheduled for a second reading on 3 July 2023.

LGPC minutes published

On 28 June 2023, the draft minutes of the LGPC meeting held on 22 May 2023 were published. The minutes will be agreed at the next meeting. Topics discussed included:

- unpaid subscriptions
- LGPC budget
- regulatory updates
- SAB update
- training and conference update
- moving to three meetings a year, instead of four.

The minutes can be found on the LGPC minutes page of www.lgpsregs.org and www.scotlgpsregs.org.

Governance manager added to 'Your LGPS Contacts'

We have recently updated the '[Your LGPS Contacts](#)' system. The update allows administering authorities to add a contact for their governance manager. This is held under political contacts.

Administering authorities are responsible for keeping their details on the system up to date.

Action for administering authorities

Please add contact details for your governance manager.

Also review your other contact details to make sure they are up to date.

National LGPS Technical Group minutes published

On 20 June 2023, the minutes of the National LGPS Technical Group meeting held on 9 June 2023 were published. Topics discussed included:

- dashboards - including AVCs and dashboards
- McCloud remedy
- transfer out process where a member holds multiple records
- additional voluntary contributions.

The next meeting will be held on 29 September 2023.

The minutes can be found on the Technical group pages of www.lgpsregs.org and www.scotlgpsregs.org.

Training

Apprenticeships and qualifications survey

Thank you to those of you that completed the apprenticeships and qualifications survey. We received 45 responses representing 61 administering authorities.

39 responses were from in house administrators, 3 from shared service providers and 3 from third party administrators.

Summary of results:

- 55 per cent of respondents currently use apprenticeships within the pension administrations section.
- Most respondents currently using apprenticeships offer business administration apprenticeships. Only four respondents use, or have used, the workplace pensions (administrator) apprenticeship.
- 58 per cent of respondents were not aware of the workplace pensions (administrator) apprenticeship.
- 67 per cent of respondents currently offer external pension administration qualifications to employees. These external qualifications are provided by either The Pensions Management Institute (PMI) or The Chartered Institute of Payroll Professionals (CIPP).
- Common issues with the qualifications currently available are lack of tutors, too much payroll focus, lack of LGPS specific content and concern about the long-term future of the qualifications.
- 90 per cent of respondents would like the LGA to investigate the feasibility of providing or contributing to a formal LGPS qualification.

- 71 per cent of respondents would like the LGA to investigate adapting apprenticeships to include LGPS qualifications.

As a result of the survey, we have started discussions with relevant organisations looking at the feasibility of both apprenticeships and qualifications. We will provide further updates as this develops.

Fundamentals training 2023

Our Fundamentals training for 2023 is now open for booking.

Fundamentals is a three-day training course predominately aimed at elected members and others who attend pension committees and local pension boards. Past delegates have also included trade union and employer representatives, and officers who support committees and boards. The course provides a scheme overview and covers current issues in relation to administration, investments and governance of the LGPS. All sessions are delivered by experts in their field.

See the [course programme](#) for full details – the timings shown only apply to the in person sessions. We are running the in person training in two locations - London and Manchester, and online.

We have listened to feedback and will be delivering each day of the online sessions over two days. You only need to complete one booking per day – this will automatically book you on both of the half days. It is not possible to book for a half day. The online sessions will be delivered using Zoom.

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

Cost

In person - £280 plus VAT per session. The price is inclusive of lunch and refreshments.

Online - £240 plus VAT per session.

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

[Day 1 Manchester, 5 October 2023](#) Piccadilly Hotel

[Day 1 London, 12 October 2023](#) LGA offices

[Day 1 online, 19/26 October 2023](#)

[Day 2 London, 2 November 2023](#) LGA offices

[Day 2 Manchester, 8 November 2023](#) Piccadilly Hotel

[Day 2 online, 16/23 November 2023](#)

[Day 3 London, 5 December 2023](#) LGA offices

[Day 3 Manchester, 13 December 2023](#) Piccadilly Hotel

[Day 3 online, 11/19 December 2023](#) – online.

Retirements training open for booking

The retirements training course (LGPS England and Wales) is now open for booking. We will initially run four online days and one face to face day in London. You can view the programme and book using the links below.

[Online - 3 October 2023](#)

[Online - 11 October 2023](#)

[Online - 19 October 2023](#)

[London - 24 October 2023](#) LGA offices

[Online - 31 October 2023](#)

Bookings are on a first come, first served basis. For fairness, each course is capped at five delegates per organisation. Cost is £240 (plus VAT) per person for online training and £280 (plus VAT) for face to face training.

Please email elaine.english@local.gov.uk if you are not able to secure a place on the online course. We will consider running additional online training depending on demand. You can also commission face to face and online training for your region – see below.

Commissioning retirements training

In [Bulletin 234](#) we informed you that we would only arrange regional face to face training where it is commissioned by pension officer groups (POGs) or individual administering authorities. We are also happy to consider requests for online training in this way.

If you would like to commission training in your region you should discuss this with your POG. You will need to decide:

- whether you want the training to be delivered online or face to face
- the location, if face to face
- whether the group will arrange the venue and catering or if you would like the LGA to do this
- how many delegates will attend.

The daily costs are as follows:

- where the group organises the venue and catering: £3,640 plus VAT
- where we provide the venue and catering: £4,200 plus VAT
- online event: £3,360 plus VAT.

Pension officer groups wishing to make a request should email elaine.english@local.gov.uk. We cannot guarantee that we can cater for all requests; but we will do our best to meet demand.

Action for administering authorities

Discuss your training requirement with your POG and contact Elaine English with any requests.

Wider landscape

McCloud – unions granted right to appeal cost cap mechanism

The Court of Appeal has granted unions permission to appeal against the recent High Court judgment over the government's proposed method of meeting the cost of implementing the McCloud remedy in public sector schemes. See [Bulletin 236](#) for more information.

Teachers' Pension Scheme grant guidance updated

On 8 June 2023, the Government updated its [guidance on teachers' employer contribution pension grants](#). The guidance covers the grant for the financial year 2023 to 2024.

Voluntary NI contributions deadline extended

In a [written ministerial statement](#) published on 12 June 2023, the Government announced it was extending the deadline to pay voluntary National Insurance (NI) contributions from 31 July 2023 to 5 April 2025. This applies for tax years 2006/07 to 2017/18.

Paying voluntary NI contributions enables individuals to fill gaps in their NI record to boost their State Pension.

Useful links

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

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

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

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

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

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

[Public Sector Transfer Club](#)

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

LGPS pensions team

Raising a query

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

Team contacts

Joanne Donnelly (Head of Pensions)

Telephone: 07464 532613

Email: joanne.donnelly@local.gov.uk

Lorraine Bennett (Senior Pensions Adviser – LGPC Secretariat)

Telephone: 07766 252847

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Pensions Adviser – LGPC Secretariat)

Telephone: 07827 307003

Email: rachel.abbey@local.gov.uk

Steven Moseley (Pensions Adviser – LGPC Secretariat)

Telephone: 07780 227059

Email: steven.moseley@local.gov.uk

Karl White (Pensions Adviser (Training) – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Lisa Clarkson (Pensions Adviser (Employer) – LGPC Secretariat)

Telephone: 07464 532596

Email: lisa.clarkson@local.gov.uk

Jeremy Hughes (Senior Pensions Secretary - LGPS Scheme Advisory Board England & Wales)

Telephone: 07960 513946

Email: jeremy.hughes@local.gov.uk

Ona Ehimuan (Pensions Secretary (Governance and Digital) – LGPS Scheme Advisory Board England & Wales)

Telephone: 07501 088144

Email: ona.ehimuan@local.gov.uk

Becky Clough (Board Support and Policy Officer – LGPS Scheme Advisory Board England & Wales)

Telephone: 0207 6643044

Email: becky.clough@local.gov.uk

Gareth Brown (Research and Data Analyst – Pensions)

Telephone: 07785 407657

Email: gareth.brown@local.gov.uk

Elaine English (LGPS Executive Officer)

Telephone: 07909 988968

Email: elaine.english@local.gov.uk

Further information

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London Borough of Brent Pension Fund

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Q1 2023 Investment Monitoring Report

Kenneth Taylor, Senior Investment Consultant

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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.

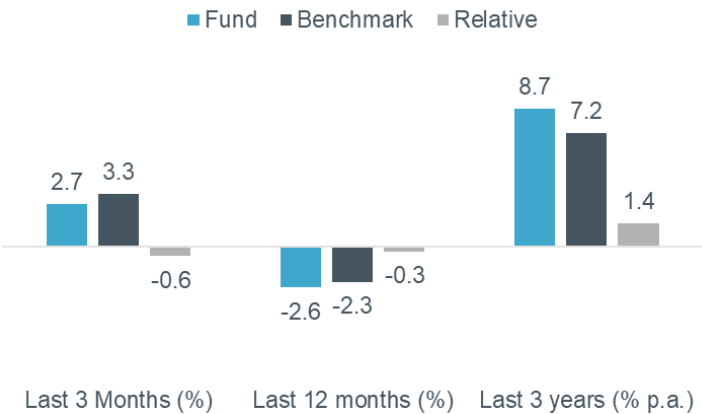
The collapse of Silicon Valley Bank and the acquisition of Credit Suisse by UBS saw a significant decline in the financial sector.

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%

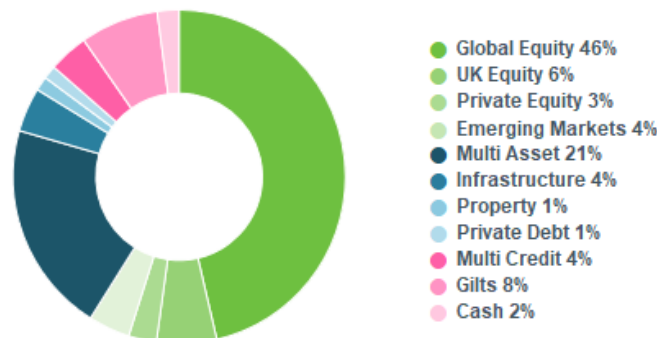
Whilst on the journey to its interim and long term targets for Property, Infrastructure and Private Debt, the current agreement is that the Fund will hold a higher allocation to DGF’s.

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



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 the 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.

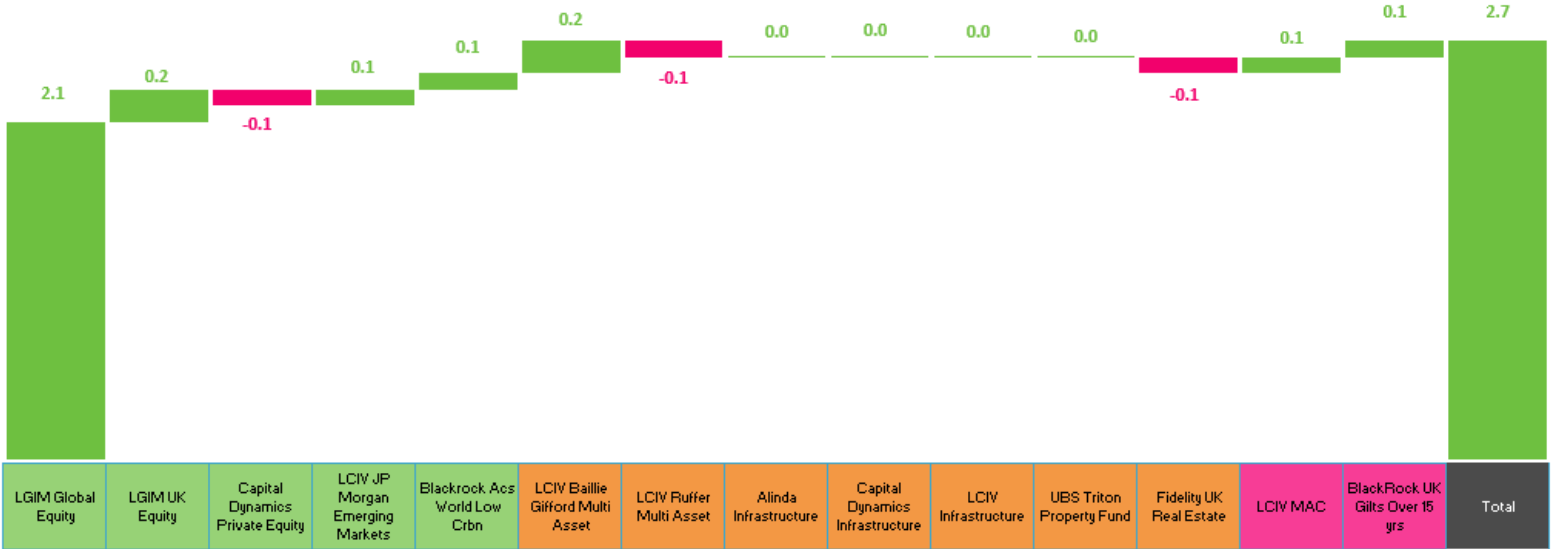
This chart highlights each mandate's contribution to the Fund's absolute performance over the quarter according to their allocation.

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.

Manager Ratings

Dashboard

Strategy / Risk

Performance

Managers

Background

Appendix

Manager ratings

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

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.

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.

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.

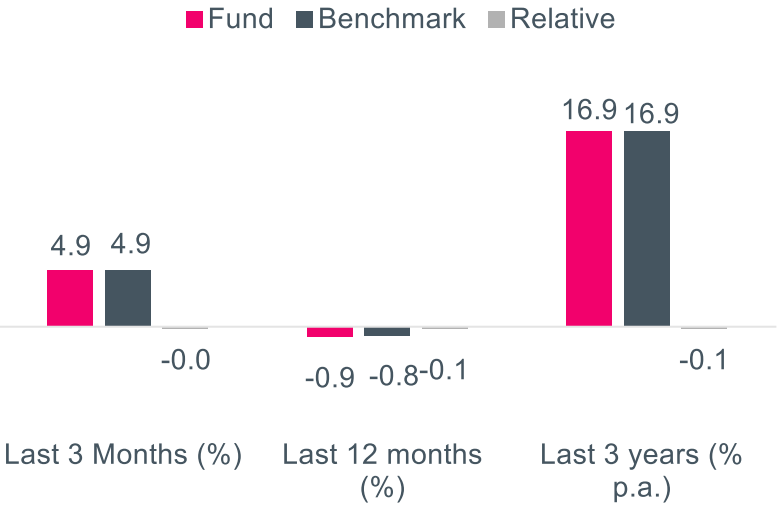
Performance over the quarter was positive despite high inflation and higher interest rates. Lower energy prices, the reopening of China and improved business sentiment outweighed concerns of sustained elevated core inflation and interest rates.

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.

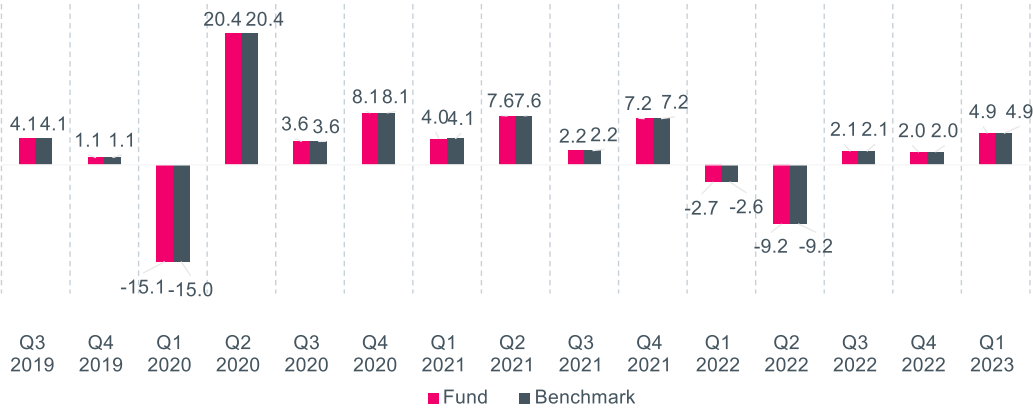
Europe (ex-UK) was the best performing region, with lower energy costs improving business and consumer sentiment and easing inflation reducing the risk of a deep recession.

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

Fund performance vs benchmark



Historical performance/benchmark



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.

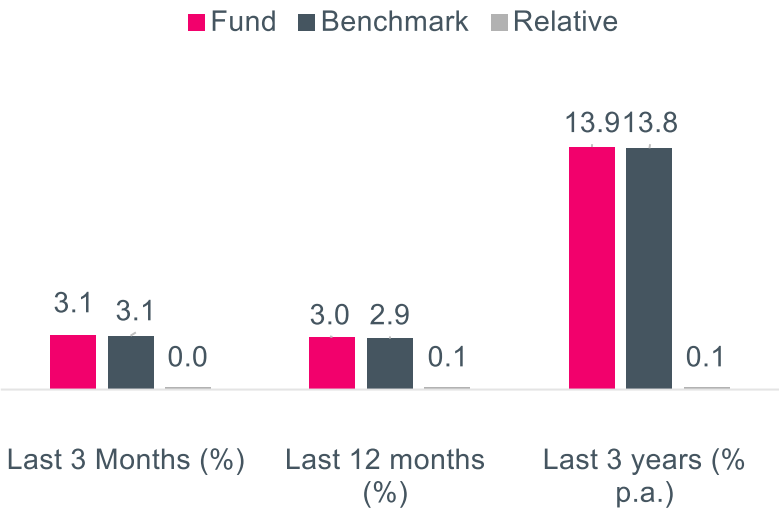
Over the period the fund has performed in line with its benchmark as we would expect for a passively managed portfolio.

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.

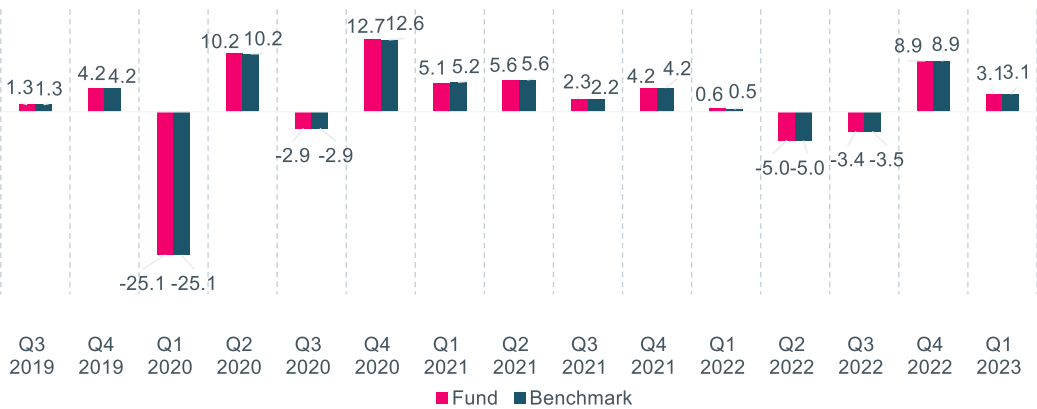
However, over the quarter, the UK market also proved resilient delivering strong positive returns but did lag global markets as the rotation away from cyclicals and back towards sectors like technology favoured the US in particular.

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

Fund performance vs benchmark



Historical performance/benchmark



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.

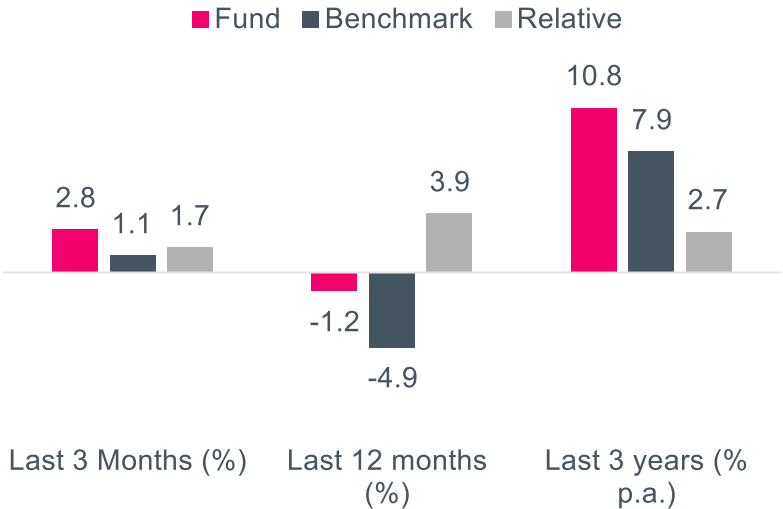
Both sector allocation and stock selection detracted from the fund's performance. The fund's underweight positions to utilities and energy and overweight position to information technology resulted in outperformance against the benchmark.

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.

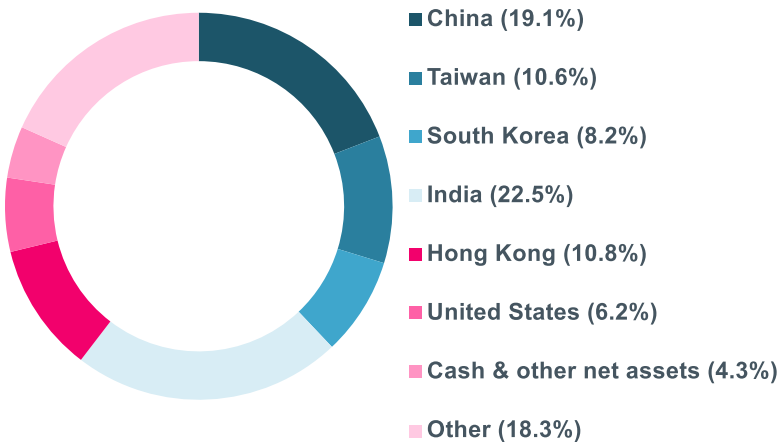
The fund's overweight position to India slightly detracted from performance as investors shifted towards Chinese equities instead since its reopening.

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

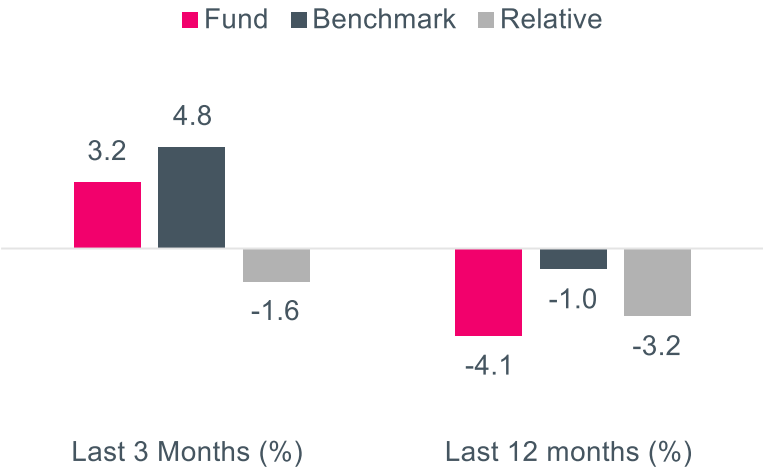
Blackrock ACS World Low Carbon

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%.

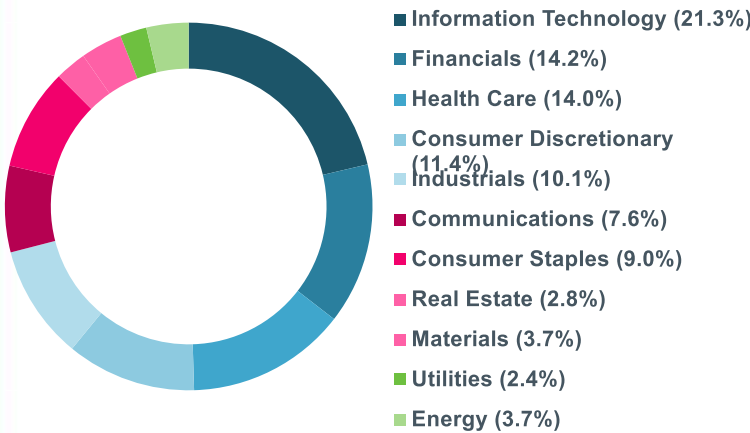
The Fund aims to closely track the performance of the MSCI World Low Carbon Target Reduced Fossil Fuel Index.

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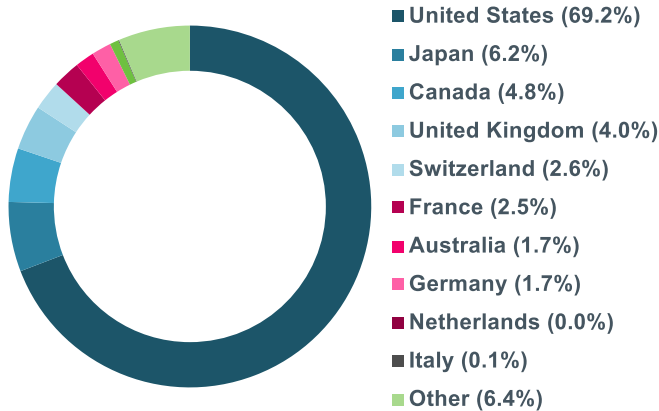
Fund performance vs benchmark



Sector allocation



Geographical breakdown



Capital Dynamics
Private Equity

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

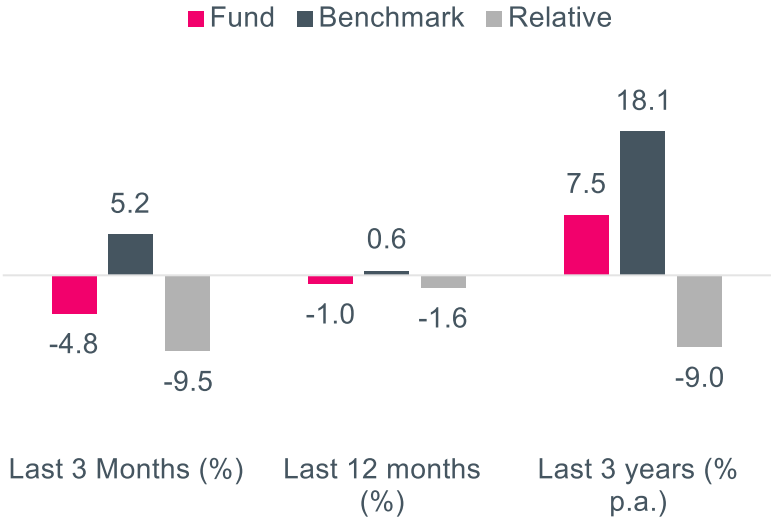
Based on information provided by Northern Trust, the fund returned -4.8% over the period lagging its benchmark of 5.2%% by 9.5%.

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



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%.

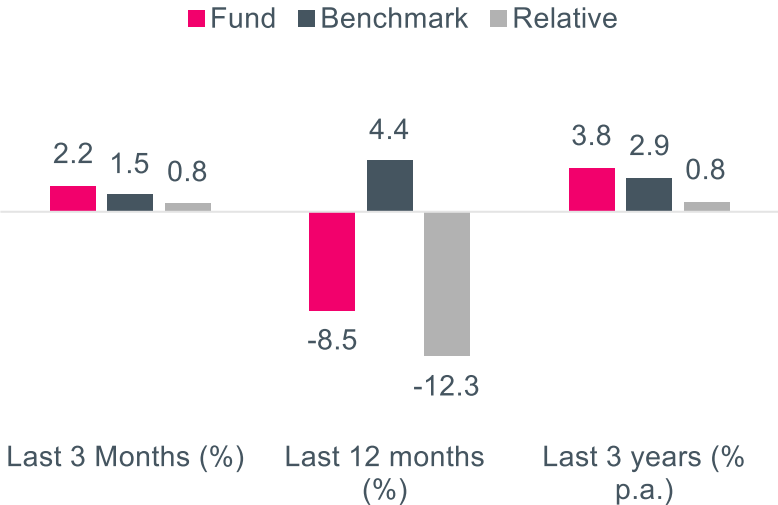
The fund's performance early in Q1 was positive despite changes to the portfolio in Q4 of last year. Despite the reduced exposure to equities, this segment of the portfolio contributed to performance due to exposure to growth stocks and the recovering Chinese equity market.

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

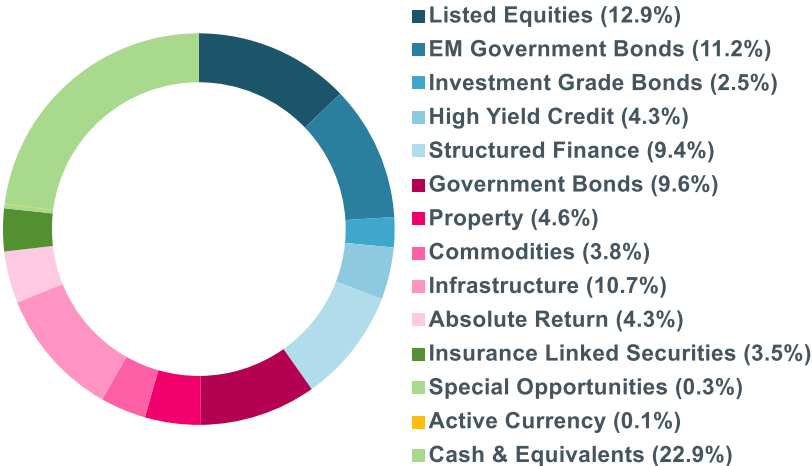
Positive returns were partially offset by falls in the absolute return asset class, which was a theme throughout 2022. This was mainly due to negative performance when bond prices reversed sharply in March and reduced allocation to futures contracts which track S&P 500 volatility.

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



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.

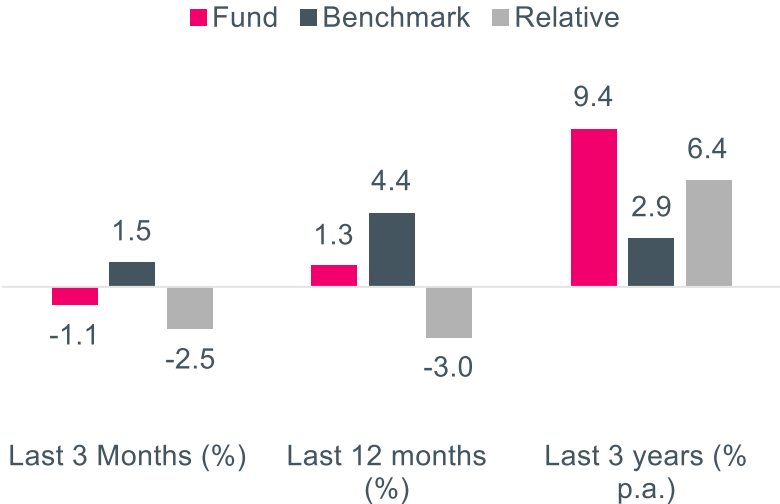
Performance was largely driven by positive performance of equities, despite its relatively small allocation. A further boost resulted from the performance of inflation linked government bonds as investors sought protection from rising inflation.

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.

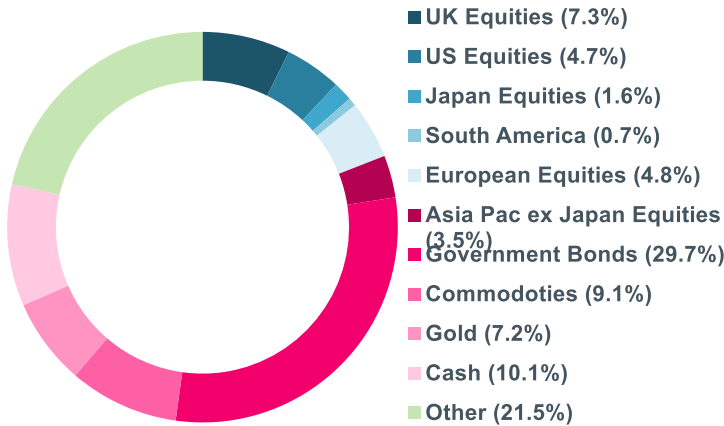
However, overall the performance of the fund was negative due to the underperformance of strategies in the fund used to protect against downside risk. Currency positions also negatively contributed as the sterling strengthened against the dollar, and yen.

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



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.

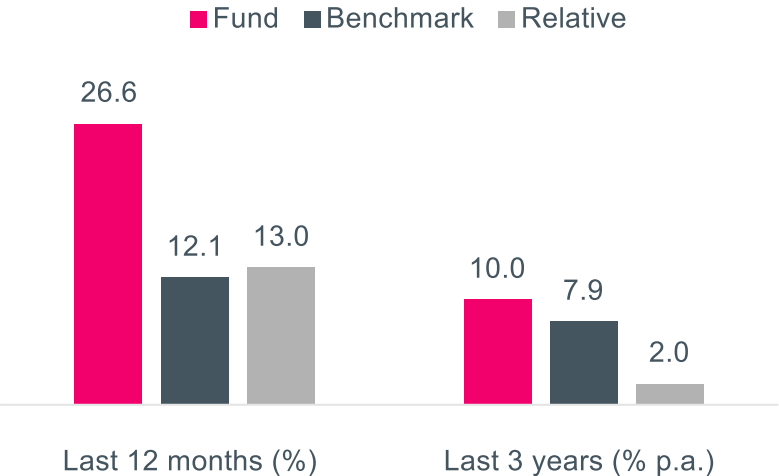
Remaining capital commitments as at 31 December are as follows:

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		Alinda Fund III	
IRR (Gross)	5.0%	IRR (Gross)	24.8%
IRR (Net)	2.4%	IRR (Net)	18.0%
Cash yield	6.4%	Cash yield	10.1%
TVPI (Net)	1.1x	TVPI (Net)	1.6x

LCIV Infrastructure

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

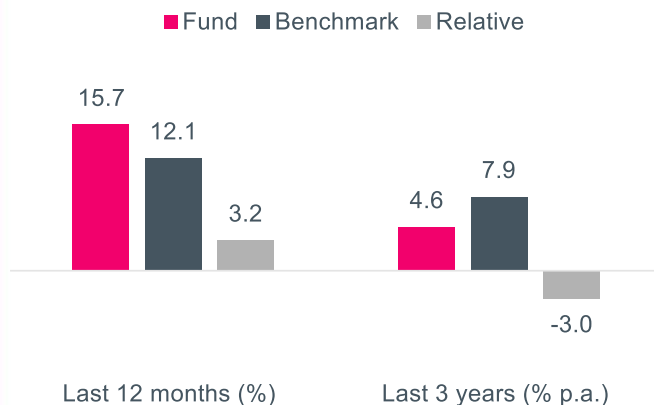
The LCIV Infrastructure fund is managed by Stepstone.

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

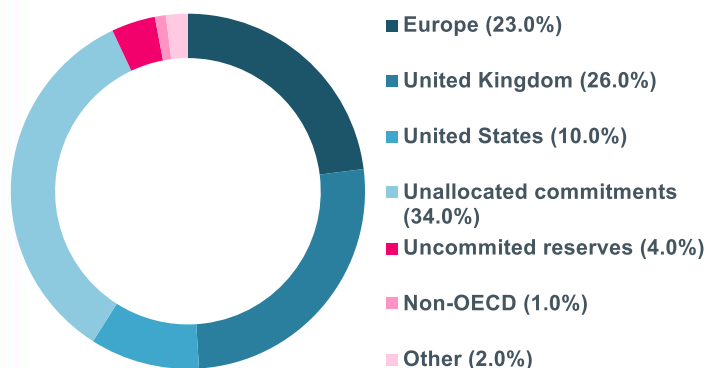


Fund statistics as at 31 December 2022 (£m)

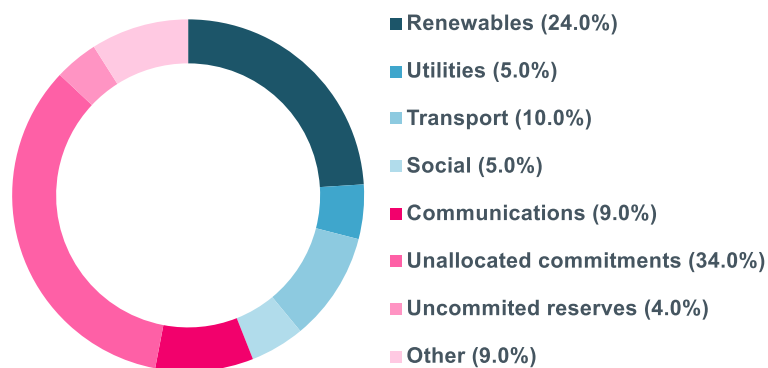
Capital committed	£50.0
Total contributed	£32.5
Distributions	£0.0
Value created	£4.8
Net asset value *	£37.3

*as provided by LCIV

Fund geographical allocation (31 December 2022)



Fund sector allocation (31 December 2022)



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	Net IRR since inception	(5.4%)
Total contributed	\$14.7	Total value-to-paid-in-ratio (TVPI)	0.65x
Distributions	\$6.1		
Value created	(\$5.6)		
Net asset value	\$3.0		

LCIV Private Debt Fund

Target: Absolute return of c6.0%

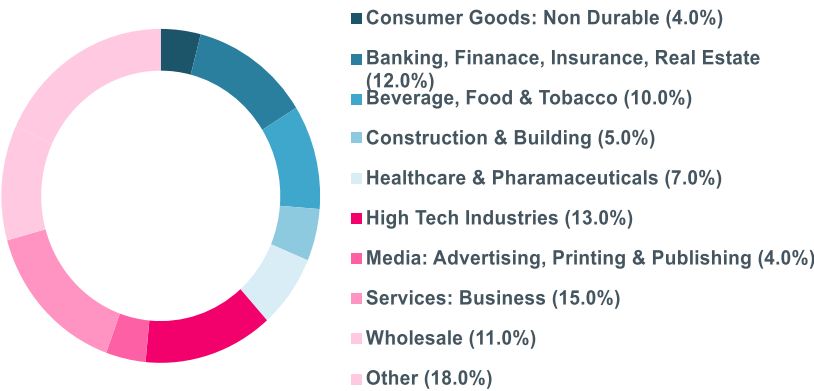
The LCIV Private Debt Fund consists of two underlying managers: Pemberton and Churchill.

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.

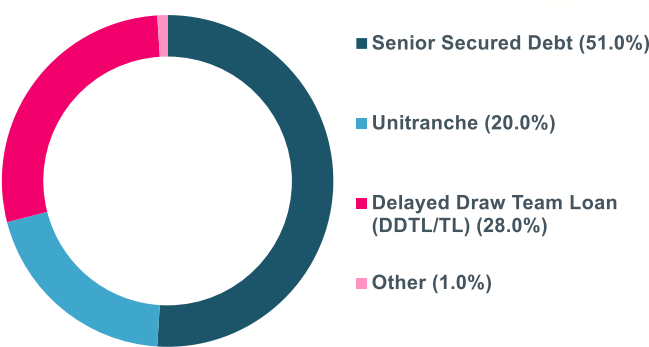
At this stage of investment, it is too early to assess performance on a purely percentage basis. TVPI is more informative. This essentially seeks to outline what the Fund has achieved (its return) so far as a multiple of the deployed capital to date. We will be able to provide TVPI figures in future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

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.

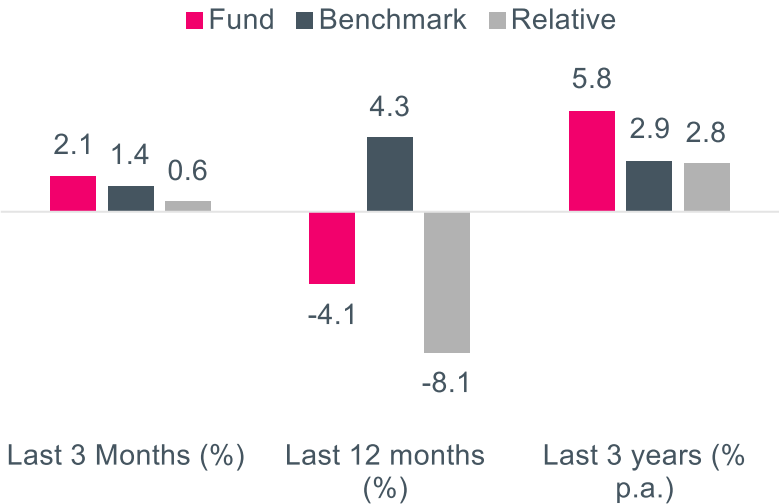
At the start of the quarter, the fund performed well as gilt yields fell and credit spreads tightened. However, the crisis in the banking industry and rising inflation concerns in March resulted in a loss of some gains made in early Q1.

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.

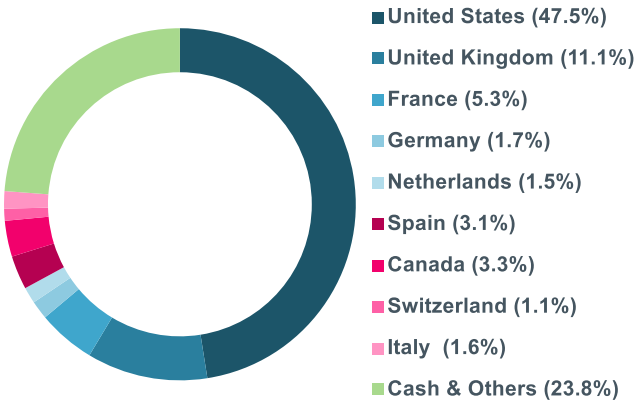
However, loans performed strongly over the quarter due to spreads tightening. Also, the portfolios allocation to investment grade credit, emerging market debt and asset backed securities were key contributors to performance.

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.

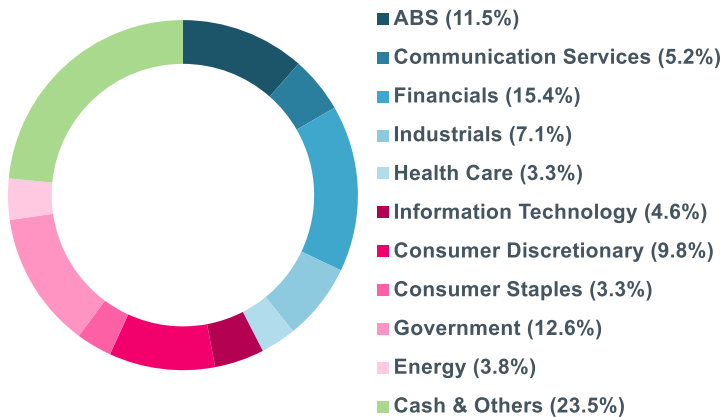
Fund performance vs benchmark



Country weights



Sector weights



Source: Investment Manager

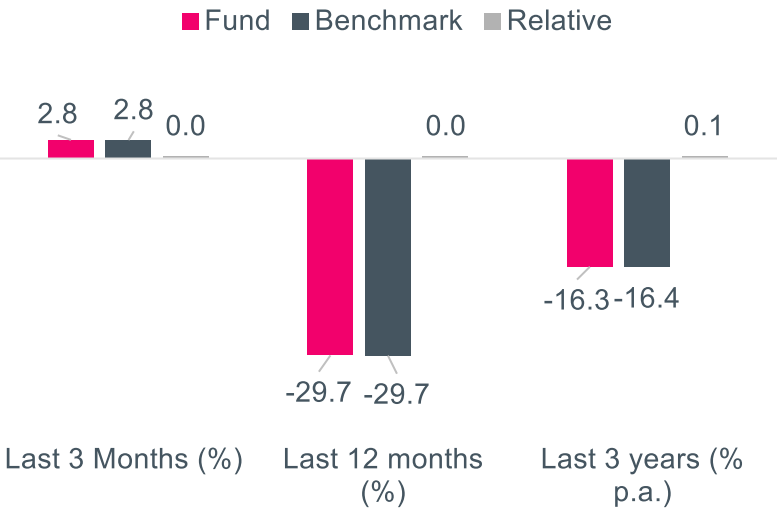
BlackRock UK Gilts

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



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.

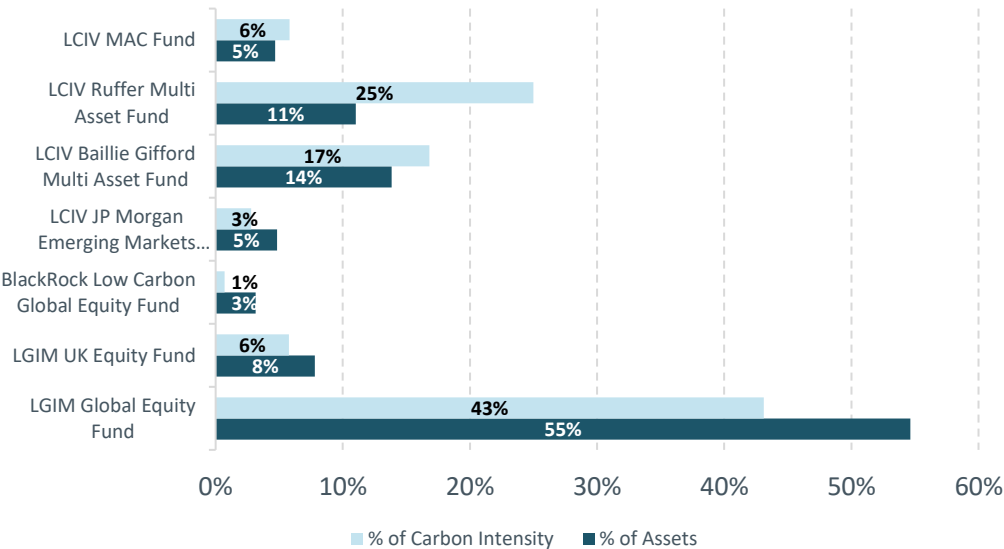
Despite only representing c.11% of assets shown here, the LCIV Ruffer multi-asset fund is responsible for c.25% of the total carbon intensity.

Climate risk overview

	Weighted Average Carbon Intensity (tCO2/\$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.

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.

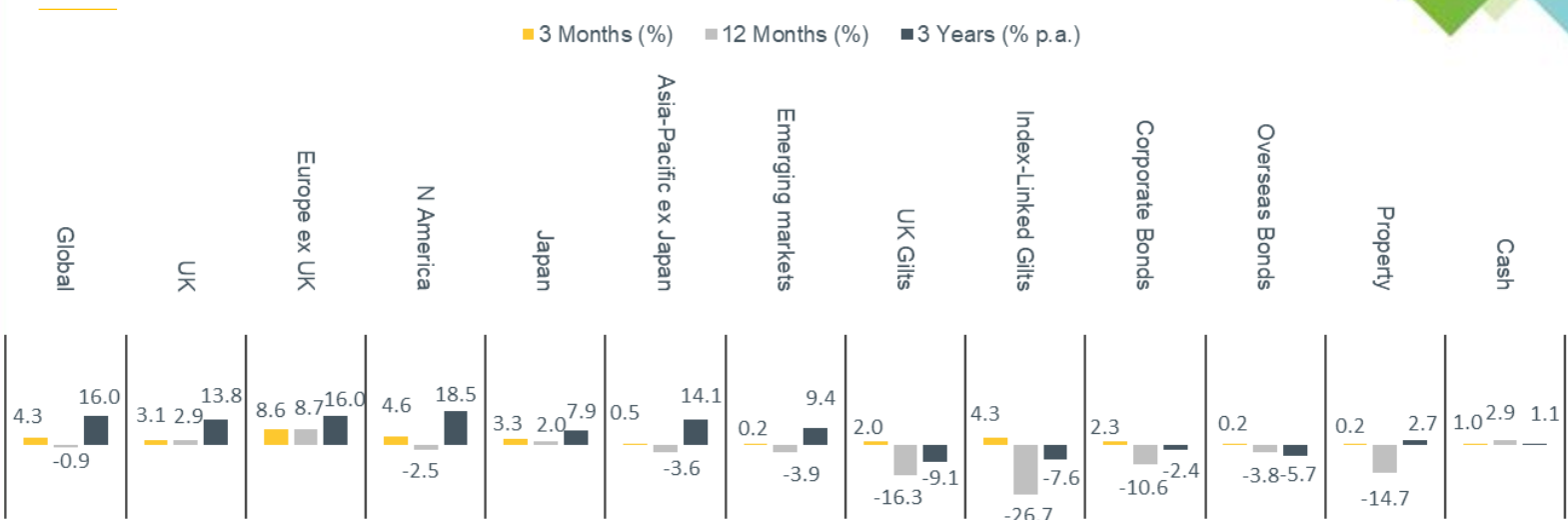
Year-on-year headline CPI inflation in the US and Eurozone fell to 6.0%, and 8.5%, respectively, as the UK measure rose to 10.4%. The equivalent core measures fell to 5.5% in the US as the UK and Eurozone measures rose to 6.2% and 5.6% respectively.

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

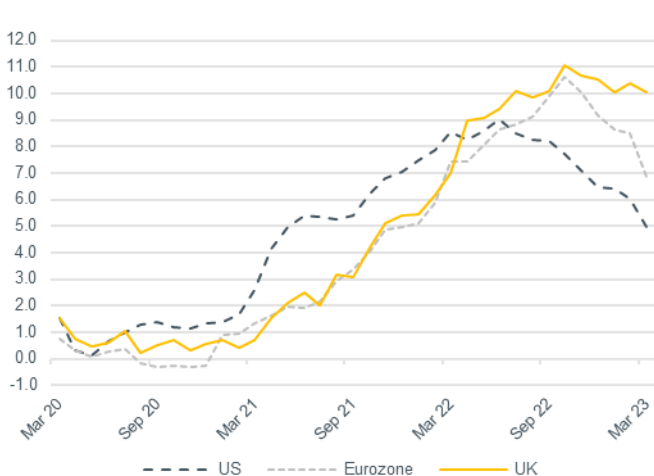
The US dollar gave back some of its February gains, falling 0.9% in trade-weighted terms over the quarter. Equivalent sterling, euro and yen measures rose 1.8%, 0.6% and 0.1%, respectively.

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.

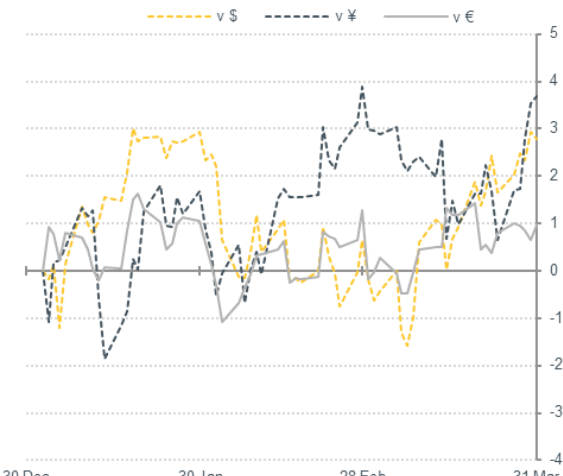
Historic returns for world markets ^[1]



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

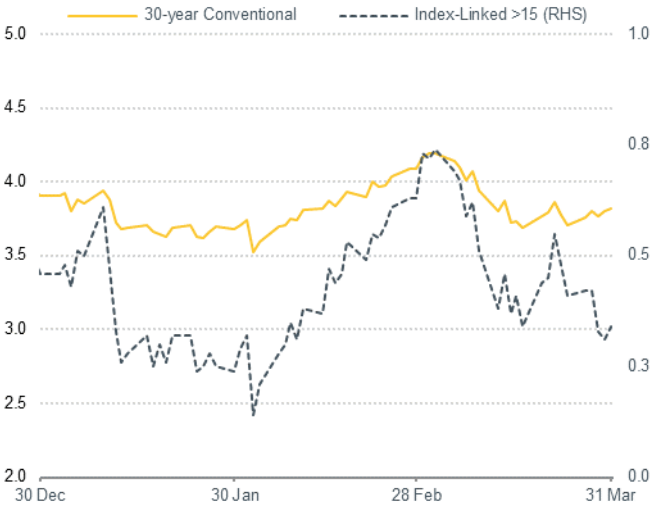
The S&P GSCI Commodity Spot Price Index ended March 5.9% below end-December levels, primarily driven by a decline in energy prices.

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.

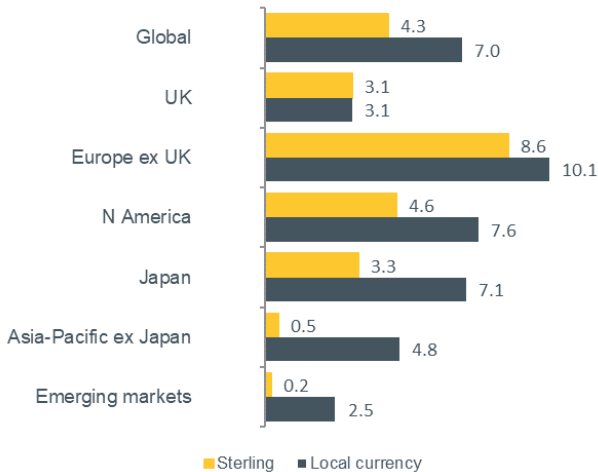
Credit had positive returns due to falling sovereign bond yields. Global investment-grade credit spreads widened 0.1% p.a. to 1.5% p.a. while speculative-grade credit spreads narrowed 0.1% p.a. to 5.0% p.a.

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.

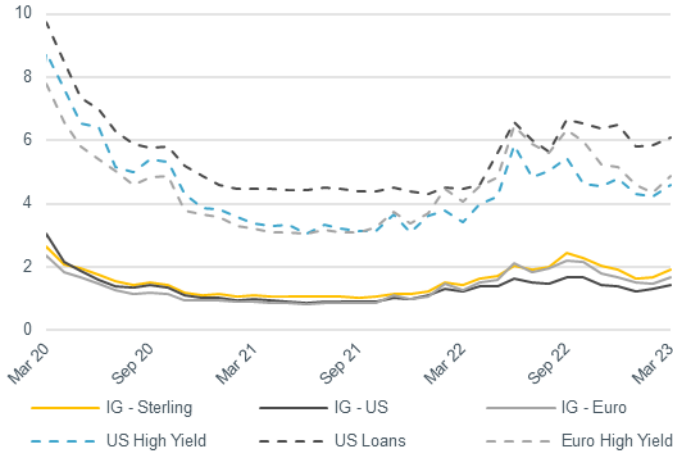
Gilt yields chart (% p.a.)



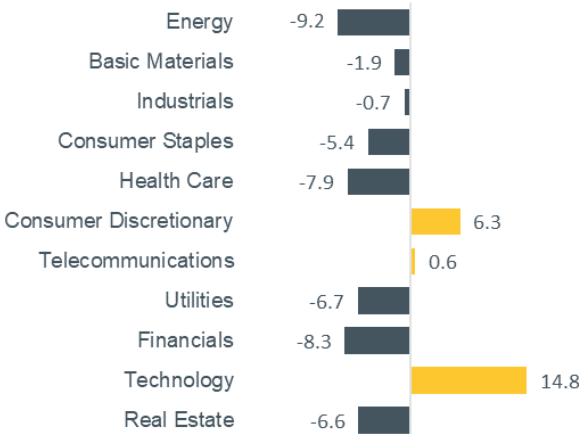
Regional equity returns ^[1]



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



Global equity sector returns (%) ^[2]



Source: DataStream, Barings, ICE ^[1]FTSE All World Indices. Commentary compares regional equity returns in local currency. ^[2]Returns shown in Sterling terms and relative to FTSE All World.

Hymans Rating

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

Responsible Investment

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

Risk Warning

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

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

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Geometric v Arithmetic Performance

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

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

Some industry practitioners use the simpler arithmetic method as follows:

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

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

The difference between the arithmetic mean return and the geometric mean return increases as the volatility increases.

	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:	Investment Strategy Review, Pension Fund Sub-Committee, 20 February 2023
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.

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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	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)

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.

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

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)

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

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.

Net Assets Statement

h) Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the Net Assets Statement have been determined as follows:

- i) Market-quoted investments
The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.
- ii) Fixed interest securities
Fixed interest securities are recorded at net market value based on their current yields.
- iii) Unquoted investments
The fair value of investments for which market quotations are not readily available is determined as follows:
 - Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.
 - Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.
 - Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.
 - Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.
 - Investments in private equity/infrastructure funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity/infrastructure fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.
- iv) Limited partnerships
Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.
- v) Pooled investment vehicles
Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

i) Contingent Assets

Admitted body employers in the Brent Pension Fund hold bonds to guard against possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default. Contingent Assets are disclosed in Note 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

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.

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.

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	2022/23
	£m	£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	2022/23
	£m	£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	2022/23
	£m	£m
Individual transfers	6.8	6.3
Total	6.8	6.3

9. Benefits payable

By category

	2021/22	2022/23
	£m	£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	2022/23
	£m	£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	2022/23
	£m	£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

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 £m	Management fees £m	Custody fees £m	One-off transaction costs £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 £m	Management fees £m	Custody fees £m	One-off transaction costs £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 £m	2022/23 £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 £m	2022/23 £m
Withholding tax	0.0	2.9
Total	0.0	2.9

14. Investments

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

14c. Analysis of investments by fund manager

Market Value				
31 March 2022 £m	%	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.

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

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 Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Values at 31 March 2023				
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	1,088.6	35.6	0.0
Financial liabilities					
		(2.5) Creditors			(3.9)
0.0	0.0	(2.5)	0.0	0.0	(3.9)
1,103.6	32.7	(2.5)	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	Fair Value		Carrying Value	Fair Value
£m'000	£m'000		£m'000	£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				
		Financial liabilities at amortised cost		
(2.5)	(2.5)		(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.

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

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 £m	+1% £m	-1% £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 £m	+1% £m	-1% £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 £m	Balances at 31 March 2023 £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

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 an 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.

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

Analysis of creditors

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

22. Additional voluntary contributions

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

	Contributions 31 March 2022	Contributions 31 March 2023
	£m	£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.

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

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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	Pension Fund Sub-Committee 27 th 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 FTSE350 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](#)

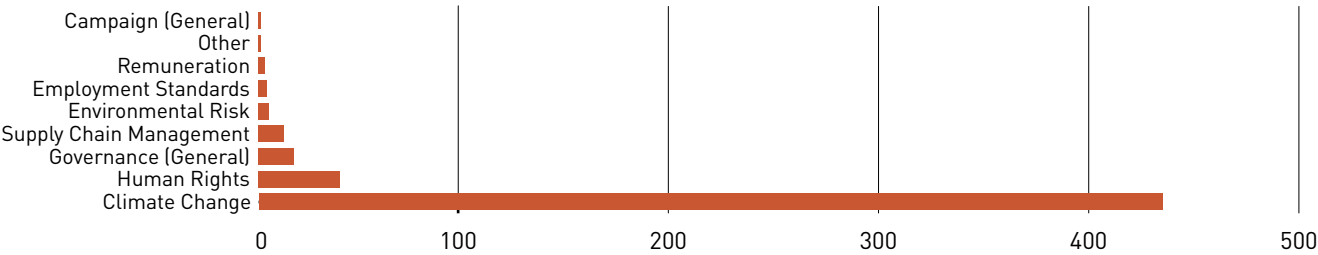
Professional Pensions: [DWP launches social factors taskforce for industry](#)

ESG Clarity: [UK pensions social taskforce launches to address data gap](#)

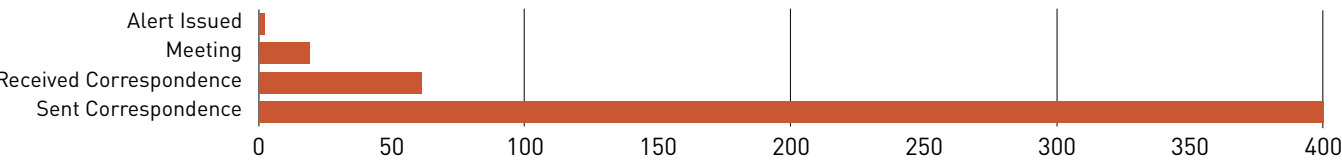
Pensions and Investments: [UK task force sets out to help asset owners with social considerations](#)

ENGAGEMENT DATA

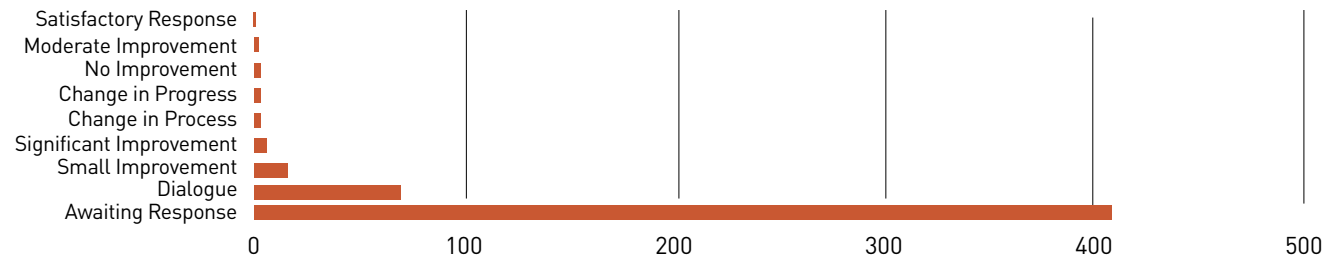
ENGAGEMENT TOPICS



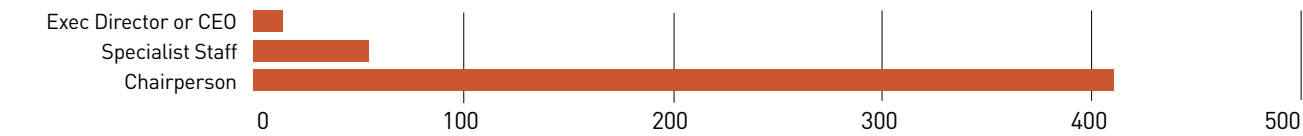
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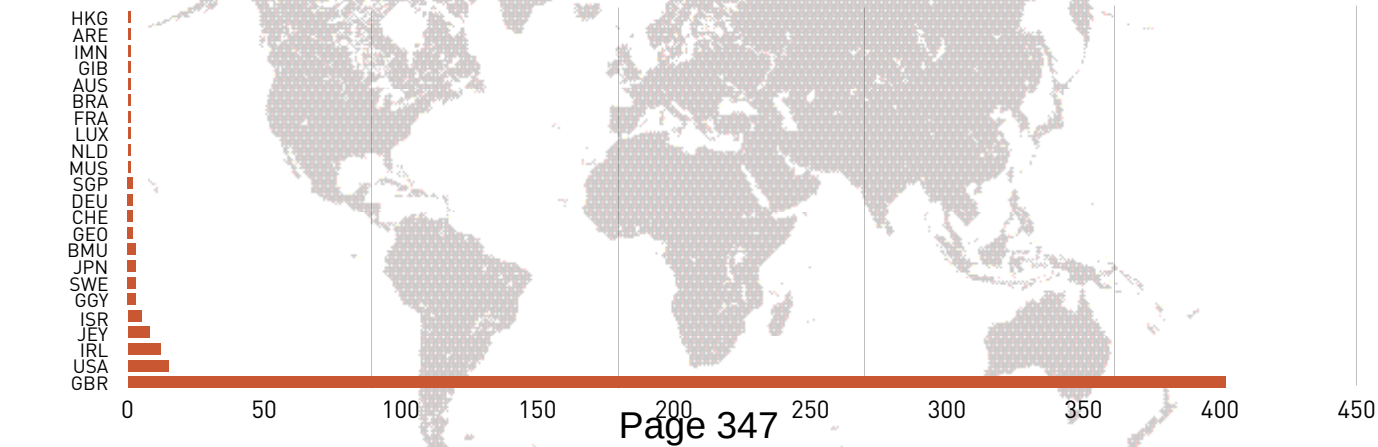
MEETING ENGAGEMENT OUTCOMES



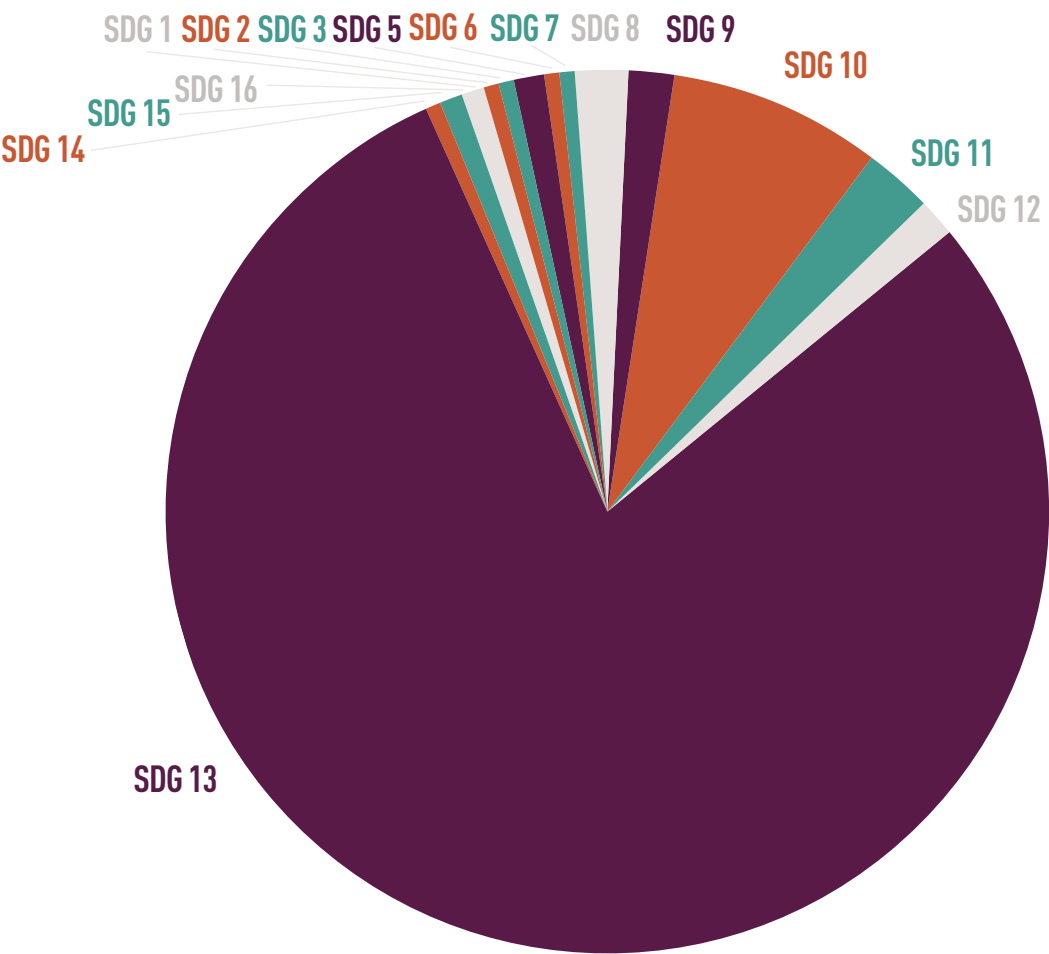
POSITION ENGAGED



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

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